



**第一拖拉机股份有限公司**  
**FIRST TRACTOR COMPANY LIMITED\***

(A joint stock company incorporated in  
The People's Republic of China with limited liability)

Stock Code: 0038.HK 601038.SH

# 2024 ANNUAL REPORT



\* For identification purposes only

## IMPORTANT NOTICE

- I. The Board, the Board of Supervisors, Directors, Supervisors and senior management of the Company confirmed that there are no false information, misleading statements or material omissions contained in this Annual Report, and severally and jointly accept responsibility for the truthfulness, accuracy and completeness of the contents herein.

- II. Absent Director(s)

Position of Absent Director	Name of Absent Director	Reason for Absence	Name of Proxy
Director	Fang Xianfa	Due to official duties	Yang Jianhui

- III. ShineWing Certified Public Accountants LLP issued a standard unqualified audit report to the Company.

- IV. Zhao Weilin (the person in charge of the Company), Liu Bin (the person in charge of the accounting function) and Jiang Jingyuan (the person in charge of the Accounting Department and the accounting manager) have declared and confirmed the truthfulness, accuracy and completeness of the financial statements in the Annual Report.

- V. Proposal of profit distribution or proposal of capitalization from capital reserves for the Reporting Period as approved by the Board

At the thirty-third meeting of the ninth session of the Board of Directors of the Company, the profit distribution proposal for 2024 of the Company was considered and approved: a cash dividend of RMB2.995 (tax inclusive) for every 10 Shares to all Directors on the basis of the total share capital of 1,123,645,275 Shares of the Company for the year ended 31 December 2024, totaling approximately RMB336.53 million. The Company will not make capitalization from capital reserves during the year.

- VI. Statement for the risks involved in forward-looking statements

Forward-looking statements such as the development strategy and business plan of the Company contained in this Annual Report do not constitute any substantial commitment to investors by the Company. Investors are advised to be aware of the risks.

- VII. Is there any misappropriation of funds not in the ordinary course of business by the controlling shareholder or other associates

No

- VIII. Is there any external guarantee in violation of any established decision-making procedures

No

- IX. Whether more than half of the Directors cannot ensure the truthfulness, accuracy and completeness of the Annual Report disclosed by the Company

No

- X. Significant risks warning

Please refer to "Management Discussion and Analysis" of this Annual Report for an analysis and description of risks that may occur in the management and future development of the Company concluded based on the industry and operation situation of the Company under the principle of materiality.

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## SECTION I DEFINITIONS

Unless the context otherwise requires, the following terms should have the following meanings in this Annual Report:

### DEFINITION OF COMMONLY USED TERMS

Company	First Tractor Company Limited (第一拖拉機股份有限公司)
Group	the Company and its controlled subsidiaries
Controlled subsidiary	a company held as to more than 50% shares/equity interests by the Company, or a company actually controlled by the Company through agreement and arrangement
subsidiary	a subsidiary as defined under the Listing Rules of the Stock Exchange
YTO	YTO Group Corporation (中國一拖集團有限公司), the controlling shareholder of the Company
SINOMACH	China National Machinery Industry Corporation (中國機械工業集團有限公司), the de facto controller of the Company
YTO Diesel Engine	YTO (Luoyang) Diesel Engine Co., Ltd. (一拖(洛陽)柴油機有限公司), a controlled subsidiary of the Company
Changtuo Company	Changtuo Agricultural Machinery Equipment Group Company Limited (長拖農業機械裝備集團有限公司), a controlled subsidiary of the Company
YTO Axle	YTO (Luoyang) Drive Axle Company Limited (一拖(洛陽)車橋有限公司), a wholly-owned subsidiary of the Company, formerly known as ZF YTO (Luoyang) Drive Axle Company Limited (採埃孚一拖(洛陽)車橋有限公司) with name changed during the Reporting Period
SINOMACH Finance	Sinomach Finance Co., Ltd. (國機財務有限責任公司), a company controlled by the de facto controller of the Company
YTO International Trade	YTO International Economic and Trade Co., Ltd. (一拖國際經濟貿易有限公司), a wholly-owned subsidiary of the Company
YTO Flag	YTO (Luoyang) Flag Auto-Body Co., Ltd. (一拖(洛陽)福萊格車身有限公司), a wholly-owned subsidiary of the Company
Tractor Research Company	Luoyang Tractor Research Institute Co., Ltd. (洛陽拖拉機研究所有限公司), a controlled subsidiary of the Company
YTO Finance	China YTO Group Finance Company Limited (中國一拖集團財務有限責任公司) (deregistered)
Zhongyuan Bank	Zhongyuan Bank Co., Ltd.

## SECTION I DEFINITIONS (CONTINUED)

auditor, accountant	the financial report auditor appointed by the Company, ShineWing Certified Public Accountants LLP (Special General Partnership) as the Company's auditor for the year of 2024
CSRC	China Securities Regulatory Commission
Shanghai Stock Exchange	the Shanghai Stock Exchange
Stock Exchange	The Stock Exchange of Hong Kong Limited
Listing Rules of the Shanghai Stock Exchange	The Rules Governing the Listing of Stocks on Shanghai Stock Exchange (as amended from time to time)
Listing Rules of the Stock Exchange	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
A Share(s)	ordinary share(s) as approved by the CSRC which are issued to domestic investors and qualified foreign investors, traded on the PRC domestic stock exchange, denominated, subscribed for and traded in RMB
H Share(s)	ordinary share(s) as approved by the CSRC which are issued to foreign investors, and listed with the approval of the Stock Exchange, denominated in RMB, subscribed for and traded in Hong Kong dollars
agricultural machinery	various machinery used in crop farming and animal husbandry production, and the primary processing and treatment of agricultural and animal products, the agricultural machinery business of the Company mainly involves the production, manufacture and sale of tractor products and their ancillary parts (excluding diesel engines)
power machinery	internal combustion engine that uses diesel as fuel. The power machinery business of the Company mainly involves the production, manufacture and sale of non-road diesel engine products
hi-powered wheeled tractor	wheeled tractor with horsepower of 100 (inclusive) or above
mid-powered wheeled tractor	wheeled tractor with horsepower of 25 (inclusive) to 100
crawler tractor	tractor with a crawler as a walking device
National IV	the National Phase IV Motor Vehicle Pollutant Emission Standards, with effect from 1 December 2022. All production, import and sale of non-road mobile machinery under 560kW and its installed diesel engines should comply with the "National IV" standard
Non-public Issuance	the non-public issuance of A Shares by the Company in 2020
material asset disposal	Transfer by YTO Diesel Engine, the Company's controlled subsidiary, of its 0.8827% interests in Zhongyuan Bank by way of public listing on the Beijing Stock Exchange

## SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

### I. INFORMATION OF THE COMPANY

Chinese name of the Company	第一拖拉機股份有限公司
Abbreviation in Chinese	一拖股份
English name of the Company	First Tractor Company Limited
Abbreviation in English	First Tractor
Legal representative of the Company	Zhao Weilin

### II. CONTACT PERSONS AND METHODS

	<b>Secretary to the Board</b>	<b>Representative of Securities Affairs</b>
Name	Yu Lina	Zhang Shuang
Contact address	No. 154 Jianshe Road, Luoyang, Henan Province, the PRC	No. 154 Jianshe Road, Luoyang, Henan Province, the PRC
Telephone	(86 379) 64967038	(86 379) 64967038
Facsimile	(86 379) 64967438	(86 379) 64967438
E-mail	yulina@ytogroup.com	kicyzhang@126.com

### III. BASIC INFORMATION

Registered address of the Company	No. 154 Jianshe Road, Luoyang, Henan Province, the PRC
Historical changes of registered address of the Company	None
Office address of the Company	No. 154 Jianshe Road, Luoyang, Henan Province, the PRC
Postal code of the office address of the Company	471004
Website of the Company	<a href="http://www.first-tractor.com.cn">http://www.first-tractor.com.cn</a>
E-mail	msc0038@ytogroup.com

## SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS (CONTINUED)

### IV. INFORMATION DISCLOSURE AND PLACE FOR DOCUMENTS INSPECTION

Name and website of the media in which the Company's annual report is disclosed	China Securities Journal ( <a href="http://www.cs.com.cn">www.cs.com.cn</a> ) Shanghai Securities News ( <a href="http://www.cnstock.com">www.cnstock.com</a> )
Website for publication of the annual report as disclosed by the Company (A Shares)	<a href="http://www.sse.com.cn">www.sse.com.cn</a>
Website for publication of the annual report as disclosed by the Company (H Shares)	<a href="http://www.hkex.com.hk">www.hkex.com.hk</a>
Place for inspection of the annual report (A Shares)	Office of the Board of the Company
Place for inspection of the annual report (H Shares)	Golden China Consultants Limited at Room 1502, Worldwide House, 19 Des Voeux Road Central, Hong Kong

### V. BASIC INFORMATION OF SHARES OF THE COMPANY

#### Basic Information of Shares

Type	Stock exchange for listing	Stock short name	Stock code	Stock short name prior to the change
A Shares	Shanghai Stock Exchange	一拖股份	601038	/
H Shares	Stock Exchange	First Tractor	0038	/

### VI. OTHER RELATED INFORMATION

Auditor of the Company (domestic)	Name	ShineWing Certified Public Accountants LLP
	Office address	8/F, Block A, Fu Hua Mansion, No. 8 Chao Yang Men Bei Da Jie, Dongcheng District, Beijing
	Names of the signing accountants	Ma Chuanjun, Ma Jing

## SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS (CONTINUED)

### VII. KEY ACCOUNTING DATA AND FINANCIAL INDICATORS FOR THE LATEST THREE YEARS

#### (I) Key Accounting Data

*Unit: Yuan Currency: RMB*

Key accounting data	2024	2023	Increase/Decrease during the Reporting Period as compared with the corresponding period last year (%)	2022
Total operating revenue	11,904,370,911.94	11,533,786,779.44	3.21	12,563,780,344.92
Operating revenue	11,904,370,911.94	11,528,160,755.86	3.26	12,455,465,114.62
Net profit attributable to shareholders of the Company	922,023,211.45	997,022,699.99	-7.52	681,050,957.24
Net profit attributable to shareholders of the Company after deduction of non- recurring profit or loss	866,877,080.36	925,885,189.16	-6.37	771,422,425.60
Net cash flows from operating activities	1,216,115,552.21	1,056,261,600.78	15.13	3,602,007,317.35
	As at the end of 2024	As at the end of 2023	Increase/Decrease during the end of the Reporting Period as compared with the end of the corresponding period last year (%)	As at the end of 2022
Net assets attributable to the shareholders of the Company	7,255,707,334.12	6,691,690,666.55	8.43	5,958,084,951.83
Total assets	14,691,335,709.97	13,817,261,971.79	6.33	12,991,565,481.68



## SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS (CONTINUED)

### (II) Key Financial Indicators

Key Financial Indicators	2024	2023	Increase/ decrease during the Reporting Period as compared with the corresponding period last year (%)	2022
Basic earnings per share (yuan/share)	0.8206	0.8873	-7.52	0.6061
Diluted earnings per share (yuan/share)	0.8206	0.8873	-7.52	0.6061
Basic earnings per share after deduction of non-recurring profit and loss (yuan/share)	0.7715	0.8240	-6.37	0.6865
Weighted average return on net assets (%)	13.22	15.76	decreased by 2.54 percentage points	11.99
Weighted average return on net assets after deduction of non-recurring profit and loss (%)	12.43	14.64	decreased by 2.21 percentage points	13.58

## VIII. KEY QUARTERLY FINANCIAL INFORMATION IN 2024

Unit: Yuan Currency: RMB

	Q1 (January – March)	Q2 (April – June)	Q3 (July – September)	Q4 (October – December)
Operating revenue	4,655,884,153.40	3,150,735,679.32	2,929,760,090.86	1,167,990,988.36
Net profit attributable to shareholders of the Company	599,396,148.31	305,953,425.83	195,552,935.06	-178,879,297.75
Net profit attributable to shareholders of the Company after deduction of non-recurring profit or loss	596,299,572.22	281,637,278.07	190,531,807.69	-201,591,577.62
Net cash flows from operating activities	247,036,905.03	667,580,351.67	830,164,297.98	-528,666,002.47

## SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS (CONTINUED)

### IX. NON-RECURRING PROFIT OR LOSS ITEMS AND AMOUNTS

Unit: Yuan Currency: RMB

Non-recurring profit or loss items	Amount in 2024	Note (as applicable)	Amount in 2023	Amount in 2022
Profit or loss from disposal of non- current assets (including the write-off of provisions for asset impairment)	5,487,433.08		1,561,504.48	1,634,977.44
Government grants credited to current profit or loss (except for those which are closely related to the Company's ordinary business, in accordance with the PRC national policies, received pursuant to established standards and continuously affects the Company's profit or loss)	47,632,644.10		51,539,298.08	41,491,816.27
Profit or loss from changes in fair value of financial assets and financial liabilities held by non-financial enterprises and profit or loss from disposal of financial assets and financial liabilities, other than effective hedging activities associated with normal business operations of the Company	14,000,000.00		33,434,900.00	-232,800,754.20
Other non-operating income and expenses other than those stated above	5,142,555.54		6,531,723.26	23,590,962.22
Other profit or loss items that meet the definition of non-recurring profit or loss	-1,610,925.03	Mainly due to the impact of acquisitions of subsidiaries	-7,286,619.32	23,971,757.10
Less: effect on income tax	10,105,973.42		16,188,415.17	-25,446,135.82
Impact on minority shareholders equity interests (after tax)	5,399,603.18		-1,545,119.50	-26,293,636.99
Total	55,146,131.09		71,137,510.83	-90,371,468.36

Reasons should be given if the company identifies items not listed in the Explanatory Announcement No.1 for Information Disclosure by Companies Issuing Public Securities – Non-recurring Profit or Loss as non-recurring profit or loss items with significant amounts, and for the non-recurring profit or loss items listed in the Explanatory Announcement No.1 for Information Disclosure by Companies Issuing Public Securities – Non-recurring Profit or Loss being defined as recurring profit and loss items.

## SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS (CONTINUED)

Unit: Yuan Currency: RMB

Item	Amount Involved	Reason
Structured deposit income	23,750,603.06	Daily fund management of the Company

## X. ITEMS UNDER FAIR VALUE MEASUREMENT

Unit: Yuan Currency: RMB

Items	Balance as at the beginning of the Reporting Period	Balance as at the end of the Reporting Period	Changes during the Reporting Period	Amount affecting profit for the Reporting Period
Trading financial assets	862,909,300.00	1,378,751,780.82	515,842,480.82	37,749,847.22
Other equity instrument investment	4,188,008.77	4,456,280.38	268,271.61	0.00
Accounts receivable financing	261,430,180.63	162,000,234.88	-99,429,945.75	-1,225,237.60
Total	1,128,527,489.40	1,545,208,296.08	416,680,806.68	36,524,609.62

## SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS (CONTINUED)

### XI. FINANCIAL SUMMARY OF THE COMPANY FOR THE LATEST FIVE YEARS

#### (I) Results for Latest Five Years of the Company

*Unit: Yuan Currency: RMB*

Items	2024	2023	2022	2021	2020
Total operating revenue	<b>11,904,370,911.94</b>	11,533,786,779.44	12,563,780,344.92	9,333,808,881.54	7,582,476,787.76
Total profit	<b>1,051,777,667.34</b>	1,003,085,973.63	611,897,862.07	460,291,922.51	307,334,435.87
Income tax expense	<b>120,839,952.03</b>	14,058,675.83	-30,060,272.03	26,948,716.18	26,372,185.09
Net profit	<b>930,937,715.31</b>	989,027,297.80	641,958,134.10	433,343,206.33	280,962,250.78
Net profit attributable to shareholders of parent company	<b>922,023,211.45</b>	997,022,699.99	681,050,957.24	438,209,215.31	280,150,740.30
Profit or loss attributable to minority shareholders	<b>8,914,503.86</b>	-7,995,402.19	-39,092,823.14	-4,866,008.98	811,510.48

#### (II) Assets, Liabilities and Shareholders' Equity Interests for the Latest Five Years of the Company

*Unit: Yuan Currency: RMB*

Items	2024	2023	2022	2021	2020
Total assets	<b>14,691,335,709.97</b>	13,817,261,971.79	12,986,142,323.23	12,339,594,556.58	12,342,608,882.99
Total liabilities	<b>6,913,064,048.45</b>	6,597,932,308.41	6,488,971,447.30	6,357,371,409.91	7,367,087,045.88
Total shareholders' equity interests	<b>7,778,271,661.52</b>	7,219,329,663.38	6,497,170,875.93	5,982,223,146.67	4,975,521,837.11
Total amount attributable to shareholders' equity interests of the parent company	<b>7,255,707,334.12</b>	6,691,690,666.55	5,958,084,951.83	5,402,078,873.33	4,338,179,097.26
Minority shareholders equity interests	<b>522,564,327.40</b>	527,638,996.83	539,085,924.10	580,144,273.34	637,342,739.85



## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### I. DISCUSSION AND ANALYSIS ON THE OPERATIONS

In 2024, China's economy maintained a stable development trend with progress. The agricultural foundation continued to strengthen, with grain production reaching a new milestone of 1.4 trillion jin for the first time. Under the continuous strong policy support from the government, according to the data from the National Bureau of Statistics, the operating revenue of large-scale industrial enterprises nationwide increased slightly in 2024 compared to the same period. However, production of medium and large tractors in the industry declined due to factors such as increased machinery ownership, continuously declining prices of agricultural and livestock products, and insufficient demand caused by decreased agricultural machinery operation revenue.

With the advancement of high-standard farmland construction, land transfer, and the new round of agricultural machinery purchase subsidy policies emphasizing "premium subsidies for premium machinery," demand for large-scale and intelligent products has increased. The industry has accelerated technological innovation and upgrading, and has increased investment and enhanced capacity in intelligent manufacturing. Leading enterprises continue to demonstrate advantages in technology, products, and manufacturing. Sales of hi-powered wheeled tractors above 100 horsepower by leading enterprises continued to grow, but sales of mid-powered wheeled tractors still showed a significant decline. According to statistics from the China Agricultural Machinery Industry Association, in 2024, leading enterprises sold 315,400 large and medium tractors, basically unchanged year-on-year.

Facing the market situation of increased machinery ownership and industry transformation, the Company responded steadily. While focusing on long-term development through product technology layout and capability building, the Company actively leveraged its product advantages, responded to users' needs, seized current market opportunities, and strengthened internal management, maintaining stable and healthy development of the Company. In 2024, the Company achieved operating revenue of RMB11.904 billion, a year-on-year increase of 3.26%, and net profit attributable to shareholders of the listed Company of RMB922 million.

#### 1. Adhering to Technology Innovation Leadership, Comprehensively Advancing Product Technology Upgrades

The Company actively serves national needs, persists in independent innovation, and focuses on agricultural equipment requirements such as intelligence, efficiency, energy conservation, and environmental protection. It strives to overcome key "bottleneck" technologies, strengthens R&D on weak technical areas, and has made substantial progress in high-end agricultural equipment research and application. In 2024, the Company completed the R&D and field reliability operation testing of 320-horsepower power shift tractors, 320-horsepower and 240-horsepower CVT tractors. The Dongfanghong LW4504, the largest power CVT wheeled tractor made in China, completed prototype manufacturing. Addressing the gap in domestic hilly and mountainous terrain tractors, the Company increased technical investment, completed the development of 30-50 horsepower hillside tractors and put them into complete machine testing, while 50-80 horsepower complete machines have been delivered, achieving the first batch market application of hillside tractors in China.

Meanwhile, the Company quickly responded to policy and market changes, fully promoted the upgrade of existing products, completed all preparation work for power shuttle products before launching; implemented comfort system upgrades for complete machines, optimized users' driving experience, and ensured the market advantages of the Company's products.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### 2. Making All-Out Efforts to Expand Markets, Consolidating the Market Leadership of Main Products

In terms of the tractor business, the Company continued to enrich its tractor product portfolio and configurations, accelerated the launch and promotion of new products. Focusing on key aspects of market expansion, the Company optimized channel management, implemented “one strategy per region, one strategy per product” for weak areas, and enhanced regional product competitiveness. For key markets, strategic products, and cross-regional operation focus areas, the Company formulated specialized service solutions, providing users with professional products and services, and effectively alleviated financial pressure on distribution channels and end users through Dongfanghong financial services. The Company placed greater emphasis on exploring new media applications in marketing and promotion to achieve brand promotion and attract customers. In 2024, the Company sold 74,300 large and medium-sized tractors, with a year-on-year increase of 2.73%, continuing to maintain its industry-leading position.

In terms of the power machinery business, the Company’s diesel engine products continued to focus on steadily expanding the supporting market for traditional agricultural machinery such as tractors and harvesters in 2024, while cultivating markets for marine engines, generators, and construction machinery. Due to the increased concentration in the tractor and harvester product markets, external supporting market demand for diesel engines declined. Diesel engine products achieved sales of 145,900 units throughout the year, including 77,600 units for exports, representing a year-on-year decrease of 5.98%. Due to the power range extension of tractors and other main machines, sales of the Company’s high-power diesel engines increased year-on-year.

While consolidating the domestic market, the Company continued to strengthen overseas market development and expansion, promoted channel development in key regions, and developed products adapted to different regional market demands and agricultural characteristics to broaden its overseas market product portfolio. Leveraging the international engineering contracting resources of SINOMACH to develop overseas markets has also begun to show results, with a contract signed with CAMCE for the supply of 301 tractors for an agricultural engineering project in Nigeria. However, due to factors such as geopolitics, regional natural disasters, and trade policy changes, the annual export of tractor products was 7,100 units, representing a year-on-year increase of 8.23%.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### 3. Systematically Promoting Capability Building and Management Enhancement, Laying a Solid Foundation for High-Quality Development

During the Reporting Period, the Company took the special action for management improvement benchmarking against world-class standards as a starting point, striving to form a comprehensive, scientifically standardized, and efficiently operating management system to promote the expansion of the enterprise's industrial advantages.

The Company adhered to the directions of high-end, intelligent, and green development, actively cultivating new quality productive forces. Key projects such as improving manufacturing capabilities for intelligent multi-purpose high-horsepower tractors, industrial optimization of non-road National V diesel engines, and new product capability building were implemented according to plan. The YTN3 diesel engine production line was fully put into use, forming batch production capacity, which effectively improved the production manufacturing level and product quality of National IV diesel engines. The effective operation of the quality system, continuous technology improvement investment, and process R&D ensured the continuous improvement of the Company's product quality and standards. In 2024, the Company received two gold awards at the National Mechanical Industry Product Quality Innovation Competition (全國機械工業產品質量創新大賽).

The Company used full value chain cost management as a starting point, continuously consolidating full value chain cost management achievements and improving enterprise value creation capabilities through product process optimization, price locking and storage, centralized procurement, lean production, and many other measures. The Company persisted in applying information technology to promote management improvement. Following unified deployment, the Company promoted the application of treasury systems; solidly built an intelligent management platform for rapid fulfillment of customer orders, improving the management efficiency of the entire order lifecycle; continuously deepened the application of information and digital technologies, continuously built new capabilities, and accelerated digital and intelligent transformation.

The Company persisted in focusing on the main work line of "activating talent and empowering business," using talent team building and incentive constraint mechanism building as key tasks, continuously deepening human resources system reform, adhering to the equal importance of efficiency and effectiveness, continuously improving human resources input-output efficiency, and promoting the enterprise's accelerated transformation toward high-quality development.

## II. EXPLANATION OF THE INDUSTRY OF THE COMPANY DURING THE REPORTING PERIOD

For details of the industry landscape during the Reporting Period, please refer to part I headed "Discussion and Analysis on the Operations" of this section.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

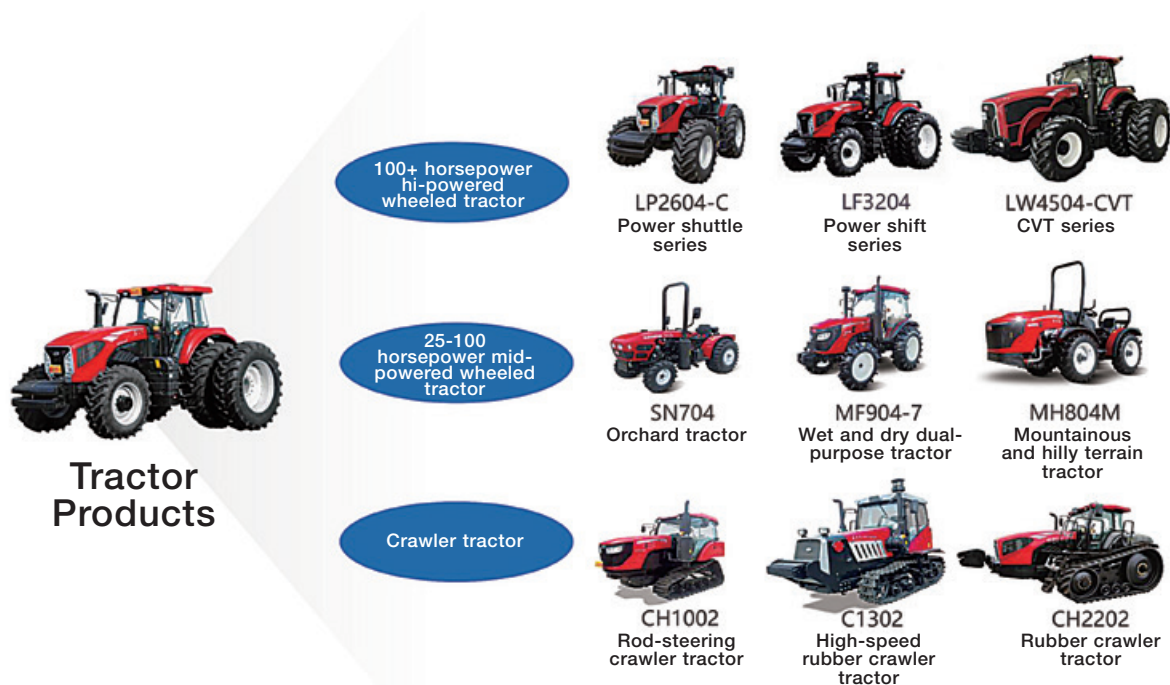
### III. EXPLANATION OF THE BUSINESSES OF THE COMPANY DURING THE REPORTING PERIOD

#### (I) Principal Businesses

The Company is a leading domestic provider of agricultural machinery equipment manufacturing & services, committed to providing agricultural equipment with cutting-edge technology and reliable quality for the mechanization and modernization of the agricultural industry in the PRC. The Company's principal businesses include R&D, manufacturing and sales of agricultural machinery, power machinery and related components. The main products are as follows:

##### 1. Tractor products

The Company's main products include medium and large-sized wheeled and crawler tractor series with power ranging from 25-450 horsepower. These products can be widely adapted to different usage scenarios in China including paddy fields, dry fields, orchards, and hilly mountainous areas, which fully meets the diverse needs of agricultural production.

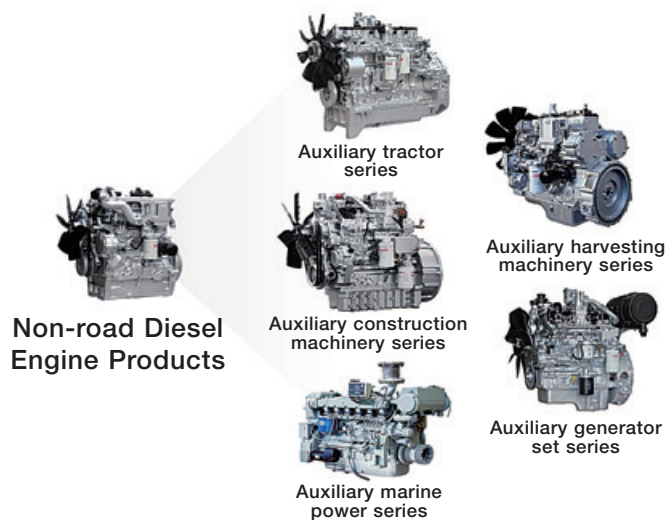




## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### 2. Diesel engine products

The Company's non-road diesel engine products include those with displacement ranges from 2L to 12L and power ranging from 10KW to 450KW across high, medium, and low horsepower segments. These products primarily support agricultural machinery such as tractors and harvesters, and can also provide support for engineering machinery, ships, generator sets, etc.



### 3. Component products

The Company's component products include castings and forgings, gears, axles, transmissions, covers, injection pumps, nozzles, etc., which are used in the Company's tractors and diesel engines. Component products can support the main engines of the Company and are supplied to external enterprises.



## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### (II) Key Operation Modes

During the Reporting Period, there were no major changes to the Company's key operating modes.

**Product R&D:** The Company's product R&D is mainly based on in-house R&D. The Company adopts a standardized R&D process to carry out its R&D activities, and its R&D projects are divided into strategic planning and market demand types. The Company's R&D center focuses on the development of strategic planning products and technologies, while subsidiaries and specialized factories concentrate on market-driven product development. Based on the mature products, the Company improves and refines the products according to the market demand to meet the differentiated needs of various market segments. The Company also conducts collaborative product development with universities and research institutes, combining industry expertise, academia, research, and practical applications, and cooperates with international technical consulting firms on product design based on its needs, engaging in product development and design through commissioned consulting, design, and other collaborative forms.

**Procurement Mode:** The Company mainly adopts a combination of centralized procurement, decentralized procurement and self-procurement. For main raw materials and components with high demand and broad applicability in the production process (such as steel, pig iron, tire and bearing), centralized procurement would be adopted to fully leverage economies of scale. For differentiated raw materials and components required by various subordinate operating units, decentralized procurement and self-procurement are used as needed. Through the development and application of supply chain information systems, the Company has achieved data sharing and collaboration for procurement planning, purchase orders, cargo delivery management, incoming inspection, receiving, supplier inventory, and procurement settlement, thereby enhancing the operational efficiency of procurement supply chain.

**Production Mode:** The Company primarily conducts production through mass assembly lines, including the manufacturing of both large-volume generic products and customized products for specific customers. Information technology is widely used in the Company's industrial production processes, enabling it to meet the demand for customized products of different users. The Company adopts a strategy of "production based on sales". To reasonably arrange the production plan and organize production, agricultural machinery products are mainly produced based on market forecasts, sales data, and feedback from dealers and customers, taking into account the seasonal features of the Company's product sales. For power machinery products, the Company mainly enters into annual supply contracts with original equipment manufacturers (OEMs), organizing production according to their demand plans and specific orders.

**Sales Mode:** The agricultural machinery products of the Company are mainly sold through a distributorship model, currently forming a marketing network covering all 31 provinces, autonomous regions, municipalities in China and Russian-speaking areas, Latin America, Asia, Africa, and countries and regions along the "Belt and Road Initiative". Domestic sales adopt sales policies such as cash on delivery and general credit sales. For dealers who have long-term partnerships and good credit, the Company grants a certain credit limit which is evaluated and adjusted annually based on their credit status. The Company also works with financial institutions to provide financial support including "Dongfanghong Finance" and "Dongfanghong Commercial Loan" to dealers and end users. Overseas sales mainly adopt prepayment and partial credit sales policies, and through cooperation with China Export & Credit Insurance Corporation (中國出口信用保險公司), various credit limits are granted to reputable dealers, using a settlement method of prepaid deposits plus balance payments. The Company purchases accounts receivable credit insurance to reduce credit risks associated with sales on credit.

The power machinery and component products of the Company are mainly supplied as accessories to OEMs, mostly through direct sales.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### IV. ANALYSIS OF CORE COMPETITIVENESS DURING THE REPORTING PERIOD

The Company has been deeply engaged in the agricultural machinery sector for many years, with a solid industrial foundation, deep technological expertise and strong control over the industry chain, which enabled the Company to establish its core competitive advantage and maintain a leading position in the industry.

#### 1. Leading product technology R&D capabilities

The Company has been deeply engaged in the agricultural machinery industry for many years and has leading product R&D and core technology innovation capabilities in China, as well as an in-depth understanding of the industry, and has an experienced, highly professional R&D team and continues to invest substantial resources in conducting product R&D and technological innovation. Years of technological investment have enabled the Company to form and hold independent intellectual property rights for tractor power shift and CVT technology, intelligent driving technology, and electronic control technology for the complete machine and components. During the Reporting Period, the Company accelerated the development of high-end agricultural equipment, continuously advancing the new platforms for series of heavy-duty power shift, CTV, hybrid power, etc., the R&D and manufacturing of tractor products, and promoting the serialized development of the YTN Diesel Engine new platform. At the same time, the Company continued upgrading products such as high-horsepower National IV intelligent tractors and hillside articulated tractors, improved intelligent configurations such as mid-powered wheeled tractor automatic assisted driving, implemented whole-machine comfort system upgrades, and continuously made new breakthroughs in the R&D of “one large and one small” agricultural machinery and equipment.

#### 2. Excellent industrial chain control and intelligent manufacturing capabilities

The Company has formed the most comprehensive manufacturing system in the domestic tractor industry, covering both core components and complete machines, with the in-house manufacturing capability for key tractor components such as transmission, engine, body and cab. Through the layout of the entire industrial chain, the Company not only effectively enhanced the compatibility of components and complete machines, ensured product quality and reliability, but also provided strong support for product upgrades. During the Reporting Period, the Company continued to increase investment in intelligent manufacturing and green manufacturing, which further enhanced its product quality assurance capacity and production efficiency. The Company completed the acquisition of the axle business in 2024, strengthened the key links of the transmission system and further improved the manufacturing system.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### 3. Strong brand influence and complete channel service network

The “Dongfanghong” brand has profound historical heritage and widespread market recognition in the agricultural machinery industry. With a nationwide marketing channel and service network, the Company is able to swiftly respond to market demands and provide customers with quality products and services. During the Reporting Period, the Company continuously optimized channel development, successfully launched and transitioned the Dongfanghong service cloud platform for both main engines and diesel engines, significantly strengthened its service support capabilities. In 2024, the “Dongfanghong” brand was rated as “First Batch of Outstanding Achievements in Central State-owned Enterprise Brand Leading Action (中央企業品牌引領行動首批優秀成果)”, and its wheeled tractors and crawler tractors won the 16th National Agricultural Machinery User Satisfaction Brand (第16屆全國農機用戶滿意品牌), which further enhanced the brand’s influence in domestic and international markets.



## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### V. MAIN OPERATING STATUS DURING THE REPORTING PERIOD

Please refer to Part I headed “Discussion and Analysis on the Operations” of this section.

#### (I) Analysis of Principal Businesses

##### 1. Analysis on Changes in Items of Income Statement and Cash Flows Statement Items

Unit: Yuan Currency: RMB

Items	Amount for the Reporting Period	Amount for the corresponding period of last year	Change (%)
Operating revenue	11,904,370,911.94	11,528,160,755.86	3.26
Operating costs	10,145,221,753.22	9,783,012,246.50	3.70
Interest income	0.00	5,626,023.58	-100.00
Interest expenses	0.00	99,838.97	-100.00
Fees and commission expense	0.00	60,491.28	-100.00
Selling expenses	156,461,228.98	154,508,842.48	1.26
Administrative expenses	354,693,536.41	360,636,115.92	-1.65
Financial expenses	-44,068,916.96	-45,511,913.00	N/A
R&D expenses	516,377,794.17	461,344,381.32	11.93
Other gains	151,920,726.49	72,465,499.82	109.65
Investment income			
(Losses listed as “-”)	172,346,555.92	122,157,792.20	41.09
Gain arising from changes in fair value			
(Losses listed as “-”)	27,395,502.26	47,757,032.42	-42.64
Loss on impairment on credit			
(Losses listed as “-”)	-18,749,875.34	-2,350,331.02	N/A
Loss on impairment of assets			
(Losses listed as “-”)	-19,031,607.32	-15,895,859.60	N/A
Gain on disposal of assets			
(Losses listed as “-”)	5,487,433.08	1,561,504.48	251.42
Non-operating income	5,906,114.68	8,134,394.76	-27.39
Non-operating expenses	475,559.14	1,314,671.50	-63.83
Income tax expenses	120,839,952.03	14,058,675.83	759.54
Net cash flows from operating activities	1,216,115,552.21	1,056,261,600.78	15.13
Net cash flow from investment activities	-1,323,432,942.95	-2,009,731,546.47	N/A
Net cash flows from financing activities	-336,173,576.74	-346,343,393.83	N/A

Note: The Company began implementing “Interpretation to Standard No. 18 of Accounting Standards for Business Enterprises” from 1 January 2024, and has made retrospective adjustments to the 2023 financial statements, affecting the operating cost and selling expense items shown in the table above.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Reasons for changes in operating revenue and operating costs: mainly due to the year-on-year increase in sales volume of the Company's main products, and the year-on-year increase in operating revenue and operating costs during the Reporting Period.

Reasons for changes in interest revenue and expenses, fees and commission income and expenses: due to YTO Finance completing its business deregistration procedures on 1 June 2023, which terminated the Company's financial business.

Reasons for changes in selling expenses: due to an increase of RMB1.95 million compared with the same period of the previous year, which was mainly due to the Company increasing product promotion and service guarantees to expand the market share of its main products, resulting in year-on-year growth in product promotion expenses.

Reasons for changes in administrative expenses: due to a decrease of RMB5.94 million compared with the same period of the previous year, which was mainly due to the year-on-year decrease in maintenance expenses, depreciation and other expenses during the Reporting Period.

Reasons for changes in financial expenses: due to an increase of RMB1.44 million compared with the same period of the previous year, which on one hand, was due to the influence of macroeconomic policies in the financial market during the Reporting Period resulted in a continuous downward trend of deposit interest rates and a year-on-year decrease in interest income, and on the other hand, due to the impact of changes in foreign exchange rates, the exchange gain for the period decreased as compared with the same period.

Reasons for changes in research and development expenses: due to an increase of RMB55.03 million compared with the same period of the previous year, which was mainly due to the year-on-year increase in investment in research and development projects during the Reporting Period.

Reasons for changes in other gains: due to an increase of RMB79.46 million compared with the same period of the previous year, which was mainly due to the Company benefiting from the additional VAT deduction policy for advanced manufacturing enterprises during the Reporting Period, resulting in recognized increases in other income.

Reasons for changes in investment income: due to an increase of RMB50.19 million compared with the same period of last year, which was mainly due to the increased scale of deposit products held by the Company during the Reporting Period, resulting in recognized increases in investment income.

Reasons for changes in gain arising from changes in fair value: due to a decrease of RMB20.36 million compared with the same period of last year, which was mainly due to the changes in fair value of the trading financial assets held by the Company during the Reporting Period.

Reasons for changes in loss on impairment of credit: due to an increase of RMB16.40 million compared with the same period of last year, which was mainly due to the year-on-year increases in provisions for impairment of accounts receivable during the Reporting Period.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Reasons for changes in gains from asset disposal: due to an increase of RMB3.93 million compared with the same period of the previous year, which was mainly due to the impact of intangible asset disposals during the Reporting Period.

Reasons for changes in income tax expenses: due to an increase of RMB106.78 million compared with the same period of the previous year, which was mainly due to full utilization of all previously uncompensated losses to offset taxable income in the same period last year and the Company's profitability during the Reporting Period, resulting in a year-on-year increase in current income tax expenses.

### 2. Income and Cost Analysis

(1). Explanation on principal businesses by industry, product, region and sales model

Unit: 0'000 Currency: RMB

#### Principal Business by Industry

By industry	Operating revenue	Operating costs	Gross profit Margin (%)	Increase/decrease in operating revenue as compared with last year (%)	Increase/decrease in operating cost as compared with last year (%)	Increase/decrease in gross profit margin as compared with last year (%)
Equipment manufacturing industry	1,190,437	1,014,522	14.78	3.26	3.70	Decreased by 0.36 percentage point

#### Principal Businesses by Product

By product	Operating revenue	Operating costs	Gross profit Margin (%)	Increase/decrease in operating revenue as compared with last year (%)	Increase/decrease in operating cost as compared with last year (%)	Increase/decrease in gross profit margin as compared with last year (%)
Agricultural machinery	1,095,746	946,980	13.58	3.74	4.60	Decreased by 0.71 percentage points
Power machinery	292,853	260,751	10.96	-1.68	-2.93	Increased by 1.15 percentage point
Inter-segment elimination	-198,162	-193,209	-	-	-	-
Total	1,190,437	1,014,522	14.78	3.26	3.70	Decreased by 0.36 percentage point

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### Principal Businesses by Region

By region	Operating revenue	Operating costs	Gross profit margin (%)	Increase/decrease in operating revenue as compared with last year (%)	Increase/decrease in operating cost as compared with last year (%)	Increase/decrease in gross profit margin as compared with last year (%)
In the PRC	1,098,151	934,260	14.92	4.15	4.73	Decreased by 0.47 percentage point
Outside the PRC	92,286	80,262	13.03	-6.27	-6.96	Increased by 0.65 percentage point

### Principal Businesses by Sales Model

Sales model	Operating revenue	Operating costs	Gross profit margin (%)	Increase/decrease in operating revenue as compared with last year (%)	Increase/decrease in operating cost as compared with last year (%)	Increase/decrease in gross profit margin as compared with last year (%)
Distribution	918,053	771,805	15.93	6.35	8.85	Decreased by 1.93 percentage points
Direct selling	272,384	242,717	10.89	-5.93	-9.86	Increased by 3.88 percentage points

Note: The Company began implementing “Interpretation to Standard No. 18 of Accounting Standards for Business Enterprises” from 1 January 2024, and has made retrospective adjustments to the 2023 financial statements, affecting the operating cost items shown in the above table.

Explanation on principal businesses by industry, product, region and sales model:

The comprehensive gross profit margin of the equipment manufacturing business during the Reporting Period was 14.78%, representing a decrease of 0.36 percentage point as compared with the corresponding period of last year. It was mainly because the Company implemented full value chain cost control and achieved significant results in cost reduction and efficiency increase; Meanwhile, in order to increase the market share of leading products, the Company intensified promotional efforts, resulting in a slight decrease in gross profit margin.

The gross profit margin of the Company’s agricultural machinery business was 13.58%, representing a year-on-year decrease of 0.71 percentage point.

The gross profit margin of the Company’s power machinery business was 10.96%, representing a year-on-year increase of 1.15 percentage points.



## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### (2). Production and Sales Analysis

Main products	Unit	Production volume	Sales volume	Inventory volume	Increase/decrease in production volume as compared with last year (%)	Increase/decrease in sales volume as compared with last year (%)	Increase/decrease in inventory volume as compared with last year (%)
Tractor Products	Set	74,522	74,323	5,737	-0.55	2.71	3.59
Diesel Engine Products	Set	143,113	145,944	11,050	-7.65	-3.38	-20.39

### (3). Cost analysis

Unit: 0'000 Currency: RMB

#### By industry

By industry	Cost items	Amount for the Reporting Period	Amount for the Reporting Period as a percentage of total costs (%)	Amount for the corresponding period of last year	Amount for the corresponding period of last year as a percentage of total costs (%)	Year-on-year change (%)
Equipment manufacturing industry	Material	1,095,292	90.69	1,066,763	90.87	2.67
Equipment manufacturing industry	Labour	43,992	3.64	40,959	3.49	7.40
Equipment manufacturing industry	Production costs	68,447	5.67	66,271	5.64	3.28

#### By product

By product	Cost items	Amount for the Reporting Period	Amount for the Reporting Period as a percentage of total costs (%)	Amount for the corresponding period of last year	Amount for the corresponding period of last year as a percentage of total costs (%)	Year-on-year change (%)
Agricultural machinery	Material	856,586	90.45	820,622	90.64	4.38
Agricultural machinery	Labour	35,757	3.78	32,281	3.57	10.77
Agricultural machinery	Manufacturing expenses	54,637	5.77	52,455	5.79	4.16
Power machinery	Material	238,706	91.54	246,141	91.63	-3.02
Power machinery	Labour	8,235	3.16	8,678	3.23	-5.10
Power machinery	Manufacturing expenses	13,810	5.30	13,816	5.14	-0.04

Note: This table shows data before inter-segment eliminations

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Other explanation on cost analysis:

During the Reporting Period, the proportion of labor and manufacturing expenses increased compared to the same period last year. On one hand, this was due to the rigid growth of labor costs resulting from wage increases. On the other hand, the Company began implementing an annuity plan in July 2023, and the enterprise annuity for the full year of 2024 increased compared to 2023.

(4). *Main Sales Customers and Main Suppliers*

**A. Main Sales Customers of the Company**

Sales to the top five customers amounted to RMB666.28 million, accounting for 5.60% of the annual total sales; among which, sales to related parties among the top five customers amounted to RMB198.23 million, accounting for 1.67% of the annual total sales.

Sales to a single customer exceeding 50% of the total, new customers among the top 5 customers, or heavy reliance on a few customers during the Reporting Period:

*Unit: 0'000 Currency: RMB*

No.	Name of customer	Sales amount	Percentage of annual total sales (%)
1	Customer 1	10,690.01	0.90

Note: The customer in the table above is a new customer among the top five customers.

**B. Main Suppliers of the Company**

Purchases from the top five suppliers amounted to RMB1,709.08 million, accounting for 17.88% of the annual total purchases; among which, purchases from related parties among the top five suppliers amounted to RMB956.74 million, accounting for 10.01% of the annual total purchases.

During the Reporting Period, there was no situation where the proportion of purchases from a single supplier exceeded 50% of the total amount, there were no new suppliers among the top 5 suppliers, or there was a heavy reliance on a few suppliers.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### 3. Expenses

Unit: Yuan Currency: RMB

Item	Amount for the Year	Amount for the corresponding period of last year	Change in amount	Change (%)
Selling expenses	156,461,228.98	154,508,842.48	1,952,386.50	1.26
Administrative expenses	354,693,536.41	360,636,115.92	-5,942,579.51	-1.65
Research and development expenses	516,377,794.17	461,344,381.32	55,033,412.85	11.93
Financial expenses	-44,068,916.96	-45,511,913.00	1,442,996.04	-3.17
Total	983,463,642.60	930,977,426.72	52,486,215.88	5.64

### 4. Research and Development Investment

#### (1). R&D investment

Unit: Yuan

Research and development investment expensed for the Reporting Period	516,377,794.17
Research and development investment capitalized for the Reporting Period	0.00
Total research and development investment	516,377,794.17
Total research and development investment as a percentage of operating revenue (%)	4.34
Ratio of research and development investment capitalized (%)	0.00

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### (2). Analysis of R&D Personnel

Number of R&D personnel of the Company	1,124
Number of R&D personnel as a percentage of total staff of the Company (%)	16.24

#### Education Level Profile of R&D Personnel

Type of education level	Headcount by level of education
Doctoral degree	3
Master's degree	192
Bachelor's degree	820
Technical school	95
High school graduates and below	14

#### Age Profile of R&D Personnel

Type of age profile	Headcount by age profile
Age below 30 (excluding 30)	264
Ages 30 to 40 (including 30, excluding 40)	434
Ages 40 to 50 (including 40, excluding 50)	200
Ages 50 to 60 (including 50, excluding 60)	226
Ages 60 and above	0



## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### 5. Cash Flow

Items	Amount for the Reporting Period	Amount for the corresponding period of last year	Change in amounts	Change (%)
Net cash flow generated from operating activities	1,216,115,552.21	1,056,261,600.78	159,853,951.43	15.13
Net cash flow generated from investing activities	-1,323,432,942.95	-2,009,731,546.47	686,298,603.52	N/A
Net cash flow generated from financing activities	-336,173,576.74	-346,343,393.83	10,169,817.09	N/A

**Net cash flow generated from operating activities:** due to the increase in inflow of RMB159.85 million year-on-year, which was mainly due to the Company's steady improvement in profitability and an increase in net operating cash inflows.

**Net cash flow generated from investing activities:** due to the reduction in outflow of RMB686.30 million year-on-year, which was mainly due to the increase in net cash inflows from the acquisition of an axle company during the current period. In addition, the Company reduced its purchases of structured deposits and large-denomination certificates of deposit using idle funds compared to the same period last year during the Reporting Period.

**Net cash flow generated from financing activities:** due to the outflow decreased by RMB10.17 million year-on-year, which was mainly due to the combined impact of a year-on-year increase in net borrowings obtained and a year-on-year increase in dividend payments during the Reporting Period.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### (II) Analysis of Assets and Liabilities

#### 1. Assets and Liabilities

Unit: Yuan Currency: RMB

Item	Balance at the end of the Reporting Period	Balance at the end of the Reporting Period as a percentage of total assets (%)	Balance at the end of the corresponding period of last year	Balance at the end of the corresponding period of last year as a percentage of total assets (%)	Year-on-year change (%)	Reasons for the changes
Trading financial assets	1,378,751,780.82	9.38	862,909,300.00	6.25	59.78	Impact of structured deposits held that have not yet matured at the end of the Reporting Period.
Notes receivable	36,699,592.12	0.25	62,322,233.91	0.45	-41.11	Impact of notes receivable collection upon maturity during the Reporting Period.
Receivables financing	162,000,234.88	1.10	261,430,180.63	1.89	-38.03	Impact of increased payment by notes during the Reporting Period.
Prepayments	289,422,493.28	1.97	210,734,453.99	1.53	37.34	Impact of increased purchases during the current period.
Other receivables	46,387,183.65	0.32	24,672,309.74	0.18	88.01	Increase in export credit sale during the Reporting Period, resulting in increased export tax refund receivables.
Non-current assets due within one year	1,183,614,680.34	8.06	26,733,364.62	0.19	4,327.48	Reclassification of large-denomination certificates of deposit due within one year based on their maturity dates.
Right-of-use assets	38,468,756.06	0.26	21,834,383.06	0.16	76.18	Impact of new leasing asset during the Reporting Period.
Non-current liabilities due within one year	225,596,509.07	1.54	20,969,818.62	0.15	975.82	Reclassification of long-term borrowings due within one year.
Long-term borrowings	65,950,000.00	0.45	200,000,000.00	1.45	-67.03	Reclassification of long-term borrowings due within one year to non-current liabilities due within one year; newly added long-term borrowings during the current period.
Lease liabilities	13,772,820.46	0.09	2,098,999.39	0.02	556.16	Impact of increased leasing assets during the Reporting Period.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### 2. Foreign Assets

#### (1) Assets Scale

At the end of the Reporting Period, total assets of the Company amounted to 1,469,133.57 (unit: 0'000, currency: RMB), including foreign assets of 7,827.79 (unit: 0'000 currency: RMB), accounting for 0.53% of the total assets.

### 3. Restrictions on Main Assets as at the end of the Reporting Period

As at the end of the Reporting Period, the Company's monetary funds of restricted ownership amounted to RMB560.3966 million, including bank's acceptance bill deposits of RMB555.4396 million, and other restricted funds of RMB4.9570 million.

During the Reporting Period, the book value of the Company's fixed assets and intangible assets of restricted ownership amounted to a total of RMB43.0235 million, which were buildings and land of the Company's subsidiary, Changtuo Company, that were restricted during the current period due to mortgage of borrowings, etc.

### 4. Other Explanations

#### (1) Key Financial Ratios

Item	As at the end of the Reporting Period	As at the beginning of the Year	Year-on-year change
Gearing ratio (%)	47.06	47.75	Decreased by 0.69 percentage point
Current ratio	1.14	1.07	Increased by 0.07
Quick ratio	0.93	0.82	Increased by 0.11

#### (2) Loans

Loans of the Group are mainly denominated in RMB. As of the end of the Reporting Period, loans (principal) of the Company due within one year amounted to RMB200 million, and loans (principal) due over one year amounted to RMB65.95 million.

#### (3) Foreign Exchange Risk

The business of the Company is mainly situated in the PRC and most of the transactions are settled in RMB. However, the export transactions of the Company are mainly settled in foreign currencies. The main currencies involved are USD, Euro, AUD, XOF and ZAR, exchange rate fluctuations may affect the operating results of the Company to a certain extent. The Company's finance department is responsible for monitoring the size of the Company's foreign currency transactions and foreign currency assets and liabilities to minimize exposure to exchange rate risks. The Company may sign forward foreign exchange contracts or currency swap contracts to hedge against exchange rate risks.

#### (4) Principal Sources and Use of Funds

The main sources of funds of the Company are receipts from product sales and prepayment from customers. The funds were mainly used for the projects relating to the operating and investment activities of the Company.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### (III) Analysis of Investments

#### 1. *Financial Assets Measured at Fair Value*

The Company's financial assets measured at fair value for the current period include trading financial assets, financing receivables and other investments in equity instruments. For details, please refer to Note 2, Note 5 and Note 14 in part V under Section X of this report.

### (IV) Material Assets and Equity Disposals

The Company's controlling subsidiary, YTO Diesel Engine, publicly listed its 0.8827% equity stake in Zhongyuan Bank for sale at the Beijing Equity Exchange for RMB667.83 million. This transaction constitutes a major asset disposal as defined under the "Administrative Measures for Major Asset Restructuring of Listed Companies (上市公司重大資產重組管理辦法)".

As of 27 December 2024, the public listing period for this material asset disposal expired without attracting any qualified potential transferees. With the approval of the Company's thirtieth meeting of the ninth session of the Board of Directors and the fifteenth meeting of the ninth session of the Board of Supervisors, the Company has terminated this material asset disposal. For specific details, please refer to the "First Tractor's Announcement on the Termination of Material Asset Disposal" disclosed on the website of Shanghai Stock Exchange on 28 December 2024.



## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### (V) Analysis of Key Controlling and Participating Companies

#### 1. Major subsidiaries

Unit: 0'000, Currency: RMB

Company name	Registered capital	Principal businesses	As of 31 December 2024		Achieved during the Reporting Period	
			Total assets	Net asset	Operating income	Net profit
YTO International Trade	6,600	International sales of agricultural machinery	33,365	-22,514	84,760	6,230
YTO Diesel Engine	US\$16 million	Engine manufacturing and sales	322,512	143,514	292,853	7,921
Tractor Research Company	44,500	Research and development of tractor products	60,372	53,957	18,283	356

#### 2. Acquisition and disposal of subsidiary(ies) during the Reporting Period

Approved by the twenty-fourth meeting of the ninth session of the Board of Directors, the Company signed an agreement with ZF (China) Investment Co., Ltd. on 11 September 2024, to acquire a 51% stake in ZF YTO (Luoyang) Axle Co., Ltd. The equity transfer was completed on 13 September 2024, and business registration changes were completed on 24 September. After the acquisition, ZF YTO (Luoyang) Axle Co., Ltd. was renamed as YTO (Luoyang) Axle Co., Ltd., becoming a wholly-owned subsidiary of YTO and incorporated into YTO's consolidated financial statements.

#### 3. Explanation of important subsidiaries with business operation changes exceeding 30%

YTO Diesel Engine: Net profit increased by RMB30.16 million year-on-year, mainly due to the increase in other income recognized by the value-added tax additional deduction policy for advanced manufacturing enterprises.

Tractor Research Company: Net profit decreased by RMB8.03 million year-on-year, mainly due to the impact of increased labor costs during the Reporting Period.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### VI. THE COMPANY'S DISCUSSION AND ANALYSIS ON ITS FUTURE DEVELOPMENT

#### (I) Industry Landscape and Trends

Agricultural mechanization and agricultural machinery equipment are important foundations for transforming the mode of agricultural development and improving rural productivity, and are important support for implementing the rural revitalization strategy. The 2025 Central No. 1 Document proposed for the first time “to lead the aggregation of advanced production factors through technological innovation and develop new quality agricultural productivity tailored to local conditions” and the document clearly states “to promote the high-quality development of agricultural machinery and equipment, accelerate the R&D and application of advanced and applicable domestic agricultural machinery, and promote the scrapping and renewal of old agricultural machinery.” At the same time, the new round of 100-billion-jin grain production capacity improvement action, high-standard farmland construction and the upgrading of environmental protection emission standards for machinery implemented by the state will increase the demand for intelligent and efficient agricultural machinery products.

The new three-year agricultural machinery purchase subsidy policy increasingly emphasizes “premium subsidies for premium machinery” and “supporting excellence and competitiveness.” A series of policies guide the acceleration of innovation and intelligent transformation of agricultural machinery equipment. The overall industry shows development trends toward larger scale, greener operation, and increased intelligence. New productive forces such as power shift transmissions, CVT, hybrid power, and autonomous driving continue to empower the industry. Leading enterprises with strong product technology foundations and control over the industrial chain have expanded their market advantages, with industry continues to show the trends of survival of the fittest. The promising development prospects of the agricultural machinery industry have also attracted companies with capital and manufacturing capabilities to enter the market, creating new competitive dynamics.

At the same time, in recent years, national support for agriculture, the continuous development of agricultural mechanization, and improvements in quality and efficiency have led to a rapid increase in agricultural machinery ownership. Rural labor transfer and the development of intensive agricultural operations have also continuously raised demand for agricultural machinery efficiency. The agricultural machinery industry is currently at a critical period of transition from quantity expansion to quality improvement. The tractor market is mainly based on stock renewal, with large tractors outperforming medium tractors. While high-efficiency large-scale agricultural machinery is developing rapidly, the mechanization level in vast mountainous and hilly regions remains low, with unbalanced and insufficient development – a weak link in China's agricultural mechanization. These regions have higher requirements for specialized, refined, and distinctive products. Therefore, developing agricultural machinery products adapted to mountainous and hilly terrain, as well as for economic crops, is an important direction for addressing shortcomings in agricultural machinery.

After more than two decades of rapid development, China's tractor industry has significantly improved its technological level, manufacturing capabilities, and product quality, gaining competitive strength in many overseas regions. Competition among Chinese agricultural machinery enterprises is trending from domestic to international markets. Chinese agricultural machinery enterprises are accelerating their overseas expansion, with product adaptability improvements, talent team building, channel development, and brand building becoming the focus of international market competition.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### (II) Development Strategy of the Company

The Company will be guided by the goal of “creating a world-class brand and establishing a world-class enterprise,” with enhancing value creation capability as the main line, focusing on strengthening core functions and improving core competitiveness, reinforcing the dual drivers of technology and reform, actively developing high-end, intelligent agricultural machinery equipment platforms, reconstructing a new golden supply chain system supporting core components for power shift, CVT, new energy, and intelligent agricultural machinery equipment, accelerating the cultivation of new quality productive forces, building high barriers in core agricultural machinery equipment product technology, manufacturing technology, and industrialization development, continuously enhancing the domestic and international market competitiveness and brand influence of the Company’s leading products, and striving to become a world-class enterprise characterized by product excellence, brand distinction, innovation leadership, and modern governance.

### (III) Operation Plan

#### 1. *Synergistic Efforts in Two Markets to Actively Respond to Industry Uncertainties*

For the domestic market, the Company will formulate effective product sales strategies based on changes in subsidy policies and market competition, strengthen marketing capability building by enhancing user demand control capabilities, optimizing marketing channel operation quality and service system upgrades, actively use new media platforms to expand brand promotion efforts, and make every effort to promote and sell power shift products, seize opportunities for industry upgrading, and consolidate and increase market share.

For the international market, the Company will accelerate overseas market expansion and internationalization, accelerate the building of international talent teams, continuously improve global market reach, deepen its presence in key countries and regions, and expand the scale of sales. At the same time, through targeted R&D of export products, overseas service system construction, and other support measures, the Company will safeguard international business development. The Company will fully utilize the overseas resource advantages of the de facto controller, join forces to go overseas, complement each other via cooperation, and promote mutual benefits for multi-party business.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### **2. *Persisting in Innovation-Driven Growth to Empower High-Quality Corporate Development***

The Company will continue to promote the transformation and upgrading of the tractor business, strengthen innovation awareness, enhance innovation capabilities, increase R&D investment, expand the scientific and technological personnel team, and create product competitive advantages under policy guidance. The Company will accelerate technological breakthroughs around strategic products such as CVT, heavy-duty power shift, and hybrid tractors, promote commercialization, and achieve domestic substitution of high-end equipment. In response to the actual needs of users in hilly areas, the Company will promote the development and testing of a full range of tractors in hilly and mountainous areas, focusing on addressing the shortcomings of agricultural mechanization development in hilly areas. Benchmarked against world-class standards, the Company will continuously iterate and upgrade existing products and improve quality to enhance the products' market competitiveness.

### **3. *Multiple Measures to Tap Potential to Help the Company Improve Quality and Efficiency***

Adhering to the goal of maximizing benefits, the Company will innovate cost and expense control models and means, continuously improve the Company's value chain cost management system, step up efforts to identify cost-saving opportunities from all aspects from source design to process manufacturing, fully utilize new technologies, new processes, new materials, etc., to achieve cost reduction and efficiency improvement, laying a solid foundation for the Company's cost control. At the same time, through the implementation of refined management and strict control of various expenses, the Company will continuously improve corporate economic operation efficiency.

### **4. *Accelerating the Development of New Quality Productivity to Cultivate New Competitive Advantages for the Future***

Facing the directions of "intelligence, digitalization, and green development", the Company will accelerate basic research on smart agriculture and key technologies, actively make plans for information-based intelligent agricultural machinery and smart agriculture product platforms, continuously improve product intelligence levels and precision operation capabilities, collaboratively promote the integration of Internet of Things technology and smart agriculture solutions, actively assume the main force in new industrialization construction. At the same time, the Company will orderly promote the industrialization of non-road National V Diesel Engines, high-end intelligent tractor capacity enhancement, and other projects, continuously enhance the Company's production and manufacturing capabilities for core components and high-end high-horsepower tractors, and strengthen new advantages in industrialized development.



## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### (IV) Potential Risks

#### 1. *Risks of Technology Upgrades*

Tractor products are showing trends toward larger scale, greener operation, and intelligent upgrades. Technologies such as power shift transmissions, CVT, hybrid power, and new energy sources are continuously developing and being applied. These advancements place higher demands on technology roadmap assessment, product research and development, manufacturing capabilities, and process guarantees. If the Company cannot sustain investment, product maturation, and market introduction, there will be a risk of losing first-mover advantage in the market.

The Company will continuously strengthen market research, accurately grasp changes in consumer demands, and adjust product strategies in a timely manner according to market feedback and policy guidance. At the same time, the Company will optimize supply chain management to reduce production costs and enhance product cost-effectiveness; make all efforts to seize the market and achieve actual sales, and improve service capabilities and service levels to cope with the uncertainty of market demand.

#### 2. *Risk of Escalating Market Competition*

Currently, the competitive landscape of the tractor industry shows a trend of increasing concentration among leading companies, with small and medium-sized enterprises lacking competitive advantages gradually being eliminated. However, competition among leading companies has shifted from single-factor competition to all-factor competition, with companies competing in products, brands, services, channels, financial support, promotion methods, and other aspects. Small and medium-sized enterprises with technological or service advantages in niche markets have disrupted the existing market landscape in local markets, increasing the complexity of competition.

The Company has been deeply involved in the agricultural machinery industry for many years and has a deep understanding of the industry. It has a deep accumulation of technology and talents and will continue to increase R&D investment, focusing on high-end technology sectors such as power shift, CVT, and hybrid technologies and actively venturing into areas such as new energy to enhance effective product competitiveness, and consolidate product technology advantages. The Company will provide personalized, customized products and services tailored to specific user needs and market demands, ensuring that users' product and service requirements are met. The Company will strengthen financial support for products to address users' practical difficulties in purchasing machines. The Company will continuously optimize internal management to ensure the ability to quickly respond to market changes.

#### 3. *Risk of Expanding International Markets*

With a complex international trade environment, geopolitical conflicts, trade protection policies, and other uncertain factors may bring adverse effects to the agricultural machinery export market, posing numerous challenges for the Company's overseas business expansion.

The Company will closely monitor changes in the international situation, continue to deeply cultivate key countries, accelerate the building of overseas talent teams, and expand sales scale and increase overseas market share through continuously refining market and network.

## SECTION IV CORPORATE GOVERNANCE

### I. EXPLANATION ON CORPORATE GOVERNANCE

#### 1. Compliance Operations

First Tractor strictly follows the Company Law (公司法), Securities Law (證券法), and Corporate Governance Standards for Listed Companies (上市公司治理準則) and other legal regulations to establish a corporate governance structure consisting of Shareholders' Meetings, Board of Directors, Board of Supervisors, and management. For many years, the Company's Shareholders' Meetings, Board of Directors, Board of Supervisors, and management have operated according to standards with clear rights and responsibilities and mutual checks and balances, ensuring that Company's decisions are rational, supervision is effective, and execution is thorough, thereby protecting Shareholders' interests. During the reporting period, the Company's governance work complied with the regulatory requirements of listing jurisdictions and the normative documents on corporate governance issued by stock exchanges.

#### 2. System Development

The Company continuously strengthens its corporate governance system, and revised and improved multiple policies including the "Articles of Association (公司章程)", "Rules of Procedure for Shareholders' Meetings (股東會議事規則)", "Rules of Procedure for the Board of Directors (董事會議事規則)", "Rules of Procedure for the Board of Supervisors (監事會議事規則)" and others in accordance with the "Company Law (公司法)" and other laws and regulations and the Company's actual situation. The Company has also established specialized policies such as "Board Authorization Management Measures (董事會授權管理辦法)" and "Information Disclosure Management Regulations (信息披露管理規定)" to effectively ensure the efficient advancement of various corporate governance tasks.

#### 3. Information Disclosure

The Company strictly complies with the regulatory requirements of both domestic and overseas listing venues, fulfilling its information disclosure obligations according to law. While ensuring that information disclosure is true, accurate, complete and timely, the Company strives to make disclosures concise, clear and easy to understand to protect the right to information of the broad investor base. The Company has established a comprehensive information disclosure management system with clear division of responsibilities and standardized work processes to ensure that information disclosure work is efficient and compliant, maintaining the Company's positive image in the capital market and protecting the legitimate rights and interests of investors.

## SECTION IV CORPORATE GOVERNANCE (CONTINUED)

### 4. Investor Relations Management

The Company highly values communication with investors and responds promptly to market concerns and conveys company value through various forms such as performance briefings, investor research, and conference calls. In 2024, the Company participated in the Shanghai Stock Exchange's "Cultivating New Quality Productivity" 2023 annual report collective performance conference, and the collective investor reception activities for listed companies under SINOMACH. The Company's independent Directors, general manager, board secretary, financial director and others attended the event, communicated with investors on site, and listened carefully to investors' suggestions and opinions on the Company's development. The Company's shareholders' meetings combine on-site meetings with online voting, actively creating conditions for shareholders, especially small and medium shareholders, to effectively safeguard the legitimate rights and interests of investors.

### 5. Environmental, Social, and Corporate Governance

The Company places high importance on environmental, social, and corporate governance (ESG) work, and fully disclosed the Company's practices and achievements in environmental protection, social responsibility, and corporate governance to investors and relevant stakeholders through the preparation of high-quality ESG reports. In 2024, the Company won the ESG Golden Bull Award for Top 50 Central State-owned Enterprises/ESG Top 100 (ESG金牛獎央企50強/ESG百強), and was successfully selected for the "CSI Guoxin State-owned Enterprise ESG Growth 100 Index (中證國新央企ESG成長100指數)" and "ESG Golden Dawn Award—Best Low-Carbon Harmonious Development List (ESG金曙光獎—最佳低碳和諧發展力榜單)".

## II. SPECIFIC MEASURES TAKEN BY THE CONTROLLING SHAREHOLDER AND THE DE FACTO CONTROLLER OF THE COMPANY TO ENSURE THE INDEPENDENCE OF THE COMPANY'S ASSETS, PERSONNEL, FINANCE, ORGANIZATION AND BUSINESS, AS WELL AS THE SOLUTIONS, WORK PROGRESS AND FOLLOW-UP WORK PLAN ADOPTED TO AFFECT THE INDEPENDENCE OF THE COMPANY

The Company's controlling shareholder and de facto controller strictly comply with laws, regulations and the Articles of Association, effectively ensuring the Company's independence in assets, personnel, finance, organization, and business. The corporate governance structure is sound, with clear asset ownership, independent organizational operations, and independent financial accounting. The Company has an independent business system and self-operational capabilities, with no circumstances affecting its independence.

## SECTION IV CORPORATE GOVERNANCE (CONTINUED)

### III. BRIEFS OF GENERAL MEETINGS

Session of meeting	Date	Inquiry index for the designated website for publishing the voting results	Date of publication of the voting results	Meeting resolutions
2023 Annual General Meeting	29 May 2024	Announcement of First Tractor Company Limited on the Notice of Resolutions of 2023 Annual General Meeting, 2024 First A Share Class Meeting, 2024 First H Share Class Meeting published on the website of the Shanghai Stock Exchange (www.sse.com.cn)	30 May 2024	<ol style="list-style-type: none"> <li>To approve the report of the Board of Directors of the Company for the year 2023 ;</li> <li>To approve the Company's 2023 annual performance report of independent directors;</li> <li>To approve the work report of the Board of Supervisors of the Company for the year 2023 ;</li> <li>To approve the audited financial report of the Company for the year 2023 ;</li> <li>To approved the Company's 2023 annual report;</li> <li>To approve the profit distribution proposal of the Company for the year 2023 ;</li> <li>To approve the reappointment of ShineWing Certified Public Accountants (Special General Partnership) as the Company's financial auditor and the internal control auditor for the year 2024, and to authorize the Board of the Company to decide its audit fees;</li> <li>To approve the resolution on the amendment to the Company's Articles of Association;</li> <li>To approve the resolution on the amendment to the Company's Rules of Procedure for Shareholders' Meetings.</li> </ol>
2024 First A Share Class Meeting	29 May 2024	Announcement of First Tractor Company Limited on the Notice of Resolutions of 2023 Annual General Meeting, 2024 First A Share Class Meeting, 2024 First H Share Class Meeting published on the website of the Shanghai Stock Exchange (www.sse.com.cn)	30 May 2024	<ol style="list-style-type: none"> <li>To approve the resolution on the amendment to the Company's Articles of Association;</li> <li>To approve the resolution on the amendment to the Company's Rules of Procedure for Shareholders' Meetings.</li> </ol>
2024 First H Share Class Meeting	29 May 2024	Announcement of First Tractor Company Limited on the Notice of Resolutions of 2023 Annual General Meeting, 2024 First A Share Class Meeting, 2024 First H Share Class Meeting published on the website of the Shanghai Stock Exchange (www.sse.com.cn)	30 May 2024	<ol style="list-style-type: none"> <li>The resolution on the amendment to the Company's Articles of Association was not passed;</li> <li>The resolution on the amendment to the Company's Rules of Procedure for Shareholders' Meetings was not passed.</li> </ol>
2024 First Extraordinary General Meeting	2 August 2024	Announcement of First Tractor Company Limited on the Notice OF 2024 First Extraordinary General Meeting published on the website of the Shanghai Stock Exchange (www.sse.com.cn)	3 August 2024	<ol style="list-style-type: none"> <li>To approve the resolution on the election of Non-independent Directors of the Company's ninth Board of Directors</li> </ol>
2024 Second Extraordinary General Meeting	18 December 2024	Announcement of First Tractor Company Limited on the Notice OF 2024 Second Extraordinary General Meeting published on the website of the Shanghai Stock Exchange (www.sse.com.cn)	19 December 2024	<ol style="list-style-type: none"> <li>To approve the resolution on the Company's continuing related-party transactions from 2025 to 2027 ;</li> <li>To approve the resolution on signing the 2025-2027 "Financial Services Agreement" and the annual transaction cap amount between the Company and SINOMACH Finance Co., Ltd.;</li> <li>To approve the resolution on the Company's Articles of Association;</li> <li>To approve the resolution on amendment to the Rules of Procedure for Shareholders' Meetings of the Company;</li> <li>To approve the resolution on amendment to Board of Directors' Meeting Rules of Procedure of the Company;</li> <li>To approve the resolution on amendment to Supervisory Meeting Rules of Procedure of the Company</li> </ol>
2024 Third Extraordinary General Meeting	30 December 2024	Announcement of First Tractor Company Limited on the Notice OF 2024 Third Extraordinary General Meeting published on the website of the Shanghai Stock Exchange (www.sse.com.cn)	31 December 2024	To approve the resolution on the election of Non-independent Directors of the Company's ninth Board of Directors



## SECTION IV CORPORATE GOVERNANCE (CONTINUED)

### Explanation on General Meetings

The two resolutions considered at the Company's first H-share class meeting of 2024 were not passed, as they failed to obtain more than two-thirds of the total voting rights held by Shareholders with voting rights (including shareholder proxies) who attended the meeting. The Company proposed to the class shareholders meeting to review and amend the “Articles of Association (公司章程)” and “Rules of Procedure for Shareholders' Meetings (股東大會議事規則)” were primarily based on the “Trial Measures for the Administration of Overseas Securities Issuance and Listing by Domestic Enterprises (境內企業境外發行證券和上市管理試行辦法)” newly issued by the CSRC, the “Guidelines for Articles of Association of Listed Companies (上市公司章程指引)” (2022 Revision), and the newly revised Listing Rules of the Hong Kong Stock Exchange (上市規則). Meanwhile, as the CSRC abolished the “Mandatory Provisions for Articles of Association of Companies Listed Overseas” (到境外上市公司章程必備條款) (relevant class shareholder meeting provisions no longer apply) the “Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (香港聯合交易所有限公司證券上市規則)”. These amendments aimed to ensure that the Company's “Articles of Association (公司章程)” and “Rules of Procedure for Shareholders' Meetings (股東大會議事規則)” comply with the requirements of the latest laws and regulations.

## SECTION IV CORPORATE GOVERNANCE (CONTINUED)

### IV. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

#### (I) Change in Shareholdings and Remuneration of Incumbent and Resigned Directors, Supervisors and Senior Management during the Reporting Period

Unit: Share

Name	Position	Gender	Age	Commencement date of tenure	End date of tenure	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Changes in the number of shares held during the year	Reason for changes	Total remuneration (before tax) received from the Company during the Reporting Period (RMB'000)	Whether he/she received remuneration from related parties of the Company during his/her tenure
										Remuneration received from the Company during the Reporting Period	Realised performance of previous years
Zhao Weilin	Director, Chairman	Male	55	2025.2.7	2025.4.12	0	0	0	/	0	Yes (Note 1)
Wei Tao	Director	Male	44	2023.12.8	2025.4.12	0	0	0	/	46.72	No
	General Manager			2023.10.23						157.16	
Fang Xianfa	Director	Male	62	2022.4.13	2025.4.12	0	0	0	/	0	Yes (Note 1)
Yang Jianhui	Director	Male	63	2024.8.2	2025.4.12	0	0	0	/	1	Yes (Note 1)
Miao Yu	Director	Male	39	2024.8.2	2025.4.12	0	0	0	/	0	No
Edmund Sit	Independent Director	Male	61	2022.4.13	2025.4.12	0	0	0	/	10.2	No
Wang Shumao	Independent Director	Male	65	2022.4.13	2025.4.12	0	0	0	/	9.7	No
Xu Liyou	Independent Director	Male	50	2022.4.13	2025.4.12	0	0	0	/	0	No
Wong Yee Man	Independent Director	Female	36	2024.12.30	2025.4.12	0	0	0	/	0	No
Yang Yu	Chairman of the Board of Supervisors	Male	50	2022.4.13	2025.4.12	0	0	0	/	0	Yes (Note 1)
Gu Aiqin	Supervisor	Female	46	2022.4.13	2025.4.12	0	0	0	/	0	Yes (Note 1)
Xiao Bin	Supervisor	Male	56	2022.4.13	2025.4.12	0	0	0	/	20.59	No
Li Peng	Staff Supervisor	Male	51	2022.4.13	2025.4.12	0	0	0	/	17.53	No
Yang Kun	Staff Supervisor	Male	56	2022.4.13	2025.4.12	0	0	0	/	17.20	No
Su Wensheng	Deputy General Manager	Male	56	2022.4.13	2025.4.12	0	0	0	/	38.17	No
Yu Lina	Deputy General Manager and Secretary to the Board	Female	54	2022.4.13	2025.4.12	0	0	0	/	38.20	No
Xue Wenpu	Deputy General Manager	Male	52	2022.4.13	2025.4.12	0	0	0	/	38.20	No
Liu Bin	Chief Financial Officer	Male	49	2024.12.16	2025.4.12	0	0	0	/	3.26	Yes (Note 2)
Zhao Qingliang	Deputy General Manager	Male	42	2024.1.31	2025.4.12	0	0	0	/	35.81	Yes (Note 2)
Yang Guangjun	Deputy General Manager	Male	42	2022.4.13	2025.4.12	0	0	0	/	38.29	No
Li Xiaoyu	Director, Chairman (Resigned)	Male	58	2024.8.2	2025.2.7	0	0	0	/	0	Yes (Note 1)
Liu Jiguo	Director, Chairman (Resigned)	Male	60	2022.4.13	2024.7.4	0	0	0	/	0	Yes (Note 1)
Zhang Zhiyu	Director (Resigned)	Male	68	2022.4.13	2024.7.4	0	0	0	/	0.8	Yes (Note 1)
Zhang Bin	Director (Resigned)	Male	42	2022.11.28	2024.7.4	0	0	0	/	0	No
Kang Zhifeng	Chief Financial Officer (Resigned)	Male	42	2022.12.20	2024.12.10	0	0	0	/	39.01	No
Total	/	/	/	/	/				/	354.68	1,204.82 /

Note 1: During the Reporting Period, such Directors and Supervisors were employed by other related parties of the Company and received remuneration, but did not receive remuneration from the Company.

Note 2: Before Liu Bin and Zhao Qingliang were employed by the Company, they worked for related parties of the Company and received remuneration, and after they were employed by the Company, they only received remuneration from the Company.

## SECTION IV CORPORATE GOVERNANCE (CONTINUED)

Name	Major work experience
Zhao Weilin	Born in March 1970, senior international business specialist with a Bachelor of Arts degree and currently serves as Chairman of the Board, Chairman of the Strategic Investment and Sustainable Development Committee of the Board, and Member of the Nomination Committee of the Board. He is currently serving as the secretary of party committee and the chairman of YTO Group Corporation. Mr. Zhao served as the deputy general manager, chairman and party committee secretary of SUMEC International Technology Co., Ltd., chairman and party general branch secretary of SUMEC Complete Equipment & Engineering Co., Ltd., the deputy general manager, director, general manager and party committee deputy secretary of SUMEC Corp. Ltd. (a company listed on the Shanghai Stock Exchange with stock code: 600710.SH). He has extensive experience in international trade and large-scale corporate operations and management.
Wei Tao	Born in October 1980, professor level senior engineer and currently serves as the Director of the Company, a member of the Strategic Investment and Sustainable Development Committee of the Board, and General Manager of the Company and Deputy Secretary of the Party Committee of YTO. Mr. Wei joined YTO in 2003, successively served as the Deputy Director of the Third Assembly Plant, the Deputy head of Quality Engineering Center, the Deputy head of the Technology Development Department of the Company, the Head of the Quality Department, HR manager and the General Manager Assistant and Deputy General Manager of the Company. Mr. Wei graduated from Northeast Agricultural University with a Bachelor degree in engineering and has extensive experience in production and manufacturing, technical quality management, cadre and human resources management, etc.
Fang Xianfa	Born in February 1963, chief expert of Chinese Academy of Agricultural Mechanization Sciences (中國農業機械化科學研究院) and received a special government allowance from the State Council. He is currently the Director of the Company and a member of the Strategy, Investment and Sustainable Development Committee of the Board, the Vice President, chief engineer, researcher and doctoral tutor of Chinese Academy of Agricultural Mechanization Sciences (中國農業機械化科學研究院) and the Director of YTO and the Director of Guoji Digital Technology Co., Ltd. Mr. Fang served as the Deputy chief engineer of Chinese Academy of Agricultural Mechanization Sciences (中國農業機械化科學研究院). Mr. Fang studied at Beijing Institute of Agricultural Machinery and China Agricultural University with a doctorate degree in engineering. Mr. Fang has extensive experience in agricultural machinery, agricultural engineering and corporate management.
Yang Jianhui	Born in December 1961, professor level senior engineer with a doctor's degree in engineering and currently serves as the Director and a member of the Remuneration Committee of the Board of the Company. He currently serves as the director of China Foma (Group) Co., Ltd. and the director of YTO Group Corporation. Mr. Yang was the director, secretary of the Party Committee and deputy general manager of China National Machinery Industry Construction Group Inc.* (中國機械工業建設集團有限公司) and the Party Committee inspection specialist of China National Machinery Industry Corporation.

## SECTION IV CORPORATE GOVERNANCE (CONTINUED)

Name	Major work experience
Miao Yu	Born in February 1986, a bachelor's degree and an MBA holder and currently serves as the Director and member of the Audit Committee of the Board of the Company, the general manager of Luoyang Kechuang Group Co., Ltd.* (洛陽科創集團有限公司) and Director of YTO. Mr. Miao was the deputy director of the Financial Office of Luoyang High-tech Zone, the chairman and general manager of Luoyang Free Trade Zone Investment Development Co., Ltd.* (洛陽自貿區投資發展有限公司), deputy mayor of Fengli Town, Luoyang High-tech Zone (on a temporary basis) and secretary of the Party Branch of Yintun Village, deputy director of the Finance and Banking Department of Luoyang High-tech Zone, and general manager of the fund management department of Luoyang Guohong Investment Group Co., Ltd.* (洛陽國宏投資控股集團有限公司).
Edmund Sit	Born in November 1963, fellow of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants in the United Kingdom. He currently serves as the Independent Non-executive Director, Chairman of the Audit Committee and the Remuneration Committee and a member of the Nomination Committee under the Board of the Company, Independent Non-executive Director of BAIC Motor Corporation Limited (1958.HK), Head of the Audit Committee, member of the Remuneration Committee, Mr. Sit He has over 30 years' experience in auditing, finance, management accounting, personnel management, corporate finance, company secretary and listing. Mr. Sit graduated from Hong Kong Baptist University and holds a bachelor's degree (merit) and master's degree of business administration.
Wang Shumao	Born in July 1959, professor and doctoral tutor. Mr. Wang is currently the independent Director of the Company, the Chairman of the Nomination Committee and also a member of the Remuneration Committee of the Board. He had served as the Deputy Dean of the school of vehicle and traffic engineering of China Agricultural University, Director of China Society for Agricultural Machinery, Director of the Network and Virtual Instrument Branch of the Chinese Instrument and Control Society, Managing Director of the Equipment and Maintenance Branch of China Mechanical Engineering Society, an Honorary Director of the Chinese Society for Agricultural Machinery Basic Technology Branch, a member of the Agricultural Machinery Appraisal and Testing Branch of Chinese Society for Agricultural Machinery, a Director of the Beijing Agricultural Engineering Association, Consultant to the Shunyi District Government of Beijing, an expert of the Advisory Expert Group on Agricultural Mechanization Technology Innovation Strategy of the Ministry of Agriculture, an expert of the "Science and Technology Innovation China" National Agricultural Machinery Equipment Technology Service Team, a member of American Society of Agricultural and Biological Engineers, Editorial Board Member of Zhihui NongYe (《智慧農業》) and Foreign Electronic Measurement Technology (國外電子測量技術), etc. Mr. Wang studied in Beijing Agricultural Mechanization College and Beijing Agricultural Engineering University successively, and obtained a bachelor and a master's degree in engineering. He has been engaged in teaching and research in the field of intelligent agricultural equipment for over forty years. He has presided over a number of national scientific and technological support and key research and development projects, and won the title of "Top Ten Agricultural Machinery Teachers in China (全國十佳農機教師)".



## SECTION IV CORPORATE GOVERNANCE (CONTINUED)

Name	Major work experience
Xu Liyou	<p>Born in December 1974, currently the dean and professor and a doctoral tutor of the School of Vehicle and Traffic Engineering of Henan University of Science and Technology, the Deputy Director of the National Key Laboratory of Intelligent Agricultural Power Equipment and the Director of the Research Center of Engineering Technology for Low-speed Electric Vehicles in Henan Province. He is currently the Independent Director of the Company, and a member of the Strategy, Investment and Sustainable Development Committee and the Audit Committee of the Board. Mr. Xu is also a Director of China Society for Agricultural Machinery and Chinese Society for Automotive Engineering, Vice Director of Henan Society for Automotive Engineering, Deputy Chairman of Chinese Society for Agricultural Machinery Tractor Branch, Deputy Chairman of Chinese Society for Agricultural Machinery Ground Machine System Branch, member of China Machinery Industry Education Association Vehicle Engineering Teaching Committee, Member of the Teaching Committee of Vehicle Engineering Discipline of Chinese Society for Agricultural Machinery and Chinese Society for Agricultural Machinery Material Processing Branch. Mr. Xu graduated from Xi'an University of Technology with a doctorate degree in engineering. He is mainly engaged in the research and teaching of new vehicle transmission theory and control technology, vehicle performance analysis method and simulation technology, and low-speed electric vehicle transmission technology. He is an expert in the field of vehicle engineering, a technology and innovative leader in central China, a high-level talent in Henan Province, an outstanding expert in Luoyang City, and an academic and technical leader of the Education Department of Henan Province.</p>
Wong Yee Man	<p>Born in July 1988, holds a Bachelor's degree in Accounting and Business Administration, and a Bachelor of Laws, a Certified Public Accountant and a practicing accountant with the Hong Kong Institute of Certified Public Accountants, a Certified ESG Analyst, and currently serves as an independent Director of the Company and director of PAL Advisory Limited. Ms. Wong served at KPMG, FTI Consulting, Inc., Fumeng Consulting Co., Ltd., Invesco Investment Management Co., Ltd., and the Securities &amp; Futures Commission of Hong Kong with a wealth of experience in accounting, auditing, and compliance management.</p>
Yang Yu	<p>Born in August 1974, senior engineer, currently serves as the chairman of the Board of Supervisors of the Company, a standing member of the Party Committee and secretary of the Discipline Inspection Commission of YTO. Mr. Yang joined YTO in September 2021, and served as the assistant to the general manager and a member of the Discipline Inspection Commission of China Electric Apparatus Research Institute Co., Ltd., secretary of the Discipline Inspection Commission and a member of the Party Committee of Guilin Electric Apparatus Research Institute Co., Ltd. Mr. Yang studied in Zhejiang University with a bachelor's degree in engineering. Mr. Yang has extensive experience in corporate management, scientific research and discipline inspection and supervision.</p>



## SECTION IV CORPORATE GOVERNANCE (CONTINUED)

Name	Major work experience
Gu Aiqin	Born in January 1979, is a senior political engineer, currently serves as the Supervisor of the Company, the Director of the Work Department of the Party Committee and the vice chairman of the trade union of YTO. Ms. Gu joined YTO in 2003 and has served as the Secretary of the Youth League Committee of YTO, a member of the 17th Central Committee of the Communist Youth League, the secretary of the Party Committee, secretary of the Disciplinary Committee, chairman of the trade union and the deputy general manager of YTO Flag, and chief of the human resources department of YTO. Ms. Gu studied at Henan University and holds a bachelor's degree in literature. Ms. Gu has extensive experience in press and publicity, corporate management and human resources management.
Xiao Bin	Born in January 1969, is a senior engineer, currently serves as the Supervisor of the Company and the head of the production and operation department of the Company. Mr. Xiao joined YTO in 1989 and served as the deputy head and head of the production and operation department and the deputy head of the safety production and environmental protection department of the Company. Mr. Xiao studied at Henan University of Science and Technology. Mr. Xiao has extensive experience in production and procurement management.
Li Peng	Born in April 1973, holds a master degree in engineering and the title of senior engineer. He currently serves as a staff representative supervisor of the Company, the General Manager and the Party Secretary of the high-powered tractors company of the Company. Mr. Li had served as a deputy factory manager of No. 3 Assembly Factory of the Company, a deputy factory manager of high-powered tractors assembly factory and a deputy Party Secretary of high-powered tractors company.
Yang Kun	Born in January 1969, holds a bachelor's degree and the title of economist. He currently serves as a staff representative Supervisor of the Company, general manager and Party Secretary of the mid- and low-powered wheeled tractors assembly factory of the Company. Mr. Yang had served as a Deputy factory manager of the No. 1 assembly factory of the Company, the Head of domestic sales department of the agricultural equipment division of the Company, the deputy general manager (taking charge of work), the Party Secretary and the Secretary of the Discipline Inspection Commission and the Chairman of the labor union of the agricultural equipment marketing center of the Company, and the Party Secretary, the Secretary of the Discipline Inspection Commission, the chairman of the labor union and concurrently served as the Party Secretary and a deputy head of the procurement center of the Company, the Party Secretary and the factory manager of the mid- and low-powered wheeled tractors assembly factory of the Company, and the Party Secretary of the mid- and low-powered tractors company.
Su Wensheng	Born in August 1968, senior engineer, currently serves as the Deputy General Manager of the Company and the Deputy Party Secretary of YTO. Mr. Su joined YTO in 1991, and served as the General Manager Assistant of the Company, etc. Mr. Su studied in Gansu University of Technology and Jiangsu University with a Bachelor degree in engineering and a Master degree in Engineering. Mr. Su has extensive experience in production operation, enterprise management, etc.

## SECTION IV CORPORATE GOVERNANCE (CONTINUED)

Name	Major work experience
Yu Lina	Born in August 1970, senior economist, level two corporate legal advisers, with the qualification of lawyer, currently serves as the Deputy General Manager and Secretary to the Board of the Company and a member of the Standing Committee of the Communist Party of YTO, director of SINOMACH Capital Holdings Ltd. and Director of Brilliance China Machinery Holdings Limited. Ms. Yu joined YTO in 1992, and served as the Director of Investor Relations and other positions of the Company. Ms. Yu studied in the Zhongnan University of Economics and Law and China University of Political Science and Law with a Bachelor degree in Law and a Master degree in Law. Ms. Yu has extensive experience in investment and capital operation, corporate governance, human resource management and asset management etc.
Xue Wenpu	Born in February 1973, professor-level senior engineer, currently serves as the Deputy General Manager of the Company and a member of the Standing Committee of the Party Committee of YTO. Mr. Xue joined YTO in 1994 and successively served as Deputy Director, Director, Deputy Secretary of the Party Committee (concurrently) of the Third Assembly Plant, Director of the First Assembly Plant, Director and Deputy Secretary of the Party Committee (concurrently) of the High-powered Tractors Assembly Plant. Mr. Xue studied in Zhengzhou University of Technology (鄭州工學院) and holds a Bachelor's degree in engineering. Mr. Xue has profound experience in production, operation, management and marketing.
Liu Bin	Born in April 1975, holds a Bachelor's degree in Accounting, is a Senior Accountant and a Certified Public Accountant and currently serves as Chief Financial Officer of the Company. Mr. Liu has previously served as the Financial Director of Linhai Co., Ltd., the Financial Director of Luoyang Bearing Science & Technology Co., Ltd., the Financial Director and Party Committee Member of Sinomach Precision Group Co., Ltd. He has extensive experience in financial management and other related fields.
Zhao Qingliang	Born in September 1982, professor-level senior engineer, currently serves as the Deputy General Manager of the Company and a member of the Standing Committee of the Party Committee of China YTO. Mr. Zhao studied at China Agricultural University and the Chinese Academy of Agricultural Mechanization Sciences with a master's degree in engineering, and was the Secretary of the Youth League Committee, the Deputy General Manager and a member of the Party Committee of the Chinese Academy of Agricultural Mechanization Sciences Group Co., Ltd. Mr. Zhao has extensive experience in business management, quality test, marketing, etc.
Yang Guangjun	Born in February 1983, senior engineer, currently serves as a Deputy General Manager of the Company and a member of the standing committee of the Party Committee of YTO. Mr. Yang joined YTO in 2005, and served as the Secretary of the Party Committee and the Deputy General Manager of YTO Diesel Engine, and the General Manager Assistant of the Company. Mr. Yang graduated from Henan University of Science and Technology with a Bachelor degree in engineering. Mr. Yang also has extensive experience in marketing, production and manufacturing and procurement management, etc.

## SECTION IV CORPORATE GOVERNANCE (CONTINUED)

### (II) POSITIONS OF CURRENT AND FORMER DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT PERSONNEL DURING THE REPORTING PERIOD

#### 1. Positions in Shareholder Company

Name of personnel	Name of Shareholder Company	Position in Shareholder Company	Start Date of Tenure	End Date of Tenure
Li Xiaoyu (Resigned)	YTO	Director, Chairman	July 2024	January 2025
Liu Jiguo (Resigned)	YTO	Director, Chairman	February 2022	July 2024
Zhang Zhiyu (Resigned)	YTO	Director	September 2020	July 2024
Zhang Bin (Resigned)	YTO	Director	May 2022	July 2024
Explanation of positions in shareholder company		None		

#### 2. Positions in Other Companies

Name of personnel	Name of Other Companies	Position in Other Companies	Start Date of Tenure	End Date of Tenure
Li Xiaoyu (Resigned)	China Machinery Industry Group Co., Ltd. (中國機械工業集團有限公司)	Deputy General Manager	November 2022	
Zhang Bin (Resigned)	Luoyang Talent Group Co., Ltd. (洛陽市人才集團有限公司)	Chairman, General Manager	September 2023	
Explanation of positions in other companies		None		

## SECTION IV CORPORATE GOVERNANCE (CONTINUED)

### (III) REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Decision making process for remuneration of Directors, Supervisors and senior management	The remuneration of Directors and supervisors are proposed in the remuneration packages by the Remuneration Committee under the Board during the change of the Board and the board of supervisors and, after having been considered and approved by the Board, submitted for shareholders' approval at a general meeting. During their term of office, Directors and supervisors shall implement the approved plan and any adjustments shall be submitted to the general meeting for approval. The Remuneration Committee under the Board of the Company sets out the "The Administrative Measures for the Remuneration of the Person-in-charge of the Company" and the Performance Assessment Measures for the Person-in-charge of the Company, and submitted both to the Board for approval, with specifics determined by the Remuneration Committee under the Board in accordance with the above measures.
Whether a director recuses himself from the Board's discussion of his remuneration	Yes
Details of issuing advice on remuneration of Directors, Supervisors, and senior management at special meetings of the Remuneration and Appraisal Committee or independent Directors	The Company held the second meeting of the ninth session of the Board of Directors' Remuneration Committee in 2024 to review and approve the 2023 salary and performance assessment of the Company's corporate leaders.
Basis for determining the remuneration of Directors, Supervisors and senior management	The remuneration of Directors, Supervisors and senior management members are determined based on remuneration standard of the industry and with reference to the factors including the Company's remuneration system and operating results for current year.
Remuneration paid to Directors, Supervisors and senior management	During the Reporting Period, the Company paid RMB15.5950 million to its Directors, Supervisors and senior management
Total remuneration received by all Directors, Supervisors and senior management as at the end of the Reporting Period	RMB15.5950 million

## SECTION IV CORPORATE GOVERNANCE (CONTINUED)

### (IV) CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Name	Position held	Change	Reason for change
Zhao Weilin	Chairman	Election	Work requirements
Yang Jianhui	Director	Election	Work requirements
Miao Yu	Director	Election	Work requirements
Wong Yee Man	Independent Director	Election	Work requirements
Liu Bin	Chief Financial Officer	Appointment	Work requirements
Li Xiaoyu	Former Chairman	Resignation	Work changes
Liu Jiguo	Former Chairman	Resignation	Age reason
Zhang Zhiyu	Former Director	Resignation	Age reason
Zhang Bin	Former Director	Resignation	Work changes
Kang Zhifeng	Former Chief Financial Officer	Resignation	Work changes

### V. BOARD MEETINGS HELD DURING THE REPORTING PERIOD

Session	Date	Resolution
The eighteenth meeting of the ninth session of the Board	31 January 2024	<ol style="list-style-type: none"> <li>1. The resolution on the appointment of Deputy General Manager of the Company was considered and passed</li> <li>2. The resolution on the amendment to the "Decision Matters and Authority Table" was considered and passed</li> </ol>



## SECTION IV CORPORATE GOVERNANCE (CONTINUED)

Session	Date	Resolution
The nineteenth meeting of the ninth session of the Board	27 March 2024	<ol style="list-style-type: none"> <li>1. The 2023 Board of Directors Report of the Company was considered and passed</li> <li>2. The resolution on the 2023 Performance Report of the Company's Independent Directors was considered and passed</li> <li>3. The resolution on the 2023 Performance Report of the Company's Audit Committee under the Board was considered and passed</li> <li>4. The Company's 2023 Audited Financial Report was considered and passed</li> <li>5. The Company's 2023 Profit Distribution Plan was considered and passed</li> <li>6. The Company's 2023 Annual Report and Summary, and the Company's 2023 Performance Announcement were considered and passed</li> <li>7. The Company's 2023 Environmental, Social and Governance Report was considered and passed</li> <li>8. The Company's 2023 Internal Control Evaluation Report was considered and passed</li> <li>9. The resolution on the Company's 2024 Annual Budget was considered and passed</li> <li>10. The resolution on the Company's 2024 Financing Scale was considered and passed</li> <li>11. The resolution on purchasing deposit-type financial products with the Company's own idle funds was considered and passed</li> <li>12. The resolution on determining the financial and internal control audit firm's remuneration for 2023 and appointing the financial and internal control audit firm for 2024 was considered and passed</li> <li>13. The resolution on the Company's total wage budget management measures and total wage budget for 2024 was considered and passed</li> <li>14. The resolution on the amendment to the Company's executive compensation and performance evaluation measures was considered and passed</li> <li>15. The resolution on the amendment to the Company's Guarantee Management Measures was considered and passed</li> <li>16. The resolution on the amendment to the Company's Asset Impairment Provision Write-off Management Measures was considered and passed</li> <li>17. The resolution on the amendment to the Company's Articles of Association was considered and passed</li> <li>18. The resolution on the amendment to the Company's Rules of Procedure for Shareholders' Meetings was considered and passed</li> <li>19. The resolution on government termination of land acquisition and reserve in part of the industrial park was considered and passed</li> <li>20. The resolution on convening the Company's 2023 Annual General Meeting and the 2024 First A/H Share Class Meeting was considered and passed</li> </ol>

## SECTION IV CORPORATE GOVERNANCE (CONTINUED)

Session	Date	Resolution
The twentieth meeting of the ninth session of the Board	25 April 2024	1. The resolution on the Company's First Quarter 2024 Report was considered and passed
The twenty-first meeting of the ninth session of the Board	12 July 2024	<ol style="list-style-type: none"> <li>1. The resolution on nominating candidates for Non-independent Directors of the Company's Ninth Board of Directors was considered and passed</li> <li>2. The resolution on convening the Company's First Extraordinary General Meeting of 2024 was considered and passed</li> </ol>
The twenty-second meeting of the ninth session of the Board	2 August 2024	<ol style="list-style-type: none"> <li>1. The resolution on electing the Chairman of the Company's Ninth Board of Directors was considered and passed</li> <li>2. The resolution on supplementing members of the committees of the Company's Ninth Board of Directors was considered and passed</li> </ol>
The twenty-third meeting of the ninth session of the Board	28 August 2024	<ol style="list-style-type: none"> <li>1. The Company's 2024 Interim Report and Summary, and the Company's 2024 Interim Results Announcement were considered and passed</li> <li>2. The resolution on asset impairment provision write-off matters was considered and passed</li> <li>3. The resolution on the industrialization project of non-road National V diesel engines was considered and passed</li> <li>4. The resolution on the amendment to the Company's Articles of Association was considered and passed</li> <li>5. The resolution on the amendment to the Company's Rules of Procedure for Shareholders' Meetings was considered and passed</li> <li>6. The resolution on the amendment to the Company's Rules of Procedure for Board Meetings was considered and passed</li> <li>7. The resolution on convening the Company's Second Extraordinary General Meeting of 2024 was considered and passed</li> </ol>

## SECTION IV CORPORATE GOVERNANCE (CONTINUED)

Session	Date	Resolution
The twenty-fourth meeting of the ninth session of the Board	10 September 2024	1. The resolution on acquiring 51% equity in ZF YTO (Luoyang) Drive Axle Co., Ltd. was considered and passed
The twenty-fifth meeting of the ninth session of the Board	29 October 2024	<ol style="list-style-type: none"> <li>1. The Company's Third Quarter 2024 Report was considered and passed</li> <li>2. The resolution on increasing the 2024 annual cap for connected transactions under the Comprehensive Service Agreement and Properties Lease Agreement was considered and passed</li> <li>3. The resolution on the Company's continuing connected transactions for 2025-2027 was considered and passed item by item</li> <li>4. The resolution on asset impairment provision write-off matters was considered and passed</li> </ol>
The twenty-sixth meeting of the ninth session of the Board	12 November 2024	<ol style="list-style-type: none"> <li>1. The resolution on capital increase in SINOMACH Finance Co., Ltd. was considered and passed</li> <li>2. The resolution on China-Africa Heavy Industry Investment Co., Ltd. selling goods and providing services to China CAMC Engineering Co., Ltd. and connected transactions was considered and passed</li> </ol>
The twenty-seventh meeting of the ninth session of the Board	15 November 2024	<ol style="list-style-type: none"> <li>1. The resolution on the Company signing the 2025-2027 Financial Services Agreement with SINOMACH Finance Co., Ltd. was considered and passed</li> <li>2. The resolution on purchasing directors' liability insurance for the Company's directors, supervisors, and senior management was considered and passed</li> </ol>

## SECTION IV CORPORATE GOVERNANCE (CONTINUED)

Session	Date	Resolution
The twenty-eighth meeting of the ninth session of the Board	10 December 2024	<ol style="list-style-type: none"> <li>1. The resolution on nominating candidates for Independent Directors of the Company's Ninth Board of Directors was considered and passed</li> <li>2. The resolution on convening the Company's Third Extraordinary General Meeting of 2024 was considered and passed</li> </ol>
The twenty-ninth meeting of the ninth session of the Board	16 December 2024	<ol style="list-style-type: none"> <li>1. The resolution on appointing the Company's Chief Financial Officer was considered and passed</li> </ol>
The thirtieth meeting of the ninth session of the Board	27 December 2024	<ol style="list-style-type: none"> <li>1. The resolution on asset impairment provision write-off matters was considered and passed</li> <li>2. The resolution on the Company's 2025 financing scale was considered and passed</li> <li>3. The resolution on the amendment to the Company's Financial Derivatives Business Management Measures was considered and passed</li> <li>4. The resolution on terminating material asset disposal was considered and passed</li> </ol>

## SECTION IV CORPORATE GOVERNANCE (CONTINUED)

### VI. PERFORMANCE OF DUTIES BY DIRECTORS

#### (I) Attendance of Board Meetings and General Meetings by Directors

Name of Directors	Independent director or not	Required attendance for the year	Attendance in person	Attendance at Board meetings		Absence	Absence from two consecutive meetings in person	Participation in general meetings Attendance at general meetings
				Attendance by telecommunication	Attendance by proxy			
Wei Tao	No	13	13	8	0	0	No	6
Fang Xianfa	No	13	12	8	1	0	No	6
Yang Jianhui	No	9	9	5	0	0	No	6
Miao Yu	No	9	9	5	0	0	No	2
Edmund Sit	Yes	13	13	8	0	0	No	6
Wang Shumao	Yes	13	13	8	0	0	No	6
Xu Liyou	Yes	13	13	8	0	0	No	6
Wong Yee Man	Yes	0	0	0	0	0	No	0
Li Xiaoyu	No	9	8	5	1	0	No	0
Liu Jiguo	No	3	3	2	0	0	No	0
Zhang Zhiyu	No	3	3	2	0	0	No	3
Zhang Bin	No	3	3	2	0	0	No	3

*Note:* Since Ms. Wong Yee Man was elected as the Company's independent director on 30 December 2024 to the end of the Reporting Period, the Company has not convened a Board Meeting or a General Meeting.

Number of Board meetings convened during the year	13
Among which: Number of on-site meetings	3
Number of meetings held by means of telecommunication	8
Number of meetings convened on-site and by means of telecommunication	2



## SECTION IV CORPORATE GOVERNANCE (CONTINUED)

### VII. SPECIAL COMMITTEE UNDER THE BOARD

#### (I) Member of the Special Committee under the Board

Classification of special committee	Name of members
Audit Committee	Edmund Sit, Miao Yu, Xu Liyou
Nomination Committee	Wang Shumao, Zhao Weilin, Edmund Sit
Remuneration Committee	Edmund Sit, Yang Jianhui, Wang Shumao
Strategy, Investment and Sustainable Development Committee	Zhao Weilin, Wei Tao, Fang Xianfa, Xu Liyou

#### Explanation:

- Each of the special committees of the Board of the Company had considered each Director's professional background and experience and the composition requirements set out in the "Code of Corporate Governance for Listed Companies (上市公司治理準則)" of the CSRC and the "Code on Corporate Governance (企業管治守則)" of the Stock Exchange, among which the Audit Committee, Nomination Committee and Remuneration Committee are all chaired by independent non-executive Directors while the members are mostly external Directors of the Company
- On 2 August 2024, following consideration and approval at the Company's twenty-second meeting of the ninth session of the Board of Directors, Li Xiaoyu was elected as the Chairman of the Strategic Investment and Sustainable Development Committee and a member of the Nomination Committee; Wei Tao was elected as a member of the Strategic Investment and Sustainable Development Committee; Miao Yu was elected as a member of the Audit Committee; and Yang Jianhui was elected as a member of the Remuneration Committee.
- On 7 February 2025, following consideration and approval at the Company's thirty-third meeting of the ninth session of the Board of Directors, Zhao Weilin was elected as the Chairman of the Strategic Investment and Sustainable Development Committee and a member of the Nomination Committee.

## SECTION IV CORPORATE GOVERNANCE (CONTINUED)

### (II) Operation of Each of Special Committees of the Board

#### 1. *Responsibilities and Operation of the Audit Committee*

The specific duties of the Audit Committee include, but not limited to, the following:

- (1) To oversee the relationship with the Company's external auditor, including but not limited to making recommendations to the Board regarding the appointment, reappointment, and removal of the external auditor; to approve the external auditor's audit fees, terms of engagement, and non-audit service policies; to raise any questions regarding the resignation or dismissal of the auditor; and to review and monitor whether the external auditor is independent and objective and whether the audit process is effective.
- (2) To review whether the Company's financial reports comply with accounting standards and relevant financial reporting requirements under the Listing Rules and other legal requirements.
- (3) To supervise and examine the effectiveness of the Company's internal control systems, with the scope of review including the effectiveness and compliance of the Company's internal monitoring system, financial controls, internal audit, risk management systems, and other related matters.
- (4) To review the Company's financial and accounting policies and practices.
- (5) To study other topics defined by the Board.

## SECTION IV CORPORATE GOVERNANCE (CONTINUED)

During the Reporting Period, the Audit Committee convened seven meetings, all the members attended the meetings and fully expressed their opinion. Details are set out below:

Date	Contents	Important advice and recommendations	Performance of other duties
26 January 2024	1. to consider the Company's 2023 Annual Performance Forecast	/	/
23 March 2024	1. to consider the Company's 2023 Audited Financial Report 2. to consider the Company's 2023 Annual Report and summary 3. to consider the Company's 2023 Internal Control Evaluation Report 4. to consider the report on the Audit Committee's supervision of the accounting firm's performance in 2023 5. to consider the resolution on the determination of the audit firm's remuneration for 2023 and the appointment of financial and internal control audit firms for 2024 6. to consider the performance report of the Audit Committee under the Board for the year 2023	/	/
22 April 2024	1. to consider the first quarterly report of the Company for the year 2024	/	/
23 August 2024	1. to consider the half-yearly report of the Company for the year 2024	/	/

## SECTION IV CORPORATE GOVERNANCE (CONTINUED)

Date	Contents	Important advice and recommendations	Performance of other duties
23 October 2024	<ol style="list-style-type: none"> <li>to consider the third quarterly report of the Company for the year 2024</li> <li>to consider the resolution on the Company's continuing connected transactions for 2025-2027</li> <li>to consider the internal control evaluation work plan of the Company for the year 2024</li> </ol>	The Company should communicate well with investors regarding the third quarter financial results and operating conditions.	/
14 November 2024	<ol style="list-style-type: none"> <li>to consider the resolution on the Company's signing of the 2025-2027 Financial Services Agreement with SINOMACH Finance Co., Ltd.</li> </ol>	/	/
13 December 2024	<ol style="list-style-type: none"> <li>to consider the resolution on the appointment of the Company's Chief Financial Officer</li> </ol>	/	/

## SECTION IV CORPORATE GOVERNANCE (CONTINUED)

### 2. *Responsibilities and Operation of the Nomination Committee*

The duties of the Nomination Committee shall include, but not limited to, the following:

- (1) To annually review the structure, size and composition (in respect of skills, knowledge and experience) of the Board of Directors based on the status of business operation, scale of assets and equity structure of the Company, and make recommendations to the Board of Directors on the intended changes of composition of the Board of Directors to match with the Company's strategies.
- (2) To study the standards and procedures of selection of Directors and managers, and make recommendations to the Board of Directors with respect thereto.
- (3) To identify individuals with suitable qualification to become Board members and select or make recommendations to the Board on the selection of individuals nominated for Directors.
- (4) To evaluate and assess the independence of the independent Directors.
- (5) To make recommendations to the Board of Directors on appointment or re-appointment of Directors and the succession planning of Directors (particularly the Chairman and the general manager).
- (6) Other matters as authorized by the Board.

The nomination procedures adopted by the Board Nomination Committee for director candidates can be found in the Company's "Nomination Committee Working Rules." The selection criteria can be found in the "Announcement on the Nomination of Non-Independent Director Candidates" and "Announcement on the Nomination of Independent Director Candidates" disclosed on the website of the Stock Exchange in 2024.



## SECTION IV CORPORATE GOVERNANCE (CONTINUED)

During the Reporting Period, the Nomination Committee convened four meetings, and all the members attended the meetings:

Date	Contents	Important advice and recommendations	Performance of other duties
29 January 2024	1. to consider the proposal regarding candidates for Deputy General Manager of the Company	/	
9 July 2024	1. to consider the proposal regarding candidates for Non-independent Directors of the Ninth Session of the Board of Directors of the Company		/
2 December 2024	1. to consider the proposal regarding waiver of the notice period for this Nomination Committee meeting 2. to consider the proposal regarding candidates for Independent Directors of the Ninth Session of the Board of Directors of the Company	/	/
13 December 2024	1. to consider the proposal regarding candidates for Chief Financial Officer of the Company	/	/

## SECTION IV CORPORATE GOVERNANCE (CONTINUED)

### 3. *Responsibilities and Operations of the Remuneration Committee*

The duties of the Remuneration Committee shall include, but not limited to, the following:

- (1) To make recommendations to the Board of Directors on the remuneration policies and structure for Directors, supervisors and senior officers, as well as the establishment of a formal and transparent procedure for developing remuneration policies.
- (2) To review and approve the management's remuneration proposal and the contents and indicators of the annual and term business performance appraisal of the general manager, deputy general manager and chief financial officer with reference to the Company's corporate goals and objectives set by the Board of Directors.
- (3) To determine with delegated responsibility the remuneration packages of individual executive Directors and senior officers under the authorization of the Board of Directors; or to make recommendations to the Board of Directors on the remuneration packages of individual executive Directors and senior officers. Benefits in kind, pension rights and compensation payments (including compensations payable for loss or termination of office or appointment) shall be included.
- (4) To make recommendations to the Board of Directors on the remuneration packages of non-executive Directors.
- (5) To monitor the implementation of the Company's remuneration policies to ensure that any Director or any of his associates is involved in deciding his own remuneration.
- (6) To review and approve the results of the annual and term business performance appraisals of the Company's general manager, deputy general manager and chief financial officer.
- (7) To consult with the Chairman of the Board of Directors and/or the general manager on the remuneration packages proposed by other executive Directors. If necessary, the Remuneration Committee should seek independent professional advice.
- (8) Other matters as authorized by the Board.

## SECTION IV CORPORATE GOVERNANCE (CONTINUED)

During the Reporting Period, the Remuneration Committee convened two meetings, and all the members attended the meetings:

Date	Contents	Important advice and recommendations	Performance of other duties
23 March 2024	1. to consider the resolution on amendment to the remuneration and performance assessment of person-in-charge of the Company	/	/
23 November 2024	1. to consider the resolution on remuneration and performance assessment of person-in-charge of the Company for the year 2023	/	/

#### 4. *Responsibilities and Operations of the Strategic Investment and Sustainable Development Committee*

The duties and powers of the Strategy, Investment and Sustainable Development Committee shall include, but not limited to, the following:

- (1) Research and make suggestions on the Company's mid- and long-term development strategic plans.
- (2) Research and make recommendations on major investment and financing plans that are subject to approval by the Board as stipulated in the Articles of Association and relevant systems of the Company.
- (3) Research and make recommendations on major capital operations that are subject to approval by the Board as stipulated in the Articles of Association and relevant systems of the Company.
- (4) Research and make suggestions on other major matters affecting the Company's development.
- (5) Comply with the relevant provisions of the listing rules of the Shanghai Stock Exchange and the Hong Kong Stock Exchange, be responsible for formulating the Company's values, codes of conduct and commitments to stakeholders in terms of environmental, social responsibility and governance (ESG), review the Company's actual actions and performance in fulfilling environmental, social responsibility and governance (ESG), supervise the disclosure of regular (fiscal year) reports on the Company's environmental, social responsibility and governance (ESG) management, and report to the Board or provide decision-making suggestions on other matters related to the Company's environmental, social responsibility and governance (ESG) work.
- (6) Inspect the implementation of the above matters.
- (7) Other matters authorized by the Board.

## SECTION IV CORPORATE GOVERNANCE (CONTINUED)

During the Reporting Period, the Strategy, Investment and Sustainable Development Committee convened four meetings, and all the members attended the meetings:

Date	Contents	Important advice and recommendations	Performance of other duties
23 March 2024	1. to consider the Company's 2023 Environmental, Social and Governance Report	/	/
23 August 2024	1. to consider the resolution on the acquisition of 51% equity in ZF YTO (Luoyang) Drive Axle Co., Ltd. 2. to consider the resolution on the industrialization project of non-road National V diesel engines	/	/
23 October 2024	1. to consider the resolution on the capital increase in SINOMACH Finance Co., Ltd.	/	/
25 December 2024	1. to consider the resolution on the termination of material asset disposal	/	/

## VIII. RISKS DISCOVERED BY THE SUPERVISORY COMMITTEE

The Supervisory Committee had no dissenting opinions on the supervision matters during the Reporting Period.

## SECTION IV CORPORATE GOVERNANCE (CONTINUED)

### IX. EMPLOYEES OF THE PARENT COMPANY AND ITS MAJOR SUBSIDIARIES AS AT THE END OF REPORTING PERIOD

#### (I) Employees

Number of existing employees of the parent company	4,413
Number of existing employees of major subsidiaries	2,507
Total existing employees	6,920
Number of retired employees who are pensioned by the parent company and major subsidiaries	15,441

#### Staff composition

Category	Number of persons
Production staff	4,027
Sales staff	615
Technical staff	1,158
Management staff	1,051
Service staff	69
Total	6,920

#### Educational background

Education level	Number of persons (person)
Postgraduate and above	299
Undergraduate	1,980
Diploma	1,400
Below diploma	3,241
Total	6,920

For details of employee salary amounts, please refer to Notes 26 and 34 of part V headed “Notes to Items in Consolidated Financial Statement” of this Report.

#### (II) Employee Diversity

The Group achieved diversity among all employees (including senior management) in terms of gender, age, cultural and educational background, professional experience, skills, and knowledge. As of 31 December 2024, there were 1,364 female employees, accounting for 19.71%; and 5,556 male employees, accounting for 80.29%. For further details on the diversity of our workforce, please refer to the Company’s “2024 Environmental, Social and Governance Report.”



## SECTION IV CORPORATE GOVERNANCE (CONTINUED)

### (III) Remuneration Policy

The Company continues to improve its market-oriented salary distribution mechanism, further optimizing the management of total wages. Through classified management and process control, the Company achieves differentiated and refined regulation of total wages for enterprises of different types and at different development stages. Meanwhile, the Company increases incentives for science and technology talents and highly skilled talents, driving internal income distribution to favor core backbones and key positions. The Company adheres to performance assessment for all employees, promoting an income distribution mechanism oriented towards performance, ensuring that employees' wage income is closely linked to their work performance and actual contributions, reasonably widening income gaps, and effectively ensuring the ability to both increase and decrease compensation as warranted.

### (IV) Training Plan

The Company has established and improved a two-tier training organizational system at headquarters and affiliated units. The headquarters is responsible for formulating company training policies and systems, building and managing the training framework, and implementing training programs for key positions, including leadership training for managers at various levels, specialized training for marketing, technical, operational, and management talents, and general professional skills training for all employees. The affiliated units are responsible for the training of their own employees, focusing on the training of mid-level managers, engineering technical personnel, and operational skilled talents within their units. In 2024, the headquarters organized various training programs, including action learning for marketing personnel, human resources training, new graduate employee orientation, SINOMACH Group's advanced enterprise training classes, as well as specialized training in digital transformation, short video marketing, and capital operations. In 2024, the Company and its affiliated units invested RMB9.6 million in training, conducted 1,097 training sessions with 45,083 participant attendances, achieving a 100% employee training coverage rate.

## SECTION IV CORPORATE GOVERNANCE (CONTINUED)

### X. PROPOSAL OF PROFIT DISTRIBUTION OR CAPITALIZATION FROM CAPITAL RESERVES

#### (I) Formulation, Implementation, or Adjustment of Cash Dividend Policy

Based on the Company's total share capital of 1,123,645,275 shares as of 31 December 2024, a cash dividend of RMB 2.995 (tax inclusive) will be distributed for every 10 shares to all shareholders, with a total cash dividend distribution of RMB336.53 million.

#### (II) Special Explanation of Cash Dividend Distribution Policies

Whether the provisions of the Articles of Association or the requirements of the resolutions of general meetings are met	✓Yes	<input type="checkbox"/> No
Whether the standard and proportion of dividends are explicit and clear	✓Yes	<input type="checkbox"/> No
Whether relevant decision making procedures and mechanisms are adequate	✓Yes	<input type="checkbox"/> No
Whether the independent Directors have performed their duties and played their due roles	✓Yes	<input type="checkbox"/> No
Whether small and medium shareholders have the opportunity to fully express their opinions and appeals, and whether their legal rights and interests have been fully protected	✓Yes	<input type="checkbox"/> No

#### (III) Proposal of profit distribution or proposal of capitalization from capital reserves for the Reporting Period

Unit: 0'000 Currency: RMB

Number of bonus shares for every 10 shares (shares)	0
Dividends per 10 shares (yuan) (tax inclusive)	2.995
Number of stock dividends per 10 shares (shares)	0
Amount of cash dividends (tax inclusive)	33,653.18
Net profit attributable to ordinary shareholders of listed companies in the consolidated financial statements	92,202.32
Proportion of cash dividend amount to net profit attributable to ordinary shareholders of listed companies in the consolidated financial statements (%)	36.50
Amount of cash dividend charged in cash repurchase of shares	0
Total dividend amount (tax inclusive)	33,653.18
Total dividend amount to net profit attributable to ordinary shareholders of listed companies in the consolidated financial statements (%)	36.50

## SECTION IV CORPORATE GOVERNANCE (CONTINUED)

### (IV) Cash dividends in the last three accounting years

Unit: 0'000 Currency: RMB

Cumulative cash dividends in the last three accounting years (tax inclusive) (1)	94,903.08
Cumulative repurchase and write-off amount in the last three accounting years (2)	0
Cumulative cash dividends and repurchase and write-off amount in the last three accounting years (3) = (1) + (2)	94,903.08
Average net profit in the last three accounting years (4)	86,669.90
Cash dividend proportion in the last three accounting years (%) (5) = (3)/(4)	109.50
Net profit attributable to ordinary shareholders of the listed company in the consolidated financial statements of the last accounting year	92,202.32
Undistributed profit at the end of the last accounting year in the parent company's financial statements	275,746.60

## XI. SHARE INCENTIVE SCHEME, EMPLOYEE SHARE SCHEME OR OTHER INCENTIVE MEASURES FOR EMPLOYEES AND THEIR IMPACTS

### (I) Establishment and Implementation of an Assessment System and Incentive System for the Senior Management during the Reporting Period

The Company continues to improve the incentive and restraint mechanism for the management. In 2024, in accordance with the "One Profit and Five Rates" indicator system and the "One Increase, One Stabilize, Four Improvements" assessment requirements by the State-owned Assets Supervision and Administration Commission's, the Company revised the "Administrative Measures for the Remuneration of the Person-in-charge of the Company" and the "Performance Assessment Measures for the Person-in-charge of the Company." At the same time, based on the division of responsibilities among management personnel and the Company's operational indicators, the Company organized the signing of term-based and contractual agreements, and rigidly implemented compensation based on the results of operational performance assessments.

## SECTION IV CORPORATE GOVERNANCE (CONTINUED)

### XII. ESTABLISHMENT AND IMPLEMENTATION OF INTERNAL CONTROL SYSTEM DURING THE REPORTING PERIOD

During the Reporting Period, the Company adhered stringently to the Basic Standard for Enterprise Internal Control and the Guidelines for the Application of Enterprise Internal Control and the relevant regulations on internal controls for listed companies issued by the Securities Regulatory Commission. Following the Company's internal control system work manual and aiming at "strengthening internal controls, preventing risks and ensuring compliance", the Company continuously enhanced the internal control system construction and supervision regime.

In 2024, the Company conducted internal control activities in strict accordance with regulations and proactively engaged in identifying, assessing and addressing risks. By combining regular and special inspections and governance, various risks were effectively prevented and resolved, promoting the Company's lawful governance and standardized operations.

During the Reporting Period, the Company conducted a self-assessment of the effectiveness of its internal controls and determined that as of 31 December 2024 (the baseline date for the internal control evaluation report), the Company had maintained effective internal controls over financial reporting in all material aspects in accordance with the requirements of the enterprise internal control standard system and relevant regulations. No material or significant deficiencies were found in internal controls related to financial reporting, and no material or significant deficiencies were discovered in internal controls related to non-financial reporting. For details, please refer to the "First Tractor Company Limited 2024 Annual Internal Control Evaluation Report" disclosed on the same date as this report.

### XIII. MANAGEMENT AND CONTROL OF SUBSIDIARIES DURING THE REPORTING PERIOD

During the Reporting Period, the Company managed its subsidiaries in accordance with the laws and regulations and also the regulatory documents of the Company Law, the Securities Law, the Listing Rules of the Shanghai Stock Exchange, and also the relevant requirements of the Articles of Association through strategic operations planning and management, overall budget management, daily management and guidance of each functional system, as well as the appointment of directors and supervisors to its subsidiaries. At the same time, the Company clarified through its management system that its subsidiaries, as members of the listed group, must comply with the requirements for the standardized operation of listed companies and the standardized operation of the Company's internal control system, and clearly stipulated the reporting system and consideration procedures for material matters, timely tracking of the subsidiaries' operation, financial status, production and operation, project construction, safety and environmental protection and other material matters, and fulfillment of information disclosure obligations in a timely manner.

## SECTION IV CORPORATE GOVERNANCE (CONTINUED)

### XIV. EXPLANATION OF INTERNAL CONTROL AUDIT REPORT RELATED MATTERS

For details, please refer to the “2024 Annual Internal Control Evaluation Report of First Tractor Company Limited” issued by the Company on the same date of this Report.

Whether the internal control audit report is disclosed: Yes

Type of opinion on the internal control audit report: Standard unqualified opinion

### XV. CORPORATE GOVERNANCE REPORT

During the Reporting Period, the Company has complied with the principles and code provisions Corporate Governance Code (the “Code”) in of Appendix C1 to the Listing Rules of the Stock Exchange and has adopted the recommended best practices where applicable.

The Board of Directors of the Company consists of members with experience and talent and meets regularly to discuss matters affecting the operation of the Company. Through the operation of the Board of Directors, it is sufficient to ensure balance of rights and powers.

#### (I) Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) in Appendix C3 to the Listing Rules of the Stock Exchange as its own code of conduct regarding securities transactions by the Directors. After making enquiries to, and as confirmed by all the Directors of the Company, no Director held shares of the Company. During the Reporting Period, all Directors of the Company strictly complied with the code of conduct in relation to the securities transactions by the Directors under the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix C3 to the Listing Rules of the Stock Exchange.



## SECTION IV CORPORATE GOVERNANCE (CONTINUED)

### (II) Directors and the Board of Directors

#### 1. *Directors*

As of the date of the Annual Results Announcement for the year ended 31 December 2024, the ninth session of the Board consisted of 9 Directors. The composition and biographical details of Directors are set out in this section headed “Directors, Supervisors and Senior Management”. On 4 July 2024, Liu Jiguo, Zhang Zhiyu, and Zhang Bin, resigned from their positions as Directors. On 2 August of the same year, the Company convened a general meeting to elect Li Xiaoyu, Yang Jianhui, and Miao Yu as non-independent Directors. On 30 December 2024, the Company's general meeting was convened to elect Wong Yee Man as independent Director. On 7 February 2025, following Li Xiaoyu's resignation due to work changes, the Company convened a general meeting to elect Zhao Weilin as Director, and convened a board meeting on the same day to elect him as Chairman of the Company. The above newly appointed Directors confirmed that they understand their responsibilities as directors of a listed issuer and have respectively obtained legal advice as referred to in Rule 3.09D of the Listing Rules of Hong Kong on 2 August 2024, 29 December 2024, and 7 February 2025.

The Company has received the annual self-inspection report issued by each of the four independent Directors, namely Mr. Edmund Sit, Mr. Wang Shumao, Mr. Xu Liyou and Ms. Wong Yee Man in respect of their respective independence, in accordance with Rule 3.13 of the Listing Rules of the Stock Exchange. The Company considers that all the independent non-executive Directors are qualified independent persons and comply with the requirements on independence as set out in Rule 3.13 of the Listing Rules of the Stock Exchange. The proportion of the independent Directors represented one-third of the members of the Board of the Company.

During the Reporting Period, other than their working relationships with the Company, none of the Directors, Supervisors or senior management of the Company had any financial, business or family relationship or any other material/relevant relationship with each other.

During the Reporting Period, by preparing the information disclosure announcement and sending the operation information of the Company to all of its Directors, Supervisors and senior management in a timely manner, the Company provided its Directors, Supervisors and senior management with its latest operation updates and public information as a basis to form better judgment and decisions on the matters of the Company. The Directors, Supervisors and senior management of the Company have been organized to attend the training on improving the performance ability of Director, Supervisor, senior management of the Company organized by the CSRC and the Shanghai Stock Exchange, to further improve the compliance awareness in the performance of Directors, Supervisors, senior management of the Company.

## SECTION IV CORPORATE GOVERNANCE (CONTINUED)

### 2. *Board of Directors*

The Board is responsible for formulating and reviewing the Company's development strategies and operating strategies, preparing annual budgets and final accounting schemes and annual business plans, proposing dividend plans, monitoring the management and holding regular meetings to discuss material matters affecting the Company's operations pursuant to the relevant laws and regulations, rules and the Articles of Association of the Company. The Articles of Association and the Rules of Procedures for Board of Directors of the Company as considered and approved at the general meeting have stipulated the terms of reference of the Board. The Board of Directors of the Company is responsible for the preparation of the accounts. The auditor of the Company has issued a statement about its reporting responsibilities in its audit report on the financial statements for the year 2024.

As of the Announcement Date of the Annual Results for the year ended 31 December 2024, the ninth session of the Board of Directors of the Company consists of 9 directors, including a total of 7 external Directors (including independent Directors) who constitute a majority on the Board, and 4 independent Directors (including 1 female), with independent Directors accounting for more than one-third of the Board. The Board members feature strong diversity in terms of professional skills, experience, age, and cultural background, and have already met the gender diversity requirements for Board members, thereby facilitating rigorous review and control of the Company's management processes.

During the Reporting Period, the Board convened 13 meetings (including Board meetings held by way of telecommunication), including four regular meetings. Attendance of Directors in Board meetings is set out in part 6 of this section "Performance of Duties by Directors".

### 3. *Board Independence Evaluation Mechanism*

The Board has adopted a Board independence assessment mechanism (the "Mechanism") to ensure that the Board has access to independent perspectives and opinions. This Mechanism is reviewed annually to ensure its implementation and effectiveness, thereby supporting the Board in making independent judgments and safeguarding shareholders' interests.

## SECTION IV CORPORATE GOVERNANCE (CONTINUED)

### (III) Diversity Policy of the Board

On 30 December 2024, Ms. Wong Yee Man was appointed as an Independent Director of the Company. The Board believes that the Company has achieved gender diversity among Board members and possesses the qualities set forth in the Board Diversity Policy, including but not limited to skills, regional and industry experience, background, ethnicity, gender, and other qualities. The current Board composition is balanced and meets the Company's development needs. Therefore, there is currently no proposed timeline or plan to further enhance the gender diversity objectives of the Board. The Company will review the aforementioned Board Diversity Policy from time to time in the future.

### (IV) The Chairman and the management

Mr. Zhao Weilin acted as the Chairman of the Company and Mr. Wei Tao acted as the General Manager of the Company, which is in compliance with the code provision C.2.1 of Part 2 of the Code.

The management of the Company includes the General Manager, Deputy General Manager and Chief Financial Officer, who are responsible for the Company's daily business operation, business planning and implementation, and accountable for the operation of the Company to the Board. The management of the Company shall keep in touch with all Directors to ensure that the Directors are kept updated with information about the Company's business activities. The "Articles of Association" and "Working Rules of the General Manager" of the Company were approved at the general meeting which specifically define the duties and authority of the management.

### (V) External Directors (Including Independent Directors)

The terms of appointment of the Company's current external Directors are set out in "IV. Directors, supervisors and senior management" of part IV of this section.

All the above seven external Directors possess the proper experience and professional qualifications required to perform the duties of Directors of the Company.

### (VI) Board Committees

Details of the Remuneration Committee, Nomination Committee, Audit Committee and Strategy, Investment and Sustainable Development Committee as set out in "VII. Special Committees under the Board" of part VII of this section.

## SECTION IV CORPORATE GOVERNANCE (CONTINUED)

### (VII) Auditors and Auditors' Remuneration

In November 2022, the Company appointed ShineWing Certified Public Accountants LLP as its auditor for 2022. In June 2023, the Company continued to appoint it as its auditor for 2023. In May 2024, the Company agreed to continue its appointment as its auditor for 2024. Prior to November 2022, the Company's auditor was Da Hua Certified Public Accountants (Special General Partnership).

For details, please refer to part IV headed "Appointment or Dismissal of Accounting Firm" of section VI of this Report.

### (VIII) Internal Key Contact Persons of the Company

For details, please refer to part II headed "Contact Persons and Methods" of section II of this Report.

### (IX) Shareholders' Rights

1. According to Article 65 of the Articles of Association of the Company, when shareholder(s) solely or jointly holding 10 percent or more of the Company's voting shares require(s) to convene an extraordinary general meeting in writing, the Board of the Company shall convene an extraordinary general meeting within two months.
2. According to Article 69 of the Articles of Association of the Company, shareholders individually or jointly holding more than 1% of the Company's shares may raise a provisional proposal and submit it to the Board in writing 10 days prior to the date of the general meeting. The Board shall issue a supplementary notice of the general meeting announcing the contents of the provisional proposals within 2 days upon receipt of the proposals.
3. If shareholders of the Company have an inquiry about relevant information of the Company or request for information, they shall provide documentary evidence that they are holding certain types and numbers of shares of the Company to the Secretary to the Board or office of the Board. After verifying the identity of the shareholders by the Company, the Company will provide relevant information as stipulated in Article 51 of the Articles of Association of the Company. For details of contact information of the Company, please refer to annual reports, interim reports and relevant announcements of the Company.

In consideration of the above, the Company was in strict compliance with the Code provisions and the Articles of Association of the Company in relation to shareholders' rights during the Reporting Period.

### (X) Investor Relations

For details, please refer to part I "Explanation on Corporate Governance" of this section.

## SECTION IV CORPORATE GOVERNANCE (CONTINUED)

### (XI) Risk Management and Internal Control

The Board has full responsibility to maintain the complete and effective risk management and internal control systems of the Group, which includes the establishment of a clear management structure with defined authority. Internal systems are designed to assist the Group in achieving its business objectives, protecting assets from unauthorized use or disposal, ensuring the safekeeping of accounting records to provide reliable financial information for internal use or public disclosure, and to ensure compliance with relevant laws and regulations. Internal control systems are designed to provide reasonable instead of absolute assurance against material misstatements or losses.

For the year ended 31 December 2024, the Company prepared an internal control assessment report on the effectiveness of the risk management and internal control systems for financial operations and compliance issues, risk management processes, the scope and quality of the management's monitoring of risks, and the effectiveness of financial reporting. The Board believes that the resources, qualifications and experience of the personnel in the Company's accounting and financial reporting functions, as well as its training programs and budgets, are adequate. The Board concluded that the Group's risk management and internal control systems are adequate and effective.

For details, please refer to the 2024 Internal Control Evaluation Report of First Tractor Co., Ltd. published on the website of the Shanghai Stock Exchange on the same day as this Report and the overseas regulatory announcement published on the website of the Stock Exchange.

### (XII) Amendments of Articles of Association

For details, please refer to part I "Explanation on Corporate Governance" of this section.

### (XIII) Dividend Policy

According to the Company's Articles of Association, the Company implements a continuous and stable profit distribution policy. Under circumstances where the Company's normal production and operation capital needs are met, and in the absence of major investment plans or significant cash expenditures, the Company's annual cash dividend shall not be less than 25% of the distributable profit for that year. The Board should comprehensively consider industry characteristics, development stage, business model, profitability level, and whether there are major capital expenditure arrangements, and formulate differentiated cash dividend policies in accordance with the Articles of Association.

For further information on the Company's profit distribution policy, please refer to the Company's Articles of Association.

In accordance with the dividend policy of the Company, subject to the Articles of Association of the Company, the Board of the Company shall put forward a proposal on the distribution of dividends annually with reference to the operation, financial situation and capital needs of the Company. Such proposal on the distribution of dividends shall be approved by the shareholders at the general meeting of the Company.



## SECTION IV CORPORATE GOVERNANCE (CONTINUED)

### XVI. CORPORATE GOVERNANCE FUNCTIONS

The Board recognizes that corporate governance should be the collective responsibility of the Directors and their corporate governance duties include the following:

- (a) to develop, review and implement the Company's policy and practices on corporate governance;
- (b) to review and monitor the training and continuous professional development of Directors and senior management;
- (c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (e) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- (f) to review the Company's compliance with the Code and disclosure in the Corporate Governance Report.

During the Financial Year, the above corporate governance function has been performed and executed by the Board and the Board has reviewed the Company's compliance with the Code.

### XVII. TRAININGS FOR DIRECTORS, SUPERVISORS AND OFFICERS

During the Reporting Period, all Directors participated in appropriate continuous professional development and provided the Company with the records of training they received. Directors participated in the training which included reading regulatory updates, attending seminars or conducting training sessions and exchanging views.

During the Reporting Period, the current Deputy General Manager and Secretary to the Board Ms. Yu Lina has received not less than 15 hours of continuous professional training.

## SECTION IV CORPORATE GOVERNANCE (CONTINUED)

### XVIII. DIRECTORS' AND OFFICERS' LIABILITIES INSURANCE

Appropriate insurance cover for Directors' and officers' liabilities in respect of legal actions against the Directors and officers of the Company and its subsidiaries arising out of corporate activities of the Group has been arranged by the Group.

### XIX. REVIEW OF 2024 ANNUAL RESULTS

The Audit Committee under the ninth session of the Board of the Company has reviewed the financial report of the Company in 2024 prepared in accordance with the PRC Accounting Standards for Business Enterprises and the internal control evaluation report of the Company in 2024 in accordance with the requirements of the Stock Exchange and the Shanghai Stock Exchange.

## SECTION V ENVIRONMENT AND SOCIAL RESPONSIBILITY

### I. ENVIRONMENTAL INFORMATION

Are there any mechanisms in place for environmental protection Yes

Funds invested in environmental protection during the Reporting Period (unit: RMB '0,000) 6,182

#### (I) Environmental Performance of Companies and its Main Subsidiaries Designated as Key Pollutant Discharge Units by the Environmental Protection Department

##### 1. Pollution Discharge Details

During the Reporting Period, two units within the Company and its subsidiaries were listed in Luoyang City's 2024 Key Environmental Supervision Units Directory. The Company was designated as a Key Environmental Risk Control Unit for 2024, while its subsidiary, YTO Flag, was identified as a Key Air Environment Unit for 2024. Below are details of specific pollution discharge:

Company or Subsidiary Name	Main Pollutants	Discharge Method	Number of Discharge Outlets	Distribution of Discharge Outlets	Implemented Pollutant Discharge Standards (mg/m <sup>3</sup> )	Average Discharge Concentration/Intensity (mg/m <sup>3</sup> )	Total Discharge (tonnes)	Compliance Status
The Company	Particulate matter	Organized discharge	17	Machining areas of large tractor company, small and medium tractor company, gear transmission company	120	5.66	1.48	Compliant
	Non-methane hydrocarbons	Organized discharge	3	Coating areas of large tractor company, small and medium tractor company	50	7.61	3.67	Compliant
	Sulfur dioxide	Organized discharge			200	5	0.03	Compliant
	Nitrogen oxides	Organized discharge			400	16	0.09	Compliant
	Particulate matter				10	4.08	0.04	Compliant
	Non-methane hydrocarbons	Organized discharge	3	Assembly testing areas of large tractor, small and medium tractor	60	14.81	0.16	Compliant
	Nitrogen oxides				80	46.5	0.34	Compliant
	Particulate matter	Organized discharge			120	7.05	0.42	Compliant
	Non-methane hydrocarbons	Organized discharge	6	Tool grinding room and heat treatment workshop of gear transmission company	80	9.54	1.48	Compliant
	Sulfur dioxide	Organized discharge			200	Not detected	0.007	Compliant
	Nitrogen oxides	Organized discharge			400	Not detected	0.09	Compliant
YTO Flag	Particulate matter	Organized discharge	5	Welding area of YTO Flag	10	7.36	6.85	Compliant
	Benzene	Organized discharge	22	Cover parts coating area, cab coating area, powder coating line area of YTO Flag	1	Not detected	0.03	Compliant
	Toluene	Organized discharge				Not detected	0.15	Compliant
	Xylene	Organized discharge			20	0.413	0.42	Compliant
	Particulate matter	Organized discharge			120	6.01	1.72	Compliant
	Non-methane hydrocarbons	Organized discharge			50	9.11	17.79	Compliant
	Sulfur dioxide	Organized discharge			200	Not detected	0.53	Compliant
	Nitrogen oxides	Organized discharge			400	Not detected	1.77	Compliant

## SECTION V ENVIRONMENT AND SOCIAL RESPONSIBILITY (CONTINUED)

### **2. Construction and Operation of Pollution Control Facilities**

During the Reporting Period, the Company and YTO Flag strictly adhered to the “Three Simultaneities” system, which requires environmental protection facilities to be designed, constructed, and put into operation simultaneously with the main project. In 2024, YTO Flag added four new environmental protection facilities, which have been put into operation. The Company and YTO Flag have established environmental facility management records and strengthened routine inspections, maintenance, and monitoring to ensure the effective operation of environmental protection facilities and compliant pollutant discharge.

### **3. Environmental Impact Assessment of Construction Projects and Other Environmental Protection Administrative Permits**

In accordance with the Environmental Impact Assessment Law of the People's Republic of China and the Interim Measures for the Environmental Protection Acceptance of Completed Construction Projects, among other relevant regulations, the Company and YTO Flag have completed the preparation of the Environmental Impact Assessment Report for the CNC Gear Processing Capacity Enhancement Project of First Tractor Co., Ltd., which has received approval from regulatory authorities. Additionally, the Powder Coating Line Technology Upgrade Project of the Body Manufacturing Plant has completed its self-assessment, passed expert review, and was publicly disclosed on national platforms. During the Reporting Period, the Company and its subsidiaries strictly implemented the national pollution discharge permit system, timely submitted annual execution reports, ensured stable compliance of pollutant emissions, and safely and legally disposed of hazardous waste. No pollution discharge permits exceeded their validity periods, ensuring the Company's lawful and compliant operations and advancing its sustainable and green development strategy.

### **4. Emergency Response Plan for Unexpected Environmental Incidents**

In accordance with the Regulations on Emergency Response Plan Management for Unexpected Incidents issued by the General Office of the State Council, YTO Flag has formulated an emergency response plan for unexpected environmental incidents, which has been filed with the local environmental authority. The Company and YTO Flag conducted specialized emergency response drills for unexpected environmental incidents and refined the response plan based on drill outcomes. These efforts have further standardized emergency handling procedures for environmental incidents, enhancing the Company's emergency response capabilities and minimizing environmental impacts in the event of pollution incidents.

### **5. Environmental Self-Monitoring Plan**

During the Reporting Period, the Company and YTO Flag formulated a self-monitoring plan in compliance with national regulations for pollution discharge entities. They adopted both online monitoring and third-party testing to monitor pollutant emissions. The volatile organic compound emissions from the painting production lines of the Company and YTO Flag were monitored using automatic online monitoring equipment, with real-time data uploaded to national, provincial, and municipal monitoring platforms for supervision by environmental protection authorities. Other pollution sources were monitored based on the self-monitoring plan's specified frequency and parameters, with third-party agencies conducting periodic testing of wastewater, exhaust gas, and noise emissions and issuing testing reports. The testing results confirmed that all emissions complied with regulatory standards.

## SECTION V ENVIRONMENT AND SOCIAL RESPONSIBILITY (CONTINUED)

### (II) Information on Efforts Conductive to Ecological Protection, Pollution Prevention and Control and Environmental Responsibility Performance

The Company fully implements the new development concept, adhering to the integration of corporate development and ecological protection, highlighting the leading role of technological innovation, with the fundamental starting point of promoting the upgrade of agricultural machinery equipment industry. The Company actively promotes the application of green low-carbon processes and green factory construction, implements energy conservation and emission reduction measures, and regards energy conservation, emission reduction and ecological environmental protection as the focus of the green factory support system construction. At the same time, the Company focuses on energy-saving technology applications and energy-saving environmental information construction as its main tasks, committed to achieving high efficiency, high productivity, high benefits as well as low energy consumption, low pollution, and low emission operations in the agricultural machinery industry ecosystem. The Company also enhances employees' awareness of green manufacturing through environmental protection training to promote corporate sustainable development.

### (III) Measures Taken to Reduce Carbon Emissions during the Reporting Period and Their Effects

Whether carbon emission reduction measures are adopted	Yes
Reduction of carbon dioxide equivalent emissions (unit: tons)	1,604
Types of carbon reduction measures (such as using clean energy for power generation, employing carbon reduction technologies in the production process, developing new products that contribute to carbon reduction, etc.)	Using clean energy power generation, promoting carbon reduction technology in the production process

## II. SOCIAL RESPONSIBILITY EFFORTS

### (I) Whether to Disclose a Separate Social Responsibility Report, Sustainability Report or ESG Report

The Company actively fulfilled its corporate social responsibility during the Reporting Period and will disclose the 2024 Environmental, Social and Corporate Governance Report in April 2025.



## SECTION V ENVIRONMENT AND SOCIAL RESPONSIBILITY (CONTINUED)

### (II) Specifics of Social Responsibility Initiatives

For details of the fulfillment of the Company's social responsibilities, please refer to the Company's Environmental, Social and Corporate Governance Report 2024 published on the websites of the Shanghai Stock Exchange and the Stock Exchange.

### III. DETAILS OF CONSOLIDATING AND EXPANDING THE ACHIEVEMENTS OF POVERTY ALLEVIATION AND RURAL REVITALIZATION

Poverty alleviation and rural revitalization items	Quantity/Content	Description
Total investment (RMB '0,000)	30.36	
Of which: funds (RMB '0,000)	30	Assistance and donations
Discount on materials (RMB '0,000)	0.36	Pairing assistance and support visits
Number of beneficiaries (person)	3,295	The total number of beneficiaries in the implementation of the five major revitalizations
Form of assistance (e.g. industrial poverty alleviation, employment poverty alleviation, education poverty alleviation, etc.)	Employment transfer, skills training, cultural exchange, ecological improvement, infrastructure construction, public service enhancement	

### IV. REQUIREMENTS OF THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

In April 2024, in accordance with the requirements of the Environmental, Social and Governance Reporting Guide by the Hong Kong Stock Exchange, the Company has completed the preparation of its 2024 Environmental, Social and Corporate Governance Report and published on the Company's website and the website of the Hong Kong Stock Exchange.

## SECTION VI SIGNIFICANT EVENTS

### I. FULFILLMENT OF UNDERTAKINGS

#### (I) Undertakings made by the Company's De Facto Controllers, Shareholders, Related Parties, Purchasers and the Company or Other Relevant Parties During or Subsisting to the Reporting Period

Background of undertaking	Type of undertaking	Party making undertaking	Description of undertaking	Date of the undertaking	Is there a performance deadline	Term and deadline of the undertaking	Is the undertaking being fulfilled promptly and rigorously
Undertaking related to material assets restructuring	Others	Directors, Supervisors and senior management of the Company	<p>1. From the date of the initial disclosure of this restructuring to the completion of its implementation, I will not reduce my holdings in the listed company's shares by any means (if any), nor is there a plan for share reduction;</p> <p>2. Should I decide to implement a reduction of shares in the future, I will strictly follow the "Several Provisions on the Shareholding Reduction by the Principal Shareholders, Directors, Supervisors, and Senior Executives of Listed Companies", as well as the information disclosure requirements of the Shanghai Stock Exchange, to timely fulfill my information disclosure obligations;</p> <p>3. If I violate the above undertakings and cause losses to the listed company or other investors, I promise to legally bear the liability to compensate the listed company or other investors.</p>	22 December 2023	Yes	From the date of the initial disclosure of the restructuring to the period until its completion	Yes

## SECTION VI SIGNIFICANT EVENTS (CONTINUED)

Background of undertaking	Type of undertaking	Party making undertaking	Description of undertaking	Date of the undertaking	Is there a performance deadline	Term and deadline of the undertaking	Is the undertaking being fulfilled promptly and rigorously
	Others	YTO and SINOMACH Group	<p>1. Except for the proposed capital reduction and repurchase of all shares held by Luoyang State Capital in YTO, and the agreement to transfer the listed company's A-shares to Luoyang State Capital as consideration for the targeted repurchase of all shares held by it in YTO, YTO will not reduce its holdings in the listed company shares in any manner from the date of the initial disclosure of this restructuring until its completion, nor is there any other share reduction plan.</p> <p>2. Should YTO decide to reduce its shareholdings in the future, it will strictly comply with the "Several Provisions on the Shareholding Reduction by the Shareholders, Directors, Supervisors, and Senior Executives of Listed Companies" and the information disclosure requirements of the Shanghai Stock Exchange, and will timely fulfill the obligation of information disclosure.</p>	22 December 2023	Yes	From the date of the initial disclosure of the restructuring to the period until its completion	Yes
Undertaking related to the initial public offering	Solutions to horizontal competition	The Company	Commencing from 11 January 2012, YTO (Luoyang) Machinery Equipment Company Limited is no longer engaged in the purchase, assembly and sale of agricultural machinery and equipment products other than the supporting sale of the agricultural machinery and equipment products which have been purchased or ordered. The Company and all of its controlled subsidiaries shall not engage in the processing, production or assembly of agricultural machinery and equipment, except for the supporting sale and relevant procurement.	10 January 2012	No	Long-term	Yes

## SECTION VI SIGNIFICANT EVENTS (CONTINUED)

Background of undertaking	Type of undertaking	Party making undertaking	Description of undertaking	Date of the undertaking	Is there a performance deadline	Term and deadline of the undertaking	Is the undertaking being fulfilled promptly and rigorously
	Solutions to horizontal competition	YTO	YTO will not engage in and will procure other enterprises controlled by it not to engage in the same or similar business of the Company to avoid direct or indirect competition with the Company's business operation. In addition, where YTO or other enterprises controlled by it may bring unfair impact on the Company in areas including market share, business opportunity and resource allocation, YTO will voluntarily give up and procure other enterprises controlled by it to give up business competition with the Company	21 December 2010	No	Long-term	Yes
	Solutions to horizontal competition	SINOMACH Group	SINOMACH will not engage in and will procure other enterprises controlled by it not to engage in the same or similar business of the Company to avoid direct or indirect competition with the Company's business operation. In addition, where SINOMACH or other enterprises controlled by it may bring unfair impact on the Company in areas including market share, business opportunity and resource allocation, SINOMACH will voluntarily give up and procure other enterprises controlled by it to give up business competition with the Company.	21 December 2010	No	Long-term	Yes
Undertakings related to refinancing	Others	SINOMACH Group	SINOMACH undertakes that it will not act beyond its powers to interfere with the Company's operating and management activities or infringe upon the Company's interests, will effectively promote the Company's effective implementation of the immediate return remedial measures according to the responsibility and authority, and effectively fulfill its undertakings and is willing to compensate the Company or investors in accordance with the law if there is any loss incurred due to breach of such undertakings	23 April 2020	No	Long-term	Yes

## SECTION VI SIGNIFICANT EVENTS (CONTINUED)

Background of undertaking	Type of undertaking	Party making undertaking	Description of undertaking	Date of the undertaking	Is there a performance deadline	Term and deadline of the undertaking	Is the undertaking being fulfilled promptly and rigorously
	Others	YTO	YTO undertakes that it will not act beyond its powers to interfere with the Company's operating and management activities or infringe upon the Company's interests, will effectively promote the Company's effective implementation of the immediate return remedial measures according to the responsibility and authority, and effectively fulfill its undertakings and is willing to compensate the Company or investors in accordance with the law if there is any loss incurred due to breach of such undertakings	23 April 2020	No	Long-term	Yes
	Others	Directors, Supervisors and senior management of the Company	<p>1. I undertake that I will not direct benefits to other units or individuals at nil consideration or on unfair terms, and will not harm the Company's interests in any other manner;</p> <p>2. I undertake that I will act to restrain duty-related spending;</p> <p>3. I undertake that I will not utilize the assets of the Company for any investment or consumption irrelevant to the performance of my duties;</p>	23 April 2020	No	Long-term	Yes



## SECTION VI SIGNIFICANT EVENTS (CONTINUED)

Background of undertaking	Type of undertaking	Party making undertaking	Description of undertaking	Date of the undertaking	Is there a performance deadline	Term and deadline of the undertaking	Is the undertaking being fulfilled promptly and rigorously
			<p>4. I undertake that the remuneration system formulated by the Board or the Remuneration Committee will be correlated to the implementation of the Company's measures to make up for returns;</p> <p>5. In the event of the implementation of any share option incentive scheme by the Company in the future, the conditions for exercising options under such scheme proposed to be published will be correlated to the implementation of the Company's measures to make up for returns;</p> <p>6. During the period from the date on which such undertaking is given to the completion of the non-public issuance of shares, supplementary undertakings will be given in accordance with new regulations announced by the CSRC concerning measures to make up for returns and related undertakings, if such regulations are announced by the CSRC and the foregoing undertakings fall short of meeting such new regulations.</p>				

*Note:* During the Reporting Period, the Company terminated the material asset disposal, and the commitments related to the material asset restructuring were fulfilled on 27 December 2024.

## SECTION VI SIGNIFICANT EVENTS (CONTINUED)

### II. MISAPPROPRIATION OF FUNDS BY THE CONTROLLING SHAREHOLDERS AND OTHER RELATED PARTIES FOR NON-OPERATING PURPOSES DURING THE REPORTING PERIOD

None

### III. THE COMPANY'S ANALYSIS OF THE REASONS FOR CHANGES IN ACCOUNTING POLICIES, ACCOUNTING ESTIMATES OR CORRECTIONS OF SIGNIFICANT ACCOUNTING ERRORS AND THEIR IMPACT

In December 2024, the Ministry of Finance issued the "Accounting Standards for Business Enterprises Interpretation No.18" (hereby referred as "Interpretation 18"). According to Interpretation 18, when accounting for estimated liabilities arising from warranty-type quality guarantees that do not constitute a separate performance obligation, the determined amount of estimated liabilities should be recorded under "cost of main operations," "cost of other operations," and other relevant accounts. This interpretation came into effect from the date of issuance, and is permitted to be implemented in advance of the issuance year.

The Company has changed its accounting policy since 1 January 2024, and has retrospectively adjusted the 2023 financial statements. The implementation of Interpretation 18 had no material impact on the Group's profit.

- (1) The impact from the implementation of Interpretation 18 on the relevant items in the Company's consolidated income statement for 2023 is as follows:

Unit: Yuan

Affected item	Before change	Amount affected	After change
Operating costs	9,696,630,033.53	86,382,212.97	9,783,012,246.50
Sales expenses	240,891,055.45	-86,382,212.97	154,508,842.48

- (2) The impact from the implementation of Interpretation 18 on the relevant items in the parent company's income statement of the Company for 2023 is as follows:

Unit: Yuan

Affected item	Before change	Amount affected	After change
Operating costs	7,967,220,366.58	25,682,050.46	7,992,902,417.04
Sales expenses	28,684,067.87	-25,682,050.46	3,002,017.41

## SECTION VI SIGNIFICANT EVENTS (CONTINUED)

### IV. APPOINTMENT OR DISMISSAL OF ACCOUNTING FIRM

Unit: 0'000 Currency: RMB

	Current appointment
Name of domestic accounting firm	ShineWing Certified Public Accountants LLP
Remuneration of domestic accounting firm	250
Audit tenure of domestic accounting firm	3
Names of registered accountants at the domestic accounting firm	Ma Chuanjun and Ma Jing
Cumulative years of audit service by the registered accountants at the domestic accounting firm	Ma Chuanjun (6 years) and Ma Jing (3 years)

	Name	Remuneration
Accounting firm for internal control	ShineWing Certified Public Accountants LLP	35

*Note:* Ma Chuanjun has provided audit services to the Company as a registered accountant of ShineWing Certified Public Accountants LLP from 2014 to 2017 and from 2022 to date.

### V. MATERIAL LITIGATION OR ARBITRATION

During the Year, the Company had no material litigation or arbitration.

### VI. EXPLANATION OF INTEGRITY OF THE COMPANY, ITS CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER DURING THE REPORTING PERIOD

During the Reporting Period, the Company, its controlling shareholder, YTO, and its de facto controller, SINOMACH, operated lawfully in good faith, and there were no instances of failing to fulfill legally effective court judgments or failing to repay significant debts upon maturity, and other adverse credibility circumstances.

## SECTION VI SIGNIFICANT EVENTS (CONTINUED)

### VII. MATERIAL CONNECTED TRANSACTIONS

#### (I) Connected Transactions Relating to Daily Operation

##### 1. *Matters Already Disclosed in Provisional Announcements with No Subsequent Progress or Changes*

###### Summary of Matter

The Company's controlling subsidiary, China-Africa Heavy Industry Investment Co., Ltd., sold tractor products and provided related technical documentation and training services to SINOMACH Group's controlling subsidiary, China CAMC Engineering Co., Ltd. The transaction amount is RMB22.1577 million.

###### Reference Index

"Announcement on Sales of Goods and Provision of Services to Connected Parties and Connected Transactions" (Lin 2024-43) published on the website of the Shanghai Stock Exchange and "Connected Transactions" Announcement published on the website of the Stock Exchange

##### 2. *Matters Which Have Been Disclosed in The Provisional Announcements with Development or Changes in Subsequent Implementation*

Continuing Connected Transactions under Chapter 14A of the Listing Rules of the Stock Exchange and the Listing Rules of the Shanghai Stock Exchange:

Unit: 0'000 Currency: RMB

No.	Title of agreement	Counterparty	Connected relationship	Details of the transaction	Pricing principle of the transaction	Estimated cap for transaction amount in 2024	Actual transaction amount in 2024	Percentage of the transaction amount relative to similar transactions (%)
1	Material Procurement Agreement	YTO	Controlling shareholder	Purchase of (including, but not limited to) raw materials, other industrial equipment, components, spare parts and other necessities from YTO by the Company	<p>(1) The market price of the independent third party;</p> <p>(2) In the absence of a market price determined by the independent third party, the price refers to the transaction price between YTO and its associates, SINOMACH and its subsidiaries with the independent third party;</p> <p>(3) If none of the above is applicable, price (tax-inclusive) is determined according to the cost-plus method (i.e. price (tax-inclusive) = cost x (1+ markup percentage)), where the markup percentage is not more than 30%.</p>	75,000	60,030	5.48

## SECTION VI SIGNIFICANT EVENTS (CONTINUED)

No.	Title of agreement	Counterparty	Connected relationship	Details of the transaction	Pricing principle of the transaction	Estimated cap for transaction amount in 2024	Actual transaction amount in 2024	Percentage of the transaction amount relative to similar transactions (%)
2	Sales of Goods Agreement	YTO	Controlling shareholder	Sale of (including, but not limited to) raw materials, spare parts, equipment and other necessities by the Company to YTO	(1) The market price of the independent third party; (2) In the absence of a market price determined by the independent third party, the price refers to the transaction price between the Group and the independent third party; (3) If none of the above is applicable, price (tax-inclusive) is determined according to the cost-plus method (i.e. price (tax-inclusive) = cost x (1+ markup percentage)), where the markup percentage is not more than 30%.	26,000	23,850	2.01
3	Composite Services Agreement	YTO	Controlling shareholder	Provision of transportation, transportation ancillary services and production-related processing contracts to the Company and its subsidiaries by YTO	(1) The market price of the independent third party; (2) In the absence of a market price determined by the independent third party, the price refers to the transaction price between YTO, its controlled companies and their associates with the independent third party; (3) If none of the above is applicable, price (tax-inclusive) is determined according to the cost-plus method (i.e. price (tax-inclusive) = cost x (1+ markup percentage)), where the markup percentage is not more than 10%.	25,000	22,279	87.90
4	Energy Procurement Agreement	YTO	Controlling shareholder	Provision of energy and related services to the Company and its subsidiaries by YTO	(1) Market price; (2) In the absence of a market price, the price refers to the transaction price between YTO and the independent third party; (3) If none of the above is applicable, price (tax-inclusive) is determined according to the cost-plus method (i.e. price (tax-inclusive) = cost x (1+ markup percentage)), where the markup percentage is not more than 16%.	26,000	19,473	98.43



## SECTION VI SIGNIFICANT EVENTS (CONTINUED)

No.	Title of agreement	Counterparty	Connected relationship	Details of the transaction	Pricing principle of the transaction	Estimated cap for transaction amount in 2024	Actual transaction amount in 2024	Percentage of the transaction amount relative to similar transactions (%)
5	Properties Lease Agreement	YTO	Controlling shareholder	Lease of properties by YTO to the Company and its subsidiaries	<p>(1) The transaction price between the lessor and the independent third party;</p> <p>(2) If the above price is not applicable, the price is determined after an arm's length negotiation between the parties with reference to the market rent of similar properties within the region.</p>	1,000	954	93.04
6	Land Lease Agreement	YTO	Controlling shareholder	Lease of land by YTO to the Company and its subsidiaries	<p>(1) The transaction price between the lessor and the independent third party;</p> <p>(2) If the above price is not applicable, the price is determined after an arm's length negotiation between the parties with reference to the market rent of similar land use rights.</p>	1,400	1,250	94.85
7	Financial Service Agreement	SINOMACH Finance	Subsidiary of the de facto controller	SINOMACH Finance provides deposit services to the Company and its subsidiaries in both local and foreign currencies, including but not limited to demand deposits, negotiated deposits, notice deposits, time deposits, etc.	Interest on all types of deposits of the Company and its subsidiaries with SINOMACH shall be calculated and paid on the basis of the benchmark interest rate for deposits of the same class and the upper limit of the floating range of interest rates announced by the People's Bank of China from time to time, which shall not be lower than the benchmark interest rate for deposits of the same class and at the same time of the main independent commercial banks in the territory where the Company and (or) its wholly-owned and controlled subsidiaries are located, and shall not be lower than the benchmark interest rate for deposits of the same class and at the same time of the same type offered by SINOMACH to other members of the same credit standing, whichever is higher.	200,000	198,375	80.51

## SECTION VI SIGNIFICANT EVENTS (CONTINUED)

No.	Title of agreement	Counterparty	Connected relationship	Details of the transaction	Pricing principle of the transaction	Estimated cap for transaction amount in 2024	Actual transaction amount in 2024	Percentage of the transaction amount relative to similar transactions (%)
				SINOMACH Finance provides credit facilities to the Company and its subsidiaries, including but not limited to liquidity loans, fixed asset loans, buyer's credit, factoring of receivables, acceptance and discounting of bills, and credit facilities such as guarantees, letters of guarantee and letters of credit	In accordance with the relevant requirements of the market interest rate pricing self-regulatory mechanism, the Company and its subsidiaries shall charge interest on the loans obtained from SINOMACH on the basis of the quoted market interest rate for the loans, which shall not be higher than the interest rate for similar loans offered by major independent commercial banks in the territory where the Company and (or) its wholly-owned or controlled subsidiaries are located, and shall not be higher than the interest rate for similar loans offered by SINOMACH Finance to other members of the same credit standing, whichever is lower.	240,000	231,464	81.22
				Other financial services provided by SINOMACH to the Company and its subsidiaries, including but not limited to settlement and management of funds in local and foreign currencies, entrusted loans, entrusted investments, underwriting of corporate bonds, financial and financing consultancy, credit verification and related advisory and agency services, and other business as approved by the China Banking and Insurance Commission	(1) SINOMACH Finance shall be exempt from charging the Company and its subsidiaries for the remittance of funds for the settlement of funds with Party B; (2) The fees charged by SINOMACH for all financial services other than deposits and loans provided by SINOMACH to the Company and its subsidiaries shall comply with the regulations of the People's Bank of China or the CBIRC for such types of services and shall not be higher than the standard of similar fees charged by major independent commercial banks in the territory where the Company and (or) its wholly-owned or controlled subsidiaries are located during the same period, or the standard of similar fees charged by SINOMACH to other members of the same credit standing, whichever is lower.	1,000	197	56.12
8	Properties Lease Agreement	YTO	Controlling shareholder	Lease of properties, plant and auxiliary facilities by YTO from the Company and its subsidiaries	(1) The price of the non-connected transactions between the lessor and the independent third party; (2) If none of the above is available or applicable, the price is determined after an arm's length negotiation between the parties with reference to the market rent of similar property.	600	455	39.37

## SECTION VI SIGNIFICANT EVENTS (CONTINUED)

No.	Title of agreement	Counterparty	Connected relationship	Details of the transaction	Pricing principle of the transaction	Estimated cap for transaction amount in 2024	Actual transaction amount in 2024	Percentage of the transaction amount relative to similar transactions (%)
9	Land Lease Agreement	YTO	Controlling shareholder	Lease of land by YTO from the Company and its subsidiaries	<p>(1) The price of the non-connected transactions between the lessor and the independent third party;</p> <p>(2) If none of the above is available or applicable, the price is determined after an arm's length negotiation between the parties with reference to the market rent of similar land and land use rights.</p>	55	35	6.62
10	Common Resource Services Agreement	YTO	Controlling shareholder	Provision of common resource services including green services, road maintenance services, cleaning services and logistic support services in the factory areas by YTO to the Company and its subsidiaries	<p>(1) The transaction prices between YTO and the independent third party;</p> <p>(2) Cost-plus method, with a markup percentage of no more than 10%.</p>	710	667	100.00
11	Research and Development Services Agreement	YTO	Controlling shareholder	Provision of services including product R&D, process technology development, material testing, and calibration of measuring instruments to YTO and its subsidiaries by the Company	<p>(1) The price of the non-connected transactions for the same services between the Company and the independent third party;</p> <p>(2) The price of the reasonable cost of the service provided by the Company with the addition of the gross margin of the comparable non-connected transactions;</p> <p>(3) If none of the above is available or applicable, the price is determined under arm's length negotiations between the two parties.</p>	1,000	659	36.75
12	Product Inspection and Testing and Technological Services Agreement	Luoyang Xiyuan Vehicle and Power Inspection Institute Co., Ltd	A wholly-owned subsidiary of the controlling shareholder	Provision of products related technological testing services, patent services, standardized technological support services, and research and development services on non-standard equipment such as inspection and testing equipment for products of the Company and its subsidiaries	<p>(1) The price of the non-connected transactions between Luoyang Xiyuan Vehicle and Power Inspection Institute Co., Ltd and the independent third party;</p> <p>(2) The price of the reasonable cost of the service provided by Luoyang Xiyuan Vehicle and Power Inspection Institute Co., Ltd with the addition of the gross margin of the comparable non-connected transactions;</p> <p>(3) If none of the above is available or applicable, the price is determined under arm's length negotiations between the two parties.</p>	4,200	2,715	100.00

## SECTION VI SIGNIFICANT EVENTS (CONTINUED)

1. For details of the above No.1-6 connected transactions, please refer to the “Announcement of First Tractor on Continuing Connected Transactions for 2022-2024”, “Announcement of First Tractor on Resolutions of the 2021 Second Extraordinary General Meeting, the 2021 First A Share Class Meeting and the 2021 First H Share Class Meeting”, “Announcement of First Tractor on the Resolutions Passed at the Thirty-fifth Meeting of the Eighth Session of the Board”, “Announcement of First Tractor Corporation on the Increase of the Maximum Amount of Daily Connected Transactions for the Energy Procurement from 2022 to 2024”, “Announcement of First Tractor on Resolutions of 2022 First Extraordinary General Meeting”, “Announcement of First Tractor on Increasing the Estimated Cap Amount of Some Daily Connected Transactions for 2024”, published by the Company on the website of the Shanghai Stock Exchange on 26 August 2021, 3 November 2021, 4 March 2022, 14 April 2022 and 30 October 2024, and the announcements on “Continuing Connected Transactions and Disclosable Transactions”, “Poll Results of the Extraordinary General Meeting and the Class Meeting Held on 2 November 2021 and the Election of the Chairman of the Board of Supervisors”, “Continuing Connected Transactions – Adjustment to the Annual Cap Amount of the Energy Procurement Agreement”, “Poll Voting Results of the Extraordinary General Meeting held on 13 April 2022”, “Revised annual cap amounts for 2024 for the continuing connected transactions under the Comprehensive Service Agreement and the Properties Lease Agreement” and related overseas regulatory announcements published on the website of the Stock Exchange on 25 August 2021, 2 November 2021, 3 March 2022, 13 April 2022 and 29 October 2024;
2. For details of the above No.7 connected transaction, please refer to the “Announcement of First Tractor on the Resolutions Passed at the Thirty-six Meeting of the Eighth Session of the Board”, “Announcement on the Signing of Financial Services Agreement and Ordinary Connected Transaction between YTO and SINOMACH Finance Co., Ltd.”, “Announcement of First Tractor on the Resolutions Passed at 2022 Second Extraordinary General Meeting” published by the Company on the website of the Shanghai Stock Exchange on 30 March 2022 and 17 June 2022, and the announcements on “(1) Disclosable and Connected Transactions in relation to the Sale of Subject Assets; (2) Major and Connected Transactions in relation to the Capital Increase to SINOMACH Finance; and (3) Disclosable Transactions and Continuing Connected Transactions in relation to the Deposit Transaction”, “Poll Voting Results of the Extraordinary General Meeting held on 16 June 2022” and related overseas regulatory announcements published on the website of the Stock Exchange on 29 March 2022 and 16 June 2022;
3. For details of the above No.8-12 connected transactions, please refer to the “Announcement of First Tractor on the Resolutions Passed at the Seventeenth Meeting of the Ninth Session of the Board”, “Announcement of First Tractor on Daily Connected Transactions in 2024” published by the Company on the website of the Shanghai Stock Exchange on 27 December 2023 and the Announcement of “Continuing Connected Transactions in 2024” and related overseas regulatory announcement published by the Company on the website of the Stock Exchange on 26 December 2023.

## SECTION VI SIGNIFICANT EVENTS (CONTINUED)

### Continuing Connected Transactions under Chapter 14A of the Listing Rules of the Stock Exchange:

Unit: 0'000 Currency: RMB

No.	Title of agreement	Counterparty	Connected relationship	Details of the transaction	Pricing principle of the transaction	Estimated cap for transaction amount in 2024	Actual transaction amount in 2024	Percentage of the transaction amount relative to similar transactions (%)
13	Technology Services Agreement	Tractors Research Company	Subsidiary of YTO	Provision of technology research and development, technology consultation, and also other technical services and other special services (including inspection services) related to tractors and diesel engines by Tractors Research Company to the Company and the subsidiaries	<p>(1) The transaction price between Tractors Research Company and the independent third party for the same business;</p> <p>(2) The price is determined at a reasonable cost for the services provided by Tractors Research Company, plus gross profit from comparable non-connected transactions;</p> <p>(3) If none of the above is available or applicable, the price is determined under arm's length negotiations between the two parties.</p>	20,000	15,564	100.00

For details of the No.13 connected transaction, please refer to the “Announcement of First Tractor on the Resolutions Passed at the Seventeenth Meeting of the Ninth Session of the Board”, “Announcement on the Daily Related Transactions for 2024 of First Tractor” published by the Company on the website of the Shanghai Stock Exchange on 27 December 2023 and the announcement of “Continuing Connected Transactions in 2024” and related overseas regulatory announcement published by the Company on the website of the Stock Exchange on 26 December 2023.



## SECTION VI SIGNIFICANT EVENTS (CONTINUED)

### Continuing Connected Transactions under the Listing Rules of the Shanghai Stock Exchange:

Unit: 0'000 Currency: RMB

No.	Title of agreement	Counterparty	Connected relationship	Details of the transaction	Pricing principle of the transaction	Estimated cap for transaction amount in 2024	Actual transaction amount in 2024	Percentage of the transaction amount relative to similar transactions (%)
14	Premise Tenancy Agreement	ZF YTO (Luoyang) Drive Axle Company Limited	Associated corporation	Lease of land and properties to ZF YTO (Luoyang) Drive Axle Company Limited by the Company	The two parties negotiated and determined the rent based on the principle of fairness and in accordance with market price.	600	261	15.42
15	Technologies License Agreement	ZF YTO (Luoyang) Drive Axle Company Limited	Associated corporation	Authorization of use of related drive axle production technologies granted by the Company to ZF YTO (Luoyang) Drive Axle Company Limited for production and installation of existing and future products	ZF YTO (Luoyang) Drive Axle Company Limited shall pay the Company a technology licensing fee of 0.3% of the sales revenue generated from products manufactured using licensed technology.	90	58	100.00
16	Procurement Framework Agreement	ZF YTO (Luoyang) Drive Axle Company Limited	Associated corporation	Purchase of components such as gears and drive shafts for the production of drive axles by ZF YTO (Luoyang) Drive Axle Company Limited from the Company	The price of components is determined under negotiations between both parties based on prices of past years, the then prevailing market price and factors such as raw material price fluctuations.	5,000	3,057	0.26
17	Sales Framework Agreement	ZF YTO (Luoyang) Drive Axle Company Limited	Associated corporation	Sale of products by ZF YTO (Luoyang) Drive Axle Company Limited to the Company and its branches	<p>(1) The price of drive axle products is determined under negotiations between both parties based on factors such as prices of past years, the then prevailing market price and raw material price fluctuations;</p> <p>(2) The price of goods sold by ZF YTO (Luoyang) Drive Axle Company Limited to the Company or any of its branches and subsidiaries shall not exceed that of the same types of goods sold to ZF Drivtech (Hangzhou) Co., Ltd.* (採埃孚傳動技術(杭州)有限公司).</p>	22,000	17,451	1.59

For details of the No.14-17 connected transaction, please refer to the “Announcement of First Tractor on the Resolutions Passed at the Seventeenth Meeting of the Ninth Session of the Board”, “Announcement on the Daily Related Transactions for 2024 of First Tractor” published by the Company on the website of the Shanghai Stock Exchange on 27 December 2023 and the announcement of “Continuing Connected Transactions in 2024” and related overseas regulatory announcement published by the Company on the website of the Stock Exchange on 26 December 2023.

## SECTION VI SIGNIFICANT EVENTS (CONTINUED)

The actual amount incurred in 2024 in the above table represents the amount incurred from January to August 2024. In September 2024, the Company acquired a 51% stake in ZF YTO (Luoyang) Axle Co., Ltd., and ZF YTO (Luoyang) Axle Co., Ltd. became a wholly-owned subsidiary of the Company and is no longer a related party of the Company.

### 3. Matters not Disclosed in the Provisional Announcements

Unit: 0'000 Currency: RMB

Connected counterparty	Connected relationship	Type of the connected transaction	Details of the connected transaction	Pricing principle of the connected transaction	Connected transaction price	Connected transaction amount	Percentage of the transaction amount relative to similar transactions (%)
YTO	Controlling shareholder	Acceptance of the right to use the patent and trademark, etc.	YTO and its subsidiaries are permitted by the Company to use the Dongfanghong trademark and font size	(1) Fees are collected at a rate of 2‰ to 5‰ of the external sales revenue generated by products bearing the trademark;  (2) Fees based on the external sales revenue of entities using different font sizes are calculated on this basis, with the maximum charge not exceeding 5‰.	20	6	100.00
Total					/	/	6
Details on return of large-sum sales					None		
Description of connected transactions					The Company's trademark and font size licensing use with the controlling shareholder constitutes a related transaction under the Listing Rules of the Shanghai Stock Exchange and the Stock Exchange. The pricing principle complies with the relevant provisions of the Listing Rules, and the amount involved falls below the threshold for disclosure;		

## SECTION VI SIGNIFICANT EVENTS (CONTINUED)

### (II) Material Connected Transactions Involving Joint External Investment

#### 1. *Matters Already Disclosed in Provisional Announcements with No Subsequent Progress or Changes*

Summary of Matter	Reference Index
<p>All shareholders of SINOMACH Finance Company propose to increase its capital proportionally by RMB600 million in cash, of which the Company will contribute RMB85.716 million. After this capital increase, First Tractor's contribution to SINOMACH Finance Company's registered capital will increase from RMB250 million to RMB335.716 million, with the shareholding percentage remaining unchanged at 14.286%.</p> <p>The de facto controller of SINOMACH Finance Company is SINOMACH Group, and other shareholders besides the Company are SINOMACH Group and its subsidiaries. This transaction constitutes a connected transaction.</p> <p>During the Reporting Period, the capital increase of SINOMACH Finance has not yet been reviewed by the Beijing Regulatory Bureau of the State Financial Supervision and Administration Bureau.</p>	<p>"Announcement on Capital Increase in SINOMACH Finance Co., Ltd. and Connected Transaction" (Lin 2024-42) published on the website of the Shanghai Stock Exchange and "Connected Transactions Capital Increase Agreement" published on the website of the Stock Exchange</p>

## SECTION VI SIGNIFICANT EVENTS (CONTINUED)

### (III) Related-Party Creditor-Debtor Relationships

#### 1. Matters Not Disclosed in Provisional Announcements

Unit: 0'000 Currency: RMB

Connected counterparty	Connect relationship	Funds provided to connected party			Funds provided to listed companies by Connected party		
		Opening balance	Amount incurred	Closing balance	Opening balance	Amount incurred	Closing balance
SINOMACH Group	De Facto controller	/	/	/	20,000	0	20,000
YTO	Controlling shareholder	/	/	/	0	6,595	6,595
Total		/	/	/	20,000	6,595	26,595
Reason for related-party creditor-debtor relationships:	The Company's controlling shareholder, YTO, and its de facto controller, SINOMACH Group, have disbursed state-owned capital operating budget funds to the Company in the form of entrusted loans.						
Impact of related-party creditor-debtor relationships on the Company:	/						

The controlling shareholder and de facto controller provide funds to the Company at the loan prime rate, and the Company is not required to provide corresponding collateral or guarantees. According to Article 6.3.18(2) of the Listing Rules of Shanghai Stock Exchange: "When related parties provide funds to a listed company at an interest rate not higher than the loan prime rate, and the listed company is not required to provide guarantees, the transaction may be exempted from review and disclosure as a related-party transaction." Therefore, the Company's acceptance of entrusted loans from related parties is exempt from review and disclosure as a connected transaction.

## SECTION VI SIGNIFICANT EVENTS (CONTINUED)

### (IV) The Company's Financial Business with Related Financial Companies, the Company's Holding Financial Companies and Related Parties

#### 1. Deposit Business

Unit: 0'000 Currency: RMB

Related party	Connected relationship	Daily maximum deposit limit	Range of deposit interest rates	Opening balance	Amount incurred during the Reporting Period		Closing balance
					Total deposit amount during the Reporting Period	Total withdrawal amount during the Reporting Period	
SINOMACH Finance	Company controlled by the de facto controller	200,000.00	0.15%-1.85%	186,416.74	7,739,245.17	7,729,654.31	196,007.61
Total	/	/	/	186,416.74	7,739,245.17	7,729,654.31	196,007.61

#### 2. Credit Services or Other Financial Services

Unit: 0'000 Currency: RMB

Related party	Connected relationship	Type of business	Actual amount incurred	Closing balance
SINOMACH Finance	Company controlled by the de facto controller	Acceptance of bills	417,109.43	219,476.21



## SECTION VI SIGNIFICANT EVENTS (CONTINUED)

### Annual Review of Continuing Connected Transactions

The above continuing connected transactions (i.e. connected transactions relating to daily operations and deposit business between the Company and financial companies with related relationships, financial companies controlled by the Company and related parties) have been reviewed by the independent non-executive Directors of the Company. The independent non-executive Directors confirmed that the above continuing connected transactions are:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms or better;
- (iii) conducted in accordance with an agreement relating to the transaction on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

In accordance with the Standards for Other Assurance Practices of Chinese Certified Public Accountants No. 3101 – Assurance Practices Other than Auditing or Reviewing Historical Financial Information issued by the Ministry of Finance of the PRC and with reference to the Practice Note 740 “Auditor Letters for Continuing Connected Transactions under the Hong Kong Listing Rules”, the Company’s independent auditor, ShineWing (a special general partnership) has been engaged to report on the above-mentioned continuing connected transactions of the Group for the current financial year ended and has issued an unqualified letter containing its findings and conclusions in accordance with Rule 14A.56 of the Listing Rules of the Stock Exchange.

## VIII. CONNECTED PARTY TRANSACTION

Details of the significant Connected party transactions entered into by the Group during the Financial Year are set out in Note XII headed “Related Parties and Related Parties Transactions” to the consolidated financial statements. None of these Connected party transactions constituted a disclosable connected transaction (as defined in the Listing Rules of the Stock Exchange), except for the transactions described in section VII headed “MATERIAL CONNECTED TRANSACTIONS” above, in respect of which the disclosure requirements in accordance with Chapter 14A of the Listing Rules of the Stock Exchange have been complied.

## SECTION VI SIGNIFICANT EVENTS (CONTINUED)

### IX. MATERIAL CONTRACTS AND THE PERFORMANCE THEREOF

#### (I) Custody, Contracting and Lease Matters

##### 1. Custody

Unit: Yuan Currency: RMB

Name of principal	Name of trustee	Assets in custody	Amounts of assets in custody	Commencement date of custody	End date of custody	Custody income	Recognition basis for custody income	Impact of custody income on the Company	Whether it is a connected transaction	Connected relationship
SINOMACH	First Tractor	Equity interests in Changtuo Company held by SINOMACH	/	7 March 2013	/	/	/	/	Yes	Indirect controlling shareholder

##### Explanation of custody

During the Reporting Period, there was no change in the 33.33% equity interest in Changtuo Company held in custody by the Company in favor of SINOMACH.

#### (II) Cash Assets Management by Others under Entrustment

##### 1. Entrusted loans

##### (1) General Conditions of Entrusted Loans

Unit: 0'000 Currency: RMB

Type	Source of fund	Amount incurred	Outstanding balance	Amount overdue and not yet collected
Entrusted loans	Self-owned funds	0.00	0.00	2,100

## SECTION VI SIGNIFICANT EVENTS (CONTINUED)

### (2) Individual Entrusted Loans

Unit: 0'000 Currency: RMB

Trustee	Category of entrusted loan	Amount of entrusted loan	Commencement date of the entrusted loan	End date of entrusted loan	Source of fund	Use of fund	Method of determining remuneration	Annualized rate of return	Expected income (if any)	Actual gain or loss	Actual recovery	Has it gone through the legal process	Are there any future plans for entrusted loans	Amount provided for impairment (if any)
Changtuo Company	Entrusted loans	540	2019/6/27	2020/6/26	Self-owned funds	Production and operation		6.175%			Not recovered	Yes	No	540
Changtuo Company	Entrusted loans	130	2019/7/1	2020/6/30	Self-owned funds	Production and operation		5.655%			Not recovered	Yes	No	130
Changtuo Company	Entrusted loans	130	2019/7/3	2020/7/2	Self-owned funds	Production and operation		5.655%			Not recovered	Yes	No	130
Changtuo Company	Entrusted loans	100	2019/9/12	2020/9/11	Self-owned funds	Production and operation		5.655%			Not recovered	Yes	No	100
Changtuo Company	Entrusted loans	1,200	2019/11/28	2020/11/21	Self-owned funds	Production and operation		5.655%			Not recovered	Yes	No	1,200

### (3) Provision for Impairment of Entrusted Loans

No provision for entrusted loan impairment was made during the reporting period, while a provision for entrusted loan impairment of RMB21 million had been made in previous periods.

## X. DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors and their respective close associates (as defined under the Listing Rules of the Stock Exchange) has an interest in any business that competes or may compete, directly or indirectly, with the business of the Group.

## XI. SERVICE CONTRACTS

Each of the Directors has not entered into any service contract with the Company or any of its subsidiaries which obliges the employer not to terminate his service within one year unless compensation (other than statutory compensation) is paid.

## XII. MANAGEMENT CONTRACTS

The Company had no contract (as defined in section 543 of the Companies Ordinance (Cap. 622)) entered into or subsisting during the year relating to the management and/or administration of the whole or any substantial part of the business of the Company.

## SECTION VI SIGNIFICANT EVENTS (CONTINUED)

### XIII. PERMITTED INDEMNITY

Pursuant to the Articles of Association of the Company and subject to the relevant provisions thereof, each Director shall be indemnified and secured harmless out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses which he may incur or sustain in or about the execution of his duties as a Director of the Company. The Company has taken out appropriate Directors' and Officers' liability insurance and the permitted indemnity provisions for the benefit of the Directors are now in force and in force throughout the year under review.

### XIV. COMPLIANCE WITH LAWS AND REGULATIONS

During the Reporting Period, the Company complied with relevant laws and regulations that have a significant impact on the Company's operations in major aspects.

### XV. INTERESTS OF DIRECTORS IN SIGNIFICANT CONTRACTS

At the year-end date or at any time during the financial year, the Company has not entered into any agreement involving direct or indirect material interests of the directors of the Company and with the ultimate holding company of the Company or its significant contracts relating to the business of any subsidiary.

### XVI. EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and the five highest paid individuals during the financial year are set out in Note XII of the consolidated financial statements respectively.

### XVII. MAJOR CUSTOMERS AND SUPPLIERS

For the Financial Year, the percentage share of the Group's revenue from the sale of goods or provision of services attributable to the Group's five largest customers in aggregate was approximately 5.60% and that the largest customer contributed approximately 1.67%; the percentage share of the Group's purchases attributable to the Group's five largest suppliers in aggregate was approximately 17.88% and that the largest supplier contributed approximately 10.01%.

Save for YTO, none of the directors or any of their close associates or any shareholders (which, to the best knowledge of the directors, owns more than 5% of the issued share capital of the Company) has any interest in the five largest customers and suppliers of the Group.

## SECTION VI SIGNIFICANT EVENTS (CONTINUED)

### XVIII. RESERVES

Movements in the reserves of the Group and the Company during the financial year are set out in the statement of changes in shareholder's equity and Note V. 69 to the consolidated financial statements of the Annual Report.

### XIX. DISTRIBUTABLE RESERVES

As at 31 December 2024, the Company's distributable reserves were approximately RMB2,696 million (2023: approximately RMB2,219 million).

### XX. REPURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period and as of the end of this Reporting Period, the Company did not hold any treasury shares (including any treasury shares held or deposited in the CCASS), and neither the Company nor any of its subsidiaries repurchased, sold, or redeemed any of the Company's listed shares (including the sale of any treasury shares).

### XXI. PUBLIC FLOAT

Pursuant to the published information and to the knowledge of the Directors, as at the date of this Report, the Company has maintained the required public float under the Listing Rules of the Stock Exchange.

### XXII. TAX CONCESSIONS

None of the holders of the Company's listed securities was entitled to any tax concessions for holding securities of the Company.

### XXIII. PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association of the Company and the laws of the PRC which would oblige the Company to offer new shares on a pro rata basis to its existing shareholders.



## SECTION VI SIGNIFICANT EVENTS (CONTINUED)

### XXIV. ARRANGEMENT FOR PURCHASE OF SHARES OR BONDS

Neither the Company nor any holding company, subsidiary or fellow subsidiary of the Company was a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate for the year ended 31 December 2024.

### XXV. PENSION PLANS

For details of the Group's employee pension plans, please refer to note 23 of part V under section X "Significant Accounting Policies and Accounting Estimates" of this Report. The Group has no forfeited contributions under the defined contribution plans (i.e., contributions processed by the employer on behalf of employees who withdraw from the plan before such contributions are vested) that can be utilized.

## SECTION VII CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

### I. CHANGES IN SHARE CAPITAL

#### (I) Changes in Shares

##### 1. Changes in Shares

During the Reporting Period, the total number of shares and share capital structure of the Company remained unchanged.

#### (II) Changes in Restricted Shares

Unit: Share

Name of shareholders	Number of restricted shares at the beginning of the year	Number of restricted shares released during the year	Increase of restricted shares during the year	Number of restricted shares at the end of the year	Reason for share restriction	Date of release of the restricted shares
YTO	137,795,275	137,795,275	0	0	YTO has committed not to transfer the shares subscribed through the Company's non-public issuance for a period of 36 months from the completion of the issuance	23 February 2024
Total	137,795,275	137,795,275	0	0	/	/

### II. DETAILS OF SHAREHOLDERS AND ULTIMATE CONTROLLER

#### (I) Total Number of Shareholders

Total number of ordinary shareholders as at the end of the Reporting Period (shareholder)	32,629 Including 32,335 holders of A Shares and 294 holders of H Shares
Total number of ordinary shareholders as at the end of the month prior to the date of the Annual Report (shareholder)	37,341 Including 37,050 holders of A Shares and 291 holders of H Shares
Total number of preference shareholders with voting rights restored as at the end of the Reporting Period (shareholder)	/
Total number of preference shareholders with voting rights restored as at the end of the month prior to the date of the Annual Report (shareholder)	/

## SECTION VII CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS (CONTINUED)

### (II) Table of shareholdings of the top ten shareholders and the top ten shareholders of circulating shares (or shareholders without selling restrictions) as at the end of the Reporting Period

Unit: Share

Name of shareholder (full name)	Increase/ decrease during the Reporting Period	Total number of shares held as at the end of the Reporting Period	Percentage (%)	Shareholdings of the top ten shareholders (excluding shares lent through refinancing)			
				Number of shares held subject to selling restrictions	Pledged, charged or frozen		Nature of shareholder
					Status of shares	Number	
YTO Group Corporation	0	548,485,853	48.81	0	Nil	0	State-owned legal person
HKSCC NOMINEES LIMITED (Note 1)	748,000	389,033,309	34.62	0	Unknown	/	Overseas legal person
Hong Kong Securities Clearing Company Limited (Note 2)	-4,168,527	3,948,585	0.35	0	Unknown	/	Overseas legal person
Basic Pension Insurance Fund 2103 Portfolio (基本養老保險基金二一零三組合)	0	3,898,699	0.35	0	Unknown	/	Others
National Social Security Fund 117 Portfolio (全國社保基金一一七組合)	3,300,000	3,300,000	0.29	0	Unknown	/	Others
Bank of Ningbo Co., Ltd. – Jingshun Great Wall Consumer Selection Mixed Securities Investment Fund (景順長城消費精選混合型證券投資基金)	2,239,900	2,239,900	0.20	0	Unknown	/	Others
China Merchants Bank Co., Ltd. – Southern CSI 1000 Exchange Traded Open-end Index Securities Investment Fund (南方中證 1000交易型開放式指數證券投資基金)	1,815,793	1,815,793	0.16	0	Unknown	/	Others
Industrial and Commercial Bank of China Co., Ltd. – Caitong Asset Management Value Growth Mixed Securities Investment Fund (財通資管價值成長混合型證券投資基金)	1,357,100	1,357,100	0.12	0	Unknown	/	Others
Yinhua Fund Management Co., Ltd. – Social Security Fund 1105 Portfolio (社保基金1105組合)	1,064,700	1,064,700	0.09	0	Unknown	/	Others
Ping An Stock Priority No. 1 Equity Pension Product (平安股票優選1號股票型養老金產品) – China Merchants Bank Co., Ltd.	985,900	985,900	0.09	0	Unknown	/	Others

## SECTION VII CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS (CONTINUED)

### Shareholdings of the top ten shareholders without selling restrictions (excluding shares lent through refinancing)

Name of shareholder	Number of shares that can be traded without selling restrictions	Number and class of shares	
		Class	Number
YTO Group Corporation	548,485,853	Ordinary shares denominated in RMB	548,485,853
HKSCC NOMINEES LIMITED (Note 1)	389,033,309	Overseas listed foreign shares	389,033,309
Hong Kong Securities Clearing Company Limited (Note 2)	3,948,585	Ordinary shares denominated in RMB	3,948,585
Basic Pension Insurance Fund 2103 Portfolio (基本養老保險基金二一零三組合)	3,898,699	Ordinary shares denominated in RMB	3,898,699
National Social Security Fund 117 Portfolio (全國社保基金一一七組合)	3,300,000	Ordinary shares denominated in RMB	3,300,000
Bank of Ningbo Co., Ltd. – Jingshun Great Wall Consumer Selection Mixed Securities Investment Fund (景順長城消 費精選混合型證券投資基金)	2,239,900	Ordinary shares denominated in RMB	2,239,900
China Merchants Bank Co., Ltd. – Southern CSI 1000 Exchange Traded Open-end Index Securities Investment Fund (南方中證1000交易型開放式指數 證券投資基金)	1,815,793	Ordinary shares denominated in RMB	1,815,793
Industrial and Commercial Bank of China Co., Ltd. – Caitong Asset Management Value Growth Mixed Securities Investment Fund (財通資管價 值成長混合型證券投資基金)	1,357,100	Ordinary shares denominated in RMB	1,357,100
Yinhua Fund Management Co., Ltd. – Social Security Fund 1105 Portfolio (社保基金1105組合)	1,064,700	Ordinary shares denominated in RMB	1,064,700
Ping An Stock Priority No. 1 Equity Pension Product (平安股票優選1號股票型養老金產品) – China Merchants Bank Co., Ltd.	985,900	Ordinary shares denominated in RMB	985,900

## SECTION VII CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS (CONTINUED)

Explanation of special repurchase  
accounts of top ten shareholders

N/A

Explanation of the voting rights  
entrusted by or to, or waived by the  
aforesaid shareholders

Among the top ten shareholders and top ten shareholders without selling restrictions, YTO, the controlling shareholder of the Company, does not have entrusted voting rights or trustee voting rights, nor has it waived its voting rights. The Company is unaware of whether other shareholders have entrusted voting rights, trustee voting rights, or have waived their voting rights.

Explanation of connected relationship or  
acting in concert among the aforesaid  
shareholders

Among the top ten shareholders and top ten shareholders without selling restrictions, YTO, the controlling shareholder of the Company, has no connected relationship with, nor is it a party acting in concert as defined in the Administrative Measures on Acquisitions by Listed Companies with, any other shareholders. The Company is not aware of any connected relationship among other shareholders, nor aware of any parties acting in concert among them as defined in the Administrative Measures on Acquisitions by Listed Companies.

Explanation of the redeemable preferred  
shareholders with restored voting rights  
and their shareholding numbers

N/A

*Note 1:* The overseas listed foreign shares held by HKSCC NOMINEES LIMITED are held on behalf of various customers;

*Note 2:* The ordinary shares denominated in RMB held by Hong Kong Securities Clearing Company Limited are held on behalf of foreign investors who purchased ordinary shares denominated in RMB of the Company through Shanghai-Hong Kong Stock Connect.



## SECTION VII CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS (CONTINUED)

### (III) SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS DISCLOSED IN ACCORDANCE WITH THE SECURITIES AND FUTURES ORDINANCE (CHAPTER 571 OF THE LAWS OF HONG KONG) (THE "SFO")

As at 31 December 2024, the shareholders of the Company (other than the Directors, Supervisors and chief executives of the Company) who had interests or short positions in the shares and underlying shares of the Company as recorded in the register are required to be kept under Section 336 of the SFO are set out below:

Name	Capacity	Nature of interests	Number of shares held <sup>1</sup>	Number of underlying shares held under equity derivatives	Total number of shares interested	Percentage of share capital in respect of relevant issued class share (%)	Percentage of total issued share capital (%)	Class of share
YTO <sup>1</sup>	Beneficial owner	Long position	548,485,853	/	548,485,853	74.96	48.81	A Share
Pandanus Associates Inc.	Interests of corporations controlled by major shareholders	Long position	22,646,000	/	22,646,000	5.78	2.02	H Shares

*Note 1:* SINOMACH is the controlling shareholder of YTO. SINOMACH is deemed to have the same interest in the Company as those owned by YTO by virtue of the SFO, holding 548,485,853 A Shares of the Company.

### (IV) DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2024, none of the directors, chief executive or supervisors of the Company had any interests or short positions in the shares, underlying shares and/or debentures (as the case may be) of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (including interests and short positions which any such director, chief executive or supervisor is deemed or taken to have under such provisions of the Securities and Futures Ordinance), or which were required to be entered in the register kept by the Company pursuant to Section 352 of the Securities and Futures Ordinance, or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies set out in Appendix C3 to the Listing Rules of the Stock Exchange.

## SECTION VII CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS (CONTINUED)

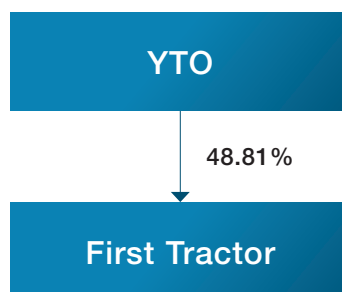
### III. CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER

#### (I) Controlling Shareholder

##### 1. Corporation

<b>Name</b>	<b>YTO Group Corporation</b>
Person in charge or legal representative	Zhao Weilin
Date of establishment	6 May 1997
Principal business	Agricultural machinery, power machinery, vehicles and components business
Shareholdings in other domestic and overseas listed companies controlled and held during the Reporting Period	None
Other explanation	None

##### 2. *Diagram Showing the Equity Interest and Controlling Relationship Between the Company and the Controlling Shareholder*



## SECTION VII CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS (CONTINUED)

### (II) De Facto Controller

#### 1. Corporation

##### Name

**China National Machinery Industry Corporation Ltd**

Person in charge or legal representative

Zhang Xiaolun

Date of establishment

21 May 1988

Principal business

External dispatch of contract workers required by overseas projects; domestic and foreign contracting of large equipment and projects, organization of the research and development of major technology and equipment in the industry, and the production and sales of scientific research products; sales of motor vehicles, cars and auto parts; contracting of overseas projects and domestic international bidding projects; import and export business; holding economic and trade exhibitions overseas and organization of domestic enterprises to participate or hold exhibitions overseas; holding exhibition and show activities; convention services. (Enterprise is allowed to choose the business to be engaged in and carry out such business activities pursuant to laws. For business items for which approvals are required under the laws, they can be carried out after obtaining approval from the relevant authorities. No business activities that are prohibited and restricted by the industrial policies of the municipality shall be carried out.)

## SECTION VII CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS (CONTINUED)

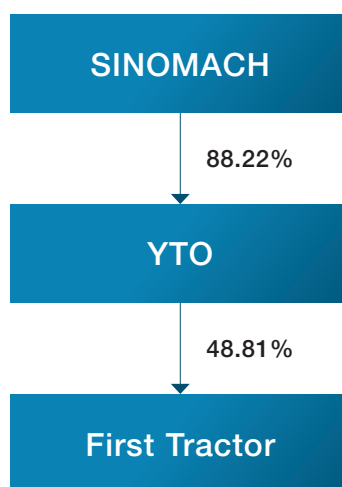
Equity interests in other domestic and overseas listed companies controlled and held by the Company during the Reporting Period

SINOMACH directly or indirectly holds equity interests in the following domestic and overseas listed companies: Lanpec Technologies Co., Ltd. (甘肅藍科石化高新裝備股份有限公司) (SH601798), SUMEC Co. Ltd. (SH600710), Linhai Co., Ltd. (林海股份有限公司) (SH600099), SINOMACH Automobile Co., Ltd. (國機汽車股份有限公司) (SH600335), China CAMC Engineering Co., Ltd. (SZ002051), SINOMACH Precision Industry Co., Ltd. (國機精工股份有限公司) (SZ002046), SINOMACH General Machinery Science & Technology Co., Ltd. (國機通用機械科技股份有限公司) (SH600444), China Electric Science and Technology Research Institute Co. Ltd. (中國電器科學院股份有限公司) (SH688128), CHTC Fong's International Company Limited (中國恒天立信國際有限公司) (HK00641), CHTC Helon Co., Ltd. (恒天海龍股份有限公司) (SZ000677), SINOMACH-HI Equipment Group Co., Ltd. (SH601399) and Modern Agricultural Equipment Co., Ltd., (NQ430010)

Other explanations

None

**2. Diagram Showing the Equity Interest and Controlling Relationship Between the Company and the De Facto Controller**



## SECTION VIII RELEVANT INFORMATION ON PREFERENCE SHARES

The Company had no preference shares during the Reporting Period.



## SECTION IX RELEVANT INFORMATION ON BONDS

The Company had no financing instruments such as enterprise bonds, corporate bonds and non-financial enterprise bonds or convertible corporate bonds during the Reporting Period.

## SECTION X AUDIT REPORT

To all shareholders of First Tractor Company Limited,

### I. AUDITOR'S OPINION

We have audited the financial statements of First Tractor Company Limited (hereinafter referred to as “the Company”), including the consolidated and the parent company's Balance Sheets as of December 31, 2024, the consolidated and the parent company's Income Statements, the consolidated and the parent company's Cash Flow Statements and the consolidated and the parent company's Statements of Changes in Shareholders' Equity for the year then ended, and Notes to the Financial Statements.

In our opinion, the attached Financial Statements present fairly, in all material respects, the consolidated and parent company's financial positions of the Company as of December 31, 2024, and its consolidated and parent company's operating results and cash flows for the year then ended in accordance with the Accounting Standards for Business Enterprises.

### II. BASIS FOR AUDITOR'S OPINION

We conducted our audit in accordance with the Auditing Standards for Certified Public Accountants of China. The section in the Auditor's Report titled “CPAs' Responsibilities for the Audit of the Financial Statements” further describes our responsibilities under these standards. We conduct our audit independent of the Company in accordance with the China Code of Ethics for Certified Public Accountants and fulfill other responsibilities in ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## SECTION X AUDIT REPORT (CONTINUED)

### III. KEY AUDIT MATTERS

Key audit matters are those matters that are deemed most significant to the audit of the Financial Statements for the current period based on our professional judgment. These matters are addressed by auditing the Financial Statements integrally and forming the audit opinion, so we do not provide a separate opinion on these matters.

#### 1. Recognition of revenues from main operations

Key Audit Matters	Countermeasures in the Audit
As mentioned in the accounting policies of “Note III. 25” and “Note V. Main items in Consolidated Financial Statements No. 43” to the Financial Statements, the sales revenue of the Company comes from the manufacturing and sales of agricultural machinery and power machinery. The amount of revenues from main operations in 2024 is RMB11,839,240,791.87. As the revenues from main operations are one of the key performance indicators of the Company and have a significant impact on the Financial Statements, we recognize the revenues from main operations of the Company as a key audit matter.	<p>Our main targeted procedures are as follows:</p> <ol style="list-style-type: none"> <li>1. Evaluate and test the effectiveness of the design and operation of the Company's key internal controls related to revenue recognition;</li> <li>2. Implement the test on revenue breakdown, select samples from the Company's sales revenue breakdown, check the sales contracts or orders, dispatch lists/receipts, or bills of lading, and evaluate whether the time point of revenue recognition conforms to the accounting policy on the revenue recognition;</li> <li>3. Implement an analytical procedure for revenues from main operations and gross profit and judge the rationality of the gross margin of sales in the current year;</li> <li>4. Implement the confirmation procedure by selecting customers with large annual sales amounts;</li> <li>5. Implement cut-off tests for sales revenues recognized before and after the balance sheet date to evaluate whether the sales revenues are recognized in the appropriate period.</li> </ol>

SECTION X    AUDIT REPORT (CONTINUED)

III.    KEY AUDIT MATTERS(CONTINUED)

2.    Impairment of accounts receivable

Key Audit Matters	Countermeasures in the Audit
<p>As mentioned in the accounting policies of “Note III. 11” and “Note V. Main items in Consolidated Financial Statements No. 4” to the Financial Statements, the book value of accounts receivable of the Company is RMB584,054,471.37, with impairment of RMB281,784,747.78 and carrying amount of RMB302,269,723.59. As the impairment for accounts receivable involves the Management estimates, if it cannot be recovered on schedule or cannot be recovered, which has a significant impact on the Financial Statements, we recognize the provision for impairment for accounts receivable of the Company as a key audit matter.</p>	<p>Our main targeted procedures are as follows:</p> <ol style="list-style-type: none"><li>1. Evaluate and test the design and operation effectiveness of key internal controls related to sales receipts;</li><li>2. Check the sales contract, learn about the payment collection policy and credit policy, check the payment collection from sales, and learn about and evaluate the rationality of the Management's accounting estimates of the expected credit loss rate of accounts receivable;</li><li>3. Obtain the calculation table of impairment for accounts receivable of the Company, to check the accuracy of provision;</li><li>4. Implement confirmation procedures of the ending balance of accounts receivable by selecting samples;</li><li>5. Analyze whether there is any sign of impairment for accounts receivable with a long age and whether the accrual for provision for impairment is sufficient.</li></ol>

## SECTION X AUDIT REPORT (CONTINUED)

### III. KEY AUDIT MATTERS(CONTINUED)

#### 3. Accrual for provision for inventory impairment

Key Audit Matters	Countermeasures in the Audit
<p>As mentioned in the accounting policies of “Note III. 12” and “Note V. Main items in Consolidated Financial Statements No. 8” to the Financial Statements, the inventories of the Company are mainly raw materials, products in process, finished goods, and goods shipped, with an original value of RMB1,472,624,070.26 at the end of the year and a provision for inventory impairment of RMB97,845,222.28, and a carrying amount of RMB1,374,778,847.98. As the book value of the inventories of the Company is large, and the impairment of inventory involves significant judgment and estimates of the Management, and whether the accrual for provision for inventory impairment is sufficient and appropriate has a significant impact on the Financial Statements, we recognize the accrual for provision for inventory impairment of the Company as a key audit matter.</p>	<p>Our main targeted procedures are as follows:</p> <ol style="list-style-type: none"> <li>1. Evaluate and test the design and operating effectiveness of key internal controls related to the accrual for provision for inventory impairment;</li> <li>2. Implement the inventory monitoring work, and check the quantity and condition of inventory;</li> <li>3. Select samples of finished goods, compare the product cost with the selling price of similar goods, and evaluate whether there is impairment;</li> <li>4. Obtain the list of inventory ageing at the end of the year, and analyze the rationality of the accrual for provision for long-aged inventory impairment in combination with the inventory status;</li> <li>5. Obtain and review the data on which the Management evaluates whether there is a sign of impairment of inventories, and evaluate their appropriateness and rationality;</li> <li>6. Obtain the breakdown of the goods shipped, interview the Management to learn about the status and receipt of the goods shipped, and review whether the provision for inventory impairment is reasonable in combination with the contract price and advances from customers.</li> </ol>



## SECTION X AUDIT REPORT (CONTINUED)

### IV. OTHER INFORMATION

The Management of the Company (hereinafter referred to as the Management) is responsible for other information. Other information includes information covered in 2024 annual report of the Company, except the Financial Statements and our Audit Report.

Our audit opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Based on the work that we have executed, we should report the fact if we determine the material misstatement of other information. In this regard, we have nothing to report.

### V. RESPONSIBILITIES OF THE MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The Management is responsible for preparing the Financial Statements in accordance with Accounting Standards for Business Enterprises to achieve fair presentation; and designing, implementing, and maintaining necessary internal control to make sure that the Financial Statements are free from material misstatement, whether due to fraud or error.

In preparation of the Financial Statements, the Management is responsible for assessing the Company's going-concern ability, disclosing the going-concern related items (if applicable), and applying going-concern assumptions, unless otherwise, the Management either intends to liquidate the Company, or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance of the Company are responsible for supervising the financial report process of the Company.

## SECTION X AUDIT REPORT (CONTINUED)

### VI. CPAS' RESPONSIBILITY FOR AUDIT OF FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but it does not guarantee that an audit conducted in accordance with auditing standards can always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users would take on the basis of these Financial Statements.

We exercise professional judgment and maintain professional skepticism in carrying out our audit in accordance with the Auditing Standards. At the same time, we also:

- (1) Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraudulent practices is higher than that resulting from mistakes, as fraudulent practices may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) Understand the audit-related internal control to design appropriate audit procedures.
- (3) Evaluate the appropriateness of the Management's selection of accounting policies and the rationality of accounting estimates as well as related disclosures.
- (4) Conclude on the appropriateness of the Management's use of the going concern basis of accounting. Conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Audit Report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on information available as of the date of the Audit Report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (5) Evaluate the overall presentation, structure, and content of the Financial Statements and evaluate whether the Financial Statements fairly reflect the relevant transactions and events.

## SECTION X AUDIT REPORT (CONTINUED)

### VI. CPAS' RESPONSIBILITY FOR AUDIT OF FINANCIAL STATEMENTS (CONTINUED)

We communicate with those Charged with Governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those Charged with Governance with a statement regarding compliance with ethical requirements related to independence and communicate with those Charged with Governance about all relationships and other matters that could reasonably be considered to affect our independence, as well as related precautions (if applicable).

From the matters communicated with those Charged with Governance, we determine which items are most important to the audit of the Financial Statements for the current period and thus constitute a key audit matter. We described these matters in our Audit Report unless law or regulation precludes public disclosure about the matter, or in those rare circumstances where we determine not to communicate with those Charged with Governance about a matter in our Audit Report if we reasonably expect that the adverse consequences of communicating about such matter in our Audit Report would outweigh the benefits in the public interest.

ShineWing Certified Public Accountants LLP

CPA of China: Ma Chuanjun (*Engagement Partner*)  
CPA of China: Ma Jing

Beijing, China

March 27, 2025

# CONSOLIDATED BALANCE SHEET

December 31, 2024

Prepared by First Tractor Company Limited

Unit: Yuan Currency: RMB

Item	Note	31 December 2024	31 December 2023
<b>Current assets:</b>			
Monetary fund	V. 1	2,345,044,150.92	2,769,578,885.96
Settlement reserves			
Loans to banks or other financial institutions			
Financial assets held for trading	V. 2	1,378,751,780.82	862,909,300.00
Derivative financial assets			
Bills receivable	V. 3	36,699,592.12	62,322,233.91
Accounts receivable	V. 4	302,269,723.59	331,205,994.88
Receivables financing	V. 5	162,000,234.88	261,430,180.63
Prepayments	V. 6	289,422,493.28	210,734,453.99
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance contract reserve receivable			
Other receivables	V. 7	46,387,183.65	24,672,309.74
Including: Interests receivable			
Dividends receivable			
Purchase and sell-back of financial assets			
Inventories	V. 8	1,374,778,847.98	1,514,190,377.68
Contract assets			
Assets held for sale			
Non-current assets due within one year	V. 9	1,183,614,680.34	26,733,364.62
Other current assets	V. 10	306,079,445.60	423,894,751.27
<b>Total current assets</b>		<b>7,425,048,133.18</b>	<b>6,487,671,852.68</b>
<b>Non-current assets:</b>			
Loans and advances			
Debt investments	V. 11	3,261,453,492.49	3,337,100,098.30
Other debt investments			
Long-term receivables	V. 12		
Long-term equity investments	V. 13	686,959,090.74	664,257,573.38
Other equity instrument investments	V. 14	4,456,280.38	4,188,008.77
Other non-current financial assets			
Investment properties			
Fixed assets	V. 15	2,260,822,274.24	2,268,814,612.75
Construction in progress	V. 16	147,682,578.79	140,038,654.10
Productive biological assets			
Oil and gas assets			
Right-of-use assets	V. 17	38,468,756.06	21,834,383.06
Intangible assets	V. 18	676,329,157.44	697,337,769.49
Development expenditures			
Goodwill	V. 19		
Long-term unamortized expenses	V. 20	45,760,654.99	47,746,656.30
Deferred income tax assets	V. 21	144,355,291.66	148,272,362.96
Other non-current assets			
<b>Total non-current assets</b>		<b>7,266,287,576.79</b>	<b>7,329,590,119.11</b>
<b>Total assets</b>		<b>14,691,335,709.97</b>	<b>13,817,261,971.79</b>

## CONSOLIDATED BALANCE SHEET (CONTINUED)

December 31, 2024

Unit: Yuan Currency: RMB

Item	Note	31 December 2024	31 December 2023
<b>Current liabilities:</b>			
Short-term borrowings			
Borrowings from central bank			
Loans from banks and other financial institutions			
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable	V. 23	2,537,943,251.97	2,163,570,194.22
Accounts payable	V. 24	2,157,202,989.34	2,315,345,789.04
Advances from customers			
Contract liabilities	V. 25	555,274,588.76	500,336,653.14
Financial assets sold under agreements to repurchase			
Customer bank deposits and interbank deposits			
Amount paid for agency securities trading			
Amount paid for agency securities underwriting			
Employee salary payable	V. 26	103,956,392.97	116,991,275.94
Taxes payable	V. 27	25,961,607.96	21,912,103.66
Other payables	V. 28	493,332,826.35	469,509,147.78
Including: Interests payable		39,535,828.27	39,524,418.05
Dividends payable		8,439,607.87	8,439,607.85
Fees and commissions payable			
Reinsurance accounts payable			
Liabilities held for sale			
Non-current liabilities due within one year	V. 29	225,596,509.07	20,969,818.62
Other current liabilities	V. 30	398,801,587.69	435,969,305.17
<b>Total current liabilities</b>		<b>6,498,069,754.11</b>	<b>6,044,604,287.57</b>
<b>Non-current liabilities:</b>			
Provision for insurance contracts			
Long-term borrowings	V. 31	65,950,000.00	200,000,000.00
Bonds payable			
Including: Preference shares			
Perpetual bonds			
Lease liabilities	V. 32	13,772,820.46	2,098,999.39
Long-term payables	V. 33	7,246,381.79	8,281,441.87
Long-term employee salary payable	V. 34	27,463,638.47	38,103,687.73
Estimated liabilities	V. 35	1,962,613.99	1,962,613.99
Deferred income	V. 36	174,930,894.21	181,945,272.97
Deferred income tax liabilities	V. 21	123,667,945.42	120,936,004.89
Other non-current liabilities			
<b>Total non-current liabilities</b>		<b>414,994,294.34</b>	<b>553,328,020.84</b>
<b>Total liabilities</b>		<b>6,913,064,048.45</b>	<b>6,597,932,308.41</b>



## CONSOLIDATED BALANCE SHEET (CONTINUED)

December 31, 2024

Unit: Yuan Currency: RMB

Item	Note	31 December 2024	31 December 2023
<b>Shareholders' equity:</b>			
Share capital	V. 37	1,123,645,275.00	1,123,645,275.00
Other equity instruments			
Including: Preference shares			
Perpetual bonds			
Capital reserves	V. 38	2,655,849,996.00	2,655,849,996.00
Less: treasury shares			
Other comprehensive income	V. 39	-13,151,228.80	-13,923,730.01
Special reserves	V. 40	9,145,661.53	7,494,294.70
Surplus reserves	V. 41	784,242,879.53	699,875,564.60
General risk reserves			
Retained earnings	V. 42	2,695,974,750.86	2,218,749,266.26
<b>Total equity attributable to owners (or shareholders) of the parent company</b>		<b>7,255,707,334.12</b>	<b>6,691,690,666.55</b>
<b>Non-controlling interests</b>		<b>522,564,327.40</b>	<b>527,638,996.83</b>
<b>Total owners' equity</b>		<b>7,778,271,661.52</b>	<b>7,219,329,663.38</b>
<b>Total liabilities and owners' equity</b>		<b>14,691,335,709.97</b>	<b>13,817,261,971.79</b>

Legal representative:  
Zhao Weilin

Person in charge of accounting:  
Liu Bin

Director of Accounting Department:  
Jiang Jingyuan

# BALANCE SHEET OF THE PARENT COMPANY

December 31, 2024

Prepared by First Tractor Company Limited

Unit: Yuan Currency: RMB

Item	Note	December 31, 2024	December 31, 2023
<b>Current assets:</b>			
Monetary fund		312,811,425.62	905,404,771.76
Financial assets held for trading		850,751,780.82	319,909,300.00
Derivative financial assets			
Bills receivable		4,523,242.13	11,068,995.02
Accounts receivable	XVI. 1	466,097,875.81	565,020,329.07
Receivables financing		140,697,099.79	120,710,664.18
Prepayments		279,080,206.70	205,865,768.79
Other receivables	XVI. 2	255,696,674.97	135,293,847.86
Including: Interests receivable			
Dividends receivable		76,808,376.96	76,808,376.96
Inventories		815,139,649.11	815,689,252.46
Contract assets			
Assets held for sale			
Non-current assets due within one year		1,156,800,819.24	—
Other current assets		192,788,496.02	350,125,914.62
<b>Total current assets</b>		<b>4,474,387,270.21</b>	<b>3,429,088,843.76</b>
<b>Non-current assets:</b>			
Debt investments		3,261,453,492.49	3,337,100,098.30
Other debt investments			
Long-term receivables			
Long-term equity investments	XVI. 3	2,369,935,683.79	2,152,723,764.67
Other equity instrument investments			
Other non-current financial assets			
Investment properties			
Fixed assets		1,178,762,948.20	1,295,996,508.07
Construction in progress		92,318,950.34	51,122,717.21
Productive biological assets			
Oil and gas assets			
Right-of-use assets		29,860,961.85	16,706,181.83
Intangible assets		468,089,227.32	481,333,709.05
Including: data resource			
Development expenditures			
Including: data resource			
Goodwill			
Long-term unamortized expenses		26,396,423.18	26,562,721.87
Deferred income tax assets		55,977,055.79	58,647,210.41
Other non-current assets			
<b>Total non-current assets</b>		<b>7,482,794,742.96</b>	<b>7,420,192,911.41</b>
<b>Total assets</b>		<b>11,957,182,013.17</b>	<b>10,849,281,755.17</b>

## BALANCE SHEET OF THE PARENT COMPANY (CONTINUED)

December 31, 2024

Unit: Yuan Currency: RMB

Item	Note	December 31, 2024	December 31, 2023
<b>Current liabilities:</b>			
Short-term borrowings			
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable		1,340,609,651.93	1,150,091,826.39
Accounts payable		1,342,593,084.21	1,436,650,341.10
Advances from customers			
Contract liabilities		856,003,675.90	594,829,479.32
Employee salary payable		70,112,453.04	84,066,432.55
Taxes payable		6,060,564.81	6,120,631.48
Other payables		572,740,153.19	383,041,759.57
Including: Interests payable			
Dividends payable			
Liabilities held for sale			
Non-current liabilities due within one year		219,267,407.67	15,749,354.05
Other current liabilities		119,639,694.15	95,304,122.30
<b>Total current liabilities</b>		<b>4,527,026,684.90</b>	<b>3,765,853,946.76</b>
<b>Non-current liabilities:</b>			
Long-term borrowings		65,950,000.00	200,000,000.00
Bonds payable			
Including: Preference shares			
Perpetual bonds			
Lease liabilities		10,780,751.59	1,377,500.48
Long-term payables			
Long-term employee salary payable		18,313,811.70	26,794,592.76
Estimated liabilities		1,962,613.99	1,962,613.99
Deferred income		141,173,780.33	150,924,550.63
Deferred income tax liabilities		40,179,144.28	33,872,322.27
Other non-current liabilities			
<b>Total non-current liabilities</b>		<b>278,360,101.89</b>	<b>414,931,580.13</b>
<b>Total liabilities</b>		<b>4,805,386,786.79</b>	<b>4,180,785,526.89</b>

## BALANCE SHEET OF THE PARENT COMPANY (CONTINUED)

December 31, 2024

Unit: Yuan Currency: RMB

Item	Note	December 31, 2024	December 31, 2023
<b>Shareholders' equity:</b>			
Share capital		1,123,645,275.00	1,123,645,275.00
Other equity instruments			
Including: Preference shares			
Perpetual bonds			
Capital reserves		2,561,176,415.62	2,561,176,415.62
Less: treasury shares			
Other comprehensive income		-242,038.45	-298,299.16
Special reserves			
Surplus reserves		709,749,595.70	625,382,280.77
Retained earnings		2,757,465,978.51	2,358,590,556.05
Total owners' equity		7,151,795,226.38	6,668,496,228.28
Total liabilities and owners' equity		11,957,182,013.17	10,849,281,755.17

Legal representative:  
Zhao Weilin

Person in charge of accounting:  
Liu Bin

Director of Accounting Department:  
Jiang Jingyuan

# CONSOLIDATED INCOME STATEMENT

FY2024

Prepared by First Tractor Company Limited

Unit: Yuan Currency: RMB

Item	Note	FY2024	FY2023
<b>I. Total operating revenue</b>		<b>11,904,370,911.94</b>	11,533,786,779.44
Including: operating revenue	V. 43	<b>11,904,370,911.94</b>	11,528,160,755.86
Interest income	V. 44		5,626,023.58
Premiums earned			
Fee and commission income	V. 45		
<b>II. Total operating cost</b>		<b>11,177,392,535.23</b>	10,763,216,167.37
Including: Operating costs	V. 43	<b>10,145,221,753.22</b>	9,783,012,246.50
Interest expenses	V. 44		99,838.97
Fee and commission expenses	V. 45		60,491.28
Surrenders			
Net compensation expenses			
Net insurance contract reserves			
Insurance policy dividend expenses			
Reinsurance expenses			
Taxes and surcharges	V. 46	<b>48,707,139.41</b>	49,066,163.90
Selling expenses	V. 47	<b>156,461,228.98</b>	154,508,842.48
Administrative expenses	V. 48	<b>354,693,536.41</b>	360,636,115.92
R&D expenses	V. 49	<b>516,377,794.17</b>	461,344,381.32
Financial expenses	V. 50	<b>-44,068,916.96</b>	-45,511,913.00
Including: Interest expenses		<b>5,764,579.07</b>	27,084,632.89
Interest income		<b>44,923,332.15</b>	64,235,457.08
Add: Other income	V. 51	<b>151,920,726.49</b>	72,465,499.82
Investment income (loss to be listed with "-")	V. 52	<b>172,346,555.92</b>	122,157,792.20
Including: Income from investment in associates and joint ventures		<b>48,597,463.28</b>	43,338,166.13
Revenue from derecognition of financial assets at amortized cost			
Exchange earnings (loss to be listed with "-")			
Net exposure hedging revenue (loss to be listed with "-")			
Income from changes in fair value (loss to be listed with "-")	V. 53	<b>27,395,502.26</b>	47,757,032.42
Credit impairment loss (loss to be listed with "-")	V. 54	<b>-18,749,875.34</b>	-2,350,331.02
Asset impairment loss (loss to be listed with "-")	V. 55	<b>-19,031,607.32</b>	-15,895,859.60
Income of assets disposal (loss to be listed with "-")	V. 56	<b>5,487,433.08</b>	1,561,504.48



## CONSOLIDATED INCOME STATEMENT (CONTINUED)

FY2024

Unit: Yuan Currency: RMB

Item	Note	FY2024	FY2023
<b>III. Operating profit (loss to be listed with “-”)</b>		<b>1,046,347,111.80</b>	996,266,250.37
Add: non-operating revenue	V. 57	5,906,114.68	8,134,394.76
Less: non-operating expenses	V. 58	475,559.14	1,314,671.50
<b>IV. Total profit (total loss to be listed with “-”)</b>		<b>1,051,777,667.34</b>	1,003,085,973.63
Less: income tax expenses	V. 59	120,839,952.03	14,058,675.83
<b>V. Net profit (net loss to be listed with “-”)</b>		<b>930,937,715.31</b>	989,027,297.80
(I) Net profit from continuing operations			
1. Net profit from going concern (net losses to be listed with “-”)		930,937,715.31	971,616,583.50
2. Net profit from discontinued operations (net losses to be listed with “-”)			17,410,714.30
(II) Net profit from discontinued operations			
1. Net profit attributable to shareholders of the parent company (net losses to be listed with “-”)		922,023,211.45	997,022,699.99
2. Gains/losses of non-controlling interests (net loss to be listed with “-”)		8,914,503.86	-7,995,402.19

## CONSOLIDATED INCOME STATEMENT (CONTINUED)

FY2024

Unit: Yuan Currency: RMB

Item	Note	FY2024	FY2023
<b>VI. Net after-tax amount of other comprehensive income</b>		<b>213,376.72</b>	<b>-4,032,831.14</b>
(I) Net after-tax amount of other comprehensive income attributable to the owners of the parent company		772,501.21	-8,070,185.72
I. Other comprehensive income that cannot be reclassified into profit or loss		193,079.23	115,426.69
1. Changes arising from re-measurement of the defined benefit plan			
2. Other comprehensive income that cannot be reclassified into profit or loss under the equity method		56,260.71	-228,590.79
3. Changes in fair value of other equity instrument investments		136,818.52	344,017.48
4. Changes in fair value of the Company's credit risk			
II. Other comprehensive income reclassified into profit or loss		579,421.98	-8,185,612.41
1. Other comprehensive income that can be reclassified into profit or loss under the equity method			
2. Changes in fair value of other debt investments			
3. The amount of financial assets reclassified into other comprehensive income			
4. Provision for credit impairment of other debt investments			
5. Hedging reserve arising from cash flows hedging			
6. Differences in translation of foreign currency financial statements		579,421.98	-8,185,612.41
7. Others			
(II) Other comprehensive income attributable to non-controlling interests		-559,124.49	4,037,354.58

## CONSOLIDATED INCOME STATEMENT (CONTINUED)

FY2024

Unit: Yuan Currency: RMB

Item	Note	FY2024	FY2023
<b>VII.Total comprehensive income</b>		<b>931,151,092.03</b>	<b>984,994,466.66</b>
(I) Total comprehensive income attributable to the owner of the parent company		922,795,712.66	988,952,514.27
(II) Total comprehensive income attributable to non-controlling interests		8,355,379.37	-3,958,047.61
<b>VIII. Earnings per share:</b>			
(I) Basic earnings per share (yuan/share)		0.8206	0.8873
(II) Diluted earnings per share (yuan/share)		0.8206	0.8873

In the current period, if there is a business combination under common control, the net profit realized by the acquiree before the merger amounts to RMB0, and the net profit realized by the acquiree in the previous period is RMB0.

Legal representative:  
Zhao Weilin

Person in charge of accounting:  
Liu Bin

Director of Accounting Department:  
Jiang Jingyuan

# INCOME STATEMENT OF THE PARENT COMPANY

FY2024

Prepared by First Tractor Company Limited

Unit: Yuan Currency: RMB

Item	Note	FY2024	FY2023
<b>I. Operating revenues</b>	XVI. 4	<b>9,435,492,530.23</b>	9,245,928,057.80
Less: operating costs	XVI. 4	<b>8,231,060,701.41</b>	7,992,902,417.04
Taxes and surcharges		<b>22,716,438.44</b>	22,430,602.22
Selling expenses		<b>4,511,490.77</b>	3,002,017.41
Administrative expenses		<b>209,596,222.20</b>	217,690,496.67
R&D expenses		<b>420,672,535.98</b>	366,026,787.22
Financial expenses		<b>-2,050,019.39</b>	-10,767,261.75
Including: Interest expenses		<b>36,512,112.30</b>	40,153,135.73
Interest income		<b>39,255,073.08</b>	51,864,647.17
Add: Other income		<b>108,049,952.70</b>	58,391,169.30
Investment income (loss to be listed with "-")	XVI. 5	<b>188,229,755.57</b>	341,093,076.25
Including: Income from investment in associates and joint ventures		<b>48,489,509.41</b>	43,306,941.89
Revenue from derecognition of financial assets at amortized cost (loss to be listed with "-")			
Net exposure hedging revenue (loss to be listed with "-")			
Income from changes in fair value (loss to be listed with "-")		<b>42,395,502.26</b>	58,857,032.42
Credit impairment loss (loss to be listed with "-")		<b>50,499,045.44</b>	-56,226,321.11
Asset impairment loss (loss to be listed with "-")		<b>-5,561,981.42</b>	-4,857,049.43
Income of assets disposal (loss to be listed with "-")		<b>9,016,237.80</b>	734,252.39
<b>II. Operating profit (loss to be listed with "-")</b>		<b>941,613,673.17</b>	1,052,635,158.81
Add: Non-operating revenue		<b>3,478,105.17</b>	1,376,788.62
Less: non-operating expenses		<b>28,975.00</b>	203,581.00
<b>III. Total profit (total loss to be listed with "-")</b>		<b>945,062,803.34</b>	1,053,808,366.43
Less: income tax expenses		<b>101,389,654.03</b>	9,387,679.33
<b>IV. Net profit (net loss to be listed with "-")</b>		<b>843,673,149.31</b>	1,044,420,687.10
(I) Net profit from continuing operations (net loss to be listed with "-")		<b>843,673,149.31</b>	1,044,420,687.10
(II) Net profit from discontinued operations (net loss to be listed with "-")			

## INCOME STATEMENT OF THE PARENT COMPANY (CONTINUED)

FY2024

Unit: Yuan Currency: RMB

Item	Note	FY2024	FY2023
<b>V. Net after-tax amount of other comprehensive income</b>		<b>56,260.71</b>	<b>-228,590.79</b>
(I) Other comprehensive income that cannot be reclassified into profit or loss		<b>56,260.71</b>	<b>-228,590.79</b>
1. Changes arising from re-measurement of the defined benefit plan			
2. Other comprehensive income that cannot be reclassified into profit or loss under the equity method		<b>56,260.71</b>	<b>-228,590.79</b>
3. Changes in fair value of other equity instrument investments			
4. Changes in fair value of the Company's credit risk			
(II) Other comprehensive income reclassified into profit or loss			
1. Other comprehensive income that can be reclassified into profit or loss under the equity method			
2. Changes in fair value of other debt investments			
3. The amount of financial assets reclassified into other comprehensive income			
4. Provision for credit impairment of other debt investments			
5. Hedging reserve arising from cash flows hedging			
6. Differences in translation of foreign currency financial statements			
7. Others			
<b>VI. Total comprehensive income</b>		<b>843,729,410.02</b>	<b>1,044,192,096.31</b>

Legal representative:  
Zhao Weilin

Person in charge of accounting:  
Liu Bin

Director of Accounting Department:  
Jiang Jingyuan



# CONSOLIDATED CASH FLOW STATEMENT

FY2024

Prepared by First Tractor Company Limited

Unit: Yuan Currency: RMB

Item	Note	FY2024	FY2023
<b>I. Cash flows from operating activities:</b>			
Cash received from sales of goods and provision of services		10,646,284,228.85	9,660,134,420.37
Net increase in customer deposit and interbank deposit			-33,469,641.36
Net increase in borrowings from central bank			
Net increase in loans from other financial institutions			
Cash received as premiums of original insurance contracts			
Net cash received from reinsurance business			
Net increase in policy holder deposits and investment			
Cash received from interests, fees and commissions			6,394,495.07
Net increase in loans from banks and other financial institutions			
Net increase from repurchasing business funds			
Net cash received as agency for securities trading			
Refund of taxes and surcharge		287,716,182.65	263,741,466.07
Other cash received relating to operating activities	V. 61	285,145,170.80	325,324,559.49
Subtotal of cash inflows from operating activities		11,219,145,582.30	10,222,125,299.64
Cash paid for goods and services		8,296,127,269.75	7,482,689,226.59
Net increase in loans and advances to customers			-95,035.30
Net increase in deposits in the central bank and other financial institutions			-9,176,871.31
Cash paid for compensation payout under original insurance contracts			
Net increase in loans to banks or other financial institutions			
Cash paid for interests, fees and commissions			844,433.24
Cash paid for policy dividends			
Cash paid to and on behalf of employees		1,191,990,679.16	1,096,431,552.84
Payments of taxes and surcharges		312,481,496.89	242,503,711.61
Cash paid for other operating activities	V. 61	202,430,584.29	352,666,681.19
Subtotal of cash outflows from operating activities		10,003,030,030.09	9,165,863,698.86
<b>Net cash flows from operating activities</b>		<b>1,216,115,552.21</b>	<b>1,056,261,600.78</b>

## CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

FY2024

Unit: Yuan Currency: RMB

Item	Note	FY2024	FY2023
<b>II. Cash flows from investing activities:</b>			
Cash received from the return of investments		249,938,929.41	424,266,450.00
Cash received from acquirement of investment income		40,755,695.91	33,451,579.32
Net cash received from the sale of fixed assets, intangible assets and other long-term assets		8,491,304.93	4,642,376.82
Net cash received from disposal of subsidiaries and other business units			
Other cash received relating to investing activities	V. 61	124,704,059.34	
Subtotal of cash inflows from investing activities		423,889,989.59	462,360,406.14
Cash paid to acquire fixed assets, intangible assets and other long-term assets		111,974,124.39	89,101,317.79
Cash paid to acquire investments		1,635,348,808.15	2,382,527,019.25
Net increase in pledged loans			
Net cash paid for the acquisition of subsidiaries and other business entities			
Other cash paid relating to investment activities	V. 61		463,615.57
Subtotal of cash outflows from investing activities		1,747,322,932.54	2,472,091,952.61
<b>Net cash flows from investing activities</b>		<b>-1,323,432,942.95</b>	<b>-2,009,731,546.47</b>
<b>III. Cash flows from financing activities:</b>			
Cash received from absorbing investments			
Including: Cash received by subsidiaries from non-controlling shareholders' investments			
Cash received from borrowings		65,950,000.00	300,000,000.00
Other cash received relating to financing activities			
Subtotal of cash inflows from financing activities		65,950,000.00	300,000,000.00
Cash paid for repayment of debts		708,000.00	349,580,000.00
Cash paid for distribution of dividends, profits or interest repayment		378,961,425.54	273,225,650.39
Including: Dividends and profits paid by subsidiaries to non-controlling shareholders		13,447,680.28	4,662,532.29
Other cash paid relating to financing activities	V. 61	22,454,151.20	23,537,743.44
Subtotal of cash outflows from financing activities		402,123,576.74	646,343,393.83
<b>Net cash flows from financing activities</b>		<b>-336,173,576.74</b>	<b>-346,343,393.83</b>

## CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

FY2024

Unit: Yuan Currency: RMB

Item	Note	FY2024	FY2023
IV. Effects from the change of exchange rate on cash and cash equivalents		<u>4,927,867.73</u>	<u>3,446,393.68</u>
V. Net increase in cash and cash equivalents	V. 62	<u>-438,563,099.75</u>	<u>-1,296,366,945.84</u>
Add: Beginning balance of cash and cash equivalents	V. 62	<u>2,223,210,636.03</u>	<u>3,519,577,581.87</u>
VI. Ending balance of cash and cash equivalents	V. 62	<u><u>1,784,647,536.28</u></u>	<u><u>2,223,210,636.03</u></u>

Legal representative:  
Zhao Weilin

Person in charge of accounting:  
Liu Bin

Director of Accounting Department:  
Jiang Jingyuan

# CONSOLIDATED CASH FLOW STATEMENT

FY2024

Prepared by First Tractor Company Limited

Unit: Yuan Currency: RMB

Item	Note	FY2024	FY2023
<b>I. Cash flows from operating activities:</b>			
Cash received from sales of goods and provision of services		7,836,349,399.10	7,195,823,741.65
Refund of taxes and surcharge		221,940,993.80	163,669,145.12
Other cash received relating to operating activities		408,915,745.75	350,596,547.58
Subtotal of cash inflows from operating activities		8,467,206,138.65	7,710,089,434.35
Cash paid for goods and services		6,019,667,637.34	5,892,196,609.76
Cash paid to and on behalf of employees		724,336,496.93	668,289,972.62
Payments of taxes and surcharges		206,549,037.39	143,137,855.18
Cash paid for other operating activities		341,475,889.67	279,605,438.39
Subtotal of cash outflows from operating activities		7,292,029,061.33	6,983,229,875.95
Net cash flows from operating activities		1,175,177,077.32	726,859,558.40
<b>II. Cash flows from investing activities:</b>			
Cash received from the return of investments		200,908,544.16	1,084,863,228.35
Cash received from acquirement of investment income		54,002,845.19	37,236,751.79
Net cash received from the sale of fixed assets, intangible assets and other long-term assets		3,506,588.87	2,914,577.63
Net cash received from disposal of subsidiaries and other business units			
Other cash received relating to investing activities			
Subtotal of cash inflows from investing activities		258,417,978.22	1,125,014,557.77
Cash paid to acquire fixed assets, intangible assets and other long-term assets		61,384,096.31	25,688,928.15
Cash paid to acquire investments		1,552,406,840.65	2,367,887,500.00
Net cash paid for the acquisition of subsidiaries and other business entities		97,476,149.00	
Other cash paid relating to investment activities			
Subtotal of cash outflows from investing activities		1,711,267,085.96	2,393,576,428.15
Net cash flows from investing activities		-1,452,849,107.74	-1,268,561,870.38

## CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

FY2024

Unit: Yuan Currency: RMB

Item	Note	FY2024	FY2023
<b>III. Cash flows from financing activities:</b>			
Cash received from absorbing investments			
Cash received from borrowings		65,950,000.00	300,000,000.00
Other cash received relating to financing activities			
Subtotal of cash inflows from financing activities		65,950,000.00	300,000,000.00
Cash paid for repayment of debts			300,000,000.00
Cash paid for distribution of dividends, profits or interest repayment		367,195,311.92	269,803,161.43
Other cash paid relating to financing activities		17,410,327.05	16,496,071.46
Subtotal of cash outflows from financing activities		384,605,638.97	586,299,232.89
<b>Net cash flows from financing activities</b>		<b>-318,655,638.97</b>	<b>-286,299,232.89</b>
<b>IV. Effects from the change of exchange rate on cash and cash equivalents</b>		<b>311.78</b>	<b>-11,270.18</b>
<b>V. Net increase in cash and cash equivalents</b>		<b>-596,327,357.61</b>	<b>-828,012,815.05</b>
Add: Beginning balance of cash and cash equivalents		679,726,897.95	1,507,739,713.00
<b>VI. Ending balance of cash and cash equivalents</b>		<b>83,399,540.34</b>	<b>679,726,897.95</b>

Legal representative:  
Zhao Weilin

Person in charge of accounting:  
Liu Bin

Director of Accounting Department:  
Jiang Jingyuan



# CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FY2024

Unit: Yuan Currency: RMB

	FY2024															
	Shareholders' equity attributable to the parent company															
Item	Paid-in capital (or share capital)	Other equity instruments			Capital reserves	Less: treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Retained earnings	Others	Subtotal	Equity of minority shareholders	Total owners' equity	
		Preference shares	Perpetual bonds	Others												
I. Ending balance of the previous year	1,123,645,275.00				2,655,849,996.00		-13,923,730.01	7,494,294.70	699,875,564.60		2,218,749,266.26		6,691,690,666.55	527,638,996.83	7,219,329,663.38	
Add: Changes in accounting policies																
Correction of prior period errors																
Others																
II. Beginning balance of the current year	1,123,645,275.00				2,655,849,996.00		-13,923,730.01	7,494,294.70	699,875,564.60		2,218,749,266.26		6,691,690,666.55	527,638,996.83	7,219,329,663.38	
III. Movements in the Current Year (decrease to be listed with "-")																
(I) Total comprehensive income							772,501.21	1,651,366.83	84,367,314.93		477,225,484.60		564,016,667.57	-5,074,669.43	558,941,998.14	
(II) Capital invested and decreased by shareholders							772,501.21				922,023,211.45		922,795,712.66	8,355,379.37	931,151,092.03	
1. Common shares invested by shareholders																
2. Capital contributed by holders of other equity instruments																
3. Amount of share-based payment included in shareholder's equity																
4. Others																
(III) Profit distribution									84,367,314.93		-444,797,726.85		-360,430,411.92	-13,447,680.28	-373,878,092.20	
1. Appropriation to surplus reserves									84,367,314.93		-84,367,314.93					
2. Appropriation to general risk reserves																
3. Distribution to shareholders											-360,430,411.92		-360,430,411.92	-13,447,680.28	-373,878,092.20	
4. Others																
(IV) Internal carry-over in shareholder's equity																
1. Capital surplus transferred to share capital																
2. Surplus reserves transferred to share capital																
3. Surplus reserves to recover losses																
4. Retained earnings carried forward from changes in defined benefit plan																
5. Retained earnings carried forward from other comprehensive income																
6. Others																
(V) Special reserves								1,651,366.83					1,651,366.83	17,631.48	1,668,998.31	
1.Appropriation in the current year								19,534,818.19					19,534,818.19	1,728,120.29	21,262,938.48	
2.Use in the current year								17,883,451.36					17,883,451.36	1,710,488.81	19,593,940.17	
(VI) Others																
IV. Ending balance of the current year	1,123,645,275.00				2,655,849,996.00		-13,151,228.80	9,145,661.53	784,242,879.53		2,695,974,750.86		7,255,707,334.12	522,564,327.40	7,778,271,661.52	

# CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

FY2024

Unit: Yuan Currency: RMB

	FY2023													
	Shareholders' equity attributable to the parent company												Equity of minority shareholders	Total owners' equity
Item	Paid-in capital (or share capital)	Preference shares	Other equity instruments Perpetual bonds	Capital reserves Others	Less: treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Retained earnings	Other	Subtotal		
I. Ending balance of the previous year	1,123,645,275.00			2,655,849,996.00		-5,853,544.29	5,497,405.05	595,433,495.89	43,263,387.54	1,540,248,936.64		5,958,084,951.83	539,085,924.10	6,497,170,875.93
Add: Changes in accounting policies														
Correction of prior period errors														
Others														
II. Beginning balance of the current year	1,123,645,275.00			2,655,849,996.00		-5,853,544.29	5,497,405.05	595,433,495.89	43,263,387.54	1,540,248,936.64		5,958,084,951.83	539,085,924.10	6,497,170,875.93
III. Movements in the Current Year (decrease to be listed with "-")						-8,070,185.72	1,996,889.65	104,442,068.71	-43,263,387.54	678,500,329.62		733,605,714.72	-11,446,927.27	722,158,787.45
(I) Total comprehensive income						-8,070,185.72				997,022,699.99		988,952,514.27	-3,958,047.61	984,994,466.66
(II) Capital invested and decreased by shareholders													-3,000,000.00	-3,000,000.00
1. Common shares invested by shareholders														
2. Capital contributed by holders of other equity instruments														
3. Amount of share-based payment included in shareholder's equity														
4. Others													-3,000,000.00	-3,000,000.00
(III) Profit distribution								104,442,068.71		-361,785,757.91		-257,343,689.20	-4,662,532.29	-262,006,221.49
1. Appropriation to surplus reserves								104,442,068.71		-104,442,068.71				
2. Appropriation to general risk reserves														
3. Distribution to shareholders										-257,343,689.20		-257,343,689.20	-4,662,532.29	-262,006,221.49
4. Others														
(IV) Internal carry-over in shareholder's equity									-43,263,387.54	43,263,387.54				
1. Capital surplus transferred to share capital														
2. Surplus reserves transferred to share capital														
3. Surplus reserves to recover losses														
4. Retained earnings carried forward from changes in defined benefit plan														
5. Retained earnings carried forward from other comprehensive income									-43,263,387.54	43,263,387.54				
6. Others														
(V) Special reserves							1,996,889.65					1,996,889.65	173,652.63	2,170,542.28
1. Appropriation in the current year							21,456,415.06					21,456,415.06	1,615,979.92	23,072,394.98
2. Use in the current year							19,459,525.41					19,459,525.41	1,442,327.29	20,901,852.70
(VI) Others														
IV. Ending balance of the current year	1,123,645,275.00			2,655,849,996.00		-13,923,730.01	7,494,294.70	699,875,564.60		2,218,749,266.26		6,691,690,666.55	527,638,996.83	7,219,329,663.38

Legal representative:  
Zhao Weilin

Person in charge of accounting:  
Liu Bin

Director of Accounting Department:  
Jiang Jingyuan

# STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF THE PARENT COMPANY

FY2024

Prepared by First Tractor Company Limited

Unit: Yuan Currency: RMB

Item	FY2024									
	Paid-in capital (or share capital)	Other equity instruments		Capital reserves	Less: treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Total owners' (shareholders') equity
		Preference shares	Perpetual bonds							
I. Ending balance of the previous year	1,123,645,275.00			2,561,176,415.62		-298,299.16		625,382,280.77	2,358,590,556.05	6,668,496,228.28
Add: Changes in accounting policies										
Correction of prior period errors										
Others										
II. Beginning balance of the current year	1,123,645,275.00			2,561,176,415.62		-298,299.16		625,382,280.77	2,358,590,556.05	6,668,496,228.28
III. Movements in the Current Year (decrease to be listed with "-")						56,260.71		84,367,314.93	398,875,422.46	483,298,998.10
(I) Total comprehensive income						56,260.71			843,673,149.31	843,729,410.02
(II) Capital invested and decreased by shareholders										
1. Common shares invested by shareholders										
2. Capital contributed by holders of other equity instruments										
3. Amount of share-based payment included in shareholder's equity										
4. Others										
(III) Profit distribution										
1. Appropriation to surplus reserves								84,367,314.93	-444,797,726.85	-360,430,411.92
2. Distribution to shareholders								84,367,314.93	-84,367,314.93	
3. Others									-360,430,411.92	-360,430,411.92
(IV) Internal carry-over in shareholder's equity										
1. Capital surplus transferred to share capital										
2. Surplus reserves transferred to share capital										
3. Surplus reserves to recover losses										
4. Retained earnings carried forward from changes in defined benefit plan										
5. Retained earnings carried forward from other comprehensive income										
6. Others										
(V) Special reserves										
1. Appropriation in the current year							9,940,582.78			9,940,582.78
2. Use in the current year							9,940,582.78			9,940,582.78
(VI) Others										
IV. Ending balance of the current year	1,123,645,275.00			2,561,176,415.62		-242,038.45		709,749,595.70	2,757,465,978.51	7,151,795,226.38

# STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF THE PARENT COMPANY (CONTINUED)

FY2024

Unit: Yuan Currency: RMB

	FY2023										
Item	Paid-in capital (or share capital)	Preference shares	Other equity instruments Perpetual bonds	Others	Capital reserves	Less: treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Total owners' (shareholders') equity
I. Ending balance of the previous year	1,123,645,275.00				2,561,176,415.62		-69,708.37		520,940,212.06	1,675,955,626.86	5,881,647,821.17
Add: Changes in accounting policies											
Correction of prior period errors											
Others											
II. Beginning balance of the current year	1,123,645,275.00				2,561,176,415.62		-69,708.37		520,940,212.06	1,675,955,626.86	5,881,647,821.17
III. Movements in the Current Year (decrease to be listed with "-")											
(I) Total comprehensive income							-228,590.79		104,442,068.71	682,634,929.19	786,848,407.11
(II) Capital invested and decreased by shareholders										1,044,420,687.10	1,044,192,096.31
1. Common shares invested by shareholders											
2. Capital contributed by holders of other equity instruments											
3. Amount of share-based payment included in shareholder's equity											
4. Others											
(III) Profit distribution									104,442,068.71	-361,785,757.91	-257,343,689.20
1. Appropriation to surplus reserves									104,442,068.71	-104,442,068.71	
2. Distribution to shareholders										-257,343,689.20	-257,343,689.20
3. Others											
(IV) Internal carry-over in shareholder's equity											
1. Capital surplus transferred to share capital											
2. Surplus reserves transferred to share capital											
3. Surplus reserves to recover losses											
4. Retained earnings carried forward from changes in defined benefit plan											
5. Retained earnings carried forward from other comprehensive income											
6. Others											
(V) Special reserves											
1. Appropriation in the current year								12,991,297.08			12,991,297.08
2. Use in the current year								12,991,297.08			12,991,297.08
(VI) Others											
IV. Ending balance of the current year	1,123,645,275.00				2,561,176,415.62		-298,299.16		625,382,280.77	2,358,590,556.05	6,668,496,228.28

Legal representative:  
**Zhao Weilin**

Person in charge of accounting:  
**Liu Bin**

Director of Accounting Department:  
**Jiang Jingyuan**

# NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

## I. COMPANY PROFILE

### 1. COMPANY PROFILE

First Tractor Company Limited (hereinafter referred to as the Company, including its subsidiaries, collectively referred to as the Group) is a limited company established in the People's Republic of China on 8 May 1997. The Company acquired the main tractor manufacturing business and related assets and liabilities of China YTO Group Corporation (hereinafter referred to as China YTO) in accordance with the reorganization plan effective on 31 December 1996. The net asset value is RMB636,346,000.00, which is converted into 450,000,000 state-owned legal person shares of the Company. Subsequently, the Company was approved to issue 335,000,000 H shares (par value of RMB1 per share) in Hong Kong, and the registered capital and paid-in capital of the Company were increased to RMB785,000,000.00. The H shares issued by the Company were listed on the Stock Exchange of Hong Kong Limited (Hong Kong Stock Exchange) on 23 June 1997. On 24 October 2007, the Company allotted 60,900,000 H shares at HKD 3.95 per share. After the completion of the allotment, the registered capital and paid-in capital of the Company increased to RMB845,900,000.00. On 27 July 2012, with the approval of ZJXK [2012] No. 736 Document of China Securities Regulatory Commission, the Company publicly issued not more than 150,000,000 ordinary shares in RMB, and the actual issued shares were 150,000,000 shares at an issue price of RMB5.40 per share. All the issuance funds were in place on 1 August 2012, and the Company was officially listed for trading on Shanghai Stock Exchange on 8 August 2012. The registered capital and paid-in capital of the Company increased to RMB995,900,000.00.

With the approval of the Company's 2015 Annual General Meeting, the first A shareholders' class meeting in 2016 and the first H shareholders' class meeting in 2016, the Company repurchased and canceled a total of 10,050,000 H shares from 19 July 2016 to 26 May 2017.

In January 2021, after the Company received the Reply on Approving the Private Placement of Shares by First Tractor Company Limited from the China Securities Regulatory Commission, China YTO increased the capital of the Company by RMB694,178,644.67, of which RMB137,795,275.00 was included in the share capital and RMB556,383,369.67 was included in the share premium of the capital reserve.

After the distribution of bonus shares, placement of new shares, conversion to share capital, issuance of new shares, share repurchase, etc., over the years, as of 31 December 2024, the Company had a total of 1,123,645,275 shares of share capital and registered capital of RMB1,123,645,275.00.

The Group operates in the agricultural machinery manufacturing industry, and its main products include the manufacturing and sale of agricultural machinery and power machinery.

The parent company of the Company is China YTO, and the ultimate controller is China National Machinery Industry Corporation (hereinafter referred to as Sinomach). Both are registered in China.



## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### II. BASIS OF PREPARATION FOR FINANCIAL STATEMENTS

#### 1. Preparation basis

The financial statements of the Group are prepared on a going concern basis, based on actual transactions and events that have occurred, in accordance with the *Accounting Standards for Business Enterprises* and its application guidelines, interpretations and other relevant regulations issued by the Ministry of Finance (hereinafter collectively referred to as the “ASBE”), the *Preparation Rules for Information Disclosure by Companies Offering Securities to the Public No. 15 – General Provisions on Financial Reports* (2023 Revision) and relevant regulations of the China Securities Regulatory Commission (hereinafter referred to as “CSRC”), and the relevant disclosure requirements under the *Hong Kong Companies Ordinance and the Listing Rules* of the Stock Exchange of Hong Kong, and have been prepared on the basis of the accounting policies and accounting estimates set out in “III. Significant Accounting Policies and Accounting Estimates” in these notes.

#### 2. Going concern

The Group has a recent history of profitable operations and is supported by financial resources, therefore it is reasonable to prepare the financial statements on a going concern basis.

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

#### 1. Declaration on compliance with ASBE

The financial statements of the Company comply with the requirements of the ASBE, and truly and completely present the financial position of the Company and the Group as of 31 December 2024, and their operating results and cash flows and other related information for 2024.

#### 2. Accounting period

The accounting period of the Group is from 1 January to 31 December of each calendar year.

#### 3. Business cycle

The business cycle of the Group is 12 months.

#### 4. Bookkeeping currency

YTO Belarus Technology Co., Ltd., a subsidiary of the Company, uses BYN as its bookkeeping currency; Yitwo Argo Industrial uses XOF as its bookkeeping currency; Brilliance China Machinery Holdings Ltd. uses USD as its bookkeeping currency. Except for the above companies, the Company and other subsidiaries use RMB as their bookkeeping currency.

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 5. Determination method and selection basis for materiality

☒ Applicable ☐ Not applicable

The Group follows the principle of materiality in preparing and disclosing financial statements. Disclosures in the Notes to the Financial Statements involving the determination of materiality and the method and basis for determination of materiality are as follows:

Disclosures involving the determination of materiality	Determination method and selection basis for determination of materiality
Write-off of significant receivables	Any receivable written off with an amount exceeding RMB1 million
Significant construction in progress	Construction in progress with a single-asset investment budget of more than RMB40 million
Significant payables aged over one year or overdue	Any payable with an amount exceeding RMB10 million and accounting for over 0.5% of all payables
Significant contract liabilities aged over one year or overdue	Any contract liabilities with an amount exceeding RMB10 million and accounting for over 2% of all contract liabilities
Significant interest payables overdue	Any interest payable overdue with an amount exceeding RMB5 million
Significant other payables aged over 1 year or overdue	Any other payables with an amount accounting for more than 2% of the book value of all other payables and with its book value greater than RMB10 million
Significant cash flows from investing activities	Any investment cash flow of all equity investments or with an amount accounting for over 3.5% of total assets
Significant non-wholly-owned subsidiaries	Any non-wholly-owned subsidiary with its income, net profit, net assets, or total assets accounting for more than 5% of the corresponding items attributable to shareholder in the consolidated statements of the Group
Significant associates or joint ventures	Any associates or joint ventures in which the cost of investment in a single company is more than 1% of the total assets
Significant contingencies/events after the balance sheet date/other material matters	Amount exceeding RMB2 million

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 6. Accounting method for business combination under common control and not under common control

The assets and liabilities acquired by the Group, as the combining party, from the business combinations under common control should be measured based on the carrying amount in the ultimate controller's consolidated statements of the combined party on the combination date. The difference between the carrying amount of the net assets acquired and that of the paid combination consideration shall be used to adjust the capital reserve. Where the capital reserve is insufficient for offset, retained earnings shall be adjusted.

The identifiable assets, liabilities and contingent liabilities acquired from the acquiree in the business combinations not under common control are measured at fair value on the acquisition date. The combination cost is the sum of fair value of cash or non-cash assets paid, liabilities issued or assumed, equity securities issued, etc. on the acquisition date for obtaining control of the acquiree and various direct expenses in business combination (in the business combination realized step by step through several transactions, the combination cost is the sum of the cost for each single transaction). Balance between the combination cost and the fair value of the identifiable net assets of the acquiree obtained by the Group in the combination shall be recognized as goodwill; if the combination cost is less than the fair value of the identifiable net assets of the acquiree obtained in the combination, the fair value of various identifiable assets, liabilities and contingent liabilities obtained in the combination and the fair value of non-cash assets or equity securities issued in the consideration of combination shall be re-audited first. If the reaudited combination cost is still less than the fair value of identifiable net assets of the acquiree obtained in the combination, the balance shall be included in consolidated current non-operating revenue.

#### 7. Determination of control and preparation of consolidated financial statements

The consolidation scope of the Group's consolidated financial statements is determined on a control basis, including the Company and all subsidiaries under its control, which further includes divisible parts in enterprises and investees, and structured entities under their control. The Group's criterion for identifying control is that the Group has the power over the investee, and can enjoy variable returns through participating in related activities of the investee and is able to influence its amount of return with the power over the investee.

In preparing the consolidated financial statements, where the accounting policy or accounting period adopted by subsidiaries are inconsistent with that adopted by the Company, financial statements of subsidiaries shall be adjusted according to the accounting policy or accounting period of the Company.

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 7. Determination of control and preparation of consolidated financial statements (Continued)

All material internal transactions, balances and unrealized profits within the scope of consolidation shall be eliminated during the preparation of consolidated statements. Shares in owners' equity of subsidiaries but not attributable to the parent company, net profit or loss for the current period, other comprehensive income, and shares attributable minority shareholders in total comprehensive income shall be presented in consolidated statements as "Minority shareholders equity interests, profit or loss of minority shareholders, other comprehensive income attributable to minority shareholders and total comprehensive income attributable to minority shareholders" respectively.

For the subsidiaries acquired in the business combinations under common control, their operating results and cash flows are included into the consolidated financial statements from the beginning of the current period of the combination. During the preparation of comparative consolidated financial statements, relevant items in the financial statements of the previous year shall be adjusted. It shall be deemed that the reporting entity formed after the combination has existed since the beginning of control by the ultimate controller.

Under the circumstance that the equity of the investee under common control is obtained step by step through several transactions, which results in a business combination, supplementary disclosure to treatment methods in consolidated financial statements shall be made in the Reporting Period for acquiring the control. For example, if equity of the investee under common control is obtained step by step through several transactions, which results in a business combination, such equity shall be adjusted in the preparation of consolidated statements as if it might have existed as the current state from the time when the ultimate controller takes control. When preparing comparative accounts, relevant assets and liabilities of the combined party are incorporated in comparative accounts of consolidated financial statements of the Group, limited to a point not earlier than the time when the Group and the combined party are under the control of the ultimate controller, and the increased net assets resulting from the combination are adjusted as relevant items under owners' equity. In order to avoid repeated calculation of the value of net assets of the combined party, the long-term equity investments held by the Group before achieving the combination, the changes in relevant profit or loss, other comprehensive income and other net assets that have been recognized in the period from the later date, when the long-term equity investments are acquired and when the Group and the combined party are under the final control of the same party, to the combination date, shall respectively be applied to write down the beginning retained earnings and current profit or loss during the period of comparative statement.

As for subsidiaries acquired by business combinations not under common control, operating results and cash flows shall be incorporated into consolidated financial statements from the date when the Group takes the control. In preparing the consolidated financial statements, the financial statements of the subsidiaries are adjusted based on the fair value of all identifiable assets, liabilities and contingent liabilities recognized on the acquisition date.

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 7. Determination of control and preparation of consolidated financial statements (Continued)

Under the circumstance that the equity of the investee not under common control is obtained step by step through several transactions, which results in a business combination, supplementary disclosure to treatment methods in consolidated financial statements shall be made in the Reporting Period for acquiring the control. For instance, under the circumstance that the equity of the investee not under common control is obtained step by step through several transactions, which results in a business combination, the equity of the acquiree obtained before the acquisition date shall be recalculated as per the fair value of the equity on the acquisition date when preparing the consolidated financial statements, with the balance between the fair value and its carrying amount included into the current investment income; if relevant equity of the acquiree held before the acquisition date involves other comprehensive income calculated under the equity method and other changes of the owner's equity except for net profits and losses, other comprehensive income and profit allocation, the relevant other comprehensive income and other changes of owners' equity shall be transferred into the profit or loss in investment during the period of the acquisition date, except for other comprehensive income arising out from changes of the net liabilities or net assets of the defined benefit plan recalculated by the investee.

In a situation when the Group partially disposes of its long-term equity investments in subsidiaries without losing control, in the consolidated financial statements, the difference between the disposal price and the share of net assets in the subsidiaries measured constantly from the acquisition date or combination date corresponding to the disposed long-term equity investments shall be adjusted to capital premium or share premium. If the capital reserve is insufficient to offset the difference, retained earnings shall be adjusted accordingly.

Where control over the investee is lost due to the disposal of partial equity investment of the Group or other reasons, the remaining equity will be recalculated based on the fair value thereof on the day the control is lost when preparing the consolidated financial statements. The balance between the sum of consideration acquired from disposal of equity interest and the fair value of the remaining equity interest and the share of net assets in the original subsidiaries measured constantly based on the original shareholding proportion from the acquisition date or combination date shall be recognized as the profit or loss on investment of the period at the loss of control and the goodwill shall be offset. Other comprehensive income in connection with equity investment of the original subsidiaries shall be transferred to the profit or loss on investment of the period at the loss of control.

When the Group disposes of its equity investment in the subsidiaries step by step through multiple transactions until control is lost, if these transactions from disposal of equity investment in subsidiaries until control is lost constitute a package deal, each transaction shall be accounted for as part of a single transaction leading to the disposal of the subsidiary and the loss of control. Nonetheless, before the loss of control, the balance between each disposal price and the share of net assets in such subsidiary in investment disposal shall be recognized as other comprehensive income in the consolidated financial statements and transferred to profit or loss on investment in the period when control is lost.



## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 8. Classification of joint operation arrangement and accounting treatment method of joint operation

The Group's joint arrangements include joint operations and joint ventures. For joint operation projects, for assets held and liabilities assumed solely which are recognized by the Group, as a joint operator, in a joint operation as well as assets held and liabilities assumed which are recognized proportionally, the relevant income and costs shall be determined individually or proportionally in accordance with the relevant agreement. Only profit or loss arising from such transaction attributable to other joint operators shall be recognized where the purchase and sale of assets occurred with joint operators but do not constitute trading transactions.

#### 9. Recognition criteria for cash and cash equivalents

Cash shown in the cash flow statement of the Group refers to both cash on hand and the deposit held in bank available for payment at any time. Cash equivalent in the cash flow statement refers to the investment with a term of not more than 3 months and high liquidity, and is easily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

#### 10. Foreign currency transactions and translation of foreign currency statements

##### (1) *Foreign currency transactions*

The amount of the Group's foreign currency transactions shall be translated into that in RMB at the spot exchange rate on the transaction date. The foreign currency monetary items on the balance sheet date are translated into RMB at the spot exchange rate on the balance sheet date; the translation difference is directly recognized as the current profit or loss, except the disposal of translation difference that is formed by foreign currency specific borrowings for establishing or producing assets eligible for capitalization as per capitalization principle.

##### (2) *Translation of foreign currency financial statements*

The assets and liabilities in the foreign currency balance sheet shall be converted based on the spot exchange rate on the balance sheet date; Owners' equity items except "Retained earnings", shall be converted according to the spot exchange rate on the business date. The revenue and expense items in the profit statement shall be converted according to the spot exchange rate on the date of transaction occurrence. The difference arising from the above translations shall be listed in other comprehensive income items. Foreign currency cash flow shall be converted at the spot exchange rate on the date that cash flow occurs. The amount of effect of exchange rate fluctuations on cash shall be separately listed in the cash flow statement.

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 11. Financial instruments

##### **(1) Recognition and derecognition of financial instruments**

When the Group becomes a party of a financial instrument contract, the Group recognizes a financial asset or a financial liability.

The financial assets (or any part thereof or any part of a group of similar financial assets) are derecognized, i.e., written off from their accounts and balance sheets when 1) the right to receive the cash flow of the financial assets expired; or 2) the right to receive the cash flow of the financial assets has been transferred, or an obligation to pay the collected cash flow to a third party in full and on time has been undertaken under the “passing agreement”, in each case almost all risks and rewards related to the ownership of financial assets are substantially transferred, or although almost all risks and rewards related to the ownership are neither transferred nor retained in substance, the control over such financial assets is waived.

If the financial liabilities have been fulfilled, canceled, or expired, the financial liabilities will be derecognized. If the existing financial liability is replaced by another liability with almost completely different terms by the same creditor, or almost all the terms of the existing liability are substantially amended, such replacement or amendment shall be treated as derecognition of the original liability and recognition of a new liability, and the difference shall be included in the current profit or loss.

Financial assets sold and purchased conventionally are subject to recognition and derecognition according to accounting treatment on the transaction date.

##### **(2) Classification and measurement of financial assets**

At initial recognition, according to the Group's business mode of financial assets management and the contractual cash flow characteristics of financial assets, the Group classifies financial assets into financial assets measured at amortized cost, financial assets at FVTOCI, and financial assets at FVTPL. The Group reclassifies all affected financial assets only when changing the business mode of financial assets management.

When judging the business mode, the Group considers the way the company evaluates and reports to key management personnel the performance of financial assets, the risks affecting the performance of these financial assets and their management methods, as well as the way relevant business management personnel are paid. In evaluating whether its objective is to collect contractual cash flows, the Group needs to analyze and judge the reasons, time, frequency, and value of selling financial assets before the maturity date.

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 11. Financial instruments (Continued)

##### (2) *Classification and measurement of financial assets (Continued)*

When judging the characteristics of contractual cash flows, the Group needs to judge whether the contractual cash flows are only payments of the principal and the interest of the outstanding principal. This includes whether there is a significant difference from the base cash flows in cases of correction of the time value of money and whether the fair value of the early repayment characteristics is reasonably small for financial assets with early repayment characteristics.

At the time of initial recognition, financial assets are measured at fair value. However, if the accounts receivable or notes receivable arising from selling goods or providing services do not contain a material financing component or do not consider the financing component of not more than one year, such financial assets are initially measured at transaction price.

For financial assets at FVTPL, related transaction expenses shall be directly included in the current profit or loss; the related transaction expenses of other financial assets shall be included in the initial recognition amount.

Subsequent measurement of financial assets depends on their classification:

##### 1) *Financial assets measured at amortized cost*

Financial assets that meet the following conditions simultaneously are classified as the financial assets measured at amortized cost: ① the business mode of the financial assets management takes the collection of contractual cash flow as the objective. ② The contract terms of the financial assets stipulate that the cash flow generated on a specific date is only the payment of the principal and the interest based on the outstanding principal amount. The Group's financial assets under this classification mainly include monetary funds, accounts receivable, notes receivable, other receivables, other current assets, and debt investments.

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 11. Financial instruments (Continued)

##### *(2) Classification and measurement of financial assets (Continued)*

##### *2) Debt instrument investments at FVTOCI*

Financial assets that meet the following conditions simultaneously are classified as the financial assets at FVTOCI: ① The business mode of the financial assets management takes the collection of contractual cash flow and selling the financial assets as the objectives. ② The contract terms of the financial assets stipulate that the cash flow generated on a specific date is only the payment of the principal and the interest based on the outstanding principal amount. The interest income of the financial assets is recognized using the effective interest method. Changes in fair value are included in other comprehensive income, except for interest income, impairment losses, and exchange differences, which are included in current profit or loss. When recognition of the financial assets is terminated, the accumulated gains or losses previously booked into other comprehensive income shall be transferred from other comprehensive income and recorded into current profit or loss. The Group's financial assets under such classification mainly include other debt instruments and receivables financing.

##### *3) Equity instrument investments measured at FVTOCI*

The Group irrevocably designates some non-trading equity instrument investments as financial assets at FVTOCI. The Group only includes relevant dividend income (except for those recovered as part of investment cost) in current profit or loss. Subsequent changes in fair value are included in other comprehensive income, and no provision for impairment is required. When the financial assets are derecognized, the accumulative gain or loss previously included in other comprehensive income shall be transferred from other comprehensive income, and included in the retained earnings. The Group's financial assets under this classification consist of other equity instrument investments.

##### *4) Financial assets at FVTPL*

The Group classifies the financial assets other than the above financial assets measured at the amortized cost and the financial assets at FVTOCI into the financial assets at FVTPL. These financial assets are subsequently measured at the fair value and the changes in fair value are included in the current profit or loss except for those related to hedge accounting. The Group's financial assets under this classification mainly include financial assets held for trading and Other non-current financial assets.

The financial assets will be classified as the financial assets at FVTPL if they are recognized by the Group in the business combination not under common control and constituted by the contingent consideration.



## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 11. Financial instruments (Continued)

##### (3) *Classification, recognition basis and measurement method of financial liabilities*

Except for the issued financial guarantee contracts, loan commitments to lend at a rate lower than market interest rates, and financial liabilities arising from the transfer of financial assets that do not meet the conditions for derecognition or continuous involvement in the transferred financial assets, the financial liabilities of the Group are classified into financial liabilities at FVTPL and financial liabilities measured at amortized cost at initial recognition. Related transaction expenses of financial liabilities at FVTPL are directly included in the current profit or loss while related transaction expenses of financial liabilities measured at amortized cost are included in their initially recognized amount.

Subsequent measurement of financial liabilities depends on their classification:

##### 1) *Financial liabilities measured at amortized cost*

The financial liabilities measured at amortized cost are subsequently measured at amortized cost using the effective interest method.

##### 2) *Financial liabilities at FVTPL*

Financial liabilities at FVTPL (including derivatives falling under financial liabilities) include financial liabilities held for trading and financial liabilities designated as financial liabilities at FVTPL when initially recognizing. Financial liabilities held for trading (including derivatives that are financial liabilities) are subsequently measured at fair value, and all changes in fair value are included in current profit or loss (except when they relate to hedge accounting). The Company adopts fair value for subsequent measurement of financial liabilities at FVTPL, with changes in fair value included in the current profit or loss except for changes as a result of the Group's own credit risk, which are included in other comprehensive income. If the inclusion of the changes in fair value due to the Group's own credit risk in other comprehensive income will cause or enlarge the accounting mismatch in profit or loss, the Group will include all changes in fair value (including the impact of the changes in its credit risk) in the current profit or loss.



## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 11. Financial instruments (Continued)

##### **(4) Impairment of financial instruments**

Based on the expected credit loss, the Group conducts impairment treatment and recognizes loss provisions for financial assets measured by amortized cost, debt investments measured at FVTOCI, contract assets, and lease receivables.

Expected credit loss refers to the weighted average of credit losses of financial instruments weighted by the risk of default. Credit loss refers to the difference between all contractual cash flows receivable according to the contract and discounted according to the original effective interest rate and all expected cash flows receivable, that is, the present value of all cash shortages of the Group. The factors reflected by the Group's method of measuring expected credit losses of financial instruments include 1) unbiased probability-weighted average amount determined by evaluating a series of possible outcomes; 2) currency time value; and 3) reasonable and evidenced information about past events, current conditions, and future economic forecasts obtained on the balance sheet date without paying unnecessary extra costs or efforts.

The Group evaluates the expected credit losses of financial instruments based on individual items and portfolios. When evaluating on a portfolio basis, the Group classifies financial instruments into different groups based on their common credit risk characteristics. The common credit risk characteristics used by the Group include type of financial instruments, credit risk rating, geographical location of the debtor, industry engaged in by the debtor, overdue information, ageing of receivables, and guarantee.

The Group adopts the expected credit loss model to assess the impairment of financial instruments and contract assets, in doing so, material judgment and estimate are required and all reasonable and evidence-based information, including forward-looking information, shall be considered. When making these judgments and estimates, the Group infers the expected changes of debtor's credit risk based on historical repayment data in combination with economic policies, macroeconomic indicators, industry risks, and other factors. Different estimates may affect the accrual for provision for impairment, and the accrued provision for bad debts may not be equal to the actual amount of impairment loss in the future.

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 11. Financial instruments (Continued)

##### (4) Impairment of financial instruments (Continued)

###### 1) Impairment test method of receivables and contract assets

For the accounts receivable, notes receivable, contract assets and other receivables that do not contain material financing components formed from daily business activities such as selling goods and providing labor services, the Group uses simplified measurement methods to measure the loss provision according to the amount of expected credit losses within the whole duration.

- ① Portfolio category and determination basis of accounts receivable and contract assets

For accounts receivable and contract assets, except for determining its credit loss separately for the accounts with a material single amount and credit impairment, the Company, generally based on common credit risk characteristics portfolio, prepares a comparison table of ageing of accounts receivable and expected credit loss rate for the whole duration to calculate expected credit losses by considering the elements that should be reflected in the measurement of expected credit loss and referring to the experience in historical credit loss and in combination with the current situation and the forecast of future economic situation.

Based on the ageing of accounts receivable and contract assets, guarantee, geographical location of the counterparty, nature of payment, credit risk exposure, historical payment collection, and other information, the Group divides the portfolio according to the similarity and correlation of credit risk characteristics. For receivable and contract assets, the Group judges ageing and counterparty relationship as the main influencing factors of its credit risk. Therefore, the Group evaluates its expected credit losses based on ageing portfolio and counterparty relationship.

The Group starts to calculate the ageing of accounts receivable and contract assets according to the time point of revenue recognition.

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 11. Financial instruments (Continued)

##### (4) Impairment of financial instruments (Continued)

##### 1) Impairment test method of receivables and contract assets (Continued)

- ① Portfolio category and determination basis of accounts receivable and contract assets (Continued)

The portfolio of accounts receivable and contract assets of the Group is divided as follows:

Portfolio according to credit risk characteristics	Expected loss provision ratio (%)
Ageing portfolio	Accrual according to the estimated loss rate in the whole duration
Including: Domestic business customers	Loss rate estimated based on account age credit risk feature portfolio
International business customers	Loss rate estimated based on account age credit risk feature portfolio after netting of the guarantee amount such as Sinasure
Receivables with mortgage and pledge guarantee	The balance after netting of the recoverable value of collateral from the original value is taken as the expected credit loss of risk exposure

- ② Portfolio category and determination basis of notes receivable

Based on the acceptor's credit risk of notes receivable as a common risk characteristic, the Group divides them into bank acceptance bill portfolio and commercial acceptance bill portfolio and accrues provision for losses according to the expected loss rate.

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 11. Financial instruments (Continued)

##### (4) Impairment of financial instruments (Continued)

##### 1) Impairment test method of receivables and contract assets (Continued)

##### ③ Portfolio category and determination basis of other receivables

Other receivables of the Group mainly include deposits and security deposits receivable, employee pretty cash receivable, etc. According to the nature of receivables and the credit risk characteristics of different counterparties, the Group divides other receivables into 3 portfolios: ageing portfolio, low-risk portfolio, and collateral risk exposure portfolio. Loss provisions are made based on the expected loss rate in accordance with the Group's accounts receivable policy.

##### 2) Impairment test method of other receivables, receivables financing, other current assets, other non-current assets, receivables containing material financing components, debt investments, and other debt investments.

The Group adopts the general method (three-stage method) to accrue expected credit loss for financial assets other than those measured by the above-mentioned simplified measurement method, such as other receivables, receivables financing, other current assets, other non-current assets, receivables containing material financing components, debt investments, and other debt investments. The Group evaluates whether the credit risks have increased significantly since the initial recognition on each balance sheet date. If credit risks have not increased significantly since the initial recognition, it is in Stage I, and the Group shall measure the provision for loss according to the amount equivalent to the expected credit loss in the coming 12 months, and calculate the interest income according to the book value and the actual interest rate; If the credit risks have increased significantly since the initial recognition but no credit impairment has occurred, it is in Stage II, and the Group shall measure the provision for loss according to the expected credit loss in the whole duration, and calculate the interest income according to the book value and the actual interest rate; If credit impairment occurs after initial recognition, it is in Stage III, and the Group shall measure the provision for loss according to the amount equivalent to the expected credit loss in the whole duration, and calculate the interest income according to the amortized cost and the actual interest rate. For financial instruments with low credit risk on the balance sheet date, the Group assumes that the credit risk has not increased significantly since the initial recognition.

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 11. Financial instruments (Continued)

##### **(4) Impairment of financial instruments (Continued)**

- 2) *Impairment test method of other receivables, receivables financing, other current assets, other non-current assets, receivables containing material financing components, debt investments, and other debt investments. (Continued)*

The expected credit loss during the whole duration refers to the expected credit loss caused by all possible default events of financial instruments during the whole expected duration. The expected credit loss in the next 12 months refers to the expected credit loss caused by the possible default events of financial instruments within 12 months (or, the expected duration, if the expected duration of financial instruments is less than 12 months) after the balance sheet date, which is part of the expected credit loss in the whole duration.

Please refer to Note X. 1 (1) "Credit risk" for the disclosure of the Group's criteria for judging a significant increase in credit risk, the definition of assets with credit impairment.

##### **(5) Recognition basis and measurement method for transfer of financial assets**

For transactions of transfer of financial assets, if the Group has transferred almost all risks and rewards in the ownership of the financial assets to the transferee, such financial assets shall be derecognized; If almost all risks and rewards in the ownership of financial assets are retained, such financial assets shall not be derecognized; Where all risks and rewards in the ownership of financial assets are neither transferred nor retained and the control over the financial asset is waived, the financial assets shall be derecognized and the assets and liabilities incurred shall be recognized; If the control over the financial asset is not waived, relevant financial assets shall be recognized to the extent of further involvement in the transferred financial assets, and relevant liabilities shall be recognized correspondingly.

If the entire transfer of the financial assets meets derecognition conditions, the difference between the carrying amount of transferred financial assets on the date of derecognition and the sum of consideration received from the transfer and the amount originally included in other comprehensive income directly and that the accumulative amount of change in fair value corresponds to the derecognized part shall be included in the current profit or loss.



## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 11. Financial instruments (Continued)

##### (5) *Recognition basis and measurement method for transfer of financial assets (Continued)*

If the partial transfer of the financial assets meets derecognition conditions, the entire carrying amount of the transferred financial assets shall be amortized at their own relative fair values between the derecognized part and the underecognized part, and the difference between the sum of consideration received from the transfer and the amount which should be amortized to the derecognized part, originally included in other comprehensive income and that the accumulative amount of change in fair value corresponds to the derecognized part and the entire carrying amount of the aforesaid financial assets amortized shall be included in the current profit or loss.

In case of further involvement through providing a financial guarantee for transferred financial assets, the assets formed by further involvement shall be recognised by the carrying amount and financial guarantee amount of financial assets, whichever is lower. The amount of financial guarantee refers to the highest amount required to be repaid among the consideration received.

##### (6) *Difference between financial liability and equity instrument and related treatment method*

The Group distinguishes financial liabilities and equity instruments according to the following principles: 1) If the Group fails to unconditionally perform one contract obligation by delivering cash or other financial assets, the contract obligation satisfies the definition of financial liabilities. While some financial instruments do not expressly include the terms and conditions for the obligation to deliver cash or other financial assets, it is possible to form contract obligations indirectly through other terms and conditions. 2) If one financial instrument must or can be settled by the Group's own equity instruments, the Group's own equity instruments used for settling such instruments shall be considered as a substitute of cash or other financial assets, or as residual equity in the issuer's assets that the instrument holder enjoys after deducting all the liabilities. If it is the former, this instrument is the financial liabilities of the Issuer. If it is the latter, the instrument is the equity instrument of the Issuer. Under certain circumstances, a financial instrument contract requires that the Group must or may settle the financial instrument with its own equity instruments, where the amount of contract rights or contract obligations is equal to the number of own equity instruments available or to be delivered multiplied by the fair value upon its settlement. In this case, regardless of whether the amount of the contract right or obligation is a fixed value or changes based in whole or in part on changes in variables other than the market price of the Group's own equity instruments, the contract is classified as a financial liability.

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 11. Financial instruments (Continued)

**(6) *Difference between financial liability and equity instrument and related treatment method (Continued)***

When classifying a financial instrument in the consolidated statements, the Group takes into consideration all the terms and conditions agreed between members of the Group and holders of financial instruments. If the Group as a whole has assumed the obligation to deliver cash and other financial assets or settle it by other means of rendering the instrument a financial liability, the instrument should be classified as a financial liability.

**(7) *Derivative financial instruments***

Derivative financial instruments are initially measured at the fair value on the date of signing the derivative transaction contract, and subsequently measured at their fair values. Derivative financial instruments with positive fair value are recognised as an asset, and derivative financial instruments with negative fair value are recognised as a liability.

Except for those related to hedge accounting, gains or losses arising from changes in the fair value of derivative financial instruments are directly included in the current profit or loss.

**(8) *Measurement of fair value***

The Group measures derivative financial instruments, financial assets held for trading, and equity instrument investments at fair value on each balance sheet date. Fair value refers to the price to be received for the sale of an asset or to be paid for the transfer of a liability by the market participants in the orderly transaction on the measurement date.

If the assets and liabilities are measured or disclosed at fair value in financial statements, the level to which the fair value belongs shall be determined based on the lowest level input that is significant for the whole fair value measurement: the inputs for level I are the unadjusted quotation of identical assets or liabilities in the active market which can be obtained on the measurement date; the inputs for level II are the inputs directly or indirectly observable for relevant assets or liabilities other than those for level I; the inputs for level III are the inputs that are unobservable for relevant assets or liabilities.

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 11. Financial instruments (Continued)

##### (9) *Offset of financial assets and financial liabilities*

Financial assets and financial liabilities of the Group shall be presented separately in the balance sheet and be not mutually offset. However, the net amount is presented in the balance sheet after being offset when the following conditions are met at the same time: 1) The Group has a legal right to offset the recognized amount and that such legal right is currently enforceable; 2) The Group plans to settle by the net amount or monetarise such financial assets and liquidate the financial liabilities at the same time.

#### 12. Inventories

Inventories of the Group mainly include raw materials, revolving materials, materials outsourced for processing, unfinished products, self-manufactured semi-finished products, finished products (commodities in stock), and commodities shipped in transit.

The purchased and sent inventories shall be valued according to the predetermined planned cost, and a separate "Material Cost Variance" account shall be set up to carry forward the difference between the actual cost and the planned cost on schedule. The cost of the shipped and balanced inventories shall be adjusted to the actual cost by the weighted average method at the end of the period.

For merchandise inventories directly for selling such as finished products, commodities in stocks and materials for selling, the net realisable value shall be recognized at the amount of the estimated selling price less estimated selling expenses and relevant taxes; for material inventories to be processed, the net realisable value shall be recognized at the amount of the estimated selling price of the finished products less estimated cost incurred upon the completion of production, estimated selling expenses and relevant taxes; for inventories held for fulfilling sales contract or labor service contract, the net realisable value shall be calculated based on the contract price and if the volume of inventories held is greater than the ordered volume of the sales contract, the net realisable value of the excessive inventories shall be calculated based on the general selling price. At the end of the period, provision for inventory impairment is accrued according to individual inventory items; however, for inventories with large volume and low unit price, provision for inventory impairment shall be accrued according to inventory category; for inventories that are related to product series produced and sold in the same region, have the same or similar end use or purpose, and are difficult to be measured separately from other items, the provision for inventory impairment shall be accrued together. If the influencing factors of the previous write-down of inventory value have disappeared, the write-down amount shall be restored, and it shall be reversed within the original provision for inventory impairment, and the reversed amount shall be included in the current profit or loss.

Perpetual inventory system is adopted for inventories.

Low-value consumables and packaging materials are amortized by the one-off write-off method.

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 13. Contract assets

Contract assets refer to the Group's right to receive consideration for the goods it has transferred to customers, and such right depends on other factors excluding the passage of time. If the Group sells two clearly distinguishable commodities to the customer, due to the delivery of one of the commodities, the Group has the right to receive payment, but when the collection of such payment also depends on the delivery of the other commodity, the Group shall treat the right to receive such payment as contract assets.

For details of the determination method and accounting treatment methods for expected credit loss of contract assets, please refer to the relevant contents of Note III. 11. (4) Impairment of financial instruments above.

#### 14. Long-term equity investments

The long-term equity investments of the Group are mainly investments in subsidiaries, associates, and joint ventures.

The Group determines common control based on the fact that all the participants or groups of participants collectively control the arrangement, and that the policies for the activities related to the arrangement must be universally agreed by participants who collectively control the arrangement.

It is generally considered that the Group, when holding directly or through subsidiaries more than 20% but less than 50% of the voting right of the investee, has a material influence on the investee. The Group, if holding less than 20% of the voting right of the investee, may be deemed to have a material influence on the investee in consideration of facts and situations where the Group sends representatives to the Board of Directors or similar organs of authorities of the investee, participates in financial and operational policy-making of the investee, has significant transactions with the investee, sends management personnel to the investee, or provides critical technical information to the investee.

The investee under the control of the Group shall be deemed as a subsidiary of the Group. As for long-term equity investments obtained via business combination under common control, the share of carrying amount of net assets in the ultimate controller's consolidated statements of the combined party on the combination date shall be recognized as the initial investment cost of long-term equity investments. If the carrying amount of the net asset of the combined party on the combination date is negative, the cost of long-term equity investments shall be determined as zero.



## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 14. Long-term equity investments (Continued)

Under the circumstance that the equity of the investee under common control is obtained through multiple transactions step by step that results in business combination, supplementary disclosure to treatment methods for long-term equity investments in financial statements of the parent company shall be made during the Reporting Period when control is obtained. For instance, as for the equity of the investee under common control obtained step-by-step through multiple transactions that results in business combination and constitutes a package deal, the Group performs accounting treatment by regarding all transactions as one transaction for obtaining control. If it does not constitute a package deal, the combined party's portion of carrying amount of net assets in the ultimate controller's consolidated financial statements on the combination date is deemed as the initial investment cost for long-term equity investments. The balance between the initial investment amount and the sum of the carrying amount of long-term equity investments which have reached the amount before the combination and the carrying amount of new payment consideration obtained on the combination date shall be applied to adjust the capital reserve. If the capital reserve is insufficient to offset, the retained earnings shall be written down.

For long-term equity investments obtained via business combination not under common control, the combination cost is deemed as the initial investment cost.

As for the equity of the investee not under common control obtained step by step through multiple transactions that results in business combination, supplementary disclosure to treatment methods for long-term equity investments in financial statements of the parent company shall be made during the Reporting Period when control is obtained. For instance, as for the equity of the investee under common control obtained step by step through multiple transactions that results in business combination and constitutes a package deal, the Group performs accounting treatment by regarding all transactions as a transaction for acquiring control. If it does not constitute a package deal, the sum of carrying amount of equity investment originally held and new investment cost is deemed as the initial investment cost calculated by the cost method. If the equity interest originally held before the acquisition date and calculated by the equity method, relevant other comprehensive income originally verified by the equity method is temporarily not adjusted and will be subject to accounting treatment when disposing of the investment, on the same basis as that adopted by the investee for directly handling related assets or liabilities. If the equity held before the acquisition date is non-trading equity instruments that are designated by the Group to be measured at FVTOCI, the accumulated changes in fair value originally included in other comprehensive income shall not be transferred into current profit or loss.

Apart from aforementioned long-term equity investments acquired through business combination, as to long-term equity investments acquired by cash payment, the actually paid amount is taken as investment cost; as to long-term equity investments acquired through issuing equity securities, the fair value of the issued equity securities is taken as the investment cost; as to long-term equity investments invested by investors, the value specified in investment contract or agreement is taken as the investment cost.



## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 14. Long-term equity investments (Continued)

The Group calculates the investment to the subsidiaries by cost method, with equity method adopted for joint ventures and associates.

For long-term equity investments subsequently calculated by the cost method, when more investments added, the carrying amount of the long-term equity investments cost is increased based on the fair value of cost paid for added investments and related transaction expenses. Cash dividend or profit declared by the investee is recognized as current investment income in accordance with the amount to enjoy.

For long-term equity investments subsequently measured by the equity method, the carrying amount of the long-term equity investments shall be accordingly increased or decreased as the owners' equity of the investee changes. When recognizing the share of the net profit or loss of the investee, the fair value of the investee's identifiable assets at the time of investment is used as the basis, in accordance with the Group's accounting policies and accounting periods, and after offsetting the part of internal transaction gains and losses between associates and joint ventures that belong to the investing enterprise calculated based on the shareholding ratio, the net profit of the investee is recognized after adjustment.

For the disposal of long-term equity investments, the difference between the carrying amount and actually obtained price shall be included in the current investment income. For long-term equity investments calculated by the equity method, the related other comprehensive income previously calculated by the equity method should be accounted for on the same basis as the direct disposal of the related assets or liabilities by the investee upon the termination of the equity method. The owner's equity recognized as a result of changes in the owner's equity of the investee other than net profit or loss, other comprehensive income and profit distribution should be transferred in full to current investment income upon the termination of the equity method.

Where the Group loses the joint control over or the material influence on the investee due to the disposal of part of the equity investment, the remaining disposed equity shall be accounted for as per the *Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments* (CK [2017] No.7), and the balance between the fair value and the carrying amount on the date of losing joint control or material influence is included in current profit or loss. Other comprehensive income recognized on the former equity investment due to the adoption of the equity method of accounting is treated on the same basis as the direct disposal of the related assets or liabilities by the investee upon the termination of the equity method of accounting and carried forward proportionately. Owners' equity recognized as a result of changes in the investee's ownership interest other than net profit or loss, other comprehensive income and profit distribution should be transferred proportionately to current investment income.

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 14. Long-term equity investments (Continued)

For loss control of the investee due to disposal of partial long-term equity investments, the residual equity after disposal, if capable of realizing joint control or applying material influence on the investee, is changed to the equity method for calculation, the difference for disposal of carrying amount and consideration is included in the investment income, and the residual equity is adjusted as it is calculated by the equity method since it is acquired; the residual equity after disposal, if unable to realize joint control or apply material effect on the investee, is changed to accounting treatment based on the *Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments* (CK [2017] No.7), the difference for disposal of carrying amount and consideration is included in the investment income, and the difference between the fair value and carrying amount of the residual equity on the loss-control date is included in current profit or loss.

Various transactions of the Group from step-by-step equity disposal to loss of controlling power do not constitute a package deal, and every transaction is separately subject to accounting treatment. Transactions that constitute a package deal are subject to the accounting treatment as a transaction for disposal of a subsidiary and the loss of control. However, before the loss of control, the difference between the disposal price and carrying amount of long-term equity investments of the corresponding disposed equity interest for every transaction is recognized as other comprehensive income, which is not transferred into current profit or loss until the controlling power is lost.

#### 15. Investment properties

Investment properties of the Group refer to the properties held for earning rents or capital appreciation, or both, including houses and buildings that have already been leased, and such properties are measured by cost model.

The Group's investment properties shall be depreciated or amortized by the straight-line method. The estimated useful life, net residual rate, and annual rate of depreciation (amortisation) of various investment properties refer to those of fixed assets.

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 16. Fixed assets

##### (1) *Recognition condition*

The economic benefits pertinent to the fixed asset are likely to flow into the Group and recognized when the cost of fixed assets can be measured reliably. Fixed assets of the Group include houses and buildings, machinery equipment, transportation facility, office and electronic equipment.

##### (2) *Depreciation methods*

Except for fixed assets that are fully depreciated but still in use and land that is separately valued and accounted for, the Group provides depreciation for all fixed assets. Straight line method shall be adopted for calculating depreciation. The category, depreciation life, estimated net residual rate and depreciation rate of the fixed assets of the Group are as follows:

No.	Category	Depreciation method	Depreciable life (year)	Estimated residual (%)	Annual depreciation rate (%)
1	Land assets	—	Long term	—	—
2	Houses and buildings	Straight-line method	10-30	5-10	3.00-9.50
3	Machinery equipment	Straight-line method	10-14	5-10	6.40-9.50
4	Transportation facilities	Straight-line method	8-12	5-10	7.50-11.90
5	Office and electronic equipment	Straight-line method	5-8	5-10	11.30-19.00
6	Others	Straight-line method	5-14	5-10	6.40-19.00

At the end of each year, the Group reviews the estimated useful life, estimated net residual value and depreciation methods of fixed assets. If a change occurs, it shall be treated as a change in accounting estimates.

If a fixed asset is disposed of or if no economic benefit will be obtained from the use or disposal, the recognition of such fixed asset is terminated. The disposal income from selling, transferring, discarding or damaging fixed assets shall be deducted by the carrying amount thereof and the relevant taxes and then included in the current profit or loss.

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 17. Construction in progress

Construction in progress ready for intended use shall be transferred to fixed assets based on the estimated value according to the construction budget, project cost or actual project cost. The depreciation shall be drawn from the next month. After going through the procedures of completion settlement, the difference of the original value of the fixed assets shall be adjusted. Construction in progress is transferred to fixed assets when they are ready for their intended use.

#### 18. Borrowing costs

The borrowing costs directly belonging to fixed assets, investment properties and inventories that require more than one year of acquisition or construction to be ready for intended use or selling shall be capitalized when the expenditures of the assets and the borrowing costs incurred and acquisition or construction activities necessary for making the assets be ready for intended use or selling begin. When the assets meeting the capitalization requirements acquired or constructed are ready for use or selling, the capitalization shall be terminated, and the borrowing costs incurred subsequently shall be included in current profit or loss. If assets eligible for capitalization are suddenly suspended in acquisition or construction or production for more than three months continuously, the capitalization of borrowing costs shall be suspended until the restart of acquisition or construction and production activities of the assets.

The actually incurred interest costs of special borrowings in the current period shall be capitalized after the interest income from unused borrowings deposited in banks or investment income from temporary investment of unused borrowings is deducted. The capitalized amount of general borrowings shall be obtained by multiplying the weighted average of the excess of the accumulated asset expenditures over the asset expenditures of special borrowings with the capitalization rate of general borrowings used. The capitalization rate shall be calculated and determined based on the weighted average interest rate of the general borrowings.

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 19. Intangible assets

**(1) *Useful life and its basis for determination, estimation, and amortization method review procedures***

The intangible assets of the Group include land use right, patented technology, non-patented technology, software and trademark right, etc., which shall be measured at actual cost when being obtained; wherein, for the intangible assets purchased, price actually paid and related other expenditure shall be deemed as actual cost; for the intangible assets invested by the investor, value agreed in accordance with investment contract or agreement is recognized as actual cost, except value agreed in the contract or agreement is unfair, in such case, the actual cost shall be recognized at fair value.

The land use right shall be averagely amortized according to the transfer period from the start date of transfer. Intangible assets of software and exclusive right shall be averagely amortized within the period with economic benefits. The amortized amounts shall be included in relevant asset costs and current profit or loss according to beneficiaries. The estimated useful life and the amortization method of intangible assets with limited useful life shall be reviewed at the end of each year. If a change occurs, it shall be treated as a change in accounting estimates.

The useful life of the trademark right of use and production licensing right cannot be determined, because it is impossible to foresee the period during which it will bring economic benefits to the Group. Intangible assets with uncertain useful life shall not be amortized during the holding period, and the useful life of intangible assets shall be rechecked at the end of each period. If it is still uncertain after re-examination at the end of the period, the impairment test shall be continued in each accounting period.

Item	Estimated useful life	Basis
Land right of use	30-50 years	Years of benefiting
Software	2-10 years	Years of benefiting
Patent rights	5-10 years	Years of benefiting

**(2) *Collection scope and relevant accounting treatment methods for R&D expenses***

The collection scope of R&D expenses of the Group includes remuneration of R&D personnel, direct investment expenses, depreciation and unamortised expenses, design expenses, equipment commissioning expenses, entrusted external R&D expenses, and other expenses. All R&D expenses of the Group this year are expensed and included in current R&D expenses.



## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 20. Impairment of long-term assets

On each balance sheet date, the Group shall check the long-term equity investments, investment properties measured by cost model, fixed assets, construction in progress, right-of-use assets, intangible assets with limited useful life, operating leasing assets and other items. In case of any indication of impairment, the Group shall carry out an impairment test. Impairment tests shall be conducted on goodwill and intangible assets with uncertain useful life at the end of each year, whether there is any indication of impairment.

The Group determines whether there is any sign of possible impairment for the long-term assets on the balance sheet date. If there is any sign of possible impairment for the long-term assets, the Company will estimate the recoverable amount on single asset basis. If the recoverable amount of the single asset is hard to estimate, it shall be determined by the asset group to which it belongs.

The recoverable amount of the assets is estimated based on the net amount calculated by deduction of disposal fees from the fair value of the assets, or the present value of expected future cash flow of the assets, whichever is higher. Where the recoverable amount of long-term assets is lower than the carrying amount according to the measurement of recoverable amount, their carrying amount shall be written down to the recoverable amount, and the write-down amount shall be recognized as asset impairment loss and included in current profit or loss. Simultaneously, the provision for impairment of assets shall be drawn accordingly. Once impairment loss of assets is confirmed, it shall not be reversed in future accounting periods.

After the asset impairment loss is recognized, the depreciation or amortization charges of the impaired assets shall be adjusted accordingly in the future to enable systematic amortization of the adjusted carrying amount of assets (deducting the expected net residual value) in the remaining useful life.

Impairment tests shall be conducted on goodwill formed due to business combination and intangible assets with uncertain useful life every year no matter whether there is any sign of impairment.

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 20. Impairment of long-term assets (Continued)

In conducting the impairment test for goodwill, the carrying amount of goodwill shall be amortized to the asset groups or portfolio of asset groups that are expected to benefit from the synergy of business combination. When conducting impairment tests on the related asset groups or portfolio of asset group that contain(s) goodwill, if there are indications of impairment, test the asset groups or portfolio of asset groups that do not contain goodwill firstly and calculate the recoverable amount, and compare it with the related carrying amount to confirm the corresponding impairment loss. Then, the asset groups or portfolio of asset groups including goodwill are tested for impairment. Comparing the carrying amount (including the carrying amount of goodwill amortized) of the related asset groups or portfolio of asset groups and their recoverable amounts, where the recoverable amount of relevant asset groups or portfolio of asset groups is lower than its carrying amount, an impairment loss is recognized for goodwill.

#### 21. Long-term unamortized expenses

The Group's long-term unamortized expenses include mold amortization and maintenance expenses. Such expenses shall be equally amortized in the benefit period. If the long-term unamortized expense items will not benefit the future accounting period, the amortized value of unamortized items shall be all transferred to the current profit or loss. The amortisation period of molds is 3-10 years, and the amortization period of maintenance expenses is 2-10 years.

#### 22. Contract liabilities

The contract liabilities reflect the Group's obligations to transfer commodities to the customer due to customer consideration received or receivable. If the customer has paid the contract consideration or the Group has obtained the right to receive the contract consideration unconditionally before the transfer of the commodities to the customer, the contract liabilities shall be recognised according to the amount received or receivable at the earlier of the actual payment received from the customer or the due date of the payment.

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 23. Employee salary

Employee salary of the Group includes short-term compensation, post-employment benefits, dismissal welfare, and other long-term benefits.

**(1) Accounting treatment methods for short-term compensation**

Short-term compensations mainly include: salary, bonus, allowances and subsidies; benefits expenses; medical insurance premiums, employment injury insurance premiums, birth insurance premiums and other social insurance premiums; housing provident fund; labor union expenditure and employee education fund; short-term compensated absences; short-term profit sharing plan; non-monetary benefits and other short-term compensations. During the accounting period when employees provide services, the actual short-term compensation is recognized as liabilities and included in current profit or loss or relevant asset costs according to the beneficiaries.

**(2) Accounting treatment methods for post-employment benefits**

Post-employment benefits mainly include endowment insurance, annuity, unemployment insurance, early retirement benefits, and other post-employment welfare, which are classified into defined contribution plan and defined benefit plan according to the risks and obligations borne by the Company. Contribution that paid to individual subject for the services provided by the employees in the accounting period on the balance sheet date as per the defined contribution plan shall be recognized as liabilities, and included in the current profit or loss or related asset cost as per the benefit object.

The defined contribution plan of the Group refers to the basic endowment insurance, unemployment insurance, and enterprise annuity paid for the employees according to relevant regulations by local governments. During the accounting period when employees render services to the Group, the amount payable calculated by the base and ratio in conformity with local regulation is recognized as a liability and accounted for profit or loss or related cost of assets.

**(3) Accounting treatment methods for dismissal welfare**

Dismissal welfare arises from the termination of employment relationships with employees prior to the expiration of their employment contracts, or compensation given to employees to encourage them to voluntarily accept redundancy. The salaries expected to be paid in the future to employees subject to early retirement are cashed once at the time of early retirement and recognized in current profit or loss, and long-term employee salary payable is subsequently measured in amortized cost.

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 23. Employee salary (Continued)

##### *(4) Accounting treatment methods for other long-term benefits*

Other long-term benefits refer to all the employee salary except for short-term benefits, post-employment benefits, and dismissal welfare, including long-term compensated absences, long-term disability welfare, long-term profit sharing plan, etc. Other long-term employee welfare provided by the Group to employees that meet the conditions of defined contribution plan, the accounting shall be treated as per the provisions in above defined contribution plan. Net liabilities or assets of other long-term employee welfares provided by the Group to employees and satisfying conditions of the defined benefit plan shall be recognized and measured as per provisions of the defined benefit plan. At the end of the reporting period, the Group recognizes employee payroll cost generated from other long-term employee welfares as the following components: service cost; net interest amount of net liabilities or assets of other long-term employee welfares; changes generated from remeasurement of net liabilities or assets of other long-term employee welfares. The total net amount shall be included in current profit or loss or relevant asset cost.

#### 24. Estimated liabilities

When an external warranty, discount of commercial acceptance notes, pending legal proceedings or arbitration, warranty on quality of goods or other contingent matters meet the following requirements at the same time, the Group shall recognize such responsibilities as liabilities: the assumed responsibilities are current obligations; the fulfillment of such obligations will likely cause the outflow of economic benefits from the Group; the amount of such obligations can be measured reliably.

Estimated liabilities are initially measured at the best estimate of expenditures required to perform relevant current obligations, and the risks, uncertainties, and time value of money related to contingencies are taken into comprehensive consideration. Where the time value of money is of material influence, the best estimate is recognized through the discount of relevant future cash outflows. As of the balance sheet date, the carrying amount of the estimated liabilities is reviewed and adjusted (if any change) to reflect the current best estimate.

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 25. Revenue

The Group's operating revenue mainly includes domestic sales revenue, export revenue, financial service revenue and others.

**(1) The general principles for revenue recognition are as follows:**

The Group has fulfilled its performance obligations of the contract, meaning it recognizes the revenue when the customer has obtained control of the relevant commodities or services.

If the contract contains two or more performance obligations, the Group shall, at the beginning of the contract, apportion the transaction price to each performance obligation according to the relative proportion of the individual selling price of the commodities or services promised by each performance obligation, and measure the revenue according to the transaction price apportioned to each performance obligation.

The transaction price is the amount of consideration that the Group is expected to be entitled to receive for the transfer of goods or services to the customer, excluding payments received on behalf of third parties. The transaction price recognized by the Group shall not exceed the amount of accumulative confirmed revenue that will most likely not be material reversed when the relevant uncertainty is removed. The amount expected to be refunded to the customer shall not be included in the transaction price as the liabilities. Where there is a material financing component in the contract, the Group shall determine the transaction price on the basis of the amount payable in cash assuming that the customer acquired control of the goods or services. The difference between the transaction price and the contract consideration shall be amortized over the contract period using the effective interest method. At the commencement time of the contract, if the Group expects that the interval between the customer's acquisition of control over goods or services and the payment of the price by the customer will not exceed one year, the material financing component existing in the contract would not be considered.

In case one of the following conditions is met, the Group will perform the performance obligations within a period of time. Otherwise, it will perform the performance obligations at a time point:

- 1) The customer obtains and consumes the economic benefits brought by the Group while performing the contract.
- 2) The customer can control the goods under construction during the Group's performance.
- 3) The goods generated during the performance of the Group are irreplaceable, and the Group is entitled to collect the amount for the performance accumulatively completed so far throughout the term of the Contract.



## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 25. Revenue (Continued)

**(1) *The general principles for revenue recognition are as follows: (Continued)***

For the performance obligations performed within a certain period of time, the Group shall confirm the revenue according to the performance progress during that period and determine the performance progress according to the percentage of completion method. If the performance progress cannot be reasonably confirmed, and the costs incurred by the Group can be expected to be compensated, the revenue shall be confirmed according to the amount of costs incurred until the performance progress can be reasonably confirmed.

For performance obligations performed at a certain time point, the Group shall confirm the revenue at the time point when the customer gains control of the relevant commodities or services. In determining whether a customer has obtained control of the goods or services, the Group shall take the following indications into consideration:

- 1) The Group enjoys the current collection right in regard to such goods or services.
- 2) The Group has transferred the legal ownership of such goods to the customer.
- 3) The Group has transferred the physical goods to the customer.
- 4) The Group has transferred the main risk and rewards of such goods in terms of ownership to the customer.
- 5) The customer has accepted such goods or services, etc.

The right that the Group has the right to collect the consideration because it has transferred such goods or services to the customer shall be presented as the contract asset, and the contract assets take the expected credit loss as the base to make the impairment. The Group's unconditional right to collect consideration from customers shall be presented as receivables. The Group's obligations to transfer goods or services to the customer due to customer consideration received or receivable shall be presented as the contract liabilities.

**(2) *Specific principles for revenue recognition***

**1) *Timing of revenue recognition***

**① Domestic sales revenue**

Domestic sales revenue mainly refers to the revenue obtained from the sales of agricultural machinery and related products by the Group. When the relevant evidence of customer's signature for confirmation is obtained according to the contractual stipulations, the Group completes the contract performance obligation and recognizes the revenue.

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 25. Revenue (Continued)

##### (2) *Specific principles for revenue recognition (Continued)*

###### 1) *Timing of revenue recognition (Continued)*

###### ② Sales revenue from export

Sales revenue from export mainly refers to the revenue obtained by the Group from overseas sales of agricultural machinery and related products. After the Group's goods are declared offshore and relevant evidence such as bills of lading is obtained, the Group completes the contract performance obligation and recognizes the revenue.

###### ③ Revenue from financial services

The revenue from financial services mainly includes interest revenue, fees and commission revenue obtained by China YTO Group Finance CO., LTD., a subsidiary of the Group. Interest revenue refers to the revenue obtained by providing funds to the other party for use but not constituting equity investment, or due to the other party's occupation of the Group's funds, including interbank regular interest revenue, loan interest revenue, discount interest revenue, etc. The Group recognizes the revenue according to the time and effective interest rate of the abalienation of the right to use funds. Fees and commission revenue are charged by providing various services to customers. Service charges & commissions charged for providing services within a certain period are recognized on average during the corresponding period, and other fees and commissions are recognized upon completion of the relevant transaction.

###### ④ Trade revenue

The trade business engaged in by the Group is to transfer control of goods to customers after obtaining it from a third party. During the transaction process, the Group assumes the main responsibility for transferring goods to customers, bears inventory risks, and has the right to decide the price of the traded goods independently. The Group's identity in the transaction is the principal responsible person, and it recognizes trade revenue according to the total consideration that the Group is expected to be entitled to receive as agreed in the contract.

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 25. Revenue (Continued)

##### *(2) Specific principles for revenue recognition (Continued)*

##### *1) Timing of revenue recognition (Continued)*

##### *⑤ Revenue from abalienating the right to use assets*

When the economic benefits related to the transaction are likely to flow into the enterprise, and the amount of revenue can be measured reliably, the amount of revenue from transferring the right to use assets shall be recognized. The Group's revenue from abalienating the right to use assets mainly refers to the revenue from renting sites and houses, which shall be calculated and determined in accordance with the billing period and method specified in relevant contracts or agreements.

##### *2) Determination of transaction price*

The Group takes the amount of consideration expected to be entitled to receive for the transfer of commodities to customers as the transaction price and determines it according to the terms of the contract and combining past business practices. Some contracts of the Group stipulate that when a customer purchases goods in excess of a certain quantity or the payment method and term are optimized, a certain discount can be enjoyed to directly deduct the amount payable by the customer when purchasing goods in the current or future period. The Group shall make the best estimate of discount based on the most likely amount and include it in the transaction price to the extent that the estimated transaction price after discount does not exceed the amount of accumulative confirmed revenue that will most likely not be materially reversed when the relevant uncertainty is removed. Moreover, the Group shall re-estimate the discount on each balance sheet date.

##### *3) Measurement quality assurance*

According to the contractual stipulations, legal provisions, etc., the Group provides quality assurance for the goods sold, which belongs to the guarantee quality assurance to assure customers that the goods sold meet the established standards. The Group performs accounting treatment according to 24. Estimated liabilities of Note III.

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 26. Contract cost

##### (1) *Determination method of asset amounts related to contract costs*

The Group's assets related to contract costs include contract performance cost and contract acquisition costs.

If the contract performance cost, which is the cost incurred by the Group for the implementation of the contract, is not in the scope of the accounting standards for other enterprises and simultaneously meets the following conditions, it shall be recognized as an asset as the contract performance cost: the cost is directly related to a current or anticipated contract, including direct labor, direct materials, manufacturing costs (or similar costs), costs clearly borne by the customer, and other costs incurred solely as a result of the contract; the cost increases the Group's resources for future using for performance of obligations; and the cost is expected to be recovered.

Contract acquisition cost, which is the incremental cost incurred by the Group for the acquisition of the contract and expected to be recovered, as the contract acquisition cost, it shall be recognized as an asset; and if the amortization period of the asset does not exceed one year, it is included in the current profit or loss when it occurs. Incremental cost refers to the cost (such as sales commissions) that would not have occurred if the Group had not obtained the contract. Other expenses incurred by the Group for the acquisition of the contract, excluding the incremental costs expected to be recovered (such as the travel expenses incurred regardless of whether or not the contract is obtained), include in the current profit or loss when it occurs, however, except costs clearly borne by the customer.

##### (2) *Amortization of assets related to contract costs*

The assets related to the contract costs of the Group are amortized on the same basis as the recognized sales revenue related to the assets and included in the current profit or loss.

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 26. Contract cost (Continued)

##### *(3) Impairment of assets related to contract costs*

When determining the impairment losses of assets related to contract costs, the Group shall first determine the impairment losses of other assets recognized in accordance with the accounting standards of other relevant enterprises and related to the contract; and then, according to the difference between the carrying amount and the remaining consideration that the Group is expected to obtain due to the transfer of the commodities related to the asset, and the difference between the carrying amount and the estimated costs to incur due to the transfer of the relevant commodity, the accrual for provision for impairment shall be made for the excess and recognized as impairment loss of assets.

If the factors for impairment in previous periods change after that, so that the aforesaid difference is higher than the carrying amount of the asset, the original provision for impairment of assets shall be reversed and included in the current profit or loss, but the carrying amount of the asset after reversal shall not exceed the carrying amount of the asset on the reversal date assuming no provision for impairment is made.

#### 27. Government subsidies

Government subsidies refers to monetary or non-monetary assets acquired by the Group from the government for free. The government subsidies shall be recognized when all the attached conditions can be satisfied and the government subsidies can be received by the Group.

If the government subsidy is a monetary asset, it shall be measured according to the amount actually received. For subsidies appropriated according to fixed quota standards, or when at the end of the period, there is conclusive evidence that the relevant conditions stipulated in the financial support policy can be met and the financial support funds are expected to be received, such government subsidies shall be measured in accordance with the amount receivable; If government subsidy is non-monetary assets, they shall be measured at fair value. If the fair value cannot be obtained reliably, the government subsidies shall be measured according to the nominal amount (RMB1).

Government subsidies of the Group fall into asset-related government subsidy and revenue-related government subsidy. The asset-related government subsidies refer to those obtained by the Group and used for the acquisition or construction of long-term assets or obtainment of such assets in other forms. The revenue-related government subsidies refer to those other than the asset-related government subsidies. If no assistance object is specified in the government documents, the Group shall determine it based on the above identifying principles. For those hard to be identified, classify them totally in the revenue-related government subsidies.



## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 27. Government subsidies (Continued)

Where a government subsidy related to an asset is recognized as deferred income, it shall be amortized to profit or loss in stage over the useful life of the constructed or purchased asset on a reasonable and systematic basis.

The government subsidies related to revenue shall be recognized as deferred income and included into the current profit or loss when recognizing the related expenses or losses if they are used for compensating the subsequent related expenses or losses of the enterprise; should they are used for compensating the related expenses or losses that have incurred, they shall be directly included into the current profit or loss upon acquisition.

The government subsidies related to the daily activities of the enterprise shall be included in other income; and the government subsidies irrelevant to the daily activities of the enterprise shall be included in non-operating revenue and expense.

Government subsidies related to policy-based preferential loan discount shall offset related borrowing costs; for loans with policy-based preferential interest rate provided by the lending bank, the actually received loan amount shall be taken as the entry value of the loan. When the recognized government subsidies of the relevant loan costs need to be returned according to the loan principal and the policy-based preferential interest rate, the carrying amount of the assets shall be adjusted if the government subsidies are used to offset the carrying amount of the relevant assets at the time of initial recognition; If deferred income is concerned, the government subsidies shall offset against the book value of the deferred income, and the excess shall be included in current profit or loss; If there is no deferred income concerned, they shall be directly included in the current profit or loss.

#### 28. Deferred income tax assets and deferred income tax liabilities

Deferred income tax assets and deferred income tax liabilities of the Group shall be recognized by calculating the difference (temporary difference) between the tax base and the carrying amount thereof. For the deductible loss of taxable income that can be deducted in future years as specified by tax laws, corresponding deferred income tax assets shall be recognized. For the temporary difference from the initial recognition of goodwill, relevant deferred income tax liabilities shall not be recognized. For the temporary difference with respect to the initial recognition of assets or liabilities incurred in the transaction which is not a business combination and the occurrence of which has no impact on the accounting profit and the taxable income (or deductible losses), relevant deferred income tax assets and deferred income tax liabilities shall not be recognized. Deferred income tax assets and deferred income tax liabilities shall be measured at the applicable tax rate during the anticipated period for recovering such assets or paying off such liabilities on the balance sheet date.

The deferred income tax assets shall be recognized to the extent of the future taxable income likely to be obtained for deducting deductible temporary difference, deductible loss, and tax deduction by the Group.

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 29. Lease

##### *(1) Identification of lease*

On the commencement date of a contract, the Group evaluates whether the contract is a lease or includes a lease. Where a party to a contract transfers the right to control the use of one or more identified assets for a certain period of time in return for a consideration, the contract is a lease or includes a lease. If the contract includes multiple separate leases at the same time, the lessee and the lessor will split the contract and carry out accounting treatment for each separate lease.

##### *(2) As the lessee*

###### *1) Recognition of lease*

In addition to short-term leases and low-value asset leases, at the commencement date of the lease term, the Group recognizes the right-of-use asset and lease liabilities for the lease.

The right-of-use asset refers to the right of the Group as the lessee to use the leased asset during the lease term and is initially measured at cost. The cost includes: ① initial measurement amount of lease liabilities; ② lease payment paid on or before the commencement date of the lease term less the amount related to the enjoyed lease incentive; ③ initial direct expenses incurred; ④ costs expected to be incurred for dismantling and removing the leased asset, restoring the site where the leased asset is located or restoring the leased asset to the state agreed in the leasing terms (except those incurred for the production of inventory). If the Group remeasures the lease liabilities in accordance with the relevant provisions of the leasing standards, the carrying amount of the right-of-use asset shall be adjusted accordingly.

The Group depreciates the right-of-use assets by the straight-line method based on the expected consumption mode of economic benefits related to the right-to-use asset. If the ownership of the leased asset can be reasonably confirmed to be acquired at the expiration of the lease term, the depreciation shall be carried out within the remaining useful life of the leased asset; otherwise, the depreciation shall be carried out within the lease term or the remaining useful life of the leased asset, whichever is shorter. The depreciation amount for provision is included in the cost of underlying assets or the current profit or loss according to the use of the right-of-use asset.

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 29. Lease (Continued)

##### (2) As the lessee (Continued)

##### 1) Recognition of lease (Continued)

The Group initially measures the lease liabilities according to the present value of the lease payment which is not made at the commencement date of the lease term. The lease payment includes: ① fixed payment and substantial fixed payment, deducting the amount related to lease incentives; ② variable lease payment depending on index or ratio; ③ exercise price of purchase option when the Group reasonably determines to exercise purchase option; ④ payment made for exercising the option to terminate the lease when the lease term reflects that the Group exercises such option; ⑤ amount expected to be paid according to the guaranteed residual value provided by the Group.

When calculating the present value of the lease payment, the Group adopts the incremental borrowing rate as the discount rate. The interest expenses of the lease liabilities within each lease term shall be calculated according to the fixed periodic rate, and included in the current profit or loss, except for those should be capitalized.

When the Group recognizes the interest on the lease liabilities after the commencement date of the lease term, it will increase the carrying amount of the lease liabilities; When making the lease payment, it will reduce the carrying amount of the lease liabilities. If there is any change in the substantially fixed payment, the expected amount payable of the guaranteed residual value, the index or ratio for determination of the lease payment, the evaluation result of the purchase option, renewal option or termination option, or the actual exercise of the options, the Group will re-measure the lease liabilities according to the present value of the lease payment after the change.

##### 2) Short-term lease and low-value asset lease

For the short-term lease with a lease term of not more than 12 months and low-value asset lease with a lower value when a single leased asset is brand new, the Group chooses not to recognize the right-of-use asset and lease liabilities. The Group will include the lease payment for short-term lease and low-value asset lease into the related asset cost or current profit or loss by the straight-line method or other systematic and reasonable methods during each lease term.

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 29. Lease (Continued)

##### *(3) As the lessor*

As the lessor, if a lease substantially transfers almost all risks and rewards related to the ownership of the leased asset, the Group shall classify the lease as a finance lease, and other leases other than the finance leases as operating leases.

##### *1) Finance lease*

At the commencement date of the lease term, the Group recognizes the finance lease receivables for the finance lease and derecognizes the finance leasing assets. When the Group initially measures the finance lease receivables, the net investment in a lease is taken as the entry value of the finance lease receivables.

The net investment in a lease is equivalent to the sum of the unguaranteed residual value and the present value of the lease receipts that have not yet been received at the commencement date of the lease term which is discounted at the interest rate implicit in the lease. The Group calculates and recognizes interest income in each lease term at a fixed periodic rate. The variable lease payment obtained by the Group but not included in the measurement of net investment in leases is included in the current profit or loss when it occurs.

##### *2) Operating lease*

In each lease term, the Group will recognize the lease amount of operating lease as the rental income by the straight-line method.

The initial direct expenses incurred by the Group relating to the operating lease are capitalized to the cost of the underlying asset of the lease, and shall be included in the current profit or loss in stages during the lease term according to the same recognition basis as rental income. The Group's variable lease payment related to operating lease and not included in lease receivables is included in the current profit or loss when it actually occurs.

If there is a change in the operating lease, the Group will take it as a new lease from the effective date of change, and the lease receipts received in advance or receivable related to the lease before the change will be regarded as the receipts for the new lease.



## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 30. Non-current assets or disposal group held for sale

Where the Group recovers its carrying amount mainly through the sales (including the exchange of non-monetary assets of commercial nature, similarly hereinafter) other than the continuous use of a non-current asset or disposal group, the non-current asset or disposal group shall be classified as held for sale.

The Group classifies the non-current assets or disposal groups meeting the following conditions as the assets held for sale: (1) The non-current assets or disposal groups can be immediately sold under current conditions pursuant to general terms for selling such assets or disposal groups; (2) The sales are very likely to occur, i.e., a resolution has been taken on a sales plan and a definitive purchase commitment has been obtained, and the sales are expected to be completed within one year. Relevant regulations require that the relevant approval needs to be obtained for those available for sale after approval by relevant authorities or regulators. Before the non-current assets or disposal groups are classified as held for sale for the first time, the Group shall measure the carrying amount of each asset and liability in the non-current assets or disposal groups in accordance with the relevant accounting standards. When the non-current assets or disposal groups held for sale are measured initially or remeasured on the balance sheet date, if the carrying amount is higher than the net amount obtained by deducting the selling expenses from the fair value, the carrying amount shall be reduced to the net amount obtained by deducting the selling expenses from the fair value, and the write-down amount shall be recognized as the asset impairment losses and shall be included in the current profit or loss and the accrual for provision for impairment of assets held for sale shall be made at the same time.

The Group classifies the non-current assets or disposal groups that are acquired exclusively for resale, meeting the conditions of “the sale is expected to be completed within one year” on the acquisition date and likely to meet other conditions for assets held for sale in a short time (usually 3 months) as the assets held for sale on the acquisition date. In the initial measurement, the initial measurement amount assuming they are not classified as assets held for sale and the net amount obtained by deducting the selling expenses from the fair value are compared, whichever is less. Except for the non-current assets or disposal groups acquired in the business combination, the difference arising from the net amount obtained by deducting the selling expenses from the fair value in the non-current assets or disposal groups as the initial measurement amount shall be included in the current profit or loss.

If the Group loses control over its subsidiaries due to the sales of investment in subsidiaries and other reasons, whether the Group reserves some of its equity investments after the sales or not, when the investment in subsidiaries to be sold meets the conditions for assets held for sale, the investment in subsidiaries will be classified as assets held for sale as a whole in the individual financial statements of the parent company and all the assets and liabilities of subsidiaries will be classified as assets held for sale in the consolidated financial statements.



## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 30. Non-current assets or disposal group held for sale (Continued)

If the net amount obtained by deducting the selling expenses from the fair value of non-current assets held for sale on the subsequent balance sheet date increases, the previous write-down amount shall be recovered and reversed from the asset impairment losses recognized after being classified as assets held for sale, and the reversed amount shall be included in the current profit or loss. The asset impairment losses recognized before being classified as assets held for sale shall not be reversed.

For the asset impairment losses recognized in the disposal group held for sale, the carrying amount of the goodwill in the disposal group shall be deducted, and then the carrying amount shall be deducted proportionately based on the proportion of the carrying amount of each non-current asset.

If the net amount obtained by deducting the selling expenses from the fair value of disposal groups held for sale on the subsequent balance sheet date increases, the previous write-down amount shall be recovered and reversed from the asset impairment losses recognized in the non-current assets applicable to the relevant measurement rules after being classified as assets held for sale, and the reversed amount shall be included in the current profit or loss. The carrying amount of goodwill deducted and the asset impairment losses recognized in the non-current assets before being classified as assets held for sale shall not be reversed.

For the subsequently reversed amount of asset impairment losses recognized in the disposal group held for sale, the carrying amount shall be increased proportionately based on the proportion of the carrying amount of each non-current asset other than the goodwill in the disposal group.

Non-current assets held for sale or non-current assets in disposal groups are not depreciated or amortized and interest and other expenses on liabilities in disposal groups held for sale continue to be recognized.

When the non-current assets or disposal groups held for sale are not further classified as assets held for sale or the non-current assets are removed from the disposal groups held for sale due to failure to meet the conditions for assets held for sale, the measurement shall be conducted based on the lower of the following two: (1) carrying amount before being classified as assets held for sale based on the amount of depreciation, amortization or impairment after adjustment that should be recognized in the case that assuming they are not classified as assets held for sale; (2) recoverable amount.

When the non-current assets or disposal groups held for sale are derecognized, the unrecognized gains or losses shall be included in the current profit or loss.

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 31. Discontinued operations

Discontinued operations refer to the components of the Group which meet one of the following conditions, which could be separately distinguished, and that such components have been disposed or been classified as the type of held for sale assets: (1) Such components represent an independent main business or separate main operating areas; (2) Such components are parts of a related plan to dispose of an independent main business or a separate main business area; (3) Such components are subsidiaries specially acquired for resale.

In the income statement, the Group added items such as “net profit from continuing operations” and “net profit from discontinued operations” under “Net Profit” to respectively reflect the profit or loss related to continuing operations and discontinued operations with the net amount after tax. Profit or loss related to discontinued operations shall be presented as profit or loss from discontinued operations. The presented profit or loss from discontinued operations shall cover the entire reporting period, not only the reporting period after the operations are recognized as discontinued.

#### 32. Other significant accounting policies and accounting estimates

The Group continuously evaluates the significant accounting estimates and key assumption adopted based on historical experience and other factors, including reasonable expectations for future events. Material changes, if any, in the following significant accounting estimates and key assumptions may cause a material impact on the carrying amount of assets and liabilities in subsequent accounting years:

- (1) Impairment for receivables. The management of the Company evaluates credit risk on the basis of relevant asset portfolios and measures the provision for the loss according to the amount of expected credit loss in the whole duration. If the expected figure differs from the original estimates, the related difference will affect the carrying amount of receivables and the impairment charge during the change period of estimates.
- (2) Estimate of impairment of inventories. On the balance sheet date, the management of the Company measures the inventories according to the lower of cost and net realizable value, and the net realizable value shall be calculated by utilizing assumptions and estimates. If the management revises the estimated selling price as well as the costs and expenses to be incurred until completion, it will affect the estimates of the net realizable value of inventories, and the difference will affect the provision for inventory impairment accrued.

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 32. Other significant accounting policies and accounting estimates (Continued)

- (3) Estimated useful life and estimated net residual value of fixed assets. The estimated useful life and estimated net residual value of fixed assets are estimated based on the previous actual useful life and the actual net residual value of fixed assets with similar properties and functions. During the use of fixed assets, the economic environment, technical environment, and other environments may have a great impact on the useful life and estimated net residual value of fixed assets. If the estimated useful life and the net residual value of fixed assets are different from the original estimates, the management will make appropriate adjustments.
- (4) Fair value of financial assets. For financial instruments without an active market, the Group determines their fair value by various valuation techniques including the discount cash flow method. For financial assets that the Group is expressly restricted by law from disposing of within a specific period, their fair value is adjusted based on the market quotation and the characteristics of the instrument. In valuation, the Group needs to estimate the credit risk, market volatility, and correlation of itself and counterparties, and the changes in assumptions of these relevant factors will have an impact on the fair value of financial instruments.
- (5) Deferred income tax assets and deferred income tax liabilities. When recognizing the deferred income tax assets, the Group also takes into account the possibility of reversal of deductible temporary differences and deductible losses. The deductible temporary differences mainly include influences of the provision for impairment of assets, the accrued expenses that have not been approved for pre-tax deduction, the offset of internal unrealized profits, etc. Deferred income tax assets are recognized based on the Group's expectation that the deductible temporary differences and deductible losses will be reversed in the foreseeable future through the generation of sufficient taxable income from continuing operations. The Group has accrued the current income tax and deferred income tax based on the current tax laws and regulations and the current best estimates and assumptions. In case of changes due to the tax laws and regulations or relevant circumstances in the future, the Group needs to make adjustments to the current income tax and deferred income tax.
- (6) Income tax. During the normal business activities, final tax treatment for many transactions and events has uncertainties. When accruing income tax, the Group needs to make material judgments. If there is a difference between the finally recognized outcome for these taxes and the initially received amount, it will have an impact on the above-mentioned taxes in the final recognition period.

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 33. Changes in significant accounting policies and accounting estimates

##### (1) Change in significant accounting policies

In December 2024, the Ministry of Finance issued *Interpretation No. 18 of Accounting Standards for Business Enterprises* (hereinafter referred to as Interpretation No. 18). According to Interpretation No. 18, for accounting of estimated liabilities arising from guarantee quality assurances that do not constitute a separate performance obligation, the determined amount of estimated liability shall be included in the “principal business cost”, “other business cost” and other items. The Interpretation shall come into effect from the date of issuance, and companies are allowed to implement it in advance from the issuance year. From 1 January 2024, the Company changed its accounting policies and made retroactive adjustments to the 2023 financial statements. The implementation of Interpretation No. 18 has no material impact on the profit of the Company's consolidated statements.

- 1) The amount affected by the implementation of Interpretation No. 18 on the relevant items in the Company's consolidated income statement for 2023 is as follows:

Unit: Yuan Currency: RMB

Affected items	Before change	Amount affected	After change
Operating cost	9,696,630,033.53	86,382,212.97	9,783,012,246.50
Selling expenses	240,891,055.45	-86,382,212.97	154,508,842.48

- 2) The amount affected by the implementation of Interpretation No. 18 on the relevant items in the Company's income statement of the parent company for 2023 is as follows:

Unit: Yuan Currency: RMB

Affected items	Before change	Amount affected	After change
Operating cost	7,967,220,366.58	25,682,050.46	7,992,902,417.04
Selling expenses	28,684,067.87	-25,682,050.46	3,002,017.41

##### (2) Changes in significant accounting estimates

None.

##### (3) The initial implementation of new accounting standards or standard interpretations in 2024 involves adjustments to the financial statements at the beginning of the year of initial implementation.

None.

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### IV. TAXES

#### 1. Main taxes and tax rates

Tax category	Taxation basis	Tax rate
Value-added tax (VAT)	Domestic sales; providing processing, repair, maintenance services, etc.	13%
	Providing agricultural machinery sales, tap water, heating, gas, etc.	9%
	Other taxable sales and services	6%, 5%, 3%
	Paid-in VAT	7%
Urban maintenance and construction tax	Paid-in VAT	3%, 2%
Educational surcharges	Taxable income	25%, 15%
Enterprise income tax	70% (or rental income) of the original value of the property as the tax basis	1.2%, 12%
Property tax		

Taxpayer's description for the tax rates of different corporate income taxes:

Name of taxpayer	Income tax rate
First Tractor Company Limited	15%
YTO (Luoyang) Diesel Engine Co., Ltd.	15%
YTO (Luoyang) Flag Auto-Body Co., Ltd.	15%
Luoyang Tractor Research Institute Co., Ltd.	15%
YTO (Luoyang) Hydraulic Transmission Co., Ltd.	15%
Other domestic subsidiaries	25%
Overseas companies	Calculated and paid per local tax policy



## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### IV. TAXES (CONTINUED)

#### 2. Tax preference

##### (1) Value-added tax

As a restructured scientific research institute, Luoyang Tractor Research Institute Co., Ltd., a subsidiary of the Company, according to the decisions of the *Notice of the Ministry of Finance, the General Administration of Customs, and the State Taxation Administration on the Import Tax Policies for Supporting Scientific and Technological Innovations during the "14th Five-Year Plan" Period* (CGS [2021] No. 23), the *Notice of the Ministry of Finance, the Central Publicity Department, the National Development and Reform Commission, the Ministry of Education, the Ministry of Science and Technology, the Ministry of Industry and Information Technology, the Ministry of Civil Affairs, the Ministry of Commerce, the Ministry of Culture and Tourism, the General Administration of Customs, and the State Taxation Administration on the Management Measures for Import Tax Policies Supporting Technological Innovation During the 14th Five-Year Plan* (CGS[2021] No. 24), and the *Notice of the Ministry of Finance, the General Administration of Customs, and the State Taxation Administration on Issuing the List of Supplies for Scientific Research, Scientific and Technological Development and Teaching Imported that Are Exempt from Import Taxes (First Batch) during the "14th Five-Year Plan" Period* (CGS [2021] No. 44) that stipulated scientific research institutions, technology development institutions, and educational units are exempt from import tariffs and the value-added taxes and consumption taxes on import links on the supplies for scientific research, scientific and technological development, and teaching that cannot be produced domestically or whose performance does not meet requirements from 1 January 2021 to 31 December 2025, is exempted from these taxes.

Luoyang Tractor Research Institute Co., Ltd., a subsidiary of the Group, complies with the provisions of Item (26) of Article I of Annex 3 *Provisions on the Transitional Policies for the Pilot Program of Replacing Business Tax with Value-Added Tax* to the *Notice of the Ministry of Finance and the State Taxation Administration on Comprehensively Implementing the Pilot Program of Replacing Business Tax with Value-Added Tax* (CS [2016] No. 36): taxpayers are exempt from VAT for provision of technology transfer, technology development and associated technology consulting, and technology services.

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### IV. TAXES (CONTINUED)

#### 2. Tax preference (Continued)

##### (1) *Value-added tax (Continued)*

Luoyang Tractor Research Institute Co., Ltd., a subsidiary of the Group, is exempted from urban land use tax and property tax on public rental housing and VAT on rental income obtained from the operation of public rental housing according to the *Announcement of the Ministry of Finance and the State Taxation Administration on Continuing to Implement the Preferential Tax Policies for Public Rental Housing* (Announcement No. 33 [2023] of Ministry of Finance and State Taxation Administration). This policy will be implemented until 31 December 2025.

Brilliance China Machinery Holdings Ltd., a subsidiary of the Group, is a small-scale taxpayer. According to Article 5 of the *Announcement of the Ministry of Finance and the State Taxation Administration on Clarifying the Value-added Tax Reduction and Exemption Policies for Small-scale VAT Taxpayers* (Announcement No. 1 [2023] of the Ministry of Finance and the State Taxation Administration), from 1 January 2023 to 31 December 2023, small-scale VAT taxpayers subject to a levy rate of 3% on taxable sales income will enjoy a reduced VAT rate of 1%. According to the Announcement of the Ministry of Finance and the State Taxation Administration on VAT Reduction and Exemption Policies for Small-scale Value-added Taxpayers (Announcement No. 19 [2023] of the Ministry of Finance and the State Taxation Administration), the policy implementation period is extended to 31 December 2027. According to Article 1 of the *Announcement of Henan Provincial Department of Finance and Henan Provincial Tax Service, State Taxation Administration on Further Implementing the "Six Taxes and Two Fees" Reduction and Exemption Policies for Micro and Small Enterprises* (Announcement No.1 [2022] of Henan Provincial Department of Finance and Henan Provincial Tax Service, State Taxation Administration), from 1 January 2022 to 31 December 2024, small-scale VAT taxpayers, small low-profit enterprises and individual businesses in Henan Province will be subject to a 50% reduction in resource tax (excluding water resources tax), urban maintenance and construction tax, property tax, urban land use tax, stamp duty (excluding securities trading stamp duty), farmland occupation tax, education surcharges and local education surcharges.

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### IV. TAXES (CONTINUED)

#### 2. Tax preference (Continued)

##### (1) Value-added tax (Continued)

Luoyang Changxing Agricultural Machinery Co., Ltd., a subsidiary of the Group, enjoys the VAT exemption policy for the sales of agricultural machinery in accordance with the *Notice of the Ministry of Finance and the State Taxation Administration concerning the Policy of Exemption of Value Added Tax on Agricultural Means of Production* (CS [2001] No. 113).

The Group's subsidiaries Yitwo Argo-Industrial and YTO Belarus Technology Co., Ltd. are registered abroad and pay VAT at the local applicable tax rate.

According to the *Announcement on the Addition, Credit, and Deduction Policies for Value-added Tax of Advanced Manufacturing Enterprises* (Announcement No. 43 [2023] of the Ministry of Finance and State Taxation Administration), from 1 January 2023 to 31 December 2027, the Company and its subsidiaries YTO (Luoyang) Diesel Engine Co., Ltd. and YTO (Luoyang) Flag Auto-Body Co., Ltd., as advanced manufacturing enterprises, are allowed to offset the VAT payable by a further 5% in addition to the current deductible input tax.

##### (2) Enterprise income tax

The Company and its subsidiaries, including YTO (Luoyang) Diesel Engine Co., Ltd., YTO (Luoyang) Flag Auto-Body Co., Ltd., Luoyang Tractor Research Institute Co., Ltd., and YTO (Luoyang) Hydraulic Transmission Co., Ltd., are high-tech enterprises jointly recognized by the Provincial Department of Science and Technology, the Public Finance Department, and the State Taxation Administration and according to Article 28 of the *Enterprise Income Tax Law of the People's Republic of China*, the income tax rate of 15% is applicable.

The Group's subsidiaries Yitwo Argo-Industrial and YTO Belarus Technology Co., Ltd. are registered abroad and pay income tax at the local applicable tax rate.

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT

Unless otherwise stated, among the following disclosed data in the financial statements, “beginning” refers to 1 January 2024; “ending” refers to 31 December 2024; “current year” refers to the period from 1 January to 31 December 2024; “previous year” refers to the period from 1 January to 31 December 2023; and the currency unit is RMB.

#### 1. Monetary funds

*Unit: Yuan Currency: RMB*

Item	Ending balance	Beginning balance
Cash on hand	98,797.95	240,002.93
Cash at bank	296,161,545.92	800,433,509.37
Other monetary funds	88,707,741.00	104,737,932.53
Deposits in the Finance Company (Note)	1,960,076,066.05	1,864,167,441.13
<b>Total</b>	<b>2,345,044,150.92</b>	<b>2,769,578,885.96</b>
Including: total amount deposited overseas	17,982,319.91	46,561,099.93

*Note:* The deposits in the Finance Company include the security deposit paid at the Finance Company for acceptance bills.

Including: monetary funds with restricted right of use:

*Unit: Yuan Currency: RMB*

Item	Ending balance	Beginning balance
Margin for acceptance bills	555,439,590.04	544,771,522.99
Other restricted funds	4,957,024.60	1,596,726.94
<b>Total</b>	<b>560,396,614.64</b>	<b>546,368,249.93</b>

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

#### 2. Financial assets held for trading

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Financial assets at FVTPL	1,378,751,780.82	862,909,300.00
Including: Debt instrument investments	502,751,780.82	0.00
Equity instrument investments	876,000,000.00	862,909,300.00
<b>Total</b>	<b>1,378,751,780.82</b>	<b>862,909,300.00</b>

#### 3. Notes receivable

##### (1) Notes receivable according to category

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Bank acceptance bills	33,094,217.58	59,470,690.81
Commercial acceptance bills	3,605,374.54	2,851,543.10
<b>Total</b>	<b>36,699,592.12</b>	<b>62,322,233.91</b>

##### (2) Notes receivable which have been endorsed or discounted by the Company at the end of the year but not yet expired on the balance sheet date

Unit: Yuan Currency: RMB

Item	Derecognition amount at the end of the year	Non-derecognition amount at the end of the year
Bank acceptance bills	0.00	25,210,539.34
Commercial acceptance bills	0.00	205,374.54
<b>Total</b>	<b>0.00</b>	<b>25,415,913.88</b>



## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

#### 4. Accounts receivable

##### (1) Accounts receivable by ageing

Unit: Yuan Currency: RMB

Ageing	Ending book balance	Beginning book balance
Within 1 year (including 1 year)	305,250,823.09	343,960,871.88
Within 1 year (including 1 year) subtotal	305,250,823.09	343,960,871.88
1-2 years	34,043,696.35	10,236,946.74
2-3 years	9,146,307.77	3,208,250.11
Over 3 years	235,613,644.16	243,768,309.44
<b>Subtotal</b>	<b>584,054,471.37</b>	<b>601,174,378.17</b>
Less: provision for impairment	281,784,747.78	269,968,383.29
<b>Total</b>	<b>302,269,723.59</b>	<b>331,205,994.88</b>

##### (2) Accounts receivable by bad debt accrual method

Unit: Yuan Currency: RMB

Category	Book balance		Ending balance		Carrying amount	Book balance		Ending balance		Carrying amount
	Amount	Proportion (%)	Amount	Provision proportion (%)		Amount	Proportion (%)	Amount	Provision proportion (%)	
Provision for bad debts										
accrued by portfolio	584,054,471.37	100.00	281,784,747.78	—	302,269,723.59	601,174,378.17	100.00	269,968,383.29	—	331,205,994.88
Including:										
Ageing portfolio	494,737,713.48	84.71	233,569,131.01	47.21	261,168,582.47	529,473,772.44	88.07	224,657,454.31	42.43	304,816,318.13
Collateral and other risk exposure portfolios	89,316,757.89	15.29	48,215,616.77	53.98	41,101,141.12	71,700,605.73	11.93	45,310,928.98	63.19	26,389,676.75
<b>Total</b>	<b>584,054,471.37</b>	<b>100.00</b>	<b>281,784,747.78</b>	<b>—</b>	<b>302,269,723.59</b>	<b>601,174,378.17</b>	<b>100.00</b>	<b>269,968,383.29</b>	<b>—</b>	<b>331,205,994.88</b>

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

#### 4. Accounts receivable (Continued)

##### (2) Accounts receivable by bad debt accrual method (Continued)

① Provision for bad debts of accounts receivable accrued as per portfolio – ageing portfolio

Unit: Yuan Currency: RMB

Ageing	Accounts receivables	Ending balance Provision for bad debts	Provision proportion (%)
Within 1 year (including 1 year)	252,272,347.86	5,906,883.69	2.34
1-2 years	25,663,719.44	12,575,922.20	49.00
2-3 years	1,849,232.83	299,398.80	16.19
Over 3 years	214,952,413.35	214,786,926.32	99.92
<b>Total</b>	<b>494,737,713.48</b>	<b>233,569,131.01</b>	<b>—</b>

② Provision for bad debts of accounts receivable accrued as per portfolio – collateral and other risk exposure portfolios

Unit: Yuan Currency: RMB

Ageing	Accounts receivables	Ending balance Provision for bad debts	Provision proportion (%)
Collateral and other risk exposure portfolios	89,316,757.89	48,215,616.77	53.98
<b>Total</b>	<b>89,316,757.89</b>	<b>48,215,616.77</b>	<b>53.98</b>

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

#### 4. Accounts receivable (Continued)

**(3) Movement of provision for bad debts made, recovered, or reversed for accounts receivable**

Unit: Yuan Currency: RMB

Category	Beginning balance	Provision accrued	Movements in the current year		Others (note)	Ending balance
			Recovered or reversed	Charged or written off		
Ageing portfolio	224,657,454.31	9,275,614.64	0.00	1,018,435.40	654,497.46	233,569,131.01
Collateral and other risk exposure portfolios	45,310,928.98	11,118,734.37	0.00	8,214,046.58	0.00	48,215,616.77
<b>Total</b>	<b>269,968,383.29</b>	<b>20,394,349.01</b>	<b>0.00</b>	<b>9,232,481.98</b>	<b>654,497.46</b>	<b>281,784,747.78</b>

*Note:* Other changes are mainly due to the impact of exchange rate fluctuation and the acquisition of YTO (Luoyang) Axle Co., Ltd. (hereinafter referred to as YTO Axle Company).

**(4) Accounts receivable actually written off this year**

Unit: Yuan Currency: RMB

Item	Write-off amount
Accounts receivable actually written off	9,232,481.98

*Significant actual write-off of accounts receivable:*

Unit: Yuan Currency: RMB

Company name	Nature of accounts receivable	Write-off amount	Reason for write-off	Write-off procedures	From connected transactions or not
Customer 2	Payments for goods	5,482,704.75	Expect unable to recover the amount	Company internal approval	No
Customer 4	Payments for goods	1,697,472.58	Expect unable to recover the amount	Company internal approval	No
<b>Total</b>	—	<b>7,180,177.33</b>	—	—	—

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

#### 4. Accounts receivable (Continued)

(5) *Accounts receivable and contract assets from top five ending balance collected as per the borrowers*

Unit: Yuan Currency: RMB

Company name	Ending balance of accounts receivable	Ageing	Proportion of the total ending balance of accounts receivable and contract assets (%)	Ending balance of bad debt provision
Urumqi Shifeng Agricultural Machinery Equipment Co., Ltd.	61,702,265.33	Over 5 years	10.56	61,702,265.33
YTO Group Corporation	25,859,807.64	Within 1 year	4.43	308,616.88
TECNOIMPORT, Cuba	25,640,935.17	Over 5 years	4.39	25,640,935.17
Luoyang Intelligent Agricultural Equipment Research Institute Co., Ltd.	23,541,300.00	1-2 years	4.03	11,770,650.00
XCMG Material Supply Co., Ltd.	21,469,102.69	Within 1 year	3.68	764,991.17
<b>Total</b>	<b>158,213,410.83</b>	—	27.09	100,187,458.55

Note: The Company has no contract assets.

#### 5. Receivables financing

(1) *Classified presentation of receivables financing*

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Bank acceptance bills	162,000,234.88	261,430,180.63
<b>Total</b>	<b>162,000,234.88</b>	261,430,180.63

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

#### 5. Receivables financing (Continued)

##### (2) Receivables financing which has been pledged at the end of the year

*Unit: Yuan Currency: RMB*

Item	Pledged amount at the end of the year
Bank acceptance bills	0.00
<b>Total</b>	<b>0.00</b>

##### (3) Receivables financing which has been endorsed or discounted but not yet expired on the balance sheet date at the end of the year

Item	Derecognition amount at the end of the year	Non-derecognition amount at the end of the year
Bank acceptance bills	674,548,149.69	0.00
<b>Total</b>	<b>674,548,149.69</b>	<b>0.00</b>

#### 6. Prepayments

##### (1) Prepayments by ageing

*Unit: Yuan Currency: RMB*

Ageing	Amount	Ending balance Proportion (%)	Provision for bad debts	Amount	Ending balance Proportion (%)	Provision for bad debts
Within 1 year (including 1 year)	288,523,144.47	97.02	0.00	210,422,144.33	96.19	0.00
1-2 years	756,873.15	0.25	0.00	244,214.00	0.11	0.00
2-3 years	74,380.00	0.03	0.00	55,796.41	0.03	50,180.00
Over 3 years	8,040,775.99	2.70	7,972,680.33	8,035,463.48	3.67	7,972,984.23
<b>Total</b>	<b>297,395,173.61</b>	<b>100.00</b>	<b>7,972,680.33</b>	<b>218,757,618.22</b>	<b>100.00</b>	<b>8,023,164.23</b>



## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

#### 6. Prepayments (Continued)

(2) *Prepayments with the top five ending balance as per the prepaid parties*

Unit: Yuan Currency: RMB

Company name	Ending balance	Ageing	Proportion in total ending balance of prepayments (%)
Xuzhou Armour Rubber Company Ltd	117,962,401.70	Within 1 year	39.67
Guizhou Tyre Co., Ltd	24,793,430.44	Within 1 year	8.34
Changge Yida Zhongxin Machinery Manufacturing Co., Ltd.	21,937,280.71	Within 1 year	7.38
Weishi County Yuxin Machinery Parts Co., Ltd.	16,429,991.97	Within 1 year	5.52
Golden Century (Luoyang) Wheel Manufacturing Co., Ltd.	14,908,635.24	Within 1 year	5.01
<b>Total</b>	<b>196,031,740.06</b>	—	65.92

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

#### 7. Other receivables

*Unit: Yuan Currency: RMB*

Item	Ending balance	Beginning balance
Interest receivable	0.00	0.00
Dividends receivable	0.00	0.00
Other receivables	<u>46,387,183.65</u>	<u>24,672,309.74</u>
<b>Total</b>	<u><u>46,387,183.65</u></u>	<u><u>24,672,309.74</u></u>

##### 7.1 Other receivables

(1) Other receivables by ageing

*Unit: Yuan Currency: RMB*

Ageing	Ending balance	Beginning balance
Within 1 year (including 1 year)	40,910,065.92	16,732,394.99
Within 1 year (including 1 year) subtotal	40,910,065.92	16,732,394.99
1-2 years	2,179,534.93	6,074,033.96
2-3 years	348,121.69	548,095.45
Over 3 years	<u>29,413,490.63</u>	<u>29,826,682.36</u>
<b>Subtotal</b>	72,851,213.17	53,181,206.76
Less: provision for impairment	<u>26,464,029.52</u>	<u>28,508,897.02</u>
<b>Total</b>	<u><u>46,387,183.65</u></u>	<u><u>24,672,309.74</u></u>

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

#### 7. Other receivables (Continued)

##### 7.1 Other receivables (Continued)

(2) Other receivables classified as per nature

Unit: Yuan Currency: RMB

Nature	Ending book balance	Beginning book balance
Transaction payments	31,777,538.12	34,335,763.82
Security deposits, pretty cash, margin, etc.	7,008,225.34	8,252,791.67
Export tax refund receivable	31,246,426.42	6,816,810.15
Others	2,819,023.29	3,775,841.12
<b>Subtotal</b>	<b>72,851,213.17</b>	<b>53,181,206.76</b>
Less: provision for impairment	26,464,029.52	28,508,897.02
<b>Total</b>	<b>46,387,183.65</b>	<b>24,672,309.74</b>

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

#### 7. Other receivables (Continued)

##### 7.1 Other receivables (Continued)

(3) Provision for bad debts of other receivables

*Unit: Yuan Currency: RMB*

Provision for bad debts	Stage I  Expected credit losses for the next 12 months	Stage II Expected credit loss within the whole duration (no credit impairment occurs)	Stage III Expected credit loss within the whole duration (credit impairment has occurred)	Total
Balance on 1 January 2024	7,556,644.11	20,952,252.91	0.00	28,508,897.02
Balance on 1 January 2024 in the current year				
– Transferred to Stage II				
– Transferred to Stage III				
– Reversed to Stage II				
– Reversed to Stage I				
Accrual in the current year	-1,664,473.67	20,000.00	0.00	-1,644,473.67
Reversal in the current year				
Charge-off in the current year				
Write-off in the current year	395,173.50	0.00	0.00	395,173.50
Other changes ( <i>Note</i> )	-5,220.33	0.00	0.00	-5,220.33
<b>Balance on 31 December 2024</b>	<b>5,491,776.61</b>	<b>20,972,252.91</b>	<b>0.00</b>	<b>26,464,029.52</b>

*Note:* Other changes are mainly due to the impact of exchange rate fluctuation and the acquisition of YTO Axle Company.

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

#### 7. Other receivables (Continued)

##### 7.1 Other receivables (Continued)

(4) Classified presentation of other receivables by bad debt accrual method

Unit: Yuan Currency: RMB

Category	Book balance		Ending balance		Carrying amount
	Amount	Proportion (%)	Amount	Provision proportion (%)	
Provision for bad debts accrued					
by portfolio	72,851,213.17	100.00	26,464,029.52	—	46,387,183.65
Including: Ageing portfolio	37,279,806.74	51.17	5,388,701.27	14.45	31,891,105.47
Low risk portfolio	10,307,534.02	14.15	103,075.34	1.00	10,204,458.68
Collateral and other risk exposure portfolios	25,263,872.41	34.68	20,972,252.91	83.01	4,291,619.50
<b>Total</b>	<b>72,851,213.17</b>	<b>100.00</b>	<b>26,464,029.52</b>	<b>—</b>	<b>46,387,183.65</b>
Category	Book balance		Beginning balance		Carrying amount
	Amount	Proportion (%)	Amount	Provision proportion (%)	
Provision for bad debts accrued					
by portfolio	53,181,206.76	100.00	28,508,897.02	—	24,672,309.74
Including: Ageing portfolio	19,684,542.68	37.01	7,474,116.18	37.97	12,210,426.50
Low risk portfolio	8,252,791.67	15.52	82,527.93	1.00	8,170,263.74
Collateral and other risk exposure portfolios	25,243,872.41	47.47	20,952,252.91	83.00	4,291,619.50
<b>Total</b>	<b>53,181,206.76</b>	<b>100.00</b>	<b>28,508,897.02</b>	<b>—</b>	<b>24,672,309.74</b>



## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

#### 7. Other receivables (Continued)

##### 7.1 Other receivables (Continued)

(4) *Classified presentation of other receivables by bad debt accrual method (Continued)*

- 1) Provision for bad debts of other receivables accrued as per portfolio – ageing portfolio

*Unit: Yuan Currency: RMB*

Ageing	Book balance	Ending balance Provision for bad debts	Provision proportion (%)
Within 1 year (including 1 year)	33,107,820.90	1,307,388.52	3.95
1-2 years	181,346.19	90,673.10	50.00
2-3 years	135,921.69	135,921.69	100.00
Over 3 years	3,854,717.96	3,854,717.96	100.00
<b>Total</b>	<b>37,279,806.74</b>	<b>5,388,701.27</b>	<b>—</b>

- 2) Provision for bad debts of other receivables accrued as per portfolio – low risk portfolio

*Unit: Yuan Currency: RMB*

Ageing	Book balance	Ending balance Provision for bad debts	Provision proportion (%)
Within 1 year (including 1 year)	7,802,245.02	78,022.45	1.00
1-2 years	1,998,188.74	19,981.89	1.00
2-3 years	212,200.00	2,122.00	1.00
Over 3 years	294,900.26	2,949.00	1.00
<b>Total</b>	<b>10,307,534.02</b>	<b>103,075.34</b>	<b>—</b>

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

#### 7. Other receivables (Continued)

##### 7.1 Other receivables (Continued)

(4) Classified presentation of other receivables by bad debt accrual method (Continued)

- 3) Provision for bad debts of other receivables accrued as per portfolio – collateral and other risk exposure portfolios

Unit: Yuan Currency: RMB

Name of portfolio	Book balance	Ending balance Provision for bad debts	Provision proportion (%)
Collateral and other risk exposure portfolios	25,263,872.41	20,972,252.91	83.01

(5) Provision for bad debts

Unit: Yuan Currency: RMB

Category	Beginning balance	Provision accrued	Movements in the current year Recovered or reversed	Charged or written off	Other changes	Ending balance
Ageing portfolio	7,474,116.18	-1,685,196.46	0.00	395,173.50	-5,044.95	5,388,701.27
Low risk portfolio	82,527.93	20,722.79	0.00	0.00	-175.38	103,075.34
Collateral and other risk exposure portfolios	20,952,252.91	20,000.00	0.00	0.00	0.00	20,972,252.91
<b>Total</b>	<b>28,508,897.02</b>	<b>-1,644,473.67</b>	<b>0.00</b>	<b>395,173.50</b>	<b>-5,220.33</b>	<b>26,464,029.52</b>

(6) Other receivables actually written off in the current year

Unit: Yuan Currency: RMB

Item	Write-off amount
Other receivables actually written off	395,173.50

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

#### 7. Other receivables (Continued)

##### 7.1 Other receivables (Continued)

(7) Other receivables from top five ending balance collected according to the borrowers

*Unit: Yuan Currency: RMB*

Company name	Nature of the amount	Ending balance	Ageing	Proportion in total ending balance of other receivables (%)	Ending balance of bad debt provision
Municipal Tax Service	Tax refund receivable	27,356,083.99	Within 1 year	37.55	1,226,603.23
Cadfund Machinery Pty Ltd	Transaction payments	18,607,622.41	Over 5 years	25.54	18,607,622.41
Shanghai Pengpu Machine Building Plant (Group) Co., Ltd.	Transaction payments	6,490,000.00	Over 5 years	8.91	2,292,959.42
State Taxation Administration of Beijing Economic-Technological Development Area	Tax refund receivable	3,890,342.43	Within 1 year	5.34	38,903.42
Shaanxi Heavy Duty Automobile Co., Ltd.	Transaction payments	3,299,308.68	Within 2 years	4.53	32,993.09
<b>Total</b>	—	<b>59,643,357.51</b>	—	<b>81.87</b>	<b>22,199,081.57</b>

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

#### 8. Inventories

##### (1) Category of inventories

Unit: Yuan Currency: RMB

Item	Ending balance			Beginning balance		
	Book balance	Provision for inventory impairment/ Provision for impairment of contract performance cost	Carrying amount	Book balance	Provision for inventory impairment/ Provision for impairment of contract performance cost	Carrying amount
Raw materials	539,646,735.32	66,150,459.02	473,496,276.30	639,891,912.00	72,548,690.80	567,343,221.20
Goods in process	82,355,259.84	1,680,681.87	80,674,577.97	85,826,202.45	4,369,872.10	81,456,330.35
Goods in stock	613,260,878.43	24,415,640.71	588,845,237.72	628,510,077.90	14,354,807.67	614,155,270.23
Goods in transit	237,361,196.67	5,598,440.68	231,762,755.99	264,504,699.13	13,269,143.23	251,235,555.90
<b>Total</b>	<b>1,472,624,070.26</b>	<b>97,845,222.28</b>	<b>1,374,778,847.98</b>	<b>1,618,732,891.48</b>	<b>104,542,513.80</b>	<b>1,514,190,377.68</b>

##### (2) Provision for inventory impairment and provision for impairment of contract performance cost

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase in the current year		Decrease in the current year Reversal or write-off		Ending balance
		Provision accrued	Others (Note 1)	Reversal or write-off (Note 2)	Others	
Raw materials	72,548,690.80	-2,610,067.34	246,697.80	4,034,862.24	0.00	66,150,459.02
Goods in process	4,369,872.10	-2,689,190.23	0.00	0.00	0.00	1,680,681.87
Goods in stock	14,354,807.67	14,547,307.65	4,804,786.82	9,291,261.43	0.00	24,415,640.71
Goods in transit	13,269,143.23	-969,981.84	0.00	6,700,720.71	0.00	5,598,440.68
<b>Total</b>	<b>104,542,513.80</b>	<b>8,278,068.24</b>	<b>5,051,484.62</b>	<b>20,026,844.38</b>	<b>0.00</b>	<b>97,845,222.28</b>

Note 1: Other changes are mainly due to the impact of exchange rate fluctuation and the acquisition of YTO Axle Company.

Note 2: The reversal or write-off of provision for inventory impairment this year is caused by sales.

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

#### 9. Non-current assets due within one year

*Unit: Yuan Currency: RMB*

Item	Ending balance	Beginning balance
Debt investments due within one year	1,156,800,819.24	0.00
Long-term receivables due within one year	26,813,861.10	26,733,364.62
<b>Total</b>	<b>1,183,614,680.34</b>	<b>26,733,364.62</b>

##### (1) Debt investments due within one year

*Unit: Yuan Currency: RMB*

Item	Book balance	Ending balance		Book balance	Beginning balance	
		Provision for impairment	Carrying amount		Provision for impairment	Carrying amount
Large-denomination certificate of deposit	1,156,800,819.24	0.00	1,156,800,819.24	0.00	0.00	0.00
<b>Total</b>	<b>1,156,800,819.24</b>	<b>0.00</b>	<b>1,156,800,819.24</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

##### (2) Significant debt investments due within one year at the end of the year

*Unit: Yuan Currency: RMB*

Item	Ending balance				Beginning balance			
	Par value	Nominal interest rate	Actual interest rate	Maturity date	Par value	Nominal interest rate	Actual interest rate	Maturity date
Large-denomination certificate of deposit	1,085,000,000.00	-	-	-	0.00	-	-	-
<b>Total</b>	<b>1,085,000,000.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.00</b>	<b>-</b>	<b>-</b>	<b>-</b>

*Note:* The Company's debt investments at the end of the year are mainly large certificates of deposit purchased from banks, with a par value of deposit between RMB50 million to RMB500 million.



## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

#### 9. Non-current assets due within one year (Continued)

##### (3) Long-term receivables due within one year

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Original value of long-term receivables due within one year	483,413,676.53	484,591,050.97
Less: unrealized financing income	56,564,593.62	57,110,840.27
Less: provision for impairment	400,035,221.81	400,746,846.08
<b>Total</b>	<b>26,813,861.10</b>	<b>26,733,364.62</b>

#### 10. Other current assets

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Prepaid enterprise income tax	139,457,782.21	55,908,096.23
VAT to be certified/credited	112,858,379.00	142,176,478.01
Other prepaid taxes	10,704,409.75	16,581,678.95
Time deposits	50,058,874.64	216,228,498.08
<b>Subtotal</b>	<b>313,079,445.60</b>	<b>430,894,751.27</b>
Less: provision for impairment	-7,000,000.00	-7,000,000.00
<b>Total</b>	<b>306,079,445.60</b>	<b>423,894,751.27</b>

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

#### 11. Debt investments

##### (1) Debt investments

Unit: Yuan Currency: RMB

Item	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Large certificates of deposit and time deposit	3,261,453,492.49	0.00	3,261,453,492.49	3,337,100,098.30	0.00	3,337,100,098.30
Total	3,261,453,492.49	0.00	3,261,453,492.49	3,337,100,098.30	0.00	3,337,100,098.30

##### (2) Significant debt investments at the end of the year

Unit: Yuan Currency: RMB

Item	Par value	Nominal interest rate	Ending balance		Overdue principal	Par value	Nominal interest rate	Beginning balance		Overdue principal
			Actual interest rate	Maturity date				Actual interest rate	Maturity date	
Large certificates of deposit and time deposit	3,115,000,000.00	-	-	-	0.00	3,250,000,000.00	-	-	-	0.00
Total	3,115,000,000.00	-	-	-	0.00	3,250,000,000.00	-	-	-	0.00

Note: The Company's debt investments at the end of the year are mainly large certificates of deposit and fixed-term deposits purchased from banks, with a par value of deposit between RMB10 million to RMB100 million.

#### 12. Long-term receivables

##### (1) Long-term receivables

Unit: Yuan Currency: RMB

Item	Ending balance			Beginning balance			Interval of discount rate
	Book balance	Provision for bad debts	Carrying amount	Book balance	Provision for bad debts	Carrying amount	
Sales payment receivable	426,849,082.91	400,035,221.81	26,813,861.10	427,480,210.70	400,746,846.08	26,733,364.62	-
Among them: Unrealized financing revenue	56,564,593.62	0.00	56,564,593.62	57,110,840.27	0.00	57,110,840.27	-
Less: Long-term receivables due within one year	-426,849,082.91	-400,035,221.81	-26,813,861.10	-427,480,210.70	-400,746,846.08	-26,733,364.62	-
Total	0.00	0.00	0.00	0.00	0.00	0.00	-

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

#### 12. Long-term receivables (Continued)

(2) Provision for bad debt made according to the general model of expected credit loss

Unit: Yuan Currency: RMB

Provision for bad debts	Stage I Expected credit losses for the next 12 months	Stage II Expected credit loss within the whole duration (no credit impairment occurs)	Stage III Expected credit loss within the whole duration (credit impairment has occurred)	Total
Balance on 1 January 2024	0.00	0.00	400,746,846.08	400,746,846.08
Balance on 1 January 2024 in the current year	—	—	—	—
– Transferred to Stage II	0.00	0.00	0.00	0.00
– Transferred to Stage III	0.00	0.00	0.00	0.00
– Reversed to Stage II	0.00	0.00	0.00	0.00
– Reversed to Stage I	0.00	0.00	0.00	0.00
Accrual in the current year	0.00	0.00	0.00	0.00
Reversal in the current year	0.00	0.00	0.00	0.00
Charge-off in the current year	0.00	0.00	0.00	0.00
Write-off in the current year	0.00	0.00	0.00	0.00
Other changes (Note 1)	0.00	0.00	-711,624.27	-711,624.27
<b>Balance on 31 December 2024</b>	<b>0.00</b>	<b>0.00</b>	<b>400,035,221.81</b>	<b>400,035,221.81</b>

Note 1: Other changes are the exchange rate change of provision for impairment of accounts receivable from Cuba by YTO International Economic and Trade Co., Ltd.

Note 2: The above provision for impairment includes impairment reclassified to non-current assets due within one year.

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

#### 12. Long-term receivables (Continued)

##### (3) Provision for bad debts

Unit: Yuan Currency: RMB

Category	Beginning balance	Provision accrued	Movements in the current year		Other changes	Ending balance
			Recovered or reversed	Charged or written off		
Sales payment receivable	400,746,846.08	0.00	0.00	0.00	-711,624.27	400,035,221.81
<b>Total</b>	<b>400,746,846.08</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>-711,624.27</b>	<b>400,035,221.81</b>

#### 13. Long-term equity investments

##### (1) Long-term equity investments

Unit: Yuan Currency: RMB

Investees	Beginning balance (Carrying amount)	Beginning balance of provision for impairment	Increase in investment	Decrease in investment	Profit or loss on investments recognized under the equity method	Increase/Decrease for the year					Ending balance	Ending balance of provision for impairment
						Other comprehensive income adjustments	Other changes in equity	Cash dividends or profit declared	Accrual of provision for impairment	Others		
I. Associates												
YTO (Luoyang) Axle Co., Ltd. (Note)	85,368,135.67	0.00	0.00	0.00	11,754,070.96	0.00	0.00	0.00	0.00	-97,122,206.63	0.00	0.00
Sinomach Finance Co., Ltd.	578,506,502.73	0.00	85,716,000.00	0.00	36,735,438.45	56,260.71	0.00	14,526,000.00	0.00	0.00	686,488,201.89	0.00
Luoyang M&C Technology Consulting Co., Ltd.	382,834.98	0.00	0.00	0.00	107,853.87	0.00	0.00	20,000.00	0.00	0.00	470,888.85	0.00
Jiangxi Dongfanghong Agricultural Machinery Co., Ltd.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total</b>	<b>664,257,573.38</b>	<b>0.00</b>	<b>85,716,000.00</b>	<b>0.00</b>	<b>48,597,463.28</b>	<b>56,260.71</b>	<b>0.00</b>	<b>14,546,000.00</b>	<b>0.00</b>	<b>-97,122,206.63</b>	<b>686,959,090.74</b>	<b>0.00</b>

Note: Refer to Note "VII. 1. Business combinations not under common control" for details.

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

#### 14. Other equity instrument investments

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase in investment	Decrease in investment	Increase/Decrease for the year		Others	Ending balance	Dividend income recognized in the current year	Gains accumulated into other comprehensive income	Losses accumulated into other comprehensive income	Reasons for being designated at FVTOCI
				Gains included in other comprehensive income in the current year	Loss included in other comprehensive income in the current year						
Luoyang Intelligent Agricultural Equipment Research Institute Co., Ltd.	4,188,008.77	0.00	0.00	268,271.61	0.00	0.00	4,456,280.38	0.00	0.00	382,767.62	Non-trading
<b>Total</b>	<b>4,188,008.77</b>	<b>0.00</b>	<b>0.00</b>	<b>268,271.61</b>	<b>0.00</b>	<b>0.00</b>	<b>4,456,280.38</b>	<b>0.00</b>	<b>0.00</b>	<b>382,767.62</b>	<b>-</b>

#### 15. Fixed assets

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Fixed assets	<b>2,260,822,274.24</b>	2,268,814,612.75
<b>Total</b>	<b>2,260,822,274.24</b>	<b>2,268,814,612.75</b>



## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

#### 15. Fixed assets (Continued)

##### (1) Fixed assets

Item	Houses and buildings	Machinery equipment	Transportation facilities	Office and electronic equipment	Others	Total
<b>I. Book value:</b>						
1. Beginning balance	2,269,217,619.13	4,397,238,919.06	53,134,315.51	119,902,397.14	377,789.31	6,839,871,040.15
2. Amount increase in the current year	14,559,406.40	292,529,178.69	6,529,940.31	11,163,812.50	6,249,635.40	331,031,973.30
(1) Purchase	970,616.00	6,221,193.97	748,108.42	2,451,375.33	0.00	10,391,293.72
(2) Transfer from construction in progress	17,858,966.99	222,380,806.20	4,476,893.96	1,462,798.01	0.00	246,179,465.16
(3) Increase from business combination	2,037,275.15	60,516,192.87	1,560,031.65	4,096,483.57	6,249,635.40	74,459,618.64
(4) Reclassification of fixed assets	-6,352,260.81	3,412,216.26	-205,384.62	3,145,429.17	0.00	0.00
(5) Difference of foreign currency translation	44,809.07	-1,230.61	-49,709.10	7,726.42	0.00	1,595.78
3. Decrease in the current year	1,778,017.73	173,581,046.06	4,498,478.92	7,141,240.67	6,606,235.40	193,605,018.78
Disposal or retirement	1,778,017.73	173,581,046.06	4,498,478.92	7,141,240.67	6,606,235.40	193,605,018.78
4. Ending balance	2,281,999,007.80	4,516,187,051.69	55,165,776.90	123,924,968.97	21,189.31	6,977,297,994.67
<b>II. Accumulated depreciation</b>						
1. Beginning balance	1,219,232,467.27	3,114,640,785.39	31,386,641.93	99,882,213.44	352,564.49	4,465,494,672.52
2. Amount increase in the current year	61,567,605.18	233,147,667.06	4,575,643.37	10,313,437.40	4,681,355.14	314,285,708.15
(1) Charge for the year	63,399,448.71	182,151,550.62	3,460,807.45	5,085,501.22	47,961.40	254,145,269.40
(2) Increase from business combination	1,024,802.81	49,635,419.74	1,343,811.82	3,716,113.33	4,633,393.74	60,353,541.44
(3) Reclassification of fixed assets	-2,675,095.94	1,361,694.89	-195,115.39	1,508,516.44	0.00	0.00
(4) Effect of foreign currency translation	-181,550.40	-998.19	-33,860.51	3,306.41	0.00	-213,102.69
3. Decrease in the current year	1,382,513.63	153,473,290.88	3,301,459.61	6,708,230.39	5,018,937.64	169,884,432.15
Disposal or retirement	1,382,513.63	153,473,290.88	3,301,459.61	6,708,230.39	5,018,937.64	169,884,432.15
4. Ending balance	1,279,417,558.82	3,194,315,161.57	32,660,825.69	103,487,420.45	14,981.99	4,609,895,948.52
<b>III. Provision for impairment</b>						
1. Beginning balance	13,094,698.97	91,343,047.08	964,547.84	159,460.99	0.00	105,561,754.88
2. Amount increase in the current year	4,281,512.00	9,229,960.33	0.00	0.00	0.00	13,511,472.33
(1) Charge for the year	4,281,512.00	6,472,330.98	0.00	0.00	0.00	10,753,842.98
(2) Increase from business combination	0.00	2,757,629.35	0.00	0.00	0.00	2,757,629.35
3. Decrease in the current year	346,331.46	11,213,627.47	923,327.72	10,168.65	0.00	12,493,455.30
Disposal or retirement	346,331.46	11,213,627.47	923,327.72	10,168.65	0.00	12,493,455.30
4. Ending balance	17,029,879.51	89,359,379.94	41,220.12	149,292.34	0.00	106,579,771.91
<b>IV. Carrying amount</b>						
1. Carrying amount at the end of the year	985,551,569.47	1,232,512,510.18	22,463,731.09	20,288,256.18	6,207.32	2,260,822,274.24
2. Carrying amount at the beginning of the year	1,036,890,452.89	1,191,255,086.59	20,783,125.74	19,860,722.71	25,224.82	2,268,814,612.75

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

#### 15. Fixed assets (Continued)

##### (2) Fixed assets leased out under operating leases

Unit: Yuan Currency: RMB

Item	Carrying amount at the end of the year
Houses and buildings	63,584,750.97
Machinery equipment and other equipment	18,104,018.38
<b>Total</b>	<b>81,688,769.35</b>

##### (3) Fixed assets certificate of titles not settled

Unit: Yuan Currency: RMB

Item	Carrying amount	Reason(s) for the failure to transact the certificate of title
Modern Agricultural Equipment Cab		
Automation Engineering	73,268,951.00	In process
Qingnian Jiayuan	64,487,710.56	In process
Large Machine Workshop I	38,418,141.55	In process
New Lost Foam Workshop	16,451,819.46	In process
Energy-saving and Environmental-friendly Diesel Engine Crankshaft Machining Production Line Renovation Project	14,644,933.48	In process
Main Workshop for Reclamation of Used Sand	7,292,624.57	In process
Heat Treatment Workshop	4,186,725.56	In process
Staff Canteen in Industrial Park	3,947,632.67	In process
Auxiliary Room of Large Machine Workshop I	3,430,149.93	In process
User Training Service Workshop	2,742,625.24	In process
New Cooling Passage Workshop for kw Line	1,729,614.18	The main body of investment in the construction project is inconsistent with that of the construction land, so the real estate ownership certificate cannot be handled temporarily.
Auxiliary Room for Heat Treatment	1,578,855.10	In process
<b>Total</b>	<b>232,179,783.30</b>	—

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

#### 15. Fixed assets (Continued)

##### (4) Impairment test of fixed assets

The recoverable amount is determined as the net amount of fair value less disposal costs.

*Unit: Yuan Currency: RMB*

Item	Carrying amount	Recoverable amount	Amount of impairment	Determination method of fair value and disposal expenses	Key indicators	Determination basis of key indicators
Machinery equipment	6,775,821.77	303,490.79	6,472,330.98	Market approach	Market value	Price of waste and old materials equivalent
Houses and buildings	11,194,077.96	6,912,565.96	4,281,512.00	Market approach	Market value	Similar transaction price
<b>Total</b>	<b>17,969,899.73</b>	<b>7,216,056.75</b>	<b>10,753,842.98</b>	<b>—</b>	<b>—</b>	<b>—</b>

*Note:* The original value of the fixed assets that were fully depreciated but are still in use is RMB2,021,010,467.04. For the details of fixed assets mortgaged at the end of the year, refer to Note “V. 22. Assets with ownership or right of use restricted”.

#### 16. Construction in progress

*Unit: Yuan Currency: RMB*

Item	Ending balance	Beginning balance
Construction in progress	<b>147,682,578.79</b>	140,038,654.10
<b>Total</b>	<b>147,682,578.79</b>	140,038,654.10

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

#### 16. Construction in progress (Continued)

(1) Construction in progress

Unit: Yuan Currency: RMB

Item	Book value	Ending balance Provision for impairment	Carrying amount	Book value	Beginning balance Provision for impairment	Carrying amount
Non-road China V Diesel Engine Industrialization Project	33,635,370.29	0.00	33,635,370.29	0.00	0.00	0.00
Intelligent Multi-purpose Tractor Capacity Improvement Project	18,571,789.62	0.00	18,571,789.62	0.00	0.00	0.00
Worm gear grinding machine	7,778,761.08	0.00	7,778,761.08	0.00	0.00	0.00
Intelligent Manufacturing Construction Project of Efficient and Low-emission YTN3 Diesel Engine	7,117,689.05	0.00	7,117,689.05	46,025,299.92	0.00	46,025,299.92
Information-based Project 2021	4,245,209.41	0.00	4,245,209.41	4,320,338.81	0.00	4,320,338.81
Gear Hobbing Machine Project	3,944,336.28	0.00	3,944,336.28	5,766,371.70	0.00	5,766,371.70
Information-based Project 2022	3,834,747.75	0.00	3,834,747.75	4,172,676.87	0.00	4,172,676.87
Gear Grinding Machine Project	3,095,575.22	0.00	3,095,575.22	0.00	0.00	0.00
New Oil Pan Line	2,825,869.10	0.00	2,825,869.10	2,823,982.31	0.00	2,823,982.31
Project to Improve the Quenching Quality of Axle Shaft Products and Parts	2,594,290.05	0.00	2,594,290.05	1,252,566.37	0.00	1,252,566.37
CNC Gear Shaping Machine	2,386,725.69	0.00	2,386,725.69	3,978,761.06	0.00	3,978,761.06
φ800 CNC Forming Grinding Wheel Gear Grinder	2,292,035.40	0.00	2,292,035.40	0.00	0.00	0.00
CNC Milling Machine	2,290,381.83	0.00	2,290,381.83	0.00	0.00	0.00
CNC Cylindrical Grinding Machine	2,070,796.47	0.00	2,070,796.47	0.00	0.00	0.00
Renovation Project of Painting Line of No.2 Workshop	1,912,701.05	0.00	1,912,701.05	22,747,321.81	0.00	22,747,321.81
Oil Filtering and Testing Integrated Machine Project	1,687,168.14	0.00	1,687,168.14	0.00	0.00	0.00
CNC Drilling Machine	1,677,584.07	0.00	1,677,584.07	0.00	0.00	0.00
Horizontal CNC Lathe	1,637,168.13	0.00	1,637,168.13	0.00	0.00	0.00
Vertical Machining Center	1,545,132.75	0.00	1,545,132.75	0.00	0.00	0.00
Information-based Project 2024	1,358,912.84	0.00	1,358,912.84	0.00	0.00	0.00
Horizontal Machining Center Project	1,245,132.75	0.00	1,245,132.75	0.00	0.00	0.00
Cleaning Machine Project	1,236,000.00	0.00	1,236,000.00	0.00	0.00	0.00
Ion Nitriding Furnace	1,139,823.00	0.00	1,139,823.00	0.00	0.00	0.00
CNC Lathe	1,044,247.79	0.00	1,044,247.79	0.00	0.00	0.00
Medium and Large Drive Axle Forging Professional Project	937,168.14	0.00	937,168.14	0.00	0.00	0.00
5G+ Digital Factory Construction Project (Phase I)	927,376.79	0.00	927,376.79	0.00	0.00	0.00
Spiral Gear Milling Machine	926,548.67	0.00	926,548.67	0.00	0.00	0.00
Information-based Project 2023	861,695.71	0.00	861,695.71	3,499,719.36	0.00	3,499,719.36
Cleaning Intelligent Renovation of Casting Production Line	212,267.17	0.00	212,267.17	506,220.77	0.00	506,220.77
Discharge Bench Construction Project	0.00	0.00	0.00	6,114,826.30	0.00	6,114,826.30
CNC gear grinding machine	0.00	0.00	0.00	4,876,106.15	0.00	4,876,106.15
Waste Gas Treatment Project of Painting Line of No.4 Workshop	0.00	0.00	0.00	2,198,945.82	0.00	2,198,945.82
Upgrading and renovation of hydraulic torque converter test bench	0.00	0.00	0.00	1,805,309.73	0.00	1,805,309.73
Linyi Lingong Engine Docking Assembly Line (AGV transfer vehicle) 23423	0.00	0.00	0.00	1,615,380.54	0.00	1,615,380.54
160 HP drive train test bench	0.00	0.00	0.00	1,592,920.36	0.00	1,592,920.36
CNC gear rubbing machine	0.00	0.00	0.00	1,046,902.66	0.00	1,046,902.66
New quenching and tempering production line for shafts	0.00	0.00	0.00	1,034,645.36	0.00	1,034,645.36
Others	50,176,234.35	17,526,159.80	32,650,074.55	44,392,955.39	19,732,597.19	24,660,358.20
<b>Total</b>	<b>165,208,738.59</b>	<b>17,526,159.80</b>	<b>147,682,578.79</b>	<b>159,771,251.29</b>	<b>19,732,597.19</b>	<b>140,038,654.10</b>

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

#### 16. Construction in progress (Continued)

(2) Changes of significant construction in progress in the current year

Unit: Yuan Currency: RMB

Project name	Beginning balance	Increase in the current year	Transferred to fixed assets in the current year	Other decreases in the current year	Ending balance	Budget	Ratio of accumulative investment to budget (%)	Project Schedule (%)	Accumulated amount of capitalization of interest	Including: amount of capitalized interest in the current year	Capitalization rate of interest in the current year (%)	Source of funds
Non-road China V Diesel Engine Industrialization Project	0.00	33,635,370.29	0.00	0.00	33,635,370.29	416,800,000.00	8.73	10.00	0.00	0.00	0.00	Own funds
Intelligent Multi-purpose Tractor Capacity Improvement Project	0.00	23,707,055.10	4,881,283.18	253,982.30	18,571,788.62	408,800,000.00	5.80	5.80	0.00	0.00	0.00	Own funds, government funding
Intelligent Manufacturing Construction Project of Efficient and Low-emission YTN3 Diesel Engine	46,025,299.92	53,785,706.87	92,693,317.74	0.00	7,117,688.05	194,900,000.00	91.03	88.00	733,838.67	0.00	0.00	Bank deposit, own funds
Intelligent Renovation Project of Painting Line of No.2 Workshop	22,747,321.81	18,422,165.40	39,256,796.16	0.00	1,912,701.05	48,000,000.00	95.64	90.00	0.00	0.00	0.00	Own funds
<b>Total</b>	<b>68,772,621.73</b>	<b>129,550,297.66</b>	<b>136,931,367.08</b>	<b>253,982.30</b>	<b>61,237,550.01</b>	<b>1,068,500,000.00</b>	<b>—</b>	<b>—</b>	<b>733,838.67</b>	<b>0.00</b>	<b>—</b>	<b>—</b>



## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

#### 17. Right-of-use assets

Unit: Yuan Currency: RMB

Item	Land right of use	Houses and buildings	Machinery equipment	Total
<b>I. Book value</b>				
1. Beginning balance	25,911,273.48	13,134,467.27	2,104,704.08	41,150,444.83
2. Amount increase in the current year	23,289,458.96	13,116,817.72	2,806.72	36,409,083.40
Lease in	23,289,458.96	13,116,817.72	2,806.72	36,409,083.40
3. Decrease in the current year	21,409,329.94	11,573,158.89	2,104,704.08	35,087,192.91
Decrease due to lease expiration	21,409,329.94	11,573,158.89	2,104,704.08	35,087,192.91
4. Ending balance	27,791,402.50	14,678,126.10	2,806.72	42,472,335.32
<b>II. Accumulated depreciation</b>				
1. Beginning balance	12,324,841.46	5,938,868.26	1,052,352.05	19,316,061.77
2. Amount increase in the current year	12,307,413.54	6,414,944.83	1,052,352.03	19,774,710.40
Provision accrued	12,307,413.54	6,414,944.83	1,052,352.03	19,774,710.40
3. Decrease in the current year	21,409,329.94	11,573,158.89	2,104,704.08	35,087,192.91
Decrease due to lease expiration	21,409,329.94	11,573,158.89	2,104,704.08	35,087,192.91
4. Ending balance	3,222,925.06	780,654.20	0.00	4,003,579.26
<b>III. Provision for impairment</b>				
1. Beginning balance	0.00	0.00	0.00	0.00
2. Amount increase in the current year	0.00	0.00	0.00	0.00
3. Decrease in the current year	0.00	0.00	0.00	0.00
4. Ending balance	0.00	0.00	0.00	0.00
<b>IV. Carrying amount</b>				
1. Carrying amount at the end of the year	24,568,477.44	13,897,471.90	2,806.72	38,468,756.06
2. Carrying amount at the beginning of the year	13,586,432.02	7,195,599.01	1,052,352.03	21,834,383.06

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

#### 18. Intangible assets

Unit: Yuan Currency: RMB

Item	Land right of use	Patent rights	Software	Trademark right	Total
<b>I. Book value</b>					
1. Beginning balance	870,500,213.63	1,456,412.68	134,685,132.95	59,952,478.55	1,066,594,237.81
2. Amount increase in the current year	0.00	0.00	18,374,707.92	0.00	18,374,707.92
(1) Purchase	0.00	0.00	3,470,520.06	0.00	3,470,520.06
(2) Transfer from construction in progress	0.00	0.00	13,476,952.13	0.00	13,476,952.13
(3) Increase from business combination	0.00	0.00	1,424,464.22	0.00	1,424,464.22
(4) Effect of foreign currency translation	0.00	0.00	2,771.51	0.00	2,771.51
3. Decrease in the current year	3,284,990.00	0.00	0.00	0.00	3,284,990.00
(1) Sales	3,284,990.00	0.00	0.00	0.00	3,284,990.00
4. Ending balance	867,215,223.63	1,456,412.68	153,059,840.87	59,952,478.55	1,081,683,955.73
<b>II. Cumulative amortization</b>					
1. Beginning balance	273,912,470.19	822,897.35	93,010,686.18	398,977.05	368,145,030.77
2. Amount increase in the current year	22,691,773.72	0.00	14,394,986.45	9,232.74	37,095,992.91
(1) Charge for the year	22,691,773.72	0.00	13,169,145.45	9,232.74	35,870,151.91
(2) Increase from business combination	0.00	0.00	1,225,349.16	0.00	1,225,349.16
(3) Difference of foreign currency translation	0.00	0.00	491.84	0.00	491.84
3. Decrease in the current year	997,662.94	0.00	0.00	0.00	997,662.94
(1) Sales	997,662.94	0.00	0.00	0.00	997,662.94
4. Ending balance	295,606,580.97	822,897.35	107,405,672.63	408,209.79	404,243,360.74
<b>III. Provision for impairment</b>					
1. Beginning balance	0.00	633,515.33	477,922.22	0.00	1,111,437.55
2. Amount increase in the current year	0.00	0.00	0.00	0.00	0.00
(1) Increase due to business combination	0.00	0.00	0.00	0.00	0.00
3. Decrease in the current year	0.00	0.00	0.00	0.00	0.00
4. Ending balance	0.00	633,515.33	477,922.22	0.00	1,111,437.55
<b>IV. Carrying amount</b>					
1. Carrying amount at the end of the year	571,608,642.66	0.00	45,176,246.02	59,544,268.76	676,329,157.44
2. Carrying amount at the beginning of the year	596,587,743.44	0.00	41,196,524.55	59,553,501.50	697,337,769.49

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

#### 19. Goodwill

##### (1) Original book value of goodwill

Unit: Yuan Currency: RMB

Name of investee or matter forming goodwill	Beginning balance	Increase in the current year Formed by business combination		Decrease in the current year		Ending balance
			Others	Disposal	Others	
Changtuo Agricultural Machinery Equipment Group Co., Ltd.	14,297,893.81	0.00	0.00	0.00	0.00	14,297,893.81
<b>Total</b>	<b>14,297,893.81</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>14,297,893.81</b>

##### (2) Provision for impairment of goodwill

Unit: Yuan Currency: RMB

Name of investee or matter forming goodwill	Beginning balance	Increase in the current year Provision accrued		Decrease in the current year		Ending balance
			Others	Disposal	Others	
Changtuo Agricultural Machinery Equipment Group Co., Ltd.	14,297,893.81	0.00	0.00	0.00	0.00	14,297,893.81
<b>Total</b>	<b>14,297,893.81</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>14,297,893.81</b>

#### 20. Long-term unamortized expenses

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase in the current year	Amortization in the current year	Other decreases	Ending balance
Amortized mold	43,479,433.11	19,614,445.71	21,906,340.07	15,388.39	41,172,150.36
Amortized maintenance expenditure	3,656,574.90	1,516,452.47	1,053,029.22	3,561.86	4,116,436.29
Others	610,648.29	307,116.98	445,696.93	0.00	472,068.34
<b>Total</b>	<b>47,746,656.30</b>	<b>21,438,015.16</b>	<b>23,405,066.22</b>	<b>18,950.25</b>	<b>45,760,654.99</b>

Note: Others in the current year are due to the sale of molds and exchange rate changes.

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

#### 21. Deferred income tax assets and deferred income tax liabilities

##### (1) Deferred income tax assets not offset

Unit: Yuan Currency: RMB

Item	Ending balance		Beginning balance	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax assets
Provision for impairment of assets	96,222,098.58	14,404,879.12	102,352,611.20	16,129,348.10
Dismissal welfare	43,881,681.97	6,676,651.57	58,694,321.71	8,913,091.30
Wages payable and accrued expenses	452,236,393.15	93,103,540.36	461,227,246.96	93,516,004.88
Deferred income	161,913,821.36	24,287,073.17	176,388,014.13	26,458,202.12
Deductible difference arising from leasing business	38,457,341.45	5,883,147.44	21,323,530.50	3,255,716.56
<b>Total</b>	<b>792,711,336.51</b>	<b>144,355,291.66</b>	<b>819,985,724.50</b>	<b>148,272,362.96</b>

##### (2) Deferred income tax liabilities not offset

Unit: Yuan Currency: RMB

Item	Ending balance		Beginning balance	
	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities
Assets evaluation appreciation in the business combination not under the same control	58,440,040.39	14,610,010.09	66,537,909.15	16,634,477.28
Changes in fair value	687,870,658.59	103,180,598.79	673,979,958.59	101,096,993.79
Temporary difference caused by leasing business	38,418,602.07	5,877,336.54	20,989,114.09	3,204,533.82
<b>Total</b>	<b>784,729,301.05</b>	<b>123,667,945.42</b>	<b>761,506,981.83</b>	<b>120,936,004.89</b>

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

#### 21. Deferred income tax assets and deferred income tax liabilities (Continued)

##### (3) Breakdown of unrecognized deferred income tax assets

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Provision for impairment of assets	850,070,539.84	842,838,619.42
Deductible losses	654,587,169.05	647,033,674.75
<b>Total</b>	<b>1,504,657,708.89</b>	<b>1,489,872,294.17</b>

##### (4) Deductible loss of unrecognized deferred income tax assets due in the following years

Unit: Yuan Currency: RMB

Year	Ending balance	Beginning balance	Remarks
2024	0.00	12,152,227.99	—
2025	17,874,454.31	18,994,727.00	—
2026	242,481.86	1,227,463.13	—
2027	21,738,195.95	21,738,195.95	—
2028	261,241,356.50	288,118,594.77	—
2029	85,503,431.48	66,047,665.10	—
2030	12,863,951.15	12,863,951.15	—
2031	69,971,467.11	69,971,467.11	—
2032	153,926,179.32	153,926,179.32	—
2033	1,993,203.23	1,993,203.23	—
2034	29,232,448.14	0.00	—
<b>Total</b>	<b>654,587,169.05</b>	<b>647,033,674.75</b>	—



## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

#### 22. Assets with ownership or right of use restricted

Unit: Yuan Currency: RMB

Item	Ending				Beginning			
	Book value	Carrying amount	Restricted type	Restrictions	Book value	Carrying amount	Restricted type	Restrictions
Monetary fund	560,396,614.64	560,396,614.64	Others	Guarantee deposits of notes, etc.	546,368,249.93	546,368,249.93	Others	Guarantee deposits of notes, etc.
Receivables financing	0.00	0.00			41,273,625.60	41,273,625.60	Pledge	Note pledges
Fixed assets 1	115,522,172.38	22,185,016.98	Mortgage	Loan mortgage	115,522,172.38	27,654,221.10	Mortgage	Loan mortgage
Fixed assets 2	40,856,738.46	6,858,055.43	Others	Ruled by court	40,856,738.46	8,745,531.11	Others	Ruled by court
Intangible assets 1	21,518,030.00	13,980,454.46	Mortgage	Loan mortgage	21,518,030.00	14,428,746.73	Mortgage	Loan mortgage
Intangible assets 2	0.00	0.00			3,284,990.00	2,335,993.54	Sealed up	Ruled by court
<b>Total</b>	<b>738,293,555.48</b>	<b>603,420,141.51</b>	<b>—</b>	<b>—</b>	<b>768,823,806.37</b>	<b>640,806,368.01</b>	<b>—</b>	<b>—</b>

#### 23. Notes payable

Unit: Yuan Currency: RMB

Type	Ending balance	Beginning balance
Bank acceptance bills	2,537,943,251.97	2,163,570,194.22
<b>Total</b>	<b>2,537,943,251.97</b>	<b>2,163,570,194.22</b>

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

#### 24. Accounts payable

##### (1) Accounts payable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Procurement payable	1,920,764,575.69	2,082,123,987.38
Engineering equipment purchase payables	73,646,836.84	51,076,491.12
Service payables	162,494,015.09	181,628,924.28
Others	297,561.72	516,386.26
<b>Total</b>	<b>2,157,202,989.34</b>	<b>2,315,345,789.04</b>

##### (2) Accounts payable listed as per ageing

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Within 1 year (including 1 year)	1,959,507,179.50	1,994,438,837.99
1-2 years	71,709,848.62	152,098,593.82
2-3 years	37,342,728.77	68,114,001.45
Over 3 years	88,643,232.45	100,694,355.78
<b>Total</b>	<b>2,157,202,989.34</b>	<b>2,315,345,789.04</b>

##### (3) Significant payables aged over one year or overdue

Unit: Yuan Currency: RMB

Project	Ending balance	Reasons for no repayment or settlement
LLAF INTERNATIONAL CO., LTD.	26,813,861.10	Unsettled

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

#### 25. Contract liabilities

*(1) Contract liabilities*

*Unit: Yuan Currency: RMB*

Item	Ending balance	Beginning balance
Sales payment	555,274,588.76	500,336,653.14
Total	555,274,588.76	500,336,653.14

*(2) Contract liabilities listed by ageing*

*Unit: Yuan Currency: RMB*

Item	Ending balance	Beginning balance
Within 1 year (including 1 year)	519,675,996.61	469,590,763.80
Over 1 years	35,598,592.15	30,745,889.34
Total	555,274,588.76	500,336,653.14

*(3) Significant contract liabilities aged over 1 year*

*Unit: Yuan Currency: RMB*

Company name	Ending balance	Reasons for no repayment or settlement
Management Committee of Henan Luoyang Industrial Park	11,926,605.50	Unsettled

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

#### 26. Employee salary payable

##### (1) Employee salary payable

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase in the current year	Decrease in the current year	Ending balance
Short-term remuneration	73,072,159.45	1,029,014,506.49	1,022,405,241.17	79,681,424.77
Post-employment benefits – defined contribution plan	18,395,418.75	133,716,501.22	147,266,305.38	4,845,614.59
Dismissal welfare	25,523,697.74	18,664,915.26	24,759,259.39	19,429,353.61
<b>Total</b>	<b>116,991,275.94</b>	<b>1,181,395,922.97</b>	<b>1,194,430,805.94</b>	<b>103,956,392.97</b>

##### (2) Short-term remuneration

Item	Beginning balance	Increase in the current year	Decrease in the current year	Ending balance
Salary, bonus, allowance and subsidy	35,727,350.60	733,230,334.16	732,318,703.61	36,638,981.15
Employee benefits	0.00	46,167,759.14	46,167,759.14	0.00
Social insurance premium	2,196,938.38	54,041,590.34	53,868,404.95	2,370,123.77
Including: Medical				
insurance premiums	2,058,517.84	49,310,396.30	49,241,412.72	2,127,501.42
Industrial injury				
insurance premium	138,420.54	4,731,194.04	4,626,992.23	242,622.35
Housing provident fund	1,491,331.00	62,404,361.80	62,280,254.80	1,615,438.00
Labor union funds and employee education funds	33,656,539.47	29,030,340.15	24,163,315.51	38,523,564.11
Others	0.00	104,140,120.90	103,606,803.16	533,317.74
<b>Total</b>	<b>73,072,159.45</b>	<b>1,029,014,506.49</b>	<b>1,022,405,241.17</b>	<b>79,681,424.77</b>

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

#### 26. Employee salary payable (Continued)

##### (3) Defined contribution plan

*Unit: Yuan Currency: RMB*

Item	Beginning balance	Increase in the current year	Decrease in the current year	Ending balance
Basic pension insurance	4,093,125.20	101,034,867.57	100,541,550.11	<b>4,586,442.66</b>
Enterprise annuity	14,122,795.55	28,325,662.85	42,387,915.35	<b>60,543.05</b>
Unemployment insurance premium	179,498.00	4,355,970.80	4,336,839.92	<b>198,628.88</b>
<b>Total</b>	<b>18,395,418.75</b>	<b>133,716,501.22</b>	<b>147,266,305.38</b>	<b>4,845,614.59</b>

Note to defined contribution plan: The Group participates in the enterprise annuity plan and the social insurance plan established by government agencies as required. Under the plan, the Group contributes to the plan in accordance with the enterprise annuity program and relevant regulations of the local government. Besides the contribution above, the Group will not assume any obligations for payment. Corresponding expenditures shall be included in current profit or loss or relevant asset costs.

The Group shall pay RMB133,716,501.22 (2023: RMB115,528,396.77) into the defined contribution plan in the current year. As of 31 December 2024, the Group had a payable contribution of RMB4,845,614.59 (31 December 2023: RMB18,395,418.75) for paying successively after the balance sheet date.

#### 27. Taxes payable

*Unit: Yuan Currency: RMB*

Item	Ending balance	Beginning balance
Property tax	<b>9,599,175.99</b>	8,254,386.71
Land use tax	<b>4,836,512.49</b>	3,896,332.11
Enterprise income tax	<b>4,834,828.67</b>	3,479,877.52
Value-added tax (VAT)	<b>1,693,703.23</b>	1,688,243.15
Individual income tax	<b>1,645,667.47</b>	1,633,649.59
Urban maintenance and construction tax	<b>104,574.50</b>	61,108.22
Educational surcharges	<b>74,696.13</b>	43,648.78
Other taxes and fees	<b>3,172,449.48</b>	2,854,857.58
<b>Total</b>	<b>25,961,607.96</b>	21,912,103.66



## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

#### 28. Other payables

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Interests payable	39,535,828.27	39,524,418.05
Dividends payable	8,439,607.87	8,439,607.85
Other payables	445,357,390.21	421,545,121.88
<b>Total</b>	<b>493,332,826.35</b>	<b>469,509,147.78</b>

##### (1) Interest payable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Interests payable	39,535,828.27	39,524,418.05
<b>Total</b>	<b>39,535,828.27</b>	<b>39,524,418.05</b>

Significant interest payables overdue

Entity	Overdue amount	Overdue reason
Customer 3	39,535,828.27	Insufficient working capital
<b>Total</b>	<b>39,535,828.27</b>	/

##### (2) Dividends payable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Ordinary share dividends	8,439,607.87	8,439,607.85
<b>Total</b>	<b>8,439,607.87</b>	<b>8,439,607.85</b>

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

#### 28. Other payables (Continued)

##### (3) Other payables

*Other payables as per nature*

*Unit: Yuan Currency: RMB*

Nature	Ending balance	Beginning balance
Transaction payments	200,417,606.65	201,584,138.29
Lendings to/borrowings from non-related parties	70,000,000.00	70,000,000.00
Guarantee deposit and security deposit	99,399,349.60	66,731,919.36
Collection and payment on behalf of others	32,216,686.26	34,906,183.09
Expenses payable	18,978,980.76	17,366,995.37
Others	24,344,766.94	30,955,885.77
<b>Total</b>	<b>445,357,390.21</b>	<b>421,545,121.88</b>

*Significant other payables aged over one year or overdue*

*Unit: Yuan Currency: RMB*

Company name	Ending balance	Reasons for no repayment or settlement
YTO Group Corporation	191,534,707.59	Unsettled
Customer 3	70,000,000.00	Insufficient working capital
<b>Total</b>	<b>261,534,707.59</b>	—

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

#### 29. Non-current liabilities due within one year

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Long-term borrowings due within one year	200,000,000.00	0.00
Lease liabilities due within one year	24,735,262.54	20,083,151.95
Long-term payables due within one year	690,000.00	720,000.00
Interest on long-term borrowings	171,246.53	166,666.67
<b>Total</b>	<b>225,596,509.07</b>	<b>20,969,818.62</b>

#### 30. Other current liabilities

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Discounts	245,886,246.92	264,149,629.67
Sales and Warranty Service Fees for Repair, Replacement, and Refund	106,925,851.14	112,652,586.56
The Endorsement of Notes without Derecognition	25,415,913.88	45,624,138.02
Output VAT to be carried forward	7,798,144.08	7,457,701.74
Intermediary service cost	2,529,400.00	2,690,036.00
Others	10,246,031.67	3,395,213.18
<b>Total</b>	<b>398,801,587.69</b>	<b>435,969,305.17</b>

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

#### 31. Long-term borrowings

##### (1) Classification

*Unit: Yuan Currency: RMB*

Item	Ending balance	Beginning balance
Principal of Credit Loan	265,950,000.00	200,000,000.00
Interests payable	171,246.53	166,666.67
Subtotal	266,121,246.53	200,166,666.67
Less: Long-term borrowings due within one year	200,000,000.00	0.00
Less: interest on long-term borrowings	171,246.53	166,666.67
<b>Total</b>	<b>65,950,000.00</b>	<b>200,000,000.00</b>

##### (2) Breakdown of maturity dates of long-term borrowings

*Unit: Yuan Currency: RMB*

Maturity date	Ending balance	Beginning balance
1-2 years	0.00	200,000,000.00
2-3 years	65,950,000.00	0.00
<b>Total</b>	<b>65,950,000.00</b>	<b>200,000,000.00</b>

#### 32. Lease liabilities

##### (1) Presentation of lease liabilities

*Unit: Yuan Currency: RMB*

Item	Ending balance	Beginning balance
Present value of lease liabilities	38,508,083.00	22,182,151.34
Less: re-classified to non-current liabilities due within one year	24,735,262.54	20,083,151.95
<b>Net amount of lease liabilities</b>	<b>13,772,820.46</b>	<b>2,098,999.39</b>

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

#### 32. Lease liabilities (Continued)

##### (2) Breakdown of maturity dates of lease liabilities

Unit: Yuan Currency: RMB

The carrying amount of the above lease liabilities shall be repaid in the following periods	Amount
Within 1 year (including 1 year)	24,735,262.54
1-2 years	13,772,820.46
2-5 years	0.00
Over 5 years	0.00
<b>Total</b>	<b>38,508,083.00</b>
Less: lease liabilities due within one year	24,735,262.54
Lease liabilities disclosed under non-current liabilities	13,772,820.46

#### 33. Long-term payables

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Long-term non-financial institution loans	<b>7,246,381.79</b>	8,281,441.87
<b>Total</b>	<b>7,246,381.79</b>	<b>8,281,441.87</b>

*Note:* Yitwo Argo Industrial, an overseas subsidiary of the Group, signed a supplementary agreement with the Ivory Coast Government, which stipulated that there was still XOF 690,120,156.00 (equivalent to RMB7,936,381.79 at the end of the year) unpaid on the sub-loan obtained by Yitwo Argo Industrial from the government in 1997, with XOF 60,000,000.00 (equivalent to RMB690,000.00) due within one year.



## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

#### 34. Long-term employee salary payable

*Unit: Yuan Currency: RMB*

Item	Ending balance	Beginning balance
Long-term dismissal welfare	46,865,254.08	63,599,647.47
Others	27,738.00	27,738.00
Less: undiscounted long-term employee salary payable due within one year	19,429,353.61	25,523,697.74
<b>Total</b>	<b>27,463,638.47</b>	<b>38,103,687.73</b>

#### 35. Estimated liabilities

*Unit: Yuan Currency: RMB*

Item	Ending balance	Beginning balance	Reason
Others	1,962,613.99	1,962,613.99	Note 1
<b>Total</b>	<b>1,962,613.99</b>	<b>1,962,613.99</b>	—

*Note 1:* It was caused by selling YTO (Luoyang) Forklift Co., Ltd., and the balance has not been paid.

#### 36. Deferred income

##### (1) Deferred income

*Unit: Yuan Currency: RMB*

Item	Beginning balance	Increase in the current year	Decrease in the current year	Ending balance	Cause
Asset-related government subsidies	161,457,096.28	11,505,000.00	15,211,707.08	157,750,389.20	—
Income-related government subsidies	20,488,176.69	40,411,000.00	43,718,671.68	17,180,505.01	—
<b>Total</b>	<b>181,945,272.97</b>	<b>51,916,000.00</b>	<b>58,930,378.76</b>	<b>174,930,894.21</b>	—

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

#### 36. Deferred income (Continued)

##### (2) Projects with government subsidies

Unit: Yuan Currency: RMB

Projects using government subsidies	Beginning balance	Amount of new subsidies received in current year	Amount included in non-operating revenue of the current year	Amount included in other gains in the current year	Amount for writing down the costs and expenses in the current year	Others	Ending balance	Asset-related/income-related
Intelligent Multi-purpose Tractor Capacity Improvement Project	59,900,000.00	0.00	0.00	31,717.62	0.00	0.00	59,868,282.38	Asset-related
High-power Non-road Diesel Engine	19,600,000.00	0.00	0.00	4,900,000.00	0.00	0.00	14,700,000.00	Asset-related
Intelligent Workshop and Factory Industrial Internet Platform	9,516,421.93	5,000,000.00	0.00	466,144.26	0.00	0.00	14,050,277.67	Asset-related
Core Capacity Improvement of New Wheeled Tractors	16,927,272.70	0.00	0.00	4,836,363.64	0.00	0.00	12,090,909.06	Asset-related
Modern Agricultural Equipment Intelligent Cockpit Digital Factory	9,426,587.40	0.00	0.00	1,440,476.16	0.00	0.00	7,986,111.24	Asset-related
Special Funds for the Urban Affordable Housing Project	6,912,000.00	0.00	288,000.00	0.00	0.00	0.00	6,624,000.00	Asset-related
Scientific research funds for tractors in hilly and mountainous areas	3,946,065.98	5,460,000.00	0.00	3,508,782.87	0.00	0.00	5,897,283.11	Income-related
Application Project of New Wheeled Tractor Intelligent Manufacturing Model	6,490,909.02	0.00	0.00	1,081,818.20	0.00	0.00	5,409,090.82	Asset-related
To Improve Independent R&D Capability	6,613,503.70	0.00	0.00	1,342,030.68	0.00	0.00	5,271,473.02	Asset-related
Key Product Test and Inspection Platform	5,555,788.57	0.00	0.00	1,388,947.20	0.00	0.00	4,166,841.37	Asset-related
R&D of mobile operation platform for universal field robots	0.00	6,020,000.00	0.00	2,260,274.76	0.00	0.00	3,759,725.24	Income-related
8-12Kg/s Multifunctional Harvester Project	2,231,250.00	1,575,000.00	0.00	376,159.77	0.00	0.00	3,430,090.23	Asset-related
Quality improvement and the intelligent transformation of medium-horsepower tractors	4,383,403.51	0.00	0.00	1,020,456.10	0.00	0.00	3,362,947.41	Asset-related
YTN3 New Platform Diesel Engine Intelligent Manufacturing and Construction Project	0.00	3,430,000.00	0.00	190,555.56	0.00	0.00	3,239,444.44	Asset-related
Special Funds for Industrial Foundation Reconstruction and High-quality Development of the Manufacturing Industry	7,402,900.00	0.00	0.00	4,363,390.67	0.00	0.00	3,039,509.33	Asset-related/income-related
G4 Diesel Engine Upgrading and Renovation Project	3,315,000.00	0.00	0.00	510,000.00	0.00	0.00	2,805,000.00	Asset-related
Complete Tractor Test Environment Chamber and Supporting Comprehensive Verification Platform	2,200,000.00	0.00	0.00	300,000.00	0.00	0.00	1,900,000.00	Asset-related

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

#### 36. Deferred income (Continued)

##### (2) Projects with government subsidies (Continued)

Projects using government subsidies	Beginning balance	Amount of new subsidies received in current year	Amount included in non-operating revenue of the current year	Amount included in other gains in the current year	Amount for writing down the costs and expenses in the current year	Others	Ending balance	Asset-related/income-related
Renovation Project of Small and Medium-sized Parts Modelling Line of Foundry	2,121,357.04	0.00	0.00	256,375.68	0.00	0.00	1,864,981.36	Asset-related
Scientific research funds for lightweight diesel engines	75,471.23	3,050,000.00	0.00	1,406,318.58	0.00	0.00	1,719,152.65	Income-related
Coating Line Waste Gas Comprehensive Treatment Project	0.00	1,500,000.00	0.00	34,744.43	0.00	0.00	1,465,255.57	Asset-related
Scientific research funds for multi-functional power platform	1,152,583.00	3,420,000.00	0.00	3,296,132.03	0.00	0.00	1,276,450.97	Income-related
Annual Output of 1,000 High-horsepower Shifting Heavy-duty Wheeled Tractors	1,750,000.00	0.00	0.00	500,000.00	0.00	0.00	1,250,000.00	Asset-related
R&D, Manufacturing and Aging Project of Special Wheeled Tractors in Hilly and Mountainous Areas	0.00	13,158,000.00	0.00	12,100,000.00	0.00	0.00	1,058,000.00	Income-related
R&D of universal orchard power platform and its autonomous navigation system	0.00	1,370,000.00	0.00	327,603.77	0.00	0.00	1,042,396.23	Income-related
Manufacturing and Industrial Application of Special Sensor for Header-Thresher	0.00	1,090,000.00	0.00	267,292.07	0.00	0.00	822,707.93	Income-related
Energy-saving and Environmental-friendly Diesel Engine Crankshaft Machining Production Line Project	1,035,000.00	0.00	0.00	540,000.00	0.00	0.00	495,000.00	Asset-related
Research on Unmanned Operation Technology and Equipment Development of Tractors	571,164.22	545,000.00	0.00	632,971.51	0.00	0.00	483,192.71	Income-related
R&D of Key Technologies and Assembly Creation for Power System and Intelligent Control Unit of Hybrid/Electric Agricultural Machinery	375,908.96	226,000.00	0.00	311,989.30	0.00	0.00	289,919.66	Income-related
Integration and Application Demonstration of New Power Tractors/Self-propelled Plant Protection Machines	318,804.84	280,000.00	0.00	366,196.96	0.00	0.00	232,607.88	Income-related
R&D and manufacturing of high-horsepower intelligent tractors	5,871,410.33	4,320,000.00	0.00	10,191,410.33	0.00	0.00	0.00	Income-related
Other items	4,252,470.54	1,472,000.00	0.00	394,226.61	0.00	0.00	5,330,243.93	—
<b>Total</b>	<b>181,945,272.97</b>	<b>51,916,000.00</b>	<b>288,000.00</b>	<b>58,642,378.76</b>	<b>0.00</b>	<b>0.00</b>	<b>174,930,894.21</b>	<b>—</b>

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

#### 37. Share capital

Unit: Yuan Currency: RMB

	Beginning balance	New share issued	Increase (+)/decrease (-) in the current year			Subtotal	Ending balance
			Bonus issue	Shares converted from reserves	Others		
Total shares	1,123,645,275.00	0.00	0.00	0.00	0.00	0.00	1,123,645,275.00

#### 38. Capital reserves

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase in the current year	Decrease in the current year	Ending balance
Share premium	2,408,231,745.23	0.00	0.00	2,408,231,745.23
Other capital reserves	247,618,250.77	0.00	0.00	247,618,250.77
<b>Total</b>	<b>2,655,849,996.00</b>	<b>0.00</b>	<b>0.00</b>	<b>2,655,849,996.00</b>

#### 39. Other comprehensive income

Unit: Yuan Currency: RMB

Item	Beginning balance	Amount incurred before income tax in the current year	Amount in the current year				After-tax amount attributable to non-controlling shareholders	After-tax amount attributable to shareholders	Ending balance
			Less: Amount included in other comprehensive income in the previous year and transferred to profit or loss in the current year	Less: Amount included in other comprehensive income in the previous year and transferred to retained income in the current year	Less: income tax expenses				
I. Other comprehensive income not to be reclassified into profit or loss	-630,329.16	324,532.32	0.00	0.00	0.00	193,079.23	131,453.09	-437,249.93	
Other comprehensive income that cannot be transferred to profit or loss under the equity method	-298,299.16	56,260.71	0.00	0.00	0.00	56,260.71	0.00	-242,038.45	
Changes in fair value of other equity instrument investments	-332,030.00	268,271.61	0.00	0.00	0.00	136,818.52	131,453.09	-195,211.48	
II. Other comprehensive income that will be reclassified into profit or loss	-13,293,400.85	-111,155.60	0.00	0.00	0.00	579,421.98	-690,577.58	-12,713,978.87	
Differences arising from translation of foreign currency financial statements	-13,293,400.85	-111,155.60	0.00	0.00	0.00	579,421.98	-690,577.58	-12,713,978.87	
Total other comprehensive income	-13,923,730.01	213,376.72	0.00	0.00	0.00	772,501.21	-559,124.49	-13,151,228.80	

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

#### 40. Special reserves

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase in the current year	Decrease in the current year	Ending balance
Work safety expenses	7,494,294.70	19,534,818.19	17,883,451.36	9,145,661.53
<b>Total</b>	<b>7,494,294.70</b>	<b>19,534,818.19</b>	<b>17,883,451.36</b>	<b>9,145,661.53</b>

#### 41. Surplus reserves

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase in the current year	Decrease in the current year	Ending balance
Statutory surplus reserves	699,104,133.60	84,367,314.93	0.00	783,471,448.53
Discretionary surplus reserves	771,431.00	0.00	0.00	771,431.00
<b>Total</b>	<b>699,875,564.60</b>	<b>84,367,314.93</b>	<b>0.00</b>	<b>784,242,879.53</b>

#### 42. Retained earnings

Unit: Yuan Currency: RMB

Item	Current year	Previous year
Ending balance of the previous year	2,218,749,266.26	1,540,248,936.64
Add: adjusted amount of beginning retained earnings	0.00	0.00
Beginning balance of the current year	2,218,749,266.26	1,540,248,936.64
Add: net profit attributable to the shareholder of company in current year	922,023,211.45	997,022,699.99
Others (note 1)	0.00	43,263,387.54
Less: appropriation to statutory surplus reserves	84,367,314.93	104,442,068.71
Dividends payable on ordinary shares	360,430,411.92	257,343,689.20
<b>Ending balance of the current year</b>	<b>2,695,974,750.86</b>	<b>2,218,749,266.26</b>

Note 1: YTO Finance was liquidated and ceased last year, and the original general risk reserves were transferred to retained earnings.



## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

#### 43. Operating revenue and operating costs

##### (1) Operating revenues and operating costs

Unit: Yuan Currency: RMB

Item	Amount incurred in the current year		Amount incurred in the previous year	
	Revenue	Cost	Revenue	Cost
Main business	11,839,240,791.87	10,107,480,479.04	11,432,586,280.19	9,710,644,383.39
Other business	65,130,120.07	37,741,274.18	95,574,475.67	72,367,863.11
<b>Total</b>	<b>11,904,370,911.94</b>	<b>10,145,221,753.22</b>	<b>11,528,160,755.86</b>	<b>9,783,012,246.50</b>

##### (2) Breakdown of operating revenue and cost

Unit: 0'000 Currency: RMB

Classification of contract	Total Operating revenue	Operating cost
By business type		
Including: Agricultural machinery	1,059,706.34	895,902.91
Power machinery	130,730.75	118,619.27
By operating region		
Including: Domestic sales	1,098,151.58	934,259.77
Foreign sales	92,285.51	80,262.41
By sales channel		
Including: Sales through distributors	918,052.74	771,804.53
Direct sales	272,384.35	242,717.65
<b>Total</b>	<b>1,190,437.09</b>	<b>1,014,522.18</b>

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

#### 44. Net interest income

*Unit: Yuan Currency: RMB*

Item	Amount incurred in the current year	Amount incurred in the previous year
<b>I. Interest Income</b>	<b>0.00</b>	5,626,023.58
1. Inter-bank deposits	0.00	5,604,580.48
2. Deposits at central bank	0.00	17,576.03
3. Lendings to banks and other financial institutions	0.00	0.00
4. Loans and advances	0.00	3,867.07
Including: Personal loans and advances	0.00	3,867.07
Corporate loans and advances	0.00	0.00
Bills discounting	0.00	0.00
5. Financial assets purchased under resale agreement	0.00	0.00
Including: interest income from impaired financial assets	0.00	0.00
<b>II. Interest Expenses</b>	<b>0.00</b>	99,838.97
1. Loans from banks and other financial institutions	0.00	0.00
2. Absorption of deposits	0.00	99,838.97
3. Others	0.00	0.00
<b>III. Net Interest Income</b>	<b>0.00</b>	5,526,184.61

#### 45. Net income from fees and commissions

*Unit: Yuan Currency: RMB*

Item	Amount incurred in the current year	Amount incurred in the previous year
<b>I. Income from fees and commissions</b>	<b>0.00</b>	0.00
1. Settlement and Liquidation Fees	0.00	0.00
2. Agency fees	0.00	0.00
3. Guarantee fees and commissions	0.00	0.00
4. Others	0.00	0.00
<b>II. Fee and commission expenses</b>	<b>0.00</b>	60,491.28
1. Expenses of procedure fees	0.00	60,491.28
2. Expenses of commissions	0.00	0.00
<b>III. Net income from fees and commissions</b>	<b>0.00</b>	-60,491.28

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

#### 46. Taxes and surcharges

Unit: Yuan Currency: RMB

Item	Amount incurred in the current year	Amount incurred in the previous year
Property tax	21,743,994.40	21,625,036.71
Stamp duty	13,399,905.61	12,899,672.23
Land use tax	7,873,116.68	7,909,086.16
Urban maintenance and construction tax	2,702,884.49	3,443,087.55
Educational surcharges	1,930,675.03	2,459,348.32
Vehicle and vessel use tax	86,809.88	82,615.49
Others	969,753.32	647,317.44
<b>Total</b>	<b>48,707,139.41</b>	<b>49,066,163.90</b>

#### 47. Selling expenses

Unit: Yuan Currency: RMB

Item	Amount incurred in the current year	Amount incurred in the previous year
Employee salary	92,942,179.17	93,097,162.41
Business travel expense	21,187,002.42	19,743,121.73
Advertising expenses	16,499,769.91	13,665,473.42
Sales and service fees	13,502,014.98	17,632,986.59
Premium	2,760,752.64	2,013,411.88
Depreciation expenses	1,011,080.34	825,783.37
Others	8,558,429.52	7,530,903.08
<b>Total</b>	<b>156,461,228.98</b>	<b>154,508,842.48</b>

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

#### 48. Administrative expenses

*Unit: Yuan Currency: RMB*

Item	Amount incurred in the current year	Amount incurred in the previous year
Employee salary	195,052,064.34	185,363,082.54
Depreciation expenses	35,097,585.63	46,337,434.35
Amortization of intangible assets	32,914,655.55	30,946,836.94
Repair expenses	23,026,703.21	25,352,750.34
Rental expenses	15,180,830.67	16,244,797.40
Office expenses	4,453,625.59	3,137,103.30
Business travel expenses	4,077,163.75	4,814,154.29
Working funds for Party building	4,024,577.51	5,004,109.07
Expenses on employment of intermediary agencies	3,751,682.30	4,552,463.39
Business entertainment expenses	2,268,475.33	3,554,768.97
Conference expenses	1,341,420.75	1,760,187.35
Insurance premium	943,745.03	1,259,964.52
Consulting fees	772,592.60	1,372,226.05
Others	31,788,414.15	30,936,237.41
<b>Total</b>	<b>354,693,536.41</b>	<b>360,636,115.92</b>

#### 49. R&D expenses

*Unit: Yuan Currency: RMB*

Item	Amount incurred in the current year	Amount incurred in the previous year
Employee salary	212,136,823.14	202,921,253.14
Material expenses	238,678,538.05	191,468,722.67
Depreciation expenses	32,352,112.08	38,585,316.73
Design expenses	6,616,602.68	3,919,847.34
Test and inspection expenses	2,544,622.47	1,072,302.87
Others	24,049,095.75	23,376,938.57
<b>Total</b>	<b>516,377,794.17</b>	<b>461,344,381.32</b>

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

#### 50. Financial expenses

Unit: Yuan Currency: RMB

Item	Amount incurred in the current year	Amount incurred in the previous year
Interest expenses	5,764,579.07	27,084,632.89
Less: interest income	44,923,332.15	64,235,457.08
Add: Net exchange gains or losses	-8,204,429.84	-11,044,795.98
Bank service charges	3,506,138.42	3,074,448.44
Others	-211,872.46	-390,741.27
<b>Total</b>	<b>-44,068,916.96</b>	<b>-45,511,913.00</b>

#### 51. Other income

##### (1) Breakdown of other income

Unit: Yuan Currency: RMB

Sources of other income	Amount incurred in the current year	Amount incurred in the previous year
VAT additional deduction	84,997,347.08	126,020.95
Government subsidy	66,467,124.07	72,019,984.20
Return of service charges of individual income tax	456,255.34	319,494.67
<b>Total</b>	<b>151,920,726.49</b>	<b>72,465,499.82</b>



## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

#### 51. Other income (Continued)

##### (2) Breakdown of government subsidies

*Unit: Yuan Currency: RMB*

Item	Amount incurred in the current year	Amount incurred in the previous year	Asset-related/ income-related
R&D, manufacturing and aging project of special wheeled tractors in hilly and mountainous areas	12,100,000.00	0.00	Income-related
R&D and manufacturing of high-horsepower intelligent tractors	10,191,410.33	25,328,589.67	Income-related
High-power non-road diesel engine	4,900,000.00	4,900,000.00	Asset-related
Core capacity improvement of new wheeled tractors	4,836,363.64	4,836,363.64	Asset-related
Special funds for industrial foundation reconstruction and high-quality development of the manufacturing industry	4,363,390.67	0.00	Asset-related/ income-related
Scientific research funds for tractors in hilly and mountainous areas	3,508,782.87	3,573,934.02	Income-related
Scientific research funds for multi-functional power platform	3,296,132.03	3,047,417.00	Income-related
Subsidies for small and medium-sized enterprises to explore international markets	2,948,900.00	1,968,400.00	Income-related
R&D of mobile operation platform for universal field robots	2,260,274.76	0.00	Income-related
Provincial Manufacturing Industry Specialised Funds for High-quality Development in 2024 – Incentive Funds for Leading Enterprises in Henan Province	2,000,000.00	0.00	Income-related
Modern agricultural equipment intelligent cockpit digital factory	1,440,476.16	1,440,476.16	Asset-related
Scientific research funds for lightweight diesel engines	1,406,318.58	3,554,528.77	Income-related
Key product test and inspection platform	1,388,947.20	1,388,947.20	Asset-related
To improve independent R&D capability	1,342,030.68	1,342,030.68	Asset-related
Subsidies for employment stabilization	1,205,036.56	1,982,686.47	Income-related

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

#### 51. Other income (Continued)

##### (2) Breakdown of government subsidies (Continued)

Item	Amount incurred in the current year	Amount incurred in the previous year	Asset-related/ income-related
Application project of new wheeled tractors intelligent manufacturing model	1,081,818.20	1,081,818.20	Asset-related
Quality improvement and the intelligent transformation of medium-horsepower tractors	1,020,456.10	726,596.49	Asset-related
Research on unmanned operation technology and equipment development of tractors	632,971.51	378,835.78	Income-related
Energy-saving and environmental-friendly diesel engine crankshaft machining production line project	540,000.00	540,000.00	Asset-related
R&D and demonstration of unmanned operation equipment for wheat ploughing and land preparation	587,585.29	392,414.71	Asset-related
G4 Diesel engine upgrading and renovation Project Annual Output of 1,000 High-horsepower Shifting Heavy-duty Wheeled Tractors	510,000.00	510,000.00	Asset-related
2024 Provincial Manufacturing Equipment Renewal Excellent Intelligent Application Scenario Project	500,000.00	500,000.00	Asset-related
Development of new platform for medium-sized non-road diesel engine	500,000.00	0.00	Income-related
Green technology upgrading and renovation project of the casting system	0.00	6,620,000.00	Income-related
Others	0.00	2,200,000.00	Asset-related
	3,906,229.49	5,706,945.41	—
<b>Total</b>	<b>66,467,124.07</b>	<b>72,019,984.20</b>	—

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

#### 52. Investment income

*Unit: Yuan Currency: RMB*

Item	Amount incurred in the current year	Amount incurred in the previous year
Investment income from holding debt investments	116,230,154.47	82,644,381.80
Long-term equity investment income valued at equity method	48,597,463.28	43,338,166.13
Investment income from disposal of financial assets held for trading	10,354,344.96	3,954,446.90
Investment income from disposal of long-term equity investments	-2,166,051.25	-7,286,619.32
Others	-669,355.54	-492,583.31
<b>Total</b>	<b>172,346,555.92</b>	<b>122,157,792.20</b>

#### 53. Income from changes in fair value

*Unit: Yuan Currency: RMB*

Sources of income from changes in fair value	Amount incurred in the current year	Amount incurred in the previous year
Profit or loss due to changes in fair value of financial assets held for trading	27,395,502.26	47,757,032.42
<b>Total</b>	<b>27,395,502.26</b>	<b>47,757,032.42</b>

#### 54. Credit impairment losses

*Unit: Yuan Currency: RMB*

Item	Amount incurred in the current year	Amount incurred in the previous year
Impairment loss from entrusted loan	0.00	4,266,450.00
Bad debt loss for receivables	-18,749,875.34	-6,616,781.02
<b>Total</b>	<b>-18,749,875.34</b>	<b>-2,350,331.02</b>

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

#### 55. Asset impairment loss

Unit: Yuan Currency: RMB

Item	Amount incurred in the current year	Amount incurred in the previous year
Impairment loss on prepayments	303.90	128,286.46
Impairment loss of inventory	-8,278,068.24	-9,578,354.48
Impairment loss of fixed assets	-10,753,842.98	-6,445,791.58
<b>Total</b>	<b>-19,031,607.32</b>	<b>-15,895,859.60</b>

#### 56. Income of asset disposal

Unit: Yuan Currency: RMB

Item	Amount incurred in the current year	Amount incurred in the previous year	Amount included in non-recurring profit or loss in the current year
Gain or loss from disposal of intangible assets	3,668,620.22	0.00	3,668,620.22
Gain or loss from disposal of fixed assets	1,818,812.86	1,561,504.48	1,818,812.86
<b>Total</b>	<b>5,487,433.08</b>	<b>1,561,504.48</b>	<b>5,487,433.08</b>

#### 57. Non-operating revenue

Unit: Yuan Currency: RMB

Item	Amount incurred in the current year	Amount incurred in the previous year	Amount included in non-recurring profit or loss in the current year
Payables not to be paid	3,041,829.35	3,630,365.25	3,041,829.35
Government subsidy unrelated to daily activities	288,000.00	288,000.00	288,000.00
Others	2,576,285.33	4,216,029.51	2,576,285.33
<b>Total</b>	<b>5,906,114.68</b>	<b>8,134,394.76</b>	<b>5,906,114.68</b>

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

#### 58. Non-operating expenses

*Unit: Yuan Currency: RMB*

Item	Amount in the current year	Amount incurred in the previous year	Amount included in non-recurring profit or loss in the current year
Loss of retirement of non-current assets	0.00	542.40	0.00
Others	<u>475,559.14</u>	<u>1,314,129.10</u>	<u>475,559.14</u>
<b>Total</b>	<u><u>475,559.14</u></u>	<u><u>1,314,671.50</u></u>	<u><u>475,559.14</u></u>

#### 59. Income tax expenses

##### (1) *Income tax expenses*

*Unit: Yuan Currency: RMB*

Item	Amount incurred in the current year	Amount incurred in the previous year
Income tax expenses in the current year	114,190,940.20	23,542,140.23
Deferred income tax expenses	<u>6,649,011.83</u>	<u>-9,483,464.40</u>
<b>Total</b>	<u><u>120,839,952.03</u></u>	<u><u>14,058,675.83</u></u>



## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

#### 59. Income tax expenses (Continued)

##### (2) Adjustment process of accounting profit and income tax expenses

Unit: Yuan Currency: RMB

Item	Amount incurred in the current year
Consolidated total profit in the current year	1,051,777,667.34
Income tax expense calculated in accordance with legal/applicable tax rate	157,766,650.10
Effect of different tax rates applicable to subsidiaries	7,492,963.27
Impact of income tax in previous periods before adjustment	0.00
Profit or loss attributable to joint ventures and associates	-7,289,619.49
Impact of non-deductible costs, expenses and losses	591,282.52
Effect from deductible temporary balance or deductible losses of deferred income tax assets unrecognized	-8,572,664.04
Weighted Deduction of R&D Expenses and Other Expenses	-19,967,559.00
Effect of using deductible losses of unrecognized deferred income tax assets in the previous period	-9,181,101.33
Income tax expenses	<u>120,839,952.03</u>

#### 60. Other comprehensive income

Refer to Note "V. 39 Other comprehensive income" for details.

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

#### 61. Items of cash flow statements

##### (1) *Cash flows related to operating activities*

###### 1) *Other cash received relating to operating activities*

*Unit: Yuan Currency: RMB*

Item	Amount incurred in the current year	Amount incurred in the previous year
Interest on deposits received	44,923,332.15	64,235,457.08
Government subsidies received	59,740,745.31	132,490,739.47
Cash Received Related to Other Transactions	180,481,093.34	128,598,362.94
<b>Total</b>	<b>285,145,170.80</b>	<b>325,324,559.49</b>

###### 2) *Other cash paid relating to operating activities*

*Unit: Yuan Currency: RMB*

Item	Amount incurred in the current year	Amount incurred in the previous year
Cash paid for selling, administrative and R&D expenses	107,031,577.68	101,150,341.06
Cash paid related to other transactions	81,370,641.90	24,275,170.77
Cash paid for other operating activities	14,028,364.71	227,241,169.36
<b>Total</b>	<b>202,430,584.29</b>	<b>352,666,681.19</b>

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

#### 61. Items of cash flow statements (Continued)

##### (2) Cash flows relating to investing activities

Significant cash paid relating to investing activities

Unit: Yuan Currency: RMB

Item	Amount incurred in the current year	Amount incurred in the previous year
Purchase of certificates of deposit	866,325,373.85	2,167,887,500.00
<b>Total</b>	<b>866,325,373.85</b>	<b>2,167,887,500.00</b>

Other cash received related to investing activities

Unit: Yuan Currency: RMB

Item	Amount incurred in the current year	Amount incurred in the previous year
Net cash paid for the acquisition of subsidiaries and other business units	124,704,059.34	0.00
<b>Total</b>	<b>124,704,059.34</b>	<b>0.00</b>

Other cash paid relating to investing activities

Unit: Yuan Currency: RMB

Item	Amount incurred in the current year	Amount incurred in the previous year
Net cash received from disposal of subsidiaries and other business units	0.00	463,615.57
<b>Total</b>	<b>0.00</b>	<b>463,615.57</b>

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

#### 61. Items of cash flow statements (Continued)

##### (3) Cash related to financing activities

Other cash paid relating to financing activities

Unit: Yuan Currency: RMB

Item	Amount incurred in the current year	Amount incurred in the previous year
Return of non-controlling shareholder's investment to the subsidiary	0.00	3,000,000.00
Payment of rental expenses	<u>22,454,151.20</u>	<u>20,537,743.44</u>
<b>Total</b>	<u><b>22,454,151.20</b></u>	<u><b>23,537,743.44</b></u>

Change of liabilities arising from financing activities

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase in the current year		Decrease in the current year		Ending balance
		Changes in cash	Non-cash changes	Changes in cash	Non-cash changes	
Short-term borrowings	0.00	0.00	0.00	0.00	0.00	0.00
Interests payable	39,524,418.05	0.00	11,410.22	0.00	0.00	39,535,828.27
Dividends payable	8,439,607.85	0.00	373,878,092.22	373,878,092.20	0.00	8,439,607.87
Other payables	70,000,000.00	0.00	0.00	0.00	0.00	70,000,000.00
Long-term borrowings	200,166,666.67	65,950,000.00	5,087,913.20	5,083,333.34	0.00	266,121,246.53
Lease liabilities	22,182,151.34	0.00	38,780,082.86	22,454,151.20	0.00	38,508,083.00
Long-term payables	<u>9,001,441.87</u>	<u>0.00</u>	<u>0.00</u>	<u>708,000.00</u>	<u>357,060.08</u>	<u>7,936,381.79</u>
<b>Total</b>	<u>349,314,285.78</u>	<u>65,950,000.00</u>	<u>417,757,498.50</u>	<u>402,123,576.74</u>	<u>357,060.08</u>	<u>430,541,147.46</u>

Note: Long-term borrowings, lease liabilities and long-term payables all include the portion due within one year.

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

#### 61. Items of cash flow statements (Continued)

##### (4) Notes for presentation of cash flows on a net basis

Unit: Yuan Currency: RMB

Item	Relevant facts	Basis of net position presentation	Financial impact
Cash received from the return of investments	Purchase and redemption of structured deposits are	Cash inflows and outflows for fast-turnover, high-value	-5,450,000,000.00
Cash paid to acquire investments	presented on a net basis	and short-duration projects	-5,450,000,000.00

#### 62. Supplementary information to cash flow statements

##### (1). Supplementary information to cash flow statements

Unit: Yuan Currency: RMB

Supplementary information	Amount in the current year	Amount in the previous year
<b>1. Reconciliation of net profit to cash flows from operating activities:</b>	—	—
Net profit	930,937,715.31	989,027,297.80
Add: provision for impairment of assets	19,031,607.32	15,895,859.60
Credit impairment losses	18,749,875.34	2,350,331.02
Depreciation of fixed assets	254,145,269.40	261,282,013.99
Depreciation of right-of-use assets	19,774,710.40	20,252,110.78
Amortization of intangible assets	35,870,151.91	33,999,864.03
Amortization of long-term unamortized expenses	23,405,066.22	25,014,911.39
Loss from disposal of fixed assets, intangible assets and other long-term assets (gains to be listed with “-”)	-5,487,433.08	-1,561,504.48



## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

#### 62. Supplementary information to cash flow statements (Continued)

*(1). Supplementary information to cash flow statements (Continued)*

Supplementary information	Amount in the current year	Amount in the previous year
Losses from retirement of fixed assets (gains to be listed with "-")	-4,656.59	542.40
Losses from changes in fair value (gains to be listed with "-")	-27,395,502.26	-47,757,032.42
Financial expenses (gains to be listed with "-")	5,764,579.07	27,084,632.89
Investment losses (gains to be listed with "-")	-172,346,555.92	-122,157,792.20
Decrease on deferred income tax assets (increase to be listed with "-")	3,917,071.30	-10,135,607.58
Increase in deferred income tax liabilities (decrease to be listed with "-")	2,731,940.53	652,143.18
Decrease in inventory (increase to be listed with "-")	140,541,022.36	-333,257,744.16
Decrease in operating receivables (increase to be listed with "-")	-104,774,472.61	39,998,857.25
Increase in operating payables (decrease to be listed with "-")	71,255,163.51	155,572,717.29
Others	0.00	0.00
Net cash flows from operating activities	1,216,115,552.21	1,056,261,600.78
<b>2. Material investment and financing activities that do not involve cash receipts and payments:</b>		
Conversion of debt into capital	0.00	0.00
Convertible corporate bonds due within one year	0.00	0.00
Fixed assets acquired under financial leases	0.00	0.00
<b>3. Movements in net cash and cash equivalents:</b>		
Ending balance of cash	1,784,647,536.28	2,223,210,636.03
Less: beginning balance of cash	2,223,210,636.03	3,519,577,581.87
Add: ending balance of cash equivalents	0.00	0.00
Less: beginning balance of cash equivalents	0.00	0.00
Net increase in cash and cash equivalents	-438,563,099.75	-1,296,366,945.84

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

#### 62. Supplementary information to cash flow statements (Continued)

(2). *Net cash paid for acquisition of subsidiaries in the current year*

Unit: Yuan Currency: RMB

Item	Amount
Cash or cash equivalents paid in the current year for business combination in the current year	97,476,149.00
Including: YTO (Luoyang) Axle Co., Ltd.	97,476,149.00
Less: cash and cash equivalents held by subsidiaries on acquisition date	222,180,208.34
Including: YTO (Luoyang) Axle Co., Ltd.	222,180,208.34
Net cash paid for acquisition of subsidiaries	-124,704,059.34

(3). *Formation of cash and cash equivalents*

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
I. Cash	1,784,647,536.28	2,223,210,636.03
Including: Cash on hand	98,797.95	240,002.93
Bank deposit available for payments at any time	1,784,548,675.87	2,222,970,571.98
Other monetary funds available for payment at any time	62.46	61.12
II. Cash equivalents	0.00	0.00
III. Ending balance of cash and cash equivalents	1,784,647,536.28	2,223,210,636.03
Including: The parent company or subsidiaries within the group use restricted cash and cash equivalents	0.00	0.00

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

#### 62. Supplementary information to cash flow statements (Continued)

##### (4). Monetary funds not belonging to cash and cash equivalents

*Unit: Yuan Currency: RMB*

Item	Amount in the current year	Amount in the previous year	Reasons for not belonging to cash and cash equivalents
Margin for acceptance bills	555,439,590.04	544,771,522.99	Limited monetary funds
Others	4,957,024.60	1,596,726.94	Limited monetary funds
<b>Total</b>	<b>560,396,614.64</b>	<b>546,368,249.93</b>	—

#### 63. Monetary items in foreign currency

##### (1) Monetary items in foreign currency

*Unit: Yuan*

Item	Ending balance in foreign currency	Exchange rate	Ending balance in RMB (equivalent)
<b>Monetary fund</b>	—	—	107,078,813.07
Including: USD	11,919,656.85	7.1884	85,683,261.30
EUR	786,033.06	7.5257	5,915,449.00
HKD	11,008.32	0.9260	10,193.70
XOF	1,324,194,084.00	0.0115	15,228,231.97
BYN	110,028.27	2.1965	241,677.10
<b>Accounts receivable</b>	—	—	100,328,029.83
Including: USD	10,869,853.23	7.1884	78,136,852.96
EUR	110,277.29	7.5257	829,913.80
AUD	416,357.79	4.5070	1,876,524.56
XOF	372,243,548.00	0.0115	4,280,800.80
ZAR	39,552,387.38	0.3844	15,203,937.71

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

#### 63. Monetary items in foreign currency (Continued)

(1) *Monetary items in foreign currency (Continued)*

Item	Ending balance in foreign currency	Exchange rate	Ending balance in RMB (equivalent)
<b>Other receivables</b>	—	—	511,150.65
Including: XOF	35,342,710.50	0.0115	406,441.17
BYN	47,671.06	2.1965	104,709.48
<b>Non-current assets due within one year</b>	—	—	483,413,676.55
Including: USD	47,719,241.77	7.1884	343,024,997.54
EUR	18,654,567.55	7.5257	140,388,679.01
<b>Other current assets</b>	—	—	15,675,982.44
Including: USD	2,170,404.83	7.1884	15,601,738.08
BYN	33,801.21	2.1965	74,244.36
<b>Accounts payable</b>	—	—	34,353,206.23
Including: USD	4,018,133.89	7.1884	28,883,953.65
EUR	706,460.12	7.5257	5,316,606.93
AUD	11,794.96	4.5070	53,159.88
BYN	45,292.86	2.1965	99,485.77
<b>Other payables</b>	—	—	33,546.82
Including: USD	4,126.00	7.1884	29,659.34
BYN	1,769.85	2.1965	3,887.48
<b>Other current liabilities</b>	—	—	1,605,041.32
Including: USD	164,969.44	7.1884	1,185,866.32
XOF	36,450,000.00	0.0115	419,175.00
<b>Employee salary payable</b>	—	—	122,019.75
Including: BYN	55,551.90	2.1965	122,019.75
<b>Non-current liabilities due within one year</b>	—	—	690,000.00
Including: XOF	60,000,000.00	0.0115	690,000.00
<b>Long-term payables</b>	—	—	7,246,381.79
Including: XOF	630,120,156.00	0.0115	7,246,381.79

Note: The above assets and liabilities are listed by original value.

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

#### 63. Monetary items in foreign currency (Continued)

##### (2) Overseas business entities

Company name	Overseas business place	Bookkeeping currency	Selection basis of bookkeeping currency
China Brilliance Machinery Holdings Co., Ltd.	Hong Kong	USD	Operating Environment and Main Settlement Currencies
Yitwo Argo Industrial	Ivory Coast	XOF	Operating Environment and Main Settlement Currencies
YTO Belarus Technology Co., Ltd.	Belarus	BYN	Operating Environment and Main Settlement Currencies

#### 64. Lease

##### (1) As the lessee

*Unit: Yuan Currency: RMB*

Item	Amount incurred in the current year	Amount incurred in the previous year
Interest expenses on lease liabilities	538,771.66	1,094,872.51
Short-term lease expenses included in current profit or loss with simplified treatment	1,989,619.08	342,010.44
Lease expenses of low-value assets (except short-term leases) included in current profit or loss with simplified treatment	0.00	0.00
Variable lease payments not included in the measurement of lease liabilities	0.00	0.00
Total cash outflows related to leases	<u>24,624,228.85</u>	<u>20,879,753.88</u>

##### (2) As the lessor

*Unit: Yuan Currency: RMB*

Item	Lease income	Including: Income related to variable lease payments not included in lease receipts
Operating rental income	<u>16,966,936.31</u>	<u>0.00</u>
Total	<u>16,966,936.31</u>	<u>0.00</u>



## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

#### 65. Net current assets

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Current assets	7,425,048,133.18	6,487,671,852.68
Less: Current Liabilities	6,498,069,754.11	6,044,604,287.57
Net current assets	926,978,379.07	443,067,565.11

#### 66. Total assets minus current liabilities

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Total assets	14,691,335,709.97	13,817,261,971.79
Less: Current Liabilities	6,498,069,754.11	6,044,604,287.57
Total assets less current liabilities	8,193,265,955.86	7,772,657,684.22

#### 67. Borrowings

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Principal of short-term bank loans	0.00	0.00
Principal of long-term borrowings	265,950,000.00	200,000,000.00
Total	265,950,000.00	200,000,000.00

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

#### 67. Borrowings (Continued)

##### (1) Analysis of borrowings

*Unit: Yuan Currency: RMB*

Item	Ending balance	Beginning balance
Bank borrowings	—	—
Need to repay within one year	200,000,000.00	0.00
Need to repay after one year	65,950,000.00	200,000,000.00
<b>Total</b>	<b>265,950,000.00</b>	<b>200,000,000.00</b>

##### (2) Maturity analysis of borrowings

*Unit: Yuan Currency: RMB*

Item	Ending balance	Beginning balance
Bank borrowings	—	—
Within 1 year (including 1 year)	200,000,000.00	0.00
1-2 years	0.00	200,000,000.00
2-5 years	65,950,000.00	0.00
<b>Total</b>	<b>265,950,000.00</b>	<b>200,000,000.00</b>

#### 68. Depreciation and amortization

*Unit: Yuan Currency: RMB*

Item	Amount incurred in the current year	Amount incurred in the previous year
Depreciation of fixed assets	254,145,269.40	261,282,013.99
Amortization of intangible assets	35,870,151.91	33,999,864.03
<b>Total</b>	<b>290,015,421.31</b>	<b>295,281,878.02</b>

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

#### 69. Reserves

The Group's reserves available for distribution as at 31 December 2024, calculated in accordance with the applicable laws of China, the place of incorporation of the Group, 31 December 2024 amounted to RMB2,695,974,750.86, and the capital premium of the capital reserves was RMB2,408,231,745.23.

### VI. R&D EXPENDITURES

Unit: Yuan Currency: RMB

Item	Amount incurred in the current year	Amount incurred in the previous year
R&D of Tractor Products	285,843,144.40	261,669,913.73
R&D of Power Machinery Products	105,980,553.91	101,034,014.40
Process R&D	44,379,186.93	54,365,001.17
Component Optimization and R&D of Other Machinery Products	55,703,610.10	33,120,474.90
Basic research	24,471,298.83	11,154,977.12
<b>Total</b>	<b>516,377,794.17</b>	<b>461,344,381.32</b>
Including: Expense account-based R&D expenses	516,377,794.17	461,344,381.32
Capitalized R&D expenses	0.00	0.00

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### VII. CHANGES IN CONSOLIDATION SCOPE

#### 1. Business combination not under common control

##### (1) Business combination not under common control in the current year

Unit: Yuan Currency: RMB

Name of acquiree	Acquisition time of equity	Acquisition cost of equity	Proportion of equity acquisition (%)	Acquisition method	Acquisition date	Determination basis of acquisition date	Revenue of acquiree from acquisition date to the end of year	Net profit of acquiree from acquisition date to the end of year	Cash flows of acquiree from acquisition date to the end of year
YTO (Luoyang) Axle Co., Ltd.	13 September 2024	97,476,149.00	51.00	Cash payment	13 September 2024	Acquisition of actual control right	58,483,150.79	4,317,007.67	-26,882,493.25

*Note:* In 2014, the Company and ZF (China) Investment Co., Ltd. (hereinafter referred to as “ZF China”) jointly invested in the establishment of ZF YTO (Luoyang) Axle Co., Ltd. (hereinafter referred to as “ZF Axle Company”), in which the Company holds a 49% equity interest in ZF Axle Company, which is presented as a long-term equity investment and accounted for using the equity method. In September 2024, the Company and ZF China signed the Equity Transfer Agreement on ZF YTO (Luoyang) Axle Co., Ltd., stipulating that the Company would purchase its 51% equity interest in ZF Axle Company. As of 13 September 2024, the Company has completed the asset delivery of ZF Axle Company and the reorganization of the Board of Directors, and acquired actual control rights and incorporated it into the consolidation scope. On 24 September 2024, ZF Axle Company completed the industrial and commercial registration of the above-mentioned equity transfer and was renamed as YTO (Luoyang) Axle Co., Ltd.

##### (2) Combination cost and goodwill

Unit: Yuan Currency: RMB

Combination cost	YTO (Luoyang) Axle Co., Ltd. (%)
Cash	97,476,149.00
– Fair value of non-cash assets	0.00
– Fair value of liabilities issued or borne	0.00
– Fair value of equity securities issued	0.00
– Fair value of contingent consideration	0.00
– Fair value of the equity held before the acquisition date on the acquisition date	93,653,555.06
– Others	0.00
Total combination cost	191,129,704.06
Less: fair value of net identifiable assets acquired	191,129,704.06
Amount of goodwill/consolidated cost less than the fair value of identifiable net assets acquired	0.00

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### VII. CHANGES IN CONSOLIDATION SCOPE (CONTINUED)

#### 1. Business combination not under common control (Continued)

##### (3) Identifiable assets and liabilities of the acquiree on the acquisition date

Unit: Yuan Currency: RMB

Item	YTO (Luoyang) Axle Co., Ltd.	
	Fair value on acquisition date	Carrying amount on acquisition date
Monetary fund	222,180,208.34	222,180,208.34
Bills receivable	78,186,923.31	78,186,923.31
Accounts receivable	28,220,930.90	28,220,930.90
Prepayments	20,884.68	20,884.68
Other receivables	85,944.44	85,944.44
Inventories	9,378,977.94	14,092,833.88
Fixed assets	12,375,605.74	12,375,605.74
Right-of-use assets	6,788,505.85	6,788,505.85
Intangible assets	199,115.06	199,115.06
Other non-current assets	3,033,950.00	3,033,950.00
Notes payable	21,710,000.00	21,710,000.00
Accounts payable	125,928,339.95	125,928,339.95
Advances from customers	439.45	439.45
Employee salary payable	7,253,455.16	7,253,455.16
Taxes payable	3,239,042.58	3,239,042.58
Other payables	672,274.44	672,274.44
Non-current liabilities due within one year	5,124,711.92	5,124,711.92
Other non-current liabilities	5,413,078.70	5,413,078.70
Net assets	191,129,704.06	195,843,560.00
Less: Non-controlling interest	0.00	0.00
Net assets acquired	191,129,704.06	195,843,560.00

*Note:* The Company recognizes the fair value of the identifiable net assets of each asset and liability based on the equity transaction price, the expected use and realization of each asset, the repayment of liabilities, etc.



## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### VII. CHANGES IN CONSOLIDATION SCOPE (CONTINUED)

#### 1. Business combination not under common control (Continued)

(4) *Gain or loss arising from the remeasurement of equity held before the acquisition date at fair value*

*Unit: Yuan Currency: RMB*

Name of acquiree	Acquisition time of original equity held before the acquisition date	Acquisition ratio of the original equity held before the acquisition date	Acquisition cost of original equity held before the acquisition date	Acquisition method of original equity held before the acquisition date	Carrying amount of original equity held before the acquisition date on the acquisition date	Fair value of the original equity interest held before the acquisition date on the acquisition date	Gain or loss arising from the remeasurement of the original equity held at fair value before the acquisition date	Recognition method and main assumptions of the fair value of original equity held before the acquisition date on the acquisition date	Amount of other comprehensive income related to the original equity before the acquisition date transferring to investment income or retained earnings
YTO (Luoyang) Axle Co., Ltd.	25 December 2024	49.00	138,670,000.00	Establishment	95,819,606.31	93,653,555.06	-2,166,051.25	Market approach	0.00

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### VIII. EQUITY IN OTHER ENTITIES

#### 1. Equity in subsidiaries

##### (1) Composition of the Enterprise Group

Unit: Yuan Currency: RMB

Name of subsidiary	Registered capital	Principal place of business	Registration place	Business Nature	Shareholding proportion (%)		Way of acquisition
					Direct	Indirect	
China-Africa Heavy Industry Investment Co., Ltd.	100,040,000.00	China	China	Agricultural machinery sales	55.00	0.00	Establishment
Changtuo Agricultural Machinery Equipment Group Co., Ltd. (Note)	282,000,000.00	China	China	Tractor manufacturing	33.33	0.00	Business combination not under common control
Luoyang Tractor Research Institute Co., Ltd.	445,000,000.00	China	China	Development and research of tractor products	51.00	0.00	Business combination under common control
YTO International Economic and Trade Co., Ltd.	66,000,000.00	China	China	Agricultural machinery sales	100.00	0.00	Business combination under common control
YTO (Luoyang) Flag Auto-Body Co., Ltd.	68,000,000.00	China	China	Tractor manufacturing	100.00	0.00	Business combination under common control
YTO (Luoyang) Hydraulic Transmission Co., Ltd.	161,915,000.00	China	China	Power machinery manufacturing	66.60	22.83	Business combination under common control
China Brilliance Machinery Holdings Co., Ltd.	99,588.00	China	Bermuda Islands	Investment holding	90.10	0.00	Establishment
Luoyang Changxing Agricultural Machinery Co., Ltd.	3,000,000.00	China	China	Agricultural machinery sales	100.00	0.00	Establishment
YTO (Luoyang) Diesel Engine Co., Ltd.	112,948,185.67	China	China	Power machinery manufacturing	67.94	19.45	Business combination under common control
YTO (Luoyang) Casting and Forging Co., Ltd.	248,830,000.00	China	China	Tractor manufacturing	100.00	0.00	Business combination under common control
YTO Belarus Technology Co., Ltd.	52,551,587.88	Belarus	Belarus	R&D	100.00	0.00	Business combination under common control
YTO (Luoyang) Axle Co., Ltd.	283,000,000.00	China	China	Tractor manufacturing	100.00	0.00	Business combination not under common control

**Note:** According to the resolution of the first meeting of the sixth board of directors of the Company in 2012, the Company increased its capital by RMB94.25 million to Changtuo Company based on the net asset appraisal value of Changtuo Agricultural Machinery Equipment Group Co., Ltd. (hereinafter referred to as Changtuo Company) on 31 March 2012, and held 33.33% of the equity of Changtuo Company after the capital increase. According to the agreement between the Company and Sinomach, Sinomach entrusts the Company to independently exercise its voting rights, supervision and management rights, and other rights corresponding to 33.33% of the equity held by it in Changtuo Company, and the custody period ends on the date when Sinomach transfers the aforementioned rights to an irrelevant third party. During the custody period, Sinomach shall not unilaterally revoke the custody authorization. If Sinomach transfers its equity to a third party, it shall obtain written consent from the Company, and the Company shall have the preemptive right. Therefore, the Company obtained 66.66% of the voting rights and actual control rights of Changtuo Company.

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### VIII. EQUITY IN OTHER ENTITIES (CONTINUED)

#### 1. Equity in subsidiaries (Continued)

##### (2) Significant non-wholly-owned subsidiaries

Unit: Yuan Currency: RMB

Name of subsidiary	Shareholding proportion of non-controlling shareholders (%)	Profit or loss attributable to non-controlling shareholders in the current year	Dividends announced and distributed to non-controlling shareholders in the current year	Balance of non-controlling interests at the end of the year
Luoyang Tractor Research Institute Co., Ltd.	49.00	1,745,024.02	13,037,664.77	264,390,327.28
YTO (Luoyang) Diesel Engine Co., Ltd.	14.53	11,928,748.08	0.00	188,394,673.34

##### (3) Main financial information of significant non-wholly-owned subsidiaries

Unit: Yuan Currency: RMB

Name of subsidiary	Current assets	Non-current assets	Ending balance			Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Beginning balance		
			Total assets								Total assets	Current liabilities	Non-current liabilities
Luoyang Tractor Research Institute Co., Ltd.	237,780,824.57	365,943,884.33	603,724,708.90	42,962,532.71	21,190,079.70	64,152,612.41	251,445,612.89	382,006,853.27	633,452,466.16	44,126,990.90	26,975,444.76	71,102,435.66	
YTO (Luoyang) Diesel Engine Co., Ltd.	2,348,085,651.02	877,029,427.14	3,225,115,078.16	1,689,963,474.02	100,016,348.18	1,789,979,822.20	2,322,487,511.98	773,160,799.46	3,095,648,311.44	1,644,040,644.47	94,348,270.57	1,738,388,915.04	

Name of subsidiary	Amount incurred in the current year				Amount incurred in the previous year			
	Operating revenue	Net profit	Total comprehensive income	Cash flow from operating activities	Operating revenue	Net profit	Total comprehensive income	Cash flow from operating activities
Luoyang Tractor Research Institute Co., Ltd.	182,826,707.60	3,561,273.50	3,829,545.11	28,392,541.41	200,035,519.21	11,591,146.76	12,265,690.83	21,509,677.68
YTO (Luoyang) Diesel Engine Co., Ltd.	2,928,532,728.67	79,209,238.37	79,209,238.37	41,724,643.49	2,978,511,636.31	49,052,605.86	49,052,605.86	178,961,077.52

##### (4) Material limitations on the use of enterprise group assets and payment of enterprise group debts

None

##### (5) Financial support or other supports provided to the structural body within the combined financial statement

None

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### VIII. EQUITY IN OTHER ENTITIES (CONTINUED)

#### 2. Conditions of the owner's equity portion variation in the subsidiaries and the subsidiaries still being under control

None

#### 3. Interests in joint ventures or associates

##### (1) Significant joint ventures or associates

Name of joint venture or associate	Principal place of business	Registration place	Business Nature	Shareholding proportion (%)		Accounting methods for the investments in joint ventures or associates
				Direct	Indirect	
Sinomach Finance Co., Ltd.	China	China	Finance	14.29	0.00	Equity method

*Note:* In September 2024, the Company signed an equity transfer agreement with ZF (China) Investment Co., Ltd., under which ZF (China) Investment Co., Ltd. transferred 51.00% equity interest in ZF YTO (Luoyang) Axle Co., Ltd. to the Company. On 24 September 2024, the industrial and commercial registration of the above equity transfer was completed, and ZF YTO (Luoyang) Axle Co., Ltd. was renamed YTO (Luoyang) Axle Co., Ltd. (hereinafter referred to as "Axle Company"). Following the transfer, the Company held 100% of the equity interest in Axle Company, which became a wholly-owned subsidiary of the Company from an associate. See relevant disclosure in Note "VII. 1. Business combination not under common control" for details.

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### VIII. EQUITY IN OTHER ENTITIES (CONTINUED)

#### 3. Interests in joint ventures or associates (Continued)

##### (2) Significant financial information for significant associates

Unit: Yuan Currency: RMB

Item	Ending balance/ Amount incurred in the current year Sinomach Finance Co., Ltd.	Beginning balance/Amount incurred in the previous year Sinomach Finance Co., Ltd.	YTO (Luoyang) Axle Co., Ltd.
Current assets	45,109,238,600.28	39,680,284,450.73	233,027,671.45
Non-current assets	10,660,356,566.30	8,361,305,429.44	15,827,388.57
Total assets	55,769,595,166.58	48,041,589,880.17	248,855,060.02
Current liabilities	50,286,141,764.40	43,235,087,996.15	68,888,062.48
Non-current liabilities	1,226,212,492.04	705,121,023.83	0.00
Total liabilities	51,512,354,256.44	43,940,209,019.98	68,888,062.48
Non-controlling interests	0.00	0.00	0.00
Equity attributable to the shareholder	4,257,240,910.14	4,101,380,860.19	179,966,997.54
Shares of net assets calculated as per the shareholding proportion	608,176,664.70	585,910,965.54	88,183,828.79
Adjustments	78,311,537.19	-7,404,462.81	-2,815,693.12
– Goodwill	0.00	0.00	0.00
– Unrealized profit of internal transaction	0.00	0.00	-2,815,693.12
– Others	78,311,537.19	-7,404,462.81	0.00
Carrying amount of equity investments in associates	686,488,201.89	578,506,502.73	85,368,135.67
Fair value of equity investments in associates with public offer	0.00	0.00	0.00
Operating revenue	1,131,089,125.00	1,238,945,103.93	258,431,223.02
Financial expenses	0.00	0.00	-3,389,329.81
Income tax expenses	78,095,803.83	65,592,739.93	2,668,587.01
Net profit	258,923,325.42	252,829,389.81	18,930,164.35
Net profit from discontinued operations	0.00	0.00	0.00
Other comprehensive income	-56,081.36	-1,434,179.82	0.00
Total comprehensive income	258,867,244.06	251,395,209.99	18,930,164.35
Dividends received from joint ventures in the current year	14,526,000.00	14,986,000.00	0.00



## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### VIII. EQUITY IN OTHER ENTITIES (CONTINUED)

#### 3. Interests in joint ventures or associates (Continued)

##### (3) Summary of financial information of non-significant joint ventures and associates

Unit: Yuan Currency: RMB

Item	Ending balance/ Amount incurred in the current year	Beginning balance/ Amount incurred in the previous year
<b>Associates</b>		
Total carrying amount of investment	470,888.85	382,934.98
Total amount of the following items at the shareholding percentage		
– Net profit	6,025.30	-407,664.30
– Other comprehensive income	0.00	0.00
– Total comprehensive income	6,025.30	-407,664.30

##### (4) Excess losses incurred in joint ventures or associates

Unit: Yuan Currency: RMB

Name of joint venture or associate	Accumulated unrecognized losses in the previous year	Unrecognized losses in the current year (or net profit shared in the current year)	Accumulated unrecognized losses at the end of the current year
Jiangxi Dongfanghong Agricultural Machinery Co., Ltd.	1,735,274.48	101,928.57	1,837,203.05

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### IX. GOVERNMENT SUBSIDIES

#### 1. Government subsidies receivable recognised at the end of the reporting period

None

#### 2. Liability involving government subsidies

*Unit: Yuan Currency: RMB*

Items	Beginning balance	Amount of new subsidies received in current year	Amount included in non-operating revenue in the current period	Amount transferred to other income in the current year	Others	Ending balance	Asset-related/ income-related
Deferred income	161,457,096.28	11,505,000.00	288,000.00	19,522,479.97	4,598,772.89	157,750,389.20	Asset-related
Deferred income	20,488,176.69	40,411,000.00	0.00	39,119,898.79	-4,598,772.89	17,180,505.01	Income-related
<b>Total</b>	<b>181,945,272.97</b>	<b>51,916,000.00</b>	<b>288,000.00</b>	<b>58,642,378.76</b>	<b>0.00</b>	<b>174,930,894.21</b>	<b>—</b>

#### 3. Government subsidies included in current profit or loss

*Unit: Yuan Currency: RMB*

Accounting item	Amount incurred in the current year	Amount incurred in the previous year
Asset-related	19,810,479.97	21,056,686.12
Income-related	46,944,644.10	51,251,298.08
<b>Total</b>	<b>66,755,124.07</b>	<b>72,307,984.20</b>

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### X. RISKS RELATED TO FINANCIAL INSTRUMENTS

#### 1. The risks of financial instruments

The Group faces various financial instrument risks in its daily activities, mainly including credit risk, liquidity risk and market risk (including exchange rate risk, interest rate risk and commodity price risk). The main financial instruments of the Group include monetary funds, equity investments, debt investments, loans, accounts receivable, and accounts payable. The risks concerning these financial instruments, as well as the risk management measures applied to mitigate these risks are stated as follows:

The Board of Directors is responsible for the planning and establishment of the Group's risk management structure, the development of the Group's risk management policies and guidelines, and the monitoring of the implementation of risk management measures. The Group has developed risk management policies to identify and analyze the risks faced by the Group. These risk management policies specify specific risks, covering many aspects of market risk, credit risk, and liquidity risk management. The Group regularly evaluates the market environment and changes in the Group's operating activities to determine whether the risk management policies and systems are updated. The Group diversifies the risk of financial instruments through appropriate diversified investments and business combinations and reduces the risk of focusing on any single industry, specific region, or specific counterparty by developing appropriate risk management policies.

##### 1. *Risk management objectives and policies*

The Group's risk management aims to achieve a proper balance between risk and benefit, to minimize the negative effect of risks on the business performance of the Group, and to maximize the interest of shareholders and other equity investors. Based on the objective of risk management, the basic strategy of the Group's risk management is to determine and analyze all risks faced by the Group, to set up an appropriate bottom line of risk standing and to manage risks, as well as to supervise all risks in a timely and reliable manner and control the risk into the limited scope.

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### X. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

#### 1. The risks of financial instruments (Continued)

##### 1. Risk management objectives and policies (Continued)

###### (1) Credit risk

A credit risk is the risk of financial loss of the Group caused by the counterparty's failure to meet its obligations in the contract. The Group adopts the policy to trade with the counterparty with good credit and request securities when necessary, so as to remediate the financial loss when the counterparty is unable to fulfill its own obligation. The Group only trades with entities that are assessed to be investment grade or above. Rating information is provided by independent rating agencies, and if such information is not available, the Group will use other publicly available financial information and its own transaction records to rate key customers. The Group continuously monitors the exposure to risks and the credit ratings of many counterparties and continuously monitors the exposure to these credit risks. As at 31 December 2024, the maximum credit exposure to risks that may cause the Group's financial loss mainly comes from the risk of failure of customers or counterparties to perform on the maturity date. Specifically, it includes receivables and notes receivable. It is the Group's policy that all customers trading on credit terms must pass the credit review process. The Group evaluates clients' credit rating and sets the credit period based on their financial conditions, possibility of obtaining security from third party, credit record and other factors, such as current market situation. The Group will monitor the credit record of the customer periodically. For customers with poor credit record, measures such as written collection, shortening credit period or canceling the credit period will be adopted by the Group, to ensure the overall credit risk being in the controllable scope. The Group continuously monitors receivable balances and the board of directors believes that adequate provision has been made in the financial statements for uncollected receivables. In this regard, the board of directors believes that credit risk has been substantially reduced.

The monetary funds held by the Group are mainly deposited in financial institutions such as state-owned holding banks and other large and medium-sized commercial banks. The Management believes that these commercial banks have high credit standing and asset status without material credit risks and will not cause any material losses due to the default of the other unit. The debtors of accounts receivable are a great many customers distributed in different industries and geographical areas. The Group continuously performs credit assessments on the accounts receivable of the debtors and purchases credit guarantee insurance when necessary. Because the counterparties of monetary funds and derivative financial instruments are banks with good reputation and high credit rating, the credit risk of these financial instruments is low. As of 31 December 2024, the accounts receivable of the Group's top five customers accounted for 27.09% (2023: 26.16%) of the Group's total accounts receivable, so the Group has no material credit concentration risk. The Group's credit exposure to risks includes on-balance sheet items and off-balance sheet items involving credit risk. On the balance sheet date, the carrying amount of the Group's financial assets represented its maximum credit risk exposure.

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### X. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

#### 1. The risks of financial instruments (Continued)

##### 1. Risk management objectives and policies (Continued)

###### (1) Credit risk

###### 1) Judgment criteria for significant increase in credit risk

On each balance sheet date, the Group judges whether the credit risk of the financial instrument has increased significantly since the initial recognition by comparing the default probability of this financial instrument determined during the initial recognition in the expected duration with its default probability determined on the balance sheet date in the expected duration. However, if the Group determines that the financial instrument has only a low credit risk on the balance sheet date, the Group can assume that the credit risk of the financial instrument has not increased significantly since the initial recognition.

The main criteria for the Group to judge a significant increase in credit risk is that one or more of the following indicators have changed significantly: the debtor's business environment, internal and external credit ratings, and material adverse changes in actual or expected operating results.

###### 2) Definition of assets with credit impairment

When one or more events that have an adverse effect on the expected future cash flow of a financial asset occur, the financial asset becomes a credit-impaired financial asset. The main criterion for the Group to judge that credit impairment has occurred is that it considers a credit impairment to have occurred if internal or external information indicates that full recovery of the contract amount may not be possible before taking into account any credit enhancements held. Credit impairment of financial assets may be caused by the joint action of multiple events, and may not necessarily be caused by separately identifiable events.

Evidence for credit-impaired financial assets includes the following observable information: The debtor has material financial difficulties; the debtor has violated the terms of the contract, such as default or overdue payment of interest or principal; due to economic or contractual considerations relating to the financial difficulties of the debtor, the Group makes concessions to the debtor which will never be made under any other circumstances; the debtor is likely to suffer bankruptcy or undergo other financial restructuring; the financial difficulties of the debtor cause the disappearance of the active market of the financial asset.



## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### X. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

#### 1. The risks of financial instruments (Continued)

##### 1. Risk management objectives and policies (Continued)

##### (2) Liquidity risk

Item	Book amount	31 December 2024			
		Within 1 year	1-2 years	2-5 years	Over 5 years
<b>Non-derivative financial liabilities:</b>	—	—	—	—	—
Notes payable	2,537,943,251.97	2,537,943,251.97	0.00	0.00	0.00
Accounts payable	2,157,202,989.34	2,157,202,989.34	0.00	0.00	0.00
Other payables	493,332,826.35	493,332,826.35	0.00	0.00	0.00
Other current liabilities	398,801,587.69	398,801,587.69	0.00	0.00	0.00
Short-term borrowings	0.00	0.00	0.00	0.00	0.00
Long-term borrowings	65,950,000.00	0.00	0.00	65,950,000.00	0.00
Non-current liabilities due within one year	225,596,509.07	225,596,509.07	0.00	0.00	0.00
Long-term payables	7,246,381.79	0.00	690,000.00	2,070,000.00	4,486,381.79
Total financial liabilities	5,886,073,546.21	5,812,877,164.42	690,000.00	68,020,000.00	4,486,381.79

##### (3) Market risk

##### 1) Exchange rate risk

The main business of the Group is conducted in China and settled in RMB. However, the recognized foreign currency assets and liabilities of the Group and future foreign currency transactions (currency of foreign currency assets and liabilities and foreign currency transactions are mainly USD, EUR, AUD, XOF, and ZAR) still have exchange rate risks. The finance department of the Group is responsible for monitoring the Company's foreign currency transactions and the scale of foreign currency assets and liabilities to reduce the exchange rate risks to the greatest extent. For this reason, the Group may avoid exchange rate risks by signing forward foreign exchange agreements or currency swap agreements.

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### X. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

#### 1. The risks of financial instruments (Continued)

##### 1. Risk management objectives and policies (Continued)

##### (3) Market risk (Continued)

##### 1) Exchange rate risk (Continued)

As of 31 December 2024, the amounts of foreign currency financial assets and foreign currency financial liabilities held by the Group that are converted into RMB are listed as follows:

Item	Ending balance		Beginning balance	
	Original currency	Equivalent to RMB	Original currency	Equivalent to RMB
<b>Monetary fund</b>	–	107,078,813.07	–	106,243,901.15
USD	11,919,656.85	85,683,261.30	12,704,208.40	89,980,096.83
EUR	786,033.06	5,915,449.00	584,102.87	4,590,581.28
HKD	11,008.32	10,193.70	77,595.30	70,316.86
XOF	1,324,194,084.00	15,228,231.97	965,369,051.00	11,584,428.61
BYN	110,028.27	241,677.10	8,613.45	18,477.57
<b>Accounts receivable</b>	–	100,328,029.83	–	87,537,661.44
USD	10,869,853.23	78,136,852.96	8,241,727.15	58,373,680.89
EUR	110,277.29	829,913.80	86,106.29	676,726.55
AUD	416,357.79	1,876,524.56	416,357.79	2,018,669.11
XOF	372,243,548.00	4,280,800.80	941,123,960.00	11,293,487.52
BYN	0.00	0.00	32,649.93	70,040.63
ZAR	39,552,387.38	15,203,937.71	39,552,387.38	15,105,056.74
<b>Other receivables</b>	–	511,150.65	–	791,333.84
XOF	35,342,710.50	406,441.17	59,383,960.50	712,607.53
BYN	47,671.06	104,709.48	36,698.82	78,726.31
<b>Non-current assets due within one year</b>	–	483,413,676.55	–	484,591,050.97
USD	47,719,241.77	343,024,997.54	47,719,241.77	337,981,073.68
EUR	18,654,567.55	140,388,679.01	18,654,567.55	146,609,977.29

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### X. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

#### 1. The risks of financial instruments (Continued)

##### 1. Risk management objectives and policies (Continued)

##### (3) Market risk (Continued)

##### 1) Exchange rate risk (Continued)

Item	Ending balance		Beginning balance	
	Original currency	Equivalent to RMB	Original currency	Equivalent to RMB
<b>Other current assets</b>	–	15,675,982.44	–	14,750,251.73
USD	2,170,404.83	15,601,738.08	2,077,500.00	14,714,309.25
BYN	33,801.21	74,244.36	16,754.84	35,942.48
<b>Accounts payable</b>	–	34,353,206.23	–	34,126,973.42
USD	4,018,133.89	28,883,953.65	3,977,983.89	28,174,866.50
EUR	706,460.12	5,316,606.93	706,460.12	5,552,211.38
AUD	11,794.96	53,159.88	11,794.96	57,186.68
XOF	0.00	0.00	12,916,000.00	154,992.00
BYN	45,292.86	99,485.77	87,505.53	187,716.86
<b>Other payables</b>	–	33,546.82	–	276,916.74
XOF	0.00	0.00	23,076,395.00	276,916.74
USD	4,126.00	29,659.34	0.00	0.00
BYN	1,769.85	3,887.48	0.00	0.00
<b>Employee salary payable</b>	–	122,019.75	–	91,553.60
BYN	55,551.90	122,019.75	42,678.35	91,553.60
<b>Other current liabilities</b>	–	1,605,041.32	–	0.00
USD	164,969.44	1,185,866.32	0.00	0.00
XOF	36,450,000.00	419,175.00	0.00	0.00
<b>Non-current liabilities due within one year</b>	–	690,000.00	–	720,000.00
XOF	60,000,000.00	690,000.00	60,000,000.00	720,000.00
<b>Long-term payables</b>	–	7,246,381.79	–	8,281,441.87
XOF	630,120,156.00	7,246,381.79	690,120,156.00	8,281,441.87

*Note:* The amount of the above asset account are presented at original value.

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### X. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

#### 1. The risks of financial instruments (Continued)

##### 1. Risk management objectives and policies (Continued)

##### (3) Market risk (Continued)

##### 2) Interest rate risk

Interest rate risks faced by the Group are mainly incurred from loans. Due to financial liabilities with a floating interest rate, the Group faces cash flow interest rate risk; due to financial liabilities with a fixed interest rate, the Group faces fair value interest rate risk. The Group decides the relative proportion of the fixed interest rate and floating interest rate contracts in accordance with the current market environment.

The finance department of the Group constantly monitors interest rate level of the Company. The increase in interest rates will increase the cost of new interest-bearing debts and the Group's unpaid interest expense on interest-bearing debts calculated in floating interest rates, which will have a material adverse effect on the Group's financial results. The management will duly make adjustments according to the latest market condition. These adjustments may reduce interest rate risk via interest rate swap.

##### 3) Price risk

Price risk refers to the risk of fluctuations due to changes in market prices other than exchange rate risk and interest rate risk, mainly arising from changes in commodity prices, stock market indexes, equity instrument prices, and other risk variables.

##### 2. Analysis on sensitivity

The Group adopts sensitivity analysis technique to analyze how the profit or loss for the period or shareholders' equity would have been affected by reasonably possible changes in the relevant risk variables. As it is unlikely that risk variables will change in an isolated manner, and the interdependence among risk variables will have material effect on the amount ultimately influenced by the changes in a single risk variable, the following are based on the assumption that the change in each risk variable is on a stand-alone basis.

##### (1) Foreign Exchange Risk Sensitivity Analysis

Sensitivity analysis of foreign exchange risk assumes that all overseas net operating investment hedges and cash flow hedges are highly effective.

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### X. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

#### 1. The risks of financial instruments (Continued)

##### 2. Analysis on sensitivity (Continued)

##### (1) Foreign Exchange Risk Sensitivity Analysis (Continued)

On the basis of the above assumptions, under the condition that other variables remain unchanged, the after-tax impact of possible reasonable changes in exchange rate on current profit or loss and equity is as follows:

As of 31 December 2024, for various financial assets and financial liabilities in USD and EUR, if RMB appreciates or depreciates by 10% against USD and EUR and other factors remain unchanged, the Group's net profit will be reduced or increased by approximately RMB66,295,745.66 (approximately RMB65,041,731.35 in 2023). The amount of provision for impairment is not considered in the above sensitivity analysis.

#### 2. Transfer of financial assets

##### (1) Classification of transfer modes

*Unit: Yuan Currency: RMB*

Transfer mode	Nature of transferred financial assets	Amount of transferred financial assets	Derecognition	Judgment basis for derecognition
Bill endorsement/ bill discounting	Bills receivable	25,415,913.88	Not derecognized	Having retained almost all of its risks and rewards, including the related default risk
Bill endorsement/ bill discounting	Receivables financing	674,548,149.69	Derecognized	Having transferred almost all of its risks and rewards
Factoring	Accounts receivable	13,445,135.81	Derecognized	Having transferred almost all of its risks and rewards
<b>Total</b>	/	<u>713,409,199.38</u>	/	/



## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### X. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

#### 2. Transfer of financial assets (Continued)

##### (2) Financial assets derecognized due to transfer

Unit: Yuan Currency: RMB

Item	Transfer method of financial assets	Amount of financial assets derecognized	Gain or loss related to derecognition
Receivables financing	Bill endorsement/bill discounting	674,548,149.69	-1,225,237.60
Accounts receivable	Factoring	13,445,135.81	0.00
<b>Total</b>	/	<b>687,993,285.50</b>	<b>-1,225,237.60</b>

As at 31 December 2024, the carrying amount of bank acceptance bills endorsed by the Group to suppliers for settlement or discount to banks was RMB25,415,913.88. The Group believes that it has retained almost all of its risks and rewards, including the related default risk, and therefore continues to recognize them in full and list them in other current liabilities. After endorsement or discounting, the Group no longer reserves the right to use them, including the right to sell, transfer or pledge them to other third parties.

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### XI. DISCLOSURE OF FAIR VALUE

#### 1. Ending fair value of assets and liabilities measured at fair value

*Unit: Yuan Currency: RMB*

Item	Ending fair value			Total
	Level 1 measurement at fair value	Level 2 measurement at fair value	Level 3 measurement at fair value	
I. Continuous fair value measurement	—	—	—	—
(I) Financial assets held for trading	0.00	0.00	1,378,751,780.82	1,378,751,780.82
1. Financial assets at FVTPL	0.00	0.00	1,378,751,780.82	1,378,751,780.82
(1) Debt instrument investments	0.00	0.00	502,751,780.82	502,751,780.82
(2) Equity instruments	0.00	0.00	876,000,000.00	876,000,000.00
(3) Derivative financial assets	0.00	0.00	0.00	0.00
(4) Structured deposits	0.00	0.00	0.00	0.00
2. Designated financial assets at FVTPL	0.00	0.00	0.00	0.00
(1) Debt instrument investments	0.00	0.00	0.00	0.00
(2) Equity instruments investments	0.00	0.00	0.00	0.00
(II) Other equity instrument investments	0.00	0.00	4,456,280.38	4,456,280.38
(III) Receivables financing	0.00	0.00	162,000,234.88	162,000,234.88
Total assets continuously measured at fair value	0.00	0.00	1,545,208,296.08	1,545,208,296.08

#### 2. Basis for determination of market prices for continuous and non-continuous level I measurement items at fair value

Financial instruments traded in an active market are stated at quoted market prices at the date of the financial statements. Quoted prices are considered active when they are available in real time or periodically from stock exchanges, dealers, economic, industry, pricing service providers, or regulatory agents, and they represent actual and regular market transactions on an arm's length basis.

#### 3. Valuation techniques and qualitative and quantitative information about significant indicators of items subject to continuous and non-continuous level 2 fair value measurement

The fair value of financial instruments not traded in an active market (e.g. OTC derivatives) is determined using valuation techniques. Valuation techniques use observable market data as much as possible and rely as little as possible on entity-specific estimates. A financial instrument is classified in level 2 if all material inputs required to calculate its fair value are observable.

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### XI. DISCLOSURE OF FAIR VALUE (CONTINUED)

#### 4. Valuation techniques and qualitative and quantitative information about significant indicators of items subject to continuous and non-continuous level 3 fair value measurement

If one or more material inputs are not based on observable market data, the financial instrument is classified as Level 3. Specific methods used to measure financial instruments include:

- (1) Market list price or dealer list price of similar financial instruments.
- (2) The fair value of the interest rate adjustment contract is calculated by estimating the discount value of future cash flow according to the observable curve of the rate of return.
- (3) The fair value of forward foreign exchange contracts is calculated at the foreign exchange rate on the settlement date, and then discounted to the discounted value.
- (4) Other methods, such as discounted value cash flow analysis, are used to calculate the fair value of the remaining other financial instruments. For the equity instruments of financial assets held for trading held by the Company, the Company hired an assets appraisal institution to issue a valuation report. The valuation method of equity instruments in the valuation report adopts the market approach.

#### 5. Information on adjustment between the beginning carrying amount and ending carrying amount of items subject to continuous level 3 fair value measurement and sensitivity analysis of non-observable parameters

The aforementioned continuous fair value measurement items of the Group did not undergo any changes between levels during the Year.

#### 6. Conversion reasons and policies to determine the point of conversion for the items measured at recurring fair value that were transferred between levels in the year

The aforementioned continuous fair value measurement items of the Group did not undergo any changes between levels during the Year.

#### 7. Change of valuation techniques incurred in the current year and the reasons thereof

The fair value valuation techniques of the Group's financial instruments have not changed during the Year.

#### 8. Fair value of financial assets and liabilities not measured at fair value

None.

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### XII. RELATED PARTIES AND CONNECTED TRANSACTIONS

#### (I) Related party relationships

##### 1. Controlling shareholder and ultimate controlling party

*Unit: 0'000 Currency: RMB*

Name of controlling shareholder	Registration place	Business Nature	Registered capital RMB	Shareholding proportion to the Group (%)	Proportion of voting right to the Company (%)
YTO Group Corporation	Luoyang City, Henan Province	Production and sales of various large, medium, and small tractors, engineering machinery, diesel engines, etc.	310,619.38	48.81	48.81

The ultimate controlling party of the Company is China National Machinery Industry Corporation, which was registered and operated in Beijing with a registered capital of RMB26 billion.

##### 2. Subsidiaries

For details of subsidiaries, refer to contents of Note “VIII. 1. (1) Composition of the Group”.

##### 3. Joint ventures and associates

For details of significant joint ventures or associates of the Company, please refer to contents of “VIII. 3. (1) Significant joint ventures or associates” in the Notes.

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

#### (I) Related party relationships (Continued)

##### 3. Joint ventures and associates (Continued)

The information of other joint ventures or associates which produced balance for conducting connected transactions with the Group in this year or in the earlier period is shown as follows:

Name of joint ventures or associates	Relationship with the Company	Remarks
YTO (Luoyang) Hydraulic Transmission Co., Ltd.	Subsidiary of the Company and associate of the parent company of the Company	The controlling shareholder of the Company holds 10.57% of the shares ( <i>Note 1</i> )
Luoyang Tractor Research Institute Co., Ltd.	Subsidiary of the Company and associate of the parent company of the Company	The controlling shareholder of the Company directly holds 49% of the shares
YTO (Luoyang) Axle Co., Ltd.	Former associate of the Company	<i>Note 2</i>
Sinomach Finance Co., Ltd.	Associate of the Company	Controlled by the same controlling party
Luoyang Intelligent Agricultural Equipment Research Institute Co., Ltd.	Associate of controlling shareholders	—
Luoyang Dongfang Printing Co., Ltd.	Associate of controlling shareholders	—
YTO (Luoyang) Like Automobile Co., Ltd.	Associate of controlling shareholders	—
Luoyang Saida Environmental Protection Technology Co., Ltd.	Joint venture of controlling shareholders	—
Luoyang I&C Technology Consulting Co., Ltd.	Associate of subsidiaries of the Company	—

*Note 1:* According to the Main Board Rules of the Hong Kong Stock Exchange, companies in which the controlling shareholder of the Company holds 10% or more of the shares are associates of the controlling shareholder of the Company.

*Note 2:* In 2014, the Company and ZF (China) jointly invested in the establishment of ZF Axle Company. The Company holds a 49% equity interest in ZF Axle Company, which is presented as a long-term equity investment and accounted for using the equity method. In September 2024, the Company and ZF China signed the Equity Transfer Agreement on ZF YTO (Luoyang) Axle Co., Ltd., which stipulates that the Company purchases its 51% equity interest in ZF Axle Company. As of 13 September 2024, the Company has completed the asset delivery of ZF Axle Company and the reorganization of the Board of Directors, acquired actual control and incorporated it into the scope of consolidation. On 24 September 2024, ZF Axle Company completed the industrial and commercial registration of the above-mentioned equity transfer and was renamed to YTO (Luoyang) Axle Co., Ltd. The following amount of connected transactions is the transaction amount between the Group and ZF Axle Company from January to August, and the balance receivable and payable by the related party no longer includes the data of Axle Company.



## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

#### (I) Related party relationships (Continued)

##### 4. Other related parties

Name of other related party	Relationship between other related party and the Company
Beijing Materials Handling Research Institute Co., Ltd.	Controlled by the same ultimate controlling party
SUMEC Machinery & Electric Technology Co., Ltd.	Controlled by the same ultimate controlling party
SUMEC Hardware & Tools Co., Ltd.	Controlled by the same ultimate controlling party
Belarus Haihong Medical Technology Co., Ltd.	Controlled by the same ultimate controlling party
Tianjin Research Institute of Construction Machinery Co., Ltd.	Controlled by the same ultimate controlling party
China CAMC Engineering Co., Ltd.	Controlled by the same ultimate controlling party
Sinomach-HI International Equipment Co., Ltd.	Controlled by the same ultimate controlling party
Huiyi Leasing (Tianjin) Co., Ltd.	Controlled by the same ultimate controlling party
Hainan Sumec Supply Chain Co., Ltd.	Controlled by the same ultimate controlling party
Erzhong (Deyang) Heavy Equipment Co., Ltd.	Controlled by the same ultimate controlling party
Guangzhou Sinomach Lubrication Technology Co., Ltd.	Controlled by the same ultimate controlling party
Sinomach Heavy Industry (Changzhou) Excavator Co., Ltd.	Controlled by the same ultimate controlling party
Fourth Design and Research Institute of The Ministry of Machinery Industry	Controlled by the same ultimate controlling party
Fifth Design and Research Institute of The Ministry of Machinery Industry	Controlled by the same ultimate controlling party
Kinte Materials Science and Technology Co., Ltd.	Controlled by the same ultimate controlling party
Xi'an Heavy Machinery Research Institute Co., Ltd.	Controlled by the same ultimate controlling party
Changsha Qidian Automotive Parts Co., Ltd.	Controlled by the same ultimate controlling party
Deyang Wanlu Transportation Service Co., Ltd. of China National Erzhong Group Co., Ltd.	Controlled by the same ultimate controlling party
China National Electric Apparatus Research Institute Co., Ltd.	Controlled by the same ultimate controlling party
Automotive Engineering Corporation	Controlled by the same ultimate controlling party
Zhongqi Shengjia (Tianjin) Property Management Co., Ltd.	Controlled by the same ultimate controlling party
Safety Sliding Contact Line Factory of SCIVIC Engineering Corporation	Controlled by the same ultimate controlling party

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

#### (I) Related party relationships (Continued)

##### 4. Other related parties (Continued)

Name of other related party	Relationship between other related party and the Company
China National Machine Tool Sales and Technical Service Corporation	Controlled by the same ultimate controlling party
Beijing Tsun Greatwall Hydraulic R&D Co., Ltd.	Controlled by the same ultimate controlling party
CAMCE Logistics Co., Ltd.	Controlled by the same ultimate controlling party
CMEC General Machinery Import & Export Co., Ltd.	Controlled by the same ultimate controlling party
Guangzhou Qingtian Industrial Co., Ltd.	Controlled by the same ultimate controlling party
SUMEC Machinery & Electric Co., Ltd.	Controlled by the same ultimate controlling party
China National Heavy Machinery Research Institute Co., Ltd.	Controlled by the same ultimate controlling party
JFMI Inspection & Testing Technology Co., Ltd.	Controlled by the same ultimate controlling party
Luoyang Bearing Research Institute Co., Ltd.	Controlled by the same ultimate controlling party
Beijing Prominion Publishing Co., Ltd.	Controlled by the same ultimate controlling party
Chinese Academy of Agricultural Mechanization Sciences Group Co., Ltd.	Controlled by the same ultimate controlling party
Beijing Unite-Idea Advertising Co., Ltd.	Controlled by the same ultimate controlling party
Xinjiang Zhongshou Agriculture & Animal Husbandry Machinery Co., Ltd.	Controlled by the same ultimate controlling party
Jingdong Ruiyi Technology (Henan) Co., Ltd.	Controlled by the same ultimate controlling party
Guangzhou Kinte Electric Industrial Co., Ltd.	Controlled by the same ultimate controlling party
Changxing (Luoyang) Mechanical & Electrical Equipment Engineering Co., Ltd.	Controlled by the same ultimate controlling party
China National Heavy Machinery Corporation	Controlled by the same ultimate controlling party
China Automotive Construction Engineering (Luoyang) Testing Co., Ltd.	Controlled by the same ultimate controlling party
Wuxi Huayuan Kaima Engine Co., Ltd.	Controlled by the same ultimate controlling party
Machinery Industry Planning Institute Co., Ltd.	Controlled by the same ultimate controlling party
Sino-Machinery Agro-Development Investment Co., Ltd.	Controlled by the same ultimate controlling party
Guangzhou Mechanical Engineering Research Institute Co., Ltd.	Controlled by the same ultimate controlling party
CMCU Engineering Co., Ltd.	Controlled by the same ultimate controlling party
China-East Resources Import & Export Co., Ltd.	Controlled by the same ultimate controlling party
Menoble Technology Co., Ltd.	Controlled by the same ultimate controlling party
Sinomach Heavy Industry Changlin Co., Ltd.	Controlled by the same ultimate controlling party

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

#### (I) Related party relationships (Continued)

##### 4. Other related parties (Continued)

Name of other related party	Relationship between other related party and the Company
Luoyang Xiyuan Vehicle and Power Inspection Institute Co., Ltd.	Controlled by the same party
YTO (Luoyang) Win Tools & Equipment Co., Ltd.	Controlled by the same party
YTO (Luoyang) Logistics Co., Ltd.	Controlled by the same party
YTO (Luoyang) Materials and Equipment Co., Ltd.	Controlled by the same party
Dongfanghong (Luoyang) Modern Life Service Co., Ltd.	Controlled by the same party
Dongfanghong Agricultural Service Technology (Guangxi) Co., Ltd.	Controlled by the same party
Luoyang Tianhui Energy Engineering Co., Ltd.	Controlled by the same party
Luoyang Fossett Environmental Protection Technology Co., Ltd.	Controlled by the same party
YTO (Heilongjiang) Dongfanghong Industry Park Co., Ltd.	Controlled by the same party
Cadfund Machinery Pty Ltd	The bankruptcy liquidation of the former subsidiary of the Company is not included in the scope of consolidation
YTO (Luoyang) Standard Parts Co., Ltd.	Others
Luoyang YTO Light Vehicle Co., Ltd.	Others
YTO (Luoyang) Zhongcheng Machinery Co., Ltd.	Others
Sinomach Heavy Industry (Luoyang) Co., Ltd.	Others
Sinomach Heavy Industry (Luoyang) Building Machinery Co., Ltd.	Others (cancelled)
YTO (Luoyang) Construction Machinery Co., Ltd.	Others (cancelled)
YTO (Luoyang) Kaichuang Equipment Technology Co., Ltd.	Others (cancelled)

Other instructions:

- (1) Description of other related parties of the Company: The ultimate controlling party of the Company is China National Machinery Industry Corporation, so the subsidiaries controlled by China National Machinery Industry Corporation are all related parties of the Company. Only related parties with business relations with the Company are disclosed here.
- (2) Others refer to associates under bankruptcy liquidation or former subsidiaries that are no longer included in the consolidation scope of the Company's ultimate controlling party and the Company's controlling shareholders.

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

#### (II) Connected transactions

##### 1. Material transactions between the Group and Sinomach and its subsidiaries

Unit: Yuan Currency: RMB

Item	Amount in the current year	Amount in the previous year
Purchase of raw materials and parts	36,245,355.46	42,638,494.17
Sales of raw materials and parts	33,877,443.79	15,022,339.12
Interest income	24,210,293.07	29,264,056.47
Interest expenses	5,083,333.34	7,691,271.01
Expenditure of service charges	1,967,659.95	1,684,446.20
<b>Total</b>	<b>101,384,085.61</b>	<b>96,300,606.97</b>

##### 2. Material transactions between the Group and YTO Group Corporation and its subsidiaries

Unit: Yuan Currency: RMB

Item	Amount incurred in the current year	Amount incurred in the previous year
Purchase of raw materials and parts	475,126,286.35	393,526,521.58
Comprehensive service and transportation costs paid and payable	229,084,168.53	236,625,286.08
Power cost paid and payable	194,351,897.02	199,417,918.93
Sales of raw materials and parts	187,842,346.50	172,595,724.00
Payment of R&D expenses	27,145,594.37	23,186,937.58
Land rent paid and payable	12,454,116.58	11,258,882.13
Purchase of plant and equipment	9,209,718.28	9,071,746.30
Houses and buildings rent paid and payable	8,239,089.97	6,482,985.43
R&D revenue	4,796,226.41	4,779,245.29
Rental income from plant & buildings and machinery equipment	4,552,394.60	4,362,396.25
Machinery equipment rent paid and payable	1,124,851.03	1,092,607.84
Provision of technical and testing services	620,788.94	563,572.03
Interest expenses	433,889.66	86,787.23
Revenue from land lease	354,813.58	366,829.65
Revenue from trademark use	59,716.97	104,150.94
Interest income	0.00	178,488.13
<b>Total</b>	<b>1,155,395,898.79</b>	<b>1,063,700,079.39</b>

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

#### (II) Connected transactions (Continued)

**3. Connected transactions between the Group and joint ventures and associates (including joint ventures and associates of Sinomach and YTO Group Corporation)**

*Unit: Yuan Currency: RMB*

Item	Amount in the current year	Amount in the previous year
Purchase of raw materials and parts	253,756,590.41	300,486,153.45
Payment of R&D expenses	155,635,347.30	146,056,969.64
Sales of raw materials and parts	47,020,309.78	71,602,275.88
Lease income	2,608,258.00	6,628,381.87
R&D revenue	877,468.62	603,761.81
Provision of technical and testing services	627,297.70	162,720.42
Technology licensing fee income	579,346.27	745,169.81
Power cost paid and payable	463,668.96	314,928.74
Comprehensive service fees paid and payable	381,059.66	232,641.02
Purchase of plant and equipment	353,982.30	0.00
Rent paid and payable	259,872.12	1,566,606.47
Revenue from trademark use	2,452.83	3,679.25
<b>Total</b>	<b>462,565,653.95</b>	<b>528,403,288.36</b>

*Note:* Sinomach Finance Co., Ltd., an associate of the Company, has been disclosed in the material transactions between the Group and Sinomach and its subsidiaries, so it will not be repeated here.



## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

#### (II) Connected transactions (Continued)

##### 4. Related party capital lending

Unit: Yuan Currency: RMB

Name of related party	Lending/ borrowing amount	Start date	Maturity date	Remarks
<b>Loans from related parties (principal)</b>				
China National Machinery Industry Corporation	200,000,000.00	2022-10-27	2025-10-27	Entrusted loan
YTO Group Corporation	65,950,000.00	2024-12-31	2027-12-31	Entrusted loan
<b>Subtotal</b>	<b>265,950,000.00</b>	—	—	—
<b>Loans from related parties (interest payable)</b>				
China National Machinery Industry Corporation	166,666.67	—	—	Interest of entrusted loan
YTO Group Corporation	4,579.86	—	—	Interest of entrusted loan
<b>Subtotal</b>	<b>171,246.53</b>	—	—	—

Note: The interest expense of the Group's related party capital lending this year is RMB5,087,913.20 in total.

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

#### (II) Connected transactions (Continued)

##### 5. Related party leases

###### (1) As Lessor

*Unit: Yuan Currency: RMB*

Name of lessee	Type of asset leased	Lease income recognized in the current year	Lease income recognized in the previous year
YTO (Luoyang) Axle Co., Ltd.	Land and buildings	2,608,258.00	6,588,624.54
Luoyang Xiyuan Vehicle and Power Inspection Institute Co., Ltd.	Land and buildings	1,438,070.04	1,438,070.04
YTO Group Corporation	Land and buildings	1,380,683.78	1,380,683.77
Luoyang Xiyuan Vehicle and Power Inspection Institute Co., Ltd.	Machinery equipment	1,235,691.57	1,028,746.33
YTO (Luoyang) Materials and Equipment Co., Ltd.	Land and buildings	790,163.74	818,010.94
YTO Group Corporation	Machinery equipment	32,650.75	33,050.76
YTO (Luoyang) Materials and Equipment Co., Ltd.	Machinery equipment	28,482.80	29,198.56
YTO (Luoyang) Logistics Co., Ltd.	Machinery equipment	1,465.50	1,465.50
YTO (Luoyang) Axle Co., Ltd.	Machinery equipment	0.00	39,757.33
<b>Total</b>	—	<b>7,515,466.18</b>	<b>11,357,607.77</b>

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

#### (II) Connected transactions (Continued)

##### 5. Related party leases (Continued)

(2) As Lessee

Unit: Yuan Currency: RMB

Name of lessor	Type of asset leased	Rental expenses for simplified short-term leases and low-value asset leases (if applicable)	Variable lease payments not included in the measurement of lease liabilities (if applicable)	Rents paid	Increased right-of-use assets
<b>YTO Group Corporation and its subsidiaries</b>	—	—	—	—	—
YTO Group Corporation	Land and buildings	1,658,242.94	0.00	22,235,887.64	36,406,276.68
YTO Group Corporation	Machinery equipment	2,885.22	0.00	1,271,081.66	2,806.72
YTO (Luoyang) Logistics Co., Ltd.	Land and buildings	293,669.72	0.00	320,099.99	0.00
<b>Subtotal</b>	—	<u>1,954,797.88</u>	<u>—</u>	<u>23,827,069.29</u>	<u>36,409,083.40</u>
<b>Joint ventures and associates</b>	—	—	—	—	—
YTO (Luoyang) Hydraulic Transmission Co., Ltd.	Land and buildings	225,050.92	0.00	236,303.47	0.00
YTO (Luoyang) Axle Co., Ltd.	Machinery equipment	34,821.20	0.00	39,347.96	0.00
<b>Subtotal</b>	—	<u>259,872.12</u>	<u>—</u>	<u>275,651.43</u>	<u>0.00</u>
<b>Total</b>	—	<u>2,214,670.00</u>	<u>—</u>	<u>24,102,720.72</u>	<u>36,409,083.40</u>

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

#### (II) Connected transactions (Continued)

##### 6. Remuneration of key senior management

*Unit: RMB'0,000 Currency: RMB*

Name of item	Amount incurred in the current year	Amount incurred in the previous year
Compensation for key senior management	<b>1,636.76</b>	1,649.40

(1) *The detailed compensation of directors and supervisors are shown as follows:*

Name of item	Amount incurred in the current year	Amount incurred in the previous year
Emoluments	20.90	23.90
Salaries and other benefits	1,538.60	1,559.21
Contribution to retirement fund plan	77.26	66.29
<b>Total compensation</b>	<b>1,636.76</b>	1,649.40

The compensations of key management personnel are as follows:

Personnel and position	Emoluments	Amount in the current year Salaries and other benefits	Contribution to retirement fund plan	Total
<b>Executive Directors</b>				
Zhao Weilin				
Wei Tao		203.88	6.57	210.45
<b>Non-executive Directors</b>				
Yang Jianhui	1.00			1.00
Fang Xianfa				
Miao Yu				

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

#### (II) Connected transactions (Continued)

##### 6. Remuneration of key senior management (Continued)

(1) The detailed compensation of directors and supervisors are shown as follows:  
(Continued)

Personnel and position	Emoluments	Amount in the current year Salaries and other benefits	Contribution to retirement fund plan	Total
<b>Independent Non-executive Directors</b>				
Xue Lipin	10.20			10.20
Wang Shumao	9.70			9.70
Xu Liyou				
Huang Qiwen				
<b>Supervisors</b>				
Yang Yu				
Gu Aiqin				
Xiao Bin		41.99	6.57	48.56
Li Peng		130.73	6.57	137.30
Yang Kun		110.08	6.57	116.65
<b>Senior Management</b>				
Su Wensheng (Deputy General Manager)		180.16	6.57	186.73
Yu Lina (Deputy General Manager and concurrent Secretary of the Board of Directors)		180.19	6.57	186.76
Xue Wenpu (Deputy General Manager)		180.19	6.57	186.76
Liu Bin (CFO)		3.26		3.26
Zhao Qingliang (Deputy General Manager)		35.81	11.54	47.35
Yang Guangjun (Deputy General Manager)		180.28	6.57	186.85
<b>Other personnel</b>				
Li Xiaoyu (former Executive Director and Chairman)				
Liu Jiguo (former Executive Director and Chairman)		111.23	1.06	112.29
Zhang Zhiyu (Former Director)		0.80		0.80
Zhang Bin (Former Director)				
Kang Zhifeng (Former CFO)		180.00	12.10	192.10
<b>Total</b>	<b>20.90</b>	<b>1,538.60</b>	<b>77.26</b>	<b>1,636.76</b>



## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

#### (II) Connected transactions (Continued)

##### 6. Remuneration of key senior management (Continued)

(1) *The detailed compensation of directors and supervisors are shown as follows:*  
(Continued)

Personnel and position	Emoluments	Amount incurred in the previous year		Total
		Salaries and other benefits	Contribution to retirement fund plan	
<b>Executive Directors</b>				
Liu Jiguo		266.97	5.55	272.52
Wei Tao		175.47	5.55	181.02
<b>Non-executive Directors</b>				
Zhang Zhiyu	2.50			2.50
Fang Xianfa				
Zhang Bin				
<b>Independent Non-executive Directors</b>				
Xue Lipin	10.90			10.90
Wang Shumao	10.50			10.50
Xu Liyou				
<b>Supervisors</b>				
Yang Yu				
Gu Aiqin				
Xiao Bin		38.28	5.55	43.83
Li Peng		117.32	5.55	122.87
Yang Kun		104.66	5.55	110.21
<b>Senior Management</b>				
Su Wensheng ( <i>Deputy General Manager</i> )		212.47	5.55	218.02
Yu Lina ( <i>Deputy General Manager and concurrent Secretary of the Board of Directors</i> )		211.90	5.55	217.45
Xue Wenpu ( <i>Deputy General Manager</i> )		208.90	5.55	214.45
Yang Guangjun ( <i>Deputy General Manager</i> )		167.55	5.55	173.10
Kang Zhifeng ( <i>CFO</i> )		55.69	16.34	72.03
<b>Total</b>	23.90	1,559.21	66.29	1,649.40

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

#### (II) Connected transactions (Continued)

##### 6. Remuneration of key senior management (Continued)

##### (2) Individuals with top five compensations

Of individuals (two individuals for the previous year) with top five compensations for the current year, one individual is the director, and the compensation is recorded in Note “XII. 6. (1)”.

The compensations of the rest of the five individuals with top five compensations are presented as follows:

Item	Amount incurred in the current year	Amount incurred in the previous year
Emoluments	0.00	0.00
Salaries and other benefits	720.66	633.27
Contribution to retirement fund plan	31.81	16.65
<b>Total</b>	<b>752.47</b>	<b>649.92</b>

Scope of compensation:

Item	Number of person(s) in the current year	Number of person(s) in the previous year
Within HKD 1,000,000	0	0
HKD 1,000,001 to HKD 1,500,000	0	0
HKD 1,500,001 to HKD 2,000,000	0	0
HKD 2,000,001 to HKD 2,500,000	4	3

During the track record period, there has been no director who gives up or agrees to give up any compensation. During the track record period, the Company has not paid any compensation to any director, supervisor or five persons with the highest compensation as the reward for attracting them to join in the Company or reward for them when joining in or as the separation allowance.

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

#### (II) Connected transactions (Continued)

##### 7. Other connected transactions

*Unit: Yuan Currency: RMB*

Name of related party	Content	Amount incurred in the current year	Amount incurred in the previous year
Sinomach Finance Co., Ltd.	Equity investments	<b>85,716,000.00</b>	0.00

#### (III) Balance of receivables and payables by related parties

##### 1. Cash at bank

*Unit: Yuan Currency: RMB*

Related party	Ending book value	Beginning book value
Sinomach and its subsidiaries (excluding YTO Group Corporation and its subsidiaries)	—	—
Sinomach Finance Co., Ltd.	<b>1,960,076,066.05</b>	1,864,167,441.13

*Note:* The amount deposited by the Group in Sinomach Finance Co., Ltd. at the end of the year was RMB1,960,076,066.05, including current deposits of RMB1,488,387,129.95 and bank acceptance bill deposits of RMB471,688,936.10. The interest income settled this year was RMB24,210,293.07.

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

#### (III) Balance of receivables and payables by related parties (Continued)

##### 2. Receivables

##### 1. Notes receivable and receivables financing

Unit: Yuan Currency: RMB

Related party	Ending book value	Beginning book value
<b>Sinomach and its subsidiaries (excluding YTO Group Corporation and its subsidiaries)</b>	—	—
China National Heavy Machinery Research Institute Co., Ltd.	1,007,342.04	927,648.00
SUMEC Machinery & Electric Co., Ltd.	598,417.50	634,540.00
Guangzhou Qingtian Industrial Co., Ltd.	115,577.37	71,908.71
China National Electric Apparatus Research Institute Co., Ltd.	50,000.00	0.00
Jinggong Ruiyi Technology (Henan) Co., Ltd.	29,420.00	500,000.00
Guangzhou Kinte Electric Industrial Co., Ltd.	0.00	250,485.50
<b>Subtotal</b>	<b>1,800,756.91</b>	<b>2,384,582.21</b>
<b>Controlling shareholder</b>	—	—
YTO Group Corporation	4,117,873.69	11,183,139.82
<b>Subtotal</b>	<b>4,117,873.69</b>	<b>11,183,139.82</b>
<b>Subsidiaries of YTO Group Corporation</b>	—	—
YTO (Luoyang) Logistics Co., Ltd.	2,243,146.86	404,497.04
<b>Subtotal</b>	<b>2,243,146.86</b>	<b>404,497.04</b>
<b>Total</b>	<b>8,161,777.46</b>	<b>13,972,219.07</b>

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

#### (III) Balance of receivables and payables by related parties (Continued)

##### 2. Receivables (Continued)

##### 2. Accounts receivable

*Unit: Yuan Currency: RMB*

Related party	Ending balance		Beginning balance	
	Book value	Provision for bad debts	Book value	Provision for bad debts
Sinomach and its subsidiaries (excluding YTO Group Corporation and its subsidiaries)	—	—	—	—
Beijing Materials Handling Research Institute Co., Ltd.	156,058.00	3,121.16	72,828.00	728.28
Luoyang Bearing Research Institute Co., Ltd.	7,122.00	71.22	0.00	0.00
SUMEC Hardware & Tools Co., Ltd.	0.00	0.00	180,000.00	180,000.00
SUMEC Machinery & Electric Technology Co., Ltd.	0.00	0.00	175,446.00	1,754.46
<b>Subtotal</b>	<b>163,180.00</b>	<b>3,192.38</b>	<b>428,274.00</b>	<b>182,482.74</b>
Controlling shareholder	—	—	—	—
YTO Group Corporation	25,859,807.64	308,616.88	14,926,483.97	158,998.57
<b>Subtotal</b>	<b>25,859,807.64</b>	<b>308,616.88</b>	<b>14,926,483.97</b>	<b>158,998.57</b>



## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

#### (III) Balance of receivables and payables by related parties (Continued)

##### 2. Receivables (Continued)

##### 2. Accounts receivable (Continued)

Unit: Yuan Currency: RMB

Related party	Ending balance		Beginning balance	
	Book value	Provision for bad debts	Book value	Provision for bad debts
<b>Subsidiaries of YTO Group Corporation</b>	—	—	—	—
YTO (Luoyang) Logistics Co., Ltd.	9,116,041.18	91,160.41	13,441,377.73	134,413.77
YTO (Luoyang) Materials and Equipment Co., Ltd.	8,916,371.75	89,163.71	9,216,732.40	92,167.33
YTO (Luoyang) Win Tools & Equipment Co., Ltd.	3,403,442.63	34,034.43	228,820.96	2,288.21
YTO (Heilongjiang) Dongfanghong Industry Park Co., Ltd.	256,905.95	256,905.95	0.00	0.00
Luoyang Xiyuan Vehicle and Power Inspection Institute Co., Ltd.	0.00	0.00	17,700.00	177.00
<b>Subtotal</b>	<b>21,692,761.51</b>	<b>471,264.50</b>	<b>22,904,631.09</b>	<b>229,046.31</b>
<b>Joint ventures and associates</b>	—	—	—	—
Luoyang Intelligent Agricultural Equipment Research Institute Co., Ltd.	23,541,300.00	11,770,650.00	26,157,000.00	517,540.00
YTO (Luoyang) Axle Co., Ltd.	—	—	6,486,265.59	64,862.66
<b>Subtotal</b>	<b>23,541,300.00</b>	<b>11,770,650.00</b>	<b>32,643,265.59</b>	<b>582,402.66</b>

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

#### (III) Balance of receivables and payables by related parties (Continued)

##### 2. Receivables (Continued)

##### 2. Accounts receivable (Continued)

*Unit: Yuan Currency: RMB*

Related party	Ending balance		Beginning balance	
	Book value	Provision for bad debts	Book value	Provision for bad debts
<b>Original subsidiaries not included in consolidation</b>	—	—	—	—
Cadfund Machinery Pty Ltd	15,203,937.71	15,203,937.71	15,105,056.74	15,105,056.74
<b>Subtotal</b>	15,203,937.71	15,203,937.71	15,105,056.74	15,105,056.74
<b>Others</b>	—	—	—	—
YTO (Luoyang) Zhongcheng Machinery Co., Ltd.	80,000.00	80,000.00	80,000.00	80,000.00
Sinomach Heavy Industry (Luoyang) Co., Ltd.	0.00	0.00	989,595.58	989,595.58
Sinomach Heavy Industry (Luoyang) Building Machinery Co., Ltd.	0.00	0.00	671,288.80	671,288.80
<b>Subtotal</b>	80,000.00	80,000.00	1,740,884.38	1,740,884.38
<b>Total</b>	86,540,986.86	27,837,661.47	87,748,595.77	17,998,871.40

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

#### (III) Balance of receivables and payables by related parties (Continued)

##### 2. Receivables (Continued)

##### 3. Prepayments

Unit: Yuan Currency: RMB

Related party	Ending balance		Beginning balance	
	Book value	Provision for bad debts	Book value	Provision for bad debts
Sinomach and its subsidiaries (excluding YTO Group Corporation and its subsidiaries)	—	—	—	—
Beijing Tsun Greatwall Hydraulic R&D Co., Ltd.	1,195,400.00	0.00	0.00	0.00
<b>Subtotal</b>	<b>1,195,400.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Controlling shareholder	—	—	—	—
YTO Group Corporation	2,974,230.00	0.00	10,181,430.78	0.00
<b>Subtotal</b>	<b>2,974,230.00</b>	<b>0.00</b>	<b>10,181,430.78</b>	<b>0.00</b>
Subsidiaries of YTO Group Corporation	—	—	—	—
Luoyang Fossett Environmental Protection Technology Co., Ltd.	41,400.00	0.00	41,400.00	0.00
<b>Subtotal</b>	<b>41,400.00</b>	<b>0.00</b>	<b>41,400.00</b>	<b>0.00</b>
<b>Total</b>	<b>4,211,030.00</b>	<b>0.00</b>	<b>10,222,830.78</b>	<b>0.00</b>

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

#### (III) Balance of receivables and payables by related parties (Continued)

##### 2. Receivables (Continued)

##### 4. Other receivables

*Unit: Yuan Currency: RMB*

Related party	Ending balance		Beginning balance	
	Book value	Provision for bad debts	Book value	Provision for bad debts
<b>Sinomach and its subsidiaries (excluding YTO Group Corporation and its subsidiaries)</b>	—	—	—	—
China National Machinery Industry Corporation	3,000,000.00	30,000.00	0.00	0.00
Beijing Unite-Idea Advertising Co., Ltd.	300,000.00	3,000.00	0.00	0.00
Belarus Haihong Medical Technology Co., Ltd.	918.69	0.00	0.00	0.00
<b>Subtotal</b>	<u>3,300,918.69</u>	<u>33,000.00</u>	<u>0.00</u>	<u>0.00</u>
<b>Controlling shareholder</b>	—	—	—	—
YTO Group Corporation	118,400.00	1,184.00	123,400.00	1,234.00
<b>Subtotal</b>	<u>118,400.00</u>	<u>1,184.00</u>	<u>123,400.00</u>	<u>1,234.00</u>

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

#### (III) Balance of receivables and payables by related parties (Continued)

##### 2. Receivables (Continued)

##### (4) Other receivables (Continued)

Unit: Yuan Currency: RMB

Related party	Ending balance		Beginning balance	
	Book value	Provision for bad debts	Book value	Provision for bad debts
<b>Joint ventures and associates</b>	—	—	—	—
Luoyang Intelligent Agricultural Equipment Research Institute Co., Ltd.	369,977.20	3,699.77	1,950,000.00	19,500.00
<b>Subtotal</b>	<u>369,977.20</u>	<u>3,699.77</u>	<u>1,950,000.00</u>	<u>19,500.00</u>
<b>Original subsidiaries not included in consolidation</b>	—	—	—	—
Cadfund Machinery Pty Ltd	18,607,622.41	18,607,622.41	18,607,622.41	18,607,622.41
<b>Subtotal</b>	<u>18,607,622.41</u>	<u>18,607,622.41</u>	<u>18,607,622.41</u>	<u>18,607,622.41</u>
<b>Others</b>	—	—	—	—
YTO (Luoyang) Construction Machinery Co., Ltd.	0.00	0.00	96,314.00	96,314.00
Sinomach Heavy Industry (Luoyang) Building Machinery Co., Ltd.	0.00	0.00	83,893.00	83,893.00
<b>Subtotal</b>	<u>0.00</u>	<u>0.00</u>	<u>180,207.00</u>	<u>180,207.00</u>
<b>Total</b>	<u>22,396,918.30</u>	<u>18,645,506.18</u>	<u>20,861,229.41</u>	<u>18,808,563.41</u>



## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

#### (III) Balance of receivables and payables by related parties (Continued)

##### 2. Receivables (Continued)

##### 5. Right-of-use assets

*Unit: Yuan Currency: RMB*

Related party	Ending book value	Beginning book value
<b>Controlling shareholder</b>	—	—
YTO Group Corporation	<u>37,820,787.20</u>	<u>20,538,445.37</u>
<b>Total</b>	<u><u>37,820,787.20</u></u>	<u><u>20,538,445.37</u></u>

##### 3. Payables

##### 1. Loans from banks and other financial institutions (principal)

*Unit: Yuan Currency: RMB*

Related party	Ending book value	Beginning book value
<b>Sinomach and its subsidiaries (excluding YTO Group Corporation and its subsidiaries)</b>	—	—
China National Machinery Industry Corporation	<u>200,000,000.00</u>	<u>200,000,000.00</u>
<b>Subtotal</b>	<u>200,000,000.00</u>	<u>200,000,000.00</u>
<b>Controlling shareholder</b>	—	—
YTO Group Corporation	<u>65,950,000.00</u>	<u>0.00</u>
<b>Subtotal</b>	<u>65,950,000.00</u>	<u>0.00</u>
<b>Total</b>	<u><u>265,950,000.00</u></u>	<u><u>200,000,000.00</u></u>

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

#### (III) Balance of receivables and payables by related parties (Continued)

##### 3. Payables (Continued)

##### 2. Loans from banks and other financial institutions (interest payable)

Unit: Yuan Currency: RMB

Related party	Ending book value	Beginning book value
<b>Sinomach and its subsidiaries (excluding YTO Group Corporation and its subsidiaries)</b>	—	—
China National Machinery Industry Corporation	<u>166,666.67</u>	<u>166,666.67</u>
<b>Subtotal</b>	<u>166,666.67</u>	<u>166,666.67</u>
<b>Controlling shareholder</b>	—	—
YTO Group Corporation	<u>4,579.86</u>	<u>0.00</u>
<b>Subtotal</b>	<u>4,579.86</u>	<u>0.00</u>
<b>Total</b>	<u><u>171,246.53</u></u>	<u><u>166,666.67</u></u>

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

#### (III) Balance of receivables and payables by related parties (Continued)

##### 3. Payables (Continued)

##### 3. Accounts payable

*Unit: Yuan Currency: RMB*

Related Party	Ending book value	Beginning book value
<b>Sinomach and its subsidiaries (excluding YTO Group Corporation and its subsidiaries)</b>	—	—
Sinomach Heavy Industry (Changzhou) Excavator Co., Ltd.	728,630.46	480,028.63
SCIVIC Engineering Corporation	350,630.00	350,630.00
Tianjin Research Institute of Construction Machinery Co., Ltd.	220,800.00	0.00
Fifth Design and Research Institute of The Ministry of Machinery Industry	161,600.04	161,600.04
Kinte Materials Science and Technology Co., Ltd.	139,153.52	813,889.95
Deyang Wanlu Transportation Service Co., Ltd. of China National Erzhong Group Co., Ltd.	100,000.00	102,240.67
China National Machine Tool Sales and Technical Service Corporation	99,492.94	99,492.94
Safety Sliding Contact Line Factory of SCIVIC Engineering Corporation	13,383.50	13,383.50
Zhongqi Shengjia (Tianjin) Property Management Co., Ltd.	10,148.84	10,148.84
Changsha Qidian Automotive Parts Co., Ltd.	5,245.54	5,245.54
Guangzhou Sinomach Lubrication Technology Co., Ltd.	773.51	773.51
Automotive Engineering Corporation	170.00	170.00
Xi'an Heavy Machinery Research Institute Co., Ltd.	0.75	0.75
<b>Subtotal</b>	<b>1,830,029.10</b>	<b>2,037,604.37</b>
<b>Controlling shareholder</b>	—	—
YTO Group Corporation	2,394,421.15	6,260,418.21
<b>Subtotal</b>	<b>2,394,421.15</b>	<b>6,260,418.21</b>

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

#### (III) Balance of receivables and payables by related parties (Continued)

##### 3. Payables (Continued)

##### 3. Accounts payable (Continued)

Unit: Yuan Currency: RMB

Related Party	Ending book value	Beginning book value
<b>Subsidiaries of YTO Group Corporation</b>	—	—
YTO (Luoyang) Logistics Co., Ltd.	25,424,126.72	27,917,653.55
Luoyang Xiyuan Vehicle and Power Inspection Institute Co., Ltd.	3,687,082.00	2,824,020.00
YTO (Luoyang) Win Tools & Equipment Co., Ltd.	3,308,778.86	4,466,534.56
Luoyang Tianhui Energy Engineering Co., Ltd.	2,786,082.33	2,349,537.01
YTO (Luoyang) Materials and Equipment Co., Ltd.	461,950.57	269,221.73
Dongfanghong (Luoyang) Modern Life Service Co., Ltd.	402,387.20	270,411.20
Dongfanghong Agricultural Service Technology (Guangxi) Co., Ltd.	140,560.00	2,108.01
Luoyang Fossett Environmental Protection Technology Co., Ltd.	134,440.00	60,430.00
<b>Subtotal</b>	<b>36,345,407.68</b>	<b>38,159,916.06</b>
<b>Joint ventures and associates</b>	—	—
Luoyang Intelligent Agricultural Equipment Research Institute Co., Ltd.	1,443,969.99	3,799,342.05
Luoyang Dongfang Printing Co., Ltd.	367,745.96	251,887.86
YTO (Luoyang) Axle Co., Ltd.	—	11,386,772.06
<b>Subtotal</b>	<b>1,811,715.95</b>	<b>15,438,001.97</b>
<b>Others</b>	—	—
YTO (Luoyang) Standard Parts Co., Ltd.	4,263.96	4,263.96
YTO (Luoyang) Kaichuang Equipment Technology Co., Ltd.	3,627,008.65	3,717,008.65
<b>Subtotal</b>	<b>3,631,272.61</b>	<b>3,721,272.61</b>
<b>Total</b>	<b>46,012,846.49</b>	<b>65,617,213.22</b>

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

#### (III) Balance of receivables and payables by related parties (Continued)

##### 3. Payables (Continued)

##### 4. Contract liabilities

*Unit: Yuan Currency: RMB*

Related party	Ending book value	Beginning book value
<b>Sinomach and its subsidiaries (excluding YTO Group Corporation and its subsidiaries)</b>	—	—
China National Machinery Industry Corporation	7,452,830.19	4,150,943.40
China CAMC Engineering Co., Ltd.	4,065,633.39	0.00
Sinomach-HI International Equipment Co., Ltd.	866,309.73	0.00
Huiyi Leasing (Tianjin) Co., Ltd.	98,199.82	0.00
Belarus Haihong Medical Technology Co., Ltd.	918.69	0.00
SUMEC Machinery & Electric Technology Co., Ltd.	0.00	0.02
<b>Subtotal</b>	<b>12,483,891.82</b>	<b>4,150,943.42</b>
<b>Subsidiaries of YTO Group Corporation</b>	—	—
Dongfanghong Agricultural Service Technology (Guangxi) Co., Ltd.	6.84	7.73
<b>Subtotal</b>	<b>6.84</b>	<b>7.73</b>
<b>Joint ventures and associates</b>	—	—
Luoyang Intelligent Agricultural Equipment Research Institute Co., Ltd.	0.00	408,289.34
<b>Subtotal</b>	<b>0.00</b>	<b>408,289.34</b>
<b>Others</b>	—	—
Luoyang YTO Light Vehicle Co., Ltd.	12,831.86	0.00
<b>Subtotal</b>	<b>12,831.86</b>	<b>0.00</b>
<b>Total</b>	<b>12,496,730.52</b>	<b>4,559,240.49</b>



## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

#### (III) Balance of receivables and payables by related parties (Continued)

##### 3. Payables (Continued)

##### 5. Other payables

Unit: Yuan Currency: RMB

Related party	Ending book value	Beginning book value
<b>Sinomach and its subsidiaries (excluding YTO Group Corporation and its subsidiaries)</b>	—	—
Kinte Materials Science and Technology Co., Ltd.	200,000.00	150,000.00
Sinomach Heavy Industry (Changzhou) Excavator Co., Ltd.	100,000.00	50,000.00
Guangzhou Sinomach Lubrication Technology Co., Ltd.	30,000.00	30,000.00
Hainan Sumec Supply Chain Co., Ltd.	20,000.00	0.00
Belarus Haihong Medical Technology Co., Ltd.	3,887.48	0.00
CAMCE Logistics Co., Ltd.	0.00	100,000.00
<b>Subtotal</b>	<b>353,887.48</b>	<b>330,000.00</b>
<b>Controlling shareholder</b>	—	—
YTO Group Corporation	191,582,949.98	191,534,707.59
<b>Subtotal</b>	<b>191,582,949.98</b>	<b>191,534,707.59</b>

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

#### (III) Balance of receivables and payables by related parties (Continued)

##### 3. Payables (Continued)

##### 5. Other payables (Continued)

*Unit: Yuan Currency: RMB*

Related party	Ending book value	Beginning book value
<b>Subsidiaries of YTO Group Corporation</b>	—	—
YTO (Luoyang) Logistics Co., Ltd.	610,000.00	619,044.41
YTO (Luoyang) Materials and Equipment Co., Ltd.	30,000.00	0.00
Dongfanghong Agricultural Service Technology (Guangxi) Co., Ltd.	2,108.01	0.00
Dongfanghong (Luoyang) Modern Life Service Co., Ltd.	1,885.00	0.00
<b>Subtotal</b>	<b>643,993.01</b>	619,044.41
<b>Joint ventures and associates</b>	—	—
Luoyang Intelligent Agricultural Equipment Research Institute Co., Ltd.	200,000.00	308,000.00
Luoyang Dongfang Printing Co., Ltd.	5,000.00	5,000.00
Luoyang I&C Technology Consulting Co., Ltd.	0.00	60,000.00
YTO (Luoyang) Axle Co., Ltd.	—	200.00
<b>Subtotal</b>	<b>205,000.00</b>	373,200.00
<b>Total</b>	<b>192,785,830.47</b>	192,856,952.00

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

#### (III) Balance of receivables and payables by related parties (Continued)

##### 3. Payables (Continued)

##### 6. Non-current liabilities due within one year

Unit: Yuan Currency: RMB

Related party	Ending book value	Beginning book value
<b>Sinomach and its subsidiaries (excluding YTO Group Corporation and its subsidiaries)</b>	—	—
China National Machinery Industry Corporation	200,166,666.67	166,666.67
<b>Subtotal</b>	<b>200,166,666.67</b>	<b>166,666.67</b>
<b>Controlling shareholder</b>	—	—
YTO Group Corporation	24,069,085.04	19,436,015.09
<b>Subtotal</b>	<b>24,069,085.04</b>	<b>19,436,015.09</b>
<b>Total</b>	<b>224,235,751.71</b>	<b>19,602,681.76</b>

##### 7. Lease liabilities

Unit: Yuan Currency: RMB

Related party	Ending book value	Beginning book value
<b>Controlling shareholder</b>	—	—
YTO Group Corporation	13,772,820.46	1,428,242.03
<b>Total</b>	<b>13,772,820.46</b>	<b>1,428,242.03</b>

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### XIII. COMMITMENTS AND CONTINGENCIES

#### 1. Significant commitments

1. *Foreign investment contracts entered into that have not been performed or fully performed and related financial expenditures*

None.

2. *Signed large contracting contracts being performed or to be performed and financial influence*

None.

3. *Signed leasing contract being performed or to be performed and its financial influence*

- (1) As at 31 December 2024, the minimum rent payable in the future by the Group as the lessee for the irrevocable operating lease of plant & buildings and machinery equipment in the following periods is as follows:

*Unit: Yuan Currency: RMB*

Period	Amount in the current year	Amount incurred in the previous year
Within 1 year (including 1 year)	25,369,466.02	20,461,603.23
1-2 years	13,934,967.08	2,144,520.78
2-3 years	0.00	0.00
Over 3 years	0.00	0.00
<b>Total</b>	<b>39,304,433.10</b>	<b>22,606,124.01</b>

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### XIII. COMMITMENTS AND CONTINGENCIES (CONTINUED)

#### 1. Significant commitments (Continued)

##### 3. Signed leasing contract being performed or to be performed and its financial influence (Continued)

- (2) As at 31 December 2024, the minimum rent receivable in the future by the Group as the lessor for the irrevocable operating lease of plant & buildings and machinery equipment is as follows:

Unit: Yuan Currency: RMB

Period	Amount in the current year	Amount incurred in the previous year
Within 1 year (including 1 year)	3,111,481.97	6,715,585.20
1-2 years	798,643.15	3,467,600.93
2-3 years	789,293.94	784,311.93
Over 3 years	2,565,205.32	6,113,194.07
<b>Total</b>	<b>7,264,624.38</b>	<b>17,080,692.13</b>

As of 31 December 2024, the Group has no other material commitment events that shall be disclosed but not yet disclosed except for the above-mentioned ones.

#### 2. Contingency

##### (I) Significant contingencies existing at the balance sheet date

- Contingencies arising from pending actions or arbitrations and the financial impact thereof  
  
None.
- Contingencies arising from external debt guarantees and the financial impact thereof  
  
None.
- Issuance of letter of guarantee and letter of credit

Bank of deposit	Beneficiary	Amount	Start date	End date
China Everbright Bank Co., Ltd. Beijing Tianningsi Sub-branch	China CAMC Engineering Co., Ltd.	4,431,540.40	2024-11-15	2025-3-15



## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### XIV. EVENTS AFTER BALANCE SHEET DATE

#### 1. Profit distribution

*Unit: 0'000 Currency: RMB*

Profit or dividend intended to be distributed	<b>33,653.18</b>
Profit or dividend declared to be distributed after review and approval	<b>33,653.18</b>

Profit distribution plan in 2024: Based on the Company's total share capital of 1,123,645,275 shares, a total of RMB336.53 million of cash dividends of RMB0.2995 per share (tax inclusive) were distributed to all shareholders. The above profit distribution plan was reviewed and approved at the thirty-third meeting of the ninth session of the Board of the Company, and shall be implemented after being reviewed and approved at the General Meeting of Shareholders of the Company. Except for the above matters, the Group does not have any other material post-balance-sheet-date events that shall be disclosed but not yet disclosed.

### XV. OTHER SIGNIFICANT EVENTS

#### 1. Segment information

The Group determines the operating segments on the basis of the internal organizational structure, management requirements and internal reporting system. The operating segment of the Group refers to the component that meets all of the following conditions:

- (1) The component can generate income and incur expenses in daily activities;
- (2) The Management can regularly evaluate the operating results of the component to determine its resource allocation and evaluate its performance;
- (3) Accounting information about the component such as financial conditions, operating results, and cash flow can be obtained.

#### 2. Basis for determining reportable segments and accounting policies:

- (1) The segment revenue of the operating segment accounts for 10% or more of the total revenue of all segments;
- (2) The absolute amount of the segment profit (loss) of the segment accounts for 10% or more of the greater of the total profit of all profit segments or the total loss of all loss segments.

If the total revenue from external transactions of the operating segments of the reportable segments determined according to the above accounting policies accounts for less than 75% of the consolidated total revenue, the number of reportable segments shall be increased, and other operating segments that are not included as reportable segments shall be included in the scope of the reportable segments according to the following provisions until the proportion reaches 75%:

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### XV. OTHER SIGNIFICANT EVENTS (CONTINUED)

#### 2. Basis for determining reportable segments and accounting policies: (Continued)

- 1) The operating segment that the management believes is useful for users of accounting information to disclose the information of the operating segment is determined as a reportable segment;
- 2) The operating segment is consolidated with one or more other operating segments that have similar economic characteristics and meet the conditions for consolidation of operating segments as a reportable segment.

The inter-segment transfer price is determined with reference to the market price, and the assets used jointly with each segment and related expenses are distributed among different segments based on the revenue proportion.

Factors considered by the Group in determining reportable segments and types of products and services of reportable segments.

The reportable segments of the Group are business units that provide different products and services. Since various businesses require different technologies and market strategies, the Group independently manages the production and operation activities of reportable segments and evaluates their operating results separately to decide to allocate resources to them and evaluate their performance.

The Group has two reportable segments: agricultural machinery segment and power machinery segment. The agricultural machinery segment is responsible for the production and sales of agricultural tractors and harvesters. The power machinery segment is mainly responsible for the production and sales of diesel engines.

- (3) Financial information of reportable segments

Unit: Yuan Currency: RMB

Item	Agricultural machinery	Power machinery	Offset	Total
<b>I. Operating revenues</b>	10,957,455,117.74	2,928,532,728.67	-1,981,616,934.47	11,904,370,911.94
Including: external transaction revenue	10,597,063,387.42	1,307,307,524.52	0.00	11,904,370,911.94
Intra-segment transaction revenue	360,391,730.32	1,621,225,204.15	-1,981,616,934.47	0.00
Asset impairment loss	-7,939,507.42	-11,110,898.87	18,798.97	-19,031,607.32
Credit impairment losses	35,513,968.98	-2,232,681.40	-52,031,162.92	-18,749,875.34
Depreciation and amortization expenses	259,729,303.04	73,465,894.89	0.00	333,195,197.93
<b>II. Total profit (loss)</b>	1,039,588,766.81	79,340,139.75	-67,151,239.22	1,051,777,667.34
<b>III. Income tax expenses</b>	120,706,230.80	130,901.38	2,819.85	120,839,952.03
<b>IV. Net profit (loss)</b>	918,882,536.01	79,209,238.37	-67,154,059.07	930,937,715.31
<b>V. Total assets</b>	12,607,184,229.18	3,225,115,078.16	-1,140,963,597.37	14,691,335,709.97
<b>VI. Total liabilities</b>	5,746,496,624.29	1,789,979,822.20	-623,412,398.04	6,913,064,048.45

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### XV. OTHER SIGNIFICANT EVENTS (CONTINUED)

#### 3. Other significant transactions and events affecting investors' decisions

None.

### XVI. NOTES TO MAIN ITEMS IN FINANCIAL STATEMENTS OF THE PARENT COMPANY

#### 1. Accounts receivable

##### (1) Accounts receivable listed according to ageing

Unit: Yuan Currency: RMB

Ageing	Ending book value	Beginning book value
Within 1 year (including 1 year)	482,497,282.62	585,977,248.74
Subtotal within 1 year (including 1 year)	482,497,282.62	585,977,248.74
1-2 years	12,973,468.54	3,662,537.01
2-3 years	3,476,114.78	335,919.62
Over 3 years	46,800,500.03	54,895,967.84
Subtotal	545,747,365.97	644,871,673.21
Less: provision for impairment	79,649,490.16	79,851,344.14
<b>Total</b>	<b>466,097,875.81</b>	<b>565,020,329.07</b>

##### (2) Accounts receivable according to bad debt accrual method

Unit: Yuan Currency: RMB

Category	Ending balance				Carrying amount	Beginning balance				
	Book value		Provision for bad debts			Book value		Provision for bad debts		
	Amount	Proportion (%)	Amount	Provision proportion (%)		Amount	Proportion (%)	Amount	Provision proportion (%)	
Provision for bad debts accrued										
by portfolio	545,747,365.97	100.00	79,649,490.16	—	466,097,875.81	644,871,673.21	100.00	79,851,344.14	—	565,020,329.07
Including: Ageing portfolio	534,044,970.93	97.86	67,947,095.12	12.72	466,097,875.81	632,179,682.59	98.03	67,159,353.52	10.62	565,020,329.07
Collateral and other risk exposure portfolios	11,702,395.04	2.14	11,702,395.04	100.00	0.00	12,691,990.62	1.97	12,691,990.62	100.00	0.00
Total	545,747,365.97	100.00	79,649,490.16	—	466,097,875.81	644,871,673.21	100.00	79,851,344.14	—	565,020,329.07

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### XVI. NOTES TO MAIN ITEMS IN FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

#### 1. Accounts receivable (Continued)

##### (2) Accounts receivable according to bad debt accrual method

Provision for bad debts accrued as per portfolio

##### 1) Provision for bad debts accrued as per portfolio – ageing portfolio

Unit: Yuan Currency: RMB

Ageing	Accounts receivable	Ending balance Provision for bad debts	Provision proportion (%)
Within 1 year (including 1 year)	482,497,282.62	18,711,973.56	3.88
Subtotal within 1 year (including 1 year)	482,497,282.62	18,711,973.56	3.88
1-2 years	4,625,133.54	2,312,566.79	50.00
2-3 years	122,054.74	122,054.74	100.00
Over 3 years	46,800,500.03	46,800,500.03	100.00
<b>Total</b>	<b>534,044,970.93</b>	<b>67,947,095.12</b>	<b>—</b>

##### 2) Provision for bad debts accrued as per portfolio – collateral and other risk exposure portfolios

Unit: Yuan Currency: RMB

Name of portfolio	Book value	Ending balance Provision for bad debts	Provision proportion (%)
Collateral and other risk exposure portfolios	11,702,395.04	11,702,395.04	100.00

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### XVI. NOTES TO MAIN ITEMS IN FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

#### 1. Accounts receivable (Continued)

##### (3) Provision for bad debts

*Unit: Yuan Currency: RMB*

Category	Beginning balance	Provision accrued	Movements in the current year		Others	Ending balance
			Recovered or transferred back	Charged or written off		
Ageing portfolio	67,159,353.52	1,406,007.25	0.00	618,265.65	0.00	67,947,095.12
Collateral and other risk exposure portfolios	12,691,990.62	-141,258.74	0.00	848,336.84	0.00	11,702,395.04
<b>Total</b>	<b>79,851,344.14</b>	<b>1,264,748.51</b>	<b>0.00</b>	<b>1,466,602.49</b>	<b>0.00</b>	<b>79,649,490.16</b>

##### (4) Accounts receivable actually written off this year

*Unit: Yuan Currency: RMB*

Item	Write-off amount
Accounts receivable actually written off	1,466,602.49



## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### XVI. NOTES TO MAIN ITEMS IN FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

#### 1. Accounts receivable (Continued)

(5) Accounts receivable from top five ending balances as per t the borrowers

Unit: Yuan Currency: RMB

Company name	Ending balance	Ageing	Proportion in total ending balance of accounts receivable (%)	Ending balance of provision for bad debts
YTO International Economic and Trade Co., Ltd.	325,076,542.60	Within 1 year	59.57	16,517,275.37
YTO (Luoyang) Diesel Engine Co., Ltd.	56,980,336.24	Within 1 year	10.44	637,619.86
Changtuo Agricultural Machinery Equipment Group Co., Ltd.	31,508,614.63	Over 3 years	5.77	31,508,614.63
Jiangxi Dongfanghong Agricultural Machinery Co., Ltd.	11,622,395.04	1-3 years	2.13	11,622,395.04
China-Africa Heavy Industry Investment Co., Ltd.	9,423,660.20	Within 1 year	1.73	94,236.61
<b>Total</b>	<b>434,611,548.71</b>	<b>—</b>	<b>79.64</b>	<b>60,380,141.51</b>

#### 2. Other receivables

Items presented

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Interest receivable	0.00	0.00
Dividends receivable	76,808,376.96	76,808,376.96
Other receivables	178,888,298.01	58,485,470.90
<b>Total</b>	<b>255,696,674.97</b>	<b>135,293,847.86</b>

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### XVI. NOTES TO MAIN ITEMS IN FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

#### 2. Other receivables (Continued)

##### *Interest receivable*

(1) *Classification of interest receivable*

*Unit: Yuan Currency: RMB*

Item	Ending balance	Beginning balance
Interest of entrusted loan	9,487,232.95	7,532,766.27
Less: provision for impairment	<u>9,487,232.95</u>	<u>7,532,766.27</u>
<b>Total</b>	<u><b>0.00</b></u>	<u><b>0.00</b></u>

(2) *Significant overdue interest*

*Unit: Yuan Currency: RMB*

Borrower	Ending balance	Overdue time	Overdue reason	Whether Impairment Occurs and Its Judgment Basis
Changtuo Agricultural Machinery Equipment Group Co., Ltd.	<u>9,487,232.95</u>	<u>Over 3 years</u>	<u>Unable to repay</u>	<u>Yes</u>

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### XVI. NOTES TO MAIN ITEMS IN FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

#### 2. Other receivables (Continued)

##### Interest receivable

(3) Provision for bad debts of interest receivable based on ECL model

Unit: Yuan Currency: RMB

Provision for bad debts	Stage I Expected credit loss for the next 12 months	Stage II Expected credit loss within the whole duration (no credit impairment occurs)	Stage III Expected credit loss within the whole duration (credit impairment has occurred)	Total
Balance on 1 January 2024	0.00	0.00	7,532,766.27	7,532,766.27
Balance on 1 January 2024 in the current year	—	—	—	—
– Be transferred to Stage II	0.00	0.00	0.00	0.00
– Be transferred to Stage III	0.00	0.00	0.00	0.00
– Be transferred back to Stage II	0.00	0.00	0.00	0.00
– Be transferred back to Stage I	0.00	0.00	0.00	0.00
Provision in the current year	0.00	0.00	1,954,466.68	1,954,466.68
Reversal in the current year	0.00	0.00	0.00	0.00
Charge-off in the current year	0.00	0.00	0.00	0.00
Write-off in the current year	0.00	0.00	0.00	0.00
Others	0.00	0.00	0.00	0.00
Balance on 31 December 2024	0.00	0.00	9,487,232.95	9,487,232.95

(4) Provision for bad debts

Unit: Yuan Currency: RMB

Category	Beginning balance	Provision accrued	Movements in the current year Recovered or transferred back	Charged or written off	Others	Ending balance
Provision for bad debts	7,532,766.27	1,954,466.68	0.00	0.00	0.00	9,487,232.95

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### XVI. NOTES TO MAIN ITEMS IN FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

#### 2. Other receivables (Continued)

##### *Dividends receivable*

(1) *Dividends receivable*

*Unit: Yuan Currency: RMB*

Project (or Investee)	Ending balance	Beginning balance
Brilliance China Machinery Holdings Co., Ltd.	<u>76,808,376.96</u>	<u>76,808,376.96</u>

(2) *Significant dividends receivable aged over 1 year*

*Unit: Yuan Currency: RMB*

Project (or Investee)	Ending balance	Ageing	Reason for non-recovery	Whether Impairment Occurs and Its Judgment Basis
Brilliance China Machinery Holdings Co., Ltd.	<u>76,808,376.96</u>	<u>Over 3 years</u>	<u>Payment procedures in progress</u>	<u>No</u>

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### XVI. NOTES TO MAIN ITEMS IN FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

#### 2. Other receivables (Continued)

##### *Other receivables*

(1) *Disclosure as per aging*

Unit: Yuan Currency: RMB

Ageing	Ending book value	Beginning book value
Within 1 year (including 1 year)	119,435,729.15	2,618,168.02
Within 1 year (including 1 year) subtotal	119,435,729.15	2,618,168.02
1-2 years	124,604.44	111,817,536.97
2-3 years	83,449,375.81	21,905,386.27
Over 3 years	3,000,285.42	3,179,510.58
<b>Subtotal</b>	<b>206,009,994.82</b>	<b>139,520,601.84</b>
Less: provision for impairment	27,121,696.81	81,035,130.94
<b>Total</b>	<b>178,888,298.01</b>	<b>58,485,470.90</b>

(2) *Other receivables classified as per nature*

Unit: Yuan Currency: RMB

Nature	Ending book value	Beginning book value
Transaction payments	201,378,376.78	133,602,314.00
Security deposits, petty cash, margin deposits, etc.	451,558.18	282,239.60
Others	4,180,059.86	5,636,048.24
<b>Subtotal</b>	<b>206,009,994.82</b>	<b>139,520,601.84</b>
Less: provision for impairment	27,121,696.81	81,035,130.94
<b>Total</b>	<b>178,888,298.01</b>	<b>58,485,470.90</b>



## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### XVI. NOTES TO MAIN ITEMS IN FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

#### 2. Other receivables (Continued)

##### *Other receivables (Continued)*

(3) *Provision for bad debts*

*Unit: Yuan Currency: RMB*

Provision for bad debts	Stage I Expected credit loss for the next 12 months	Stage II Expected credit loss within the whole duration (no credit impairment occurs)	Stage III Expected credit loss within the whole duration (credit impairment has occurred)	Total
Balance on 1 January 2024	81,035,130.94	0.00	0.00	81,035,130.94
Balance on 1 January 2024 in the current year	—	—	—	—
– Be transferred to Stage II	0.00	0.00	0.00	0.00
– Be transferred to Stage III	0.00	0.00	0.00	0.00
– Be transferred back to Stage II	0.00	0.00	0.00	0.00
– Be transferred back to Stage I	0.00	0.00	0.00	0.00
Accrual in the current year	-53,718,260.63	0.00	0.00	-53,718,260.63
Reversal in the current year	0.00	0.00	0.00	0.00
Charge-off in the current year	0.00	0.00	0.00	0.00
Write-off in the current year	195,173.50	0.00	0.00	195,173.50
Others	0.00	0.00	0.00	0.00
Balance on 31 December 2024	<u>27,121,696.81</u>	<u>0.00</u>	<u>0.00</u>	<u>27,121,696.81</u>

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### XVI. NOTES TO MAIN ITEMS IN FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

#### 2. Other receivables (Continued)

##### *Other receivables (Continued)*

(4) *Classified presentation of other receivables by bad debt accrual method*

Unit: Yuan Currency: RMB

Category	Book value		Ending balance Provision for bad debts		Carrying amount
	Amount	Proportion (%)	Amount	Provision proportion (%)	
Provision for bad debts accrued					
by portfolio	206,009,994.82	100.00	27,121,696.81	—	178,888,298.01
Including: Ageing portfolio	102,364,594.82	49.69	26,085,242.81	25.48	76,279,352.01
Low risk portfolio	103,645,400.00	50.31	1,036,454.00	1.00	102,608,946.00
<b>Total</b>	<b>206,009,994.82</b>	<b>100.00</b>	<b>27,121,696.81</b>	<b>—</b>	<b>178,888,298.01</b>
Category	Book value		Beginning balance Provision for bad debts		Carrying amount
	Amount	Proportion (%)	Amount	Provision proportion (%)	
Provision for bad debts accrued					
by portfolio	139,520,601.84	100.00	81,035,130.94	—	58,485,470.90
Including: Ageing portfolio	139,481,201.84	99.97	81,034,736.94	58.10	58,446,464.90
Low risk portfolio	39,400.00	0.03	394.00	1.00	39,006.00
<b>Total</b>	<b>139,520,601.84</b>	<b>100.00</b>	<b>81,035,130.94</b>	<b>—</b>	<b>58,485,470.90</b>

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### XVI. NOTES TO MAIN ITEMS IN FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

#### 2. Other receivables (Continued)

##### *Other receivables (Continued)*

(4) *Classified presentation of other receivables by bad debt accrual method (Continued)*

- 1) Provision for bad debts of other receivables accrued as per portfolio – ageing portfolio

*Unit: Yuan Currency: RMB*

Ageing	Book value	Ending balance Provision for bad debts	Provision proportion (%)
Within 1 year (including 1 year)	77,421,329.15	1,203,779.36	1.55
1-2 years	123,604.44	61,802.22	50.00
2-3 years	21,819,375.81	21,819,375.81	100.00
Over 3 years	3,000,285.42	3,000,285.42	100.00
<b>Total</b>	<b>102,364,594.82</b>	<b>26,085,242.81</b>	<b>—</b>

- 2) Provision for bad debts of other receivables accrued as per portfolio – low risk portfolio

*Unit: Yuan Currency: RMB*

Name of portfolio	Book value	Ending balance Provision for bad debts	Provision proportion (%)
Within 1 year (including 1 year)	42,014,400.00	420,144.00	1.00
Over 1 years	61,631,000.00	616,310.00	1.00
<b>Total</b>	<b>103,645,400.00</b>	<b>1,036,454.00</b>	<b>—</b>

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### XVI. NOTES TO MAIN ITEMS IN FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

#### 2. Other receivables (Continued)

##### *Other receivables (Continued)*

(5) *Provision for bad debts*

Unit: Yuan Currency: RMB

Category	Beginning balance	Provision accrued	Movements in the current year		Others	Ending balance
			Recovered or transferred back	Charged or written off		
Ageing portfolio	81,034,736.94	-54,754,320.63	0.00	195,173.50	0.00	26,085,242.81
Low risk portfolio	394.00	1,036,060.00	0.00	0.00	0.00	1,036,454.00
<b>Total</b>	<b>81,035,130.94</b>	<b>-53,718,260.63</b>	<b>0.00</b>	<b>195,173.50</b>	<b>0.00</b>	<b>27,121,696.81</b>

(6) *Other receivables actually written off in the current year*

Unit: Yuan Currency: RMB

Item	Write-off amount
Other receivables actually written off	195,173.50

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### XVI. NOTES TO MAIN ITEMS IN FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

#### 2. Other receivables (Continued)

##### *Other receivables (Continued)*

(7) Other receivables from top five ending balances as per the borrowers

Unit: Yuan Currency: RMB

Company name	Nature	Ending balance	Ageing	Proportion in total ending balance of other receivables (%)	Provision for bad debts Ending balance
YTO (Luoyang) Diesel Engine Co., Ltd.	Transaction payments	198,298,252.93	Within 3 year	96.26	23,970,582.53
China National Machinery Industry Corporation	Transaction payments	3,000,000.00	Within 1 year	1.46	30,000.00
Yousheng Kindergarten, Xigong District, Luoyang City	Transaction payments	126,835.90	Within 1 year	0.06	1,268.36
YTO Group Corporation	Transaction payments	106,400.00	Within 1 year	0.05	1,064.00
Xinjiang Wonong Agricultural Machinery Co., Ltd.	Guarantee deposits	100,000.00	Within 1 year	0.05	1,000.00
<b>Total</b>	—	<b>201,631,488.83</b>	—	<b>97.88</b>	<b>24,003,914.89</b>

#### 3. Long-term equity investments

Unit: Yuan Currency: RMB

Item	Book value	Ending balance Provision for impairment	Carrying amount	Book value	Beginning balance Provision for impairment	Carrying amount
Investment in subsidiaries	1,780,697,481.90	97,250,000.00	1,683,447,481.90	1,587,401,726.59	97,250,000.00	1,490,151,726.59
Investment in associates and joint ventures	686,488,201.89	0.00	686,488,201.89	662,572,038.08	0.00	662,572,038.08
<b>Total</b>	<b>2,467,185,683.79</b>	<b>97,250,000.00</b>	<b>2,369,935,683.79</b>	<b>2,249,973,764.67</b>	<b>97,250,000.00</b>	<b>2,152,723,764.67</b>



## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### XVI. NOTES TO MAIN ITEMS IN FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

#### 3. Long-term equity investments (Continued)

##### (1) Investments in subsidiaries

Unit: Yuan Currency: RMB

Investee(s)	Beginning balance (Carrying amount)	Beginning balance of provision for impairment	Increase/Decrease for the year		Accrual of provision for impairment	Others	Ending balance (Carrying amount)	Ending balance of provision for impairment
			Increase in investment	Decrease in investment				
YTO (Luoyang) Diesel Engine Co., Ltd.	392,257,881.14	0.00	0.00	0.00	0.00	0.00	392,257,881.14	0.00
YTO (Luoyang) Casting and Forging Co., Ltd.	300,391,996.60	0.00	0.00	0.00	0.00	0.00	300,391,996.60	0.00
YTO (Luoyang) Axle Co., Ltd.	0.00	0.00	193,295,755.31	0.00	0.00	0.00	193,295,755.31	0.00
Luoyang Tractor Research Institute Co., Ltd.	281,414,966.36	0.00	0.00	0.00	0.00	0.00	281,414,966.36	0.00
YTO (Luoyang) Hydraulic Transmission Co., Ltd.	152,989,481.32	0.00	0.00	0.00	0.00	0.00	152,989,481.32	0.00
Changtuo Agricultural Machinery Equipment Group Co., Ltd.	0.00	94,250,000.00	0.00	0.00	0.00	0.00	0.00	94,250,000.00
YTO (Luoyang) Flag Auto-Body Co., Ltd.	77,192,767.62	0.00	0.00	0.00	0.00	0.00	77,192,767.62	0.00
Yangdong Co., Ltd.	76,000,000.00	0.00	0.00	0.00	0.00	0.00	76,000,000.00	0.00
YTO International Economic and Trade Co., Ltd.	75,668,335.13	0.00	0.00	0.00	0.00	0.00	75,668,335.13	0.00
China-Africa Heavy Industry Investment Co., Ltd.	55,022,000.00	0.00	0.00	0.00	0.00	0.00	55,022,000.00	0.00
YTO Belarus Technology Co., Ltd.	51,375,928.31	0.00	0.00	0.00	0.00	0.00	51,375,928.31	0.00
China Brilliance Machinery Holdings Co., Ltd.	27,838,370.11	0.00	0.00	0.00	0.00	0.00	27,838,370.11	0.00
Luoyang Changxing Agricultural Machinery Co., Ltd.	0.00	3,000,000.00	0.00	0.00	0.00	0.00	0.00	3,000,000.00
<b>Total</b>	<b>1,490,151,726.59</b>	<b>97,250,000.00</b>	<b>193,295,755.31</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1,683,447,481.90</b>	<b>97,250,000.00</b>

##### (2) Investments in associates and joint ventures

Unit: Yuan Currency: RMB

Investee(s)	Beginning balance	Increase in investment	Decrease in investment	Increase/Decrease for the year		Other comprehensive income adjustments	Other changes in equity
				Profit or loss on investments recognized under the equity method			
I. Associates							
YTO (Luoyang) Axle Co., Ltd.	84,065,535.35	0.00	0.00	11,754,070.96		0.00	0.00
Sinomach Finance Co., Ltd.	578,506,502.73	85,716,000.00	0.00	36,735,438.45		56,260.71	0.00
<b>Total</b>	<b>662,572,038.08</b>	<b>85,716,000.00</b>	<b>0.00</b>	<b>48,489,509.41</b>		<b>56,260.71</b>	<b>0.00</b>

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### XVI. NOTES TO MAIN ITEMS IN FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

#### 3. Long-term equity investments (Continued)

##### (2) Investments in associates and joint ventures (Continued)

Investee(s)	Increase/Decrease for the year			Ending balance	Ending balance of provision for impairment
	Cash dividends or profit declared	Accrual of provision for impairment	Others (Note)		
I. Associates					
YTO (Luoyang) Axle Co., Ltd.	0.00	0.00	-95,819,606.31	0.00	0.00
Sinomach Finance Co., Ltd.	14,526,000.00	0.00	0.00	686,488,201.89	0.00
<b>Total</b>	<b>14,526,000.00</b>	<b>0.00</b>	<b>-95,819,606.31</b>	<b>686,488,201.89</b>	<b>0.00</b>

*Note:* Refer to Note “VII. 1. Business combinations not under common control” for details.

#### 4. Operating revenue and operating cost

*Unit: Yuan Currency: RMB*

Item	Amount incurred in the current year		Amount incurred in the previous year	
	Revenue	Cost	Revenue	Cost
Main business	9,367,053,329.83	8,215,987,875.41	9,155,697,566.70	7,957,348,778.06
Other business	68,439,200.40	15,072,826.00	90,230,491.10	35,553,638.98
<b>Total</b>	<b>9,435,492,530.23</b>	<b>8,231,060,701.41</b>	<b>9,245,928,057.80</b>	<b>7,992,902,417.04</b>

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### XVI. NOTES TO MAIN ITEMS IN FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

#### 5. Investment income

Unit: Yuan Currency: RMB

Item	Amount incurred in the current year	Amount incurred in the previous year
Investment income from holding debt investments	114,828,839.58	82,644,381.80
Long-term equity investment income calculated with equity method	48,489,509.41	43,306,941.89
Long-term equity investment income calculated with the cost method	14,278,022.95	223,308,440.99
Investment income from disposal of financial assets held for trading	10,354,344.96	3,873,613.57
Investment income from disposal of long-term equity investments	0.00	-12,040,302.00
Others	279,038.67	0.00
<b>Total</b>	<b>188,229,755.57</b>	<b>341,093,076.25</b>

### XVII. APPROVAL OF FINANCIAL REPORT

The financial report is released after being approved by the Board of Directors of the Company on 27 March 2025.

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

*From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)*

### XVIII. SUPPLEMENTARY INFORMATION OF FINANCIAL STATEMENTS

#### 1. Breakdown of non-recurring profit or loss in current year

*Unit: Yuan Currency: RMB*

Item	Amount	Notes
Gain or loss from disposal of non-current assets	5,487,433.08	
Government subsidies included in the current profit or loss (excluding those which are closely related to the Company's normal business operations, in line with national policies and regulations, and granted in accordance with defined criteria, and have a continuous influence on the Company's profit or loss)	47,632,644.10	
Profit or loss from changes in fair value of financial assets and financial liabilities held by non-financial enterprises, and profit or loss from disposal of financial assets and financial liabilities except for effective hedging related to normal operations of the Company	14,000,000.00	
Other non-operating income and expenses other than the above	5,142,555.54	
Other losses or profits conforming to the definition of non-recurring gain or loss	-1,610,925.03	Mainly due to the impact of acquisition of subsidiaries
Subtotal	70,651,707.69	
Less: Effect of income tax	10,105,973.42	
Effect on non-controlling interests (after-tax)	5,399,603.18	
<b>Total</b>	<b>55,146,131.09</b>	

- (1) If the Company identifies an item not listed in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Securities to the Public—Non-recurring Profit or Loss (Rev. 2023) as a non-recurring profit or loss item with material amount, and defines the listed extraordinary profit or loss as a recurring item

*Unit: Yuan Currency: RMB*

Item	Amount	Reason
Structured deposit yield	23,750,603.06	Daily fund management of the Company

## NOTES TO FINANCIAL STATEMENTS OF FIRST TRACTOR COMPANY LIMITED (CONTINUED)

From 1 January 2024 to 31 December 2024 (Amounts in these notes are presented in RMB unless otherwise stated)

### XVIII. SUPPLEMENTARY INFORMATION OF FINANCIAL STATEMENTS (CONTINUED)

#### 2. Return on net assets and earnings per share

Profit during the Reporting Period	Weighted average return on equity (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to common shareholders of the Company	13.22	0.8206	0.8206
Net profit attributable to common shareholders of the Company after deduction of non-recurring profit or loss	12.43	0.7715	0.7715

#### 3. Discrepancy of accounting data under domestic and foreign accounting standards

There is no difference between net profits and net assets in the financial report disclosed by the Group according to Hong Kong accounting standards and Chinese accounting standards.

**Chairman of Board: Zhao Weilin**

Date of Approval from the Board: 27 March 2025