



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



2025

INTERIM REPORT

* For identification purposes only

IMPORTANT NOTICE

- I. The Board and Board of Supervisors of the Company, and its Directors, Supervisors and senior management warrant that there are no false information, misleading statements or material omissions contained in this Interim Report, and severally and jointly accept legal responsibility for the truthfulness, accuracy and completeness of the contents herein.
- II. All Directors attended the Board meeting.
- III. The Interim Report was unaudited.
- 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 warranted the truthfulness, accuracy and completeness of the financial statements in the Interim Report.
- V. Proposal of profit distribution or proposal of capitalization from capital reserves for the Reporting Period as approved by the Board

The 38th meeting of the ninth session of the Board of the Company approved the interim profit distribution plan of the Company for 2025: based on the total share capital as at the record date for the distribution of equity interests, a cash dividend of RMB0.6844 per 10 shares (inclusive of tax) will be distributed to all shareholders. As of 28 August 2025, the total share capital of the Company was 1,123,645,275 shares. Where the total share capital of the Company changes prior to the record date for the implementation of the equity distribution, the distribution amount per share will remain unchanged whilst the total profit distribution amount will be adjusted accordingly.

- 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 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 associate(s)

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 warrant the truthfulness, accuracy and completeness of the Interim Report disclosed by the Company

No
- X. Significant risks warning

Please refer to Section III “Management Discussion and Analysis” of this report for details.
- XI. Events after the Reporting Period

Save for the aforementioned events, as at the date of this report, there were no material subsequent events undertaken by the Company or by the Group after 30 June 2025.



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SECTION I DEFINITIONS

Unless the context otherwise requires, the following terms should have the following meanings in the 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 or equity interest by the Company, or a company de factoly 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 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 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
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
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
Zhongyuan Bank	Zhongyuan Bank Co., Ltd.
auditor, accountant	the financial statement auditor, ShineWing Certified Public Accountants (Special General Partnership), appointed by the Company as the Company's auditor for the year 2025
CSRC	China Securities Regulatory Commission
NFRA	National Financial Regulatory Administration

SECTION I DEFINITIONS (CONTINUED)

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 the 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 is(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 is(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
power machinery	products including diesel engines and fuel injection pump
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
diesel engine	internal combustion engine that uses diesel as fuel
power shuttle	the utilisation of hydraulic shift clutches and/or brakes to enable tractors to switch travelling direction whilst under load operation
power shift	the utilisation of hydraulic shift clutches and/or brakes to enable tractors to shift gears whilst under load operation

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

Secretary to the Board		Representative of Securities Affairs
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. INTRODUCTION OF CHANGES IN BASIC INFORMATION

Registered address of the Company	No. 154 Jianshe Road, Luoyang, Henan Province, the PRC
Historical changes of registered address of the Company	Nil
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	http://www.first-tractor.com.cn
E-mail	msc0038@ytogroup.com
Search index of changes during the Reporting Period	/

SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS (CONTINUED)

IV. INFORMATION DISCLOSURE AND CHANGES IN PLACE FOR DOCUMENTS INSPECTION

Name of newspapers designated by the Company for dissemination of information	China Securities Journal and Shanghai Securities News
Website for publication of the Interim Report (A Shares)	www.sse.com.cn
Website for publication of the Interim Report (H Shares)	www.hkex.com.hk, www.irasia.com
Place for inspection of the Interim Report of the Company (A Shares)	Office of the Board of the Company
Place for inspection of the Interim Report of the Company (H Shares)	Golden China Consultants Limited, Room 2201-2203, Worldwide House, 19 Des Voeux Road Central, Hong Kong
Search index of changes during the Reporting Period	/

V. BASIC INFORMATION OF SHARES

Class	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	/

SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS (CONTINUED)

VI. KEY ACCOUNTING DATA AND FINANCIAL INDICATORS OF THE COMPANY

(I) Key Accounting Data

Unit: Yuan Currency: RMB

Key accounting data	For the Reporting Period (January to June)	For the corresponding period of last year	Increase/decrease during the Reporting Period as compared with the corresponding period of last year (%)
Operating revenue	6,927,648,409.53	7,806,619,832.72	-11.26
Total profit	938,757,922.84	1,080,991,672.89	-13.16
Net profit attributable to shareholders of the Company	769,035,441.61	905,349,574.14	-15.06
Net profit attributable to shareholders of the Company after deduction of non-recurring profit or loss	691,682,053.73	877,936,850.29	-21.22
Net cash flows from operating activities	396,956,691.26	914,617,256.70	-56.60
	As at the end of the Reporting Period	As at the end of last year	Increase/decrease as at the end of the Reporting Period as compared with the end of last year (%)
Net assets attributable to shareholders of the Company	7,692,991,372.87	7,255,707,334.12	6.03
Total assets	15,314,964,310.92	14,691,335,709.97	4.24

SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS (CONTINUED)

(II) Key Financial Indicators

Key financial indicators	For the Reporting Period (January to June)	For the corresponding period of last year	Increase/decrease during the Reporting Period as compared with the corresponding period of last year (%)
Basic earnings per share (RMB/share)	0.6844	0.8057	-15.06
Diluted earnings per share (RMB/share)	0.6844	0.8057	-15.06
Basic earnings per share after deduction of non-recurring profit or loss (RMB/share)	0.6156	0.7813	-21.22
Weighted average return on equity (%)	10.14	12.78	Decrease of 2.64 percentage points
Weighted average return on equity after deduction of non-recurring profit or loss (%)	9.12	12.39	Decrease of 3.27 percentage points

SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS (CONTINUED)

VII. NON-RECURRING PROFIT OR LOSS ITEMS AND AMOUNTS

Unit: Yuan Currency: RMB

Non-recurring profit or loss item	Amount	Note (as applicable)
Profit or loss from disposal of non-current assets (including the write-off of provisions for asset impairment)	691,296.24	
Government subsidies included in the current profits and losses 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 profits and losses	7,233,495.04	
Profits and losses from changes in fair value of financial assets and financial liabilities held by non-financial enterprises, and profits and losses from disposal of financial assets and financial liabilities except for effective hedging related to normal business operations of the Company	55,000,000.00	
Profits and losses from debt restructuring	49,306,319.33	
Other non-operating income and expenses other than the above	15,656,486.04	
Less: Effect of income tax	10,488,596.26	
Effect on non-controlling interests (after-tax)	40,045,612.51	
Total	77,353,387.88	

Reason(s) should be given 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 as a non-recurring profit or loss item with material amount, and for a non-recurring profit or loss item listed in the Explanatory Announcement No.1 on Information Disclosure for Companies Offering Securities to the Public – Non-recurring Profit or Loss being defined as a recurring profit and loss item.

Unit: Yuan Currency: RMB

Item	Amount Involved	Reason
Income from structured deposits	9,260,090.66	Normal fund management of the Company

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

I. EXPLANATION ON THE INDUSTRY AND THE PRINCIPAL BUSINESSES OF THE COMPANY DURING THE REPORTING PERIOD

(I) Explanation on the Principal Businesses of the Company

The Company is a leading domestic agricultural machinery equipment manufacturing service provider, committed to providing cutting-edge technology and quality-reliable agricultural machinery for the mechanization and modernization of the PRC agricultural industry. 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. *Agricultural machinery business*

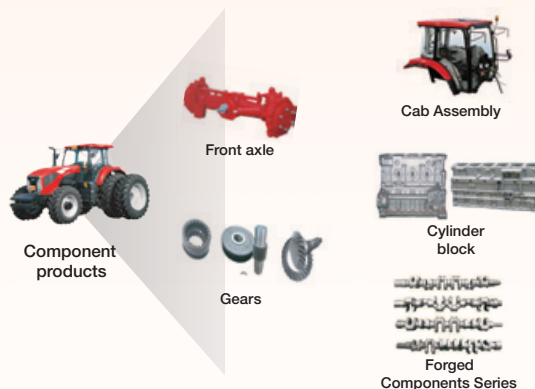
(1) *Tractor products*



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)

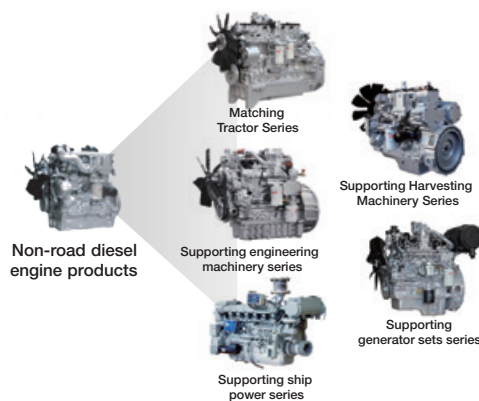
(2) Component products



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 primarily support the main engines of the Company and some are supplied to external enterprises.

2. Power machinery business

(1) 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.

(II) Explanation on the Industry Circumstance of the Company

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

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

II. DISCUSSION AND ANALYSIS ON THE OPERATIONS

In the first half of 2025 (the “**Reporting Period**”), due to factors such as persistently low prices for grain and livestock products, as well as abnormal extreme weather conditions, users’ purchasing power has weakened, leading to a decline in the willingness to purchase and upgrade agricultural machinery. Traditional agricultural machinery products have continued their downward trend, with overall demand continuing to decline. According to data from the National Bureau of Statistics, from January to June 2025, the production of large and medium-sized wheeled tractors was 64,400 units and 137,600 units, respectively, representing year-on-year decreases of 4.1% and 6.9%.

Meanwhile, the trend toward optimisation and upgrading in China’s agricultural machinery industry has become increasingly evident. The agricultural machinery purchase subsidy policy emphasises “premium subsidies for premium machinery”, increasing subsidies for intelligent products such as power shuttle machinery, thereby reducing user purchase costs. Demand for power shuttle products has grown significantly, bringing new opportunities to the industry. The industry’s competitive landscape is undergoing accelerated adjustments, with leading companies leveraging their technological advantages to consolidate their market positions. Industry concentration continues to rise, and “the strong gets stronger” effect is becoming increasingly evident. While the domestic market undergoes inventory updates, adjustments and upgrades, agricultural machinery companies are accelerating their overseas market expansion. Leveraging advantages such as high cost-effectiveness and strong adaptability, tractor product exports have seen year-on-year growth in sales volume.

During the Reporting Period, affected by weak market demand, the Company’s operating revenue and net profit attributable to the parent company declined year-on-year to varying degrees. However, the Company actively responded to market downturns, structural adjustments and other changes, promoted the launch of intelligent products, increased product R&D, deepened domestic and international market development, optimised management efficiency, strictly controlled operating risks, and continuously strengthened its core competitiveness.

(1) Intelligent agricultural machinery products are launched in batches, and intelligent manufacturing is accelerating

The Company seized the opportunity of “premium subsidies for premium machinery” policy, achieving the mass market launch of its Dongfanghong power shuttle products. While closely monitoring and optimising product performance in the market, the Company actively pursued product renewal and replacement. These products have performed well, meeting the market demand for mid-to-high-end tractor products and establishing a first-mover advantage, and they have been well-received and recognised by users.

With a long-term perspective and a focus on high-end agricultural machinery, the Company accelerated technological breakthroughs, developed improvement plans for products that have already achieved small-scale sales, conducted optimisation and iterative calculations, and expanded product series based on existing products to further enrich the product portfolio. During the Reporting Period, the Company accelerated the design upgrades and finalisation of products such as high-horsepower continuously variable transmission and power shift. It initiated the development of new platform products including CVT, power shift, and hybrid power. The product portfolio of high-end intelligent tractors in the 150-450 horsepower range has been further refined and standardised into a series.



SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The Company is committed to the direction of “intelligent, high-end, and green” development, focusing on enhancing the capabilities of high-end, high-horsepower tractor products and key core components, and continuously promoting the upgrading and renovation of production equipment. During the Reporting Period, the Company systematically advanced the construction and implementation of projects such as the second phase of the intelligent multi-purpose tractor capability enhancement project, the industrialisation project for non-road National V diesel engines, the technical renovation project for heavy-duty diesel engine production lines, and the technical renovation project for body panel painting lines. The planning and initiation of projects for improving the quality of medium-horsepower tractors have been launched. The enhancement of smart manufacturing capabilities has provided strong support and assurance for industrial development.

(2) Deepening domestic market cultivation, aiming to build a world-class brand and continuing to focus on overseas markets

The Company actively responded to the complex and uncertain domestic agricultural machinery market environment, focusing on enhancing product competitiveness. It combined market demand changes and subsidy policy directions, and continued to make efforts in product mix, marketing strategies, channel construction, service guarantees, and publicity and promotion to mitigate the impact of the decline in the domestic tractor industry on the Company.

During the Reporting Period, the Company accelerated its overseas expansion strategy with the goal of “building a world-class brand”, implementing differentiated sales policies and product portfolios tailored to the specific market needs of different countries and regions. It strengthened pipeline construction and support, improved service guarantees, and enhanced its competitiveness and influence in international markets. Business synergy with subsidiaries of SINOMACH also made positive progress, with the successful delivery of 301 tractors for the Nigeria Agricultural Engineering Project. In the first half of the year, the Company sold a total of 42,800 tractors, including 5,445 units overseas—a year-on-year increase of 29.37%. The African and Central and Eastern European markets performed exceptionally well, with sales growth exceeding 50%. Currently, the Company has established five major sales regions: Central Asia, Southeast Asia, the Americas, Central and Eastern Europe, and Africa. Through this diversified overseas regional layout, the Company has not only reduced its reliance on any single market but also laid a solid foundation for the sustained growth of its export business in the future.

In the diesel engine business, the Company fully leverages its product and technology advantages in the agricultural machinery sector, focusing on the power shuttle product sector, deeply exploring the needs of niche markets, while actively expanding into external markets such as harvesting machinery and generator sets to enhance the resilience and sustainability of its business. In the first half of 2025, diesel engine product sales reached 76,200 units, with 40,500 units exported, representing a year-on-year increase of 1.79%.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(3) Focusing on advancing lean management and systematically enhancing cost control capabilities

During the Reporting Period, the Company focused on advancing lean management, continued to consolidate the results of its full value chain cost management, eliminated blind spots in cost management, and thoroughly explored cost reduction and efficiency enhancement potential around research and development, procurement, production, sales and other segments. Combined with the current status of cost management, the Company carried out special work to enhance lean cost management, established a lean cost laboratory pilot at the diesel engine company, and further enhanced cost control capabilities. The Company continued to deepen enterprise reforms and continuously improve incentive mechanism construction. By implementing a differentiated performance evaluation mechanism, the Company enhanced the accuracy and effectiveness of evaluations, stimulated employees' initiative and motivation, and strengthened the Company's internal development momentum. Meanwhile, the Company continued to strengthen talent team development, increased efforts to attract outstanding talent, improved talent recruitment quality, and committed to building a learning organisation, continuously breaking through the boundaries of core technology and management capabilities around product, technology and business model innovation. The Company strived to build a comprehensive, authoritative and efficient audit supervision system and a compliant and effective risk internal control system to further strengthen the Company's compliance management and risk control, enhance the Company's risk resistance capabilities, and ensure the Company's steady and long-term development.

Despite sluggish demand in the domestic agricultural machinery market in the first half of the year, the shift from quantitative expansion to qualitative improvement in agricultural machinery demand continues. Factors such as policy support, demand upgrades, and technological renewal continue to present development opportunities for the agricultural machinery industry. In the second half of the year, the Company will focus on the following tasks: First, taking the market acceptance and recognition of power shuttle products as an opportunity, it will promote products and provide service support, and focus on market sales in the second half of the year. Second, it will focus on industrial upgrading, work hard on technological innovation and quality improvement, increase investment in technology research and development, and develop a series of smart agricultural machinery products. Third, taking the conclusion of the 14th Five-Year Plan and the planning of the 15th Five-Year Plan as an opportunity, we will further refine and clarify the strategic objectives, key tasks, implementation pathways, and resource guarantees for the 15th Five-Year Plan, providing a solid strategic foundation for the company to achieve high-quality development. Fourth, we will accelerate the pace of digital and intelligent transformation, promote the deep integration of traditional businesses, manufacturing technologies, and emerging technologies, actively explore new businesses such as smart agriculture and integrated agricultural machinery equipment solutions, and foster new growth points.

III. ANALYSIS OF CORE COMPETITIVENESS DURING THE REPORTING PERIOD

As a leading enterprise in China's agricultural machinery industry, YTO has been deeply involved in the agricultural machinery sector for seven decades, with a solid industrial foundation and extensive technological expertise. The Company possesses the most comprehensive manufacturing system in the domestic tractor industry, spanning from complete machines to core components. Leveraging its industry-leading agricultural machinery R&D capabilities, comprehensive sales and service network, and consistent product quality, the Company provides advanced agricultural mechanisation solutions to support the development of domestic agricultural sector. During the Reporting Period, the Company's core competitiveness remained unchanged.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

IV. MAIN OPERATING SITUATION DURING THE REPORTING PERIOD

(I) Analysis on Principal Businesses

1 Analysis on changes in items of the financial statements

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the corresponding period of last year	Changes (%)
Operating revenue	6,927,648,409.53	7,806,619,832.72	-11.26
Operating costs	5,817,044,256.05	6,496,310,632.70	-10.46
Selling expenses	70,827,270.31	65,441,776.63	8.23
Administrative expenses	150,832,303.15	153,165,840.07	-1.52
Financial expenses	-1,642,143.99	-21,104,619.68	N/A
R&D expenses	212,973,906.79	205,286,144.38	3.74
Other revenue	138,177,939.32	105,015,445.21	31.58
Gains arising from changes in fair value (Losses listed as "-")	55,009,583.33	16,628,351.59	230.82
Losses on impairment of credit (Losses listed as "-")	-18,600,319.58	-13,873,717.92	N/A
Gains arising from disposal of assets (Losses listed as "-")	691,296.24	1,427,210.51	-51.56
Non-operating income	18,454,718.57	3,927,298.60	369.91
Non-operating expenses	2,654,232.53	242,140.96	996.15
Income tax expenses	105,891,969.15	161,295,913.35	-34.35
Net cash flows from operating activities	396,956,691.26	914,617,256.70	-56.60
Net cash flow from investing activities	-771,788,396.48	-1,181,703,734.03	N/A
Net cash flows from financing activities	-236,332,649.64	-376,797,348.30	N/A

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Reasons for change in operating revenue and operating cost: mainly due to the year-on-year decline in sales of the Company's leading products, and the year-on-year decrease in operating revenue and operating costs during the Reporting Period.

Reasons for the change in selling expenses: due to an increase of RMB5.39 million compared with the same period of the previous year, which was mainly due to the Company's efforts to launch new products on the market, expand the market share of its leading products and brand influence, increase the level of product publicity and service guarantees, and the year-on-year increase in product publicity expenses.

Reasons for changes in financial expenses: due to an increase of RMB19.46 million compared to the same period of the previous year. On the one hand, due to the impact of macroeconomic policies in the financial market during the Reporting Period, deposit interest rates continued to decline, resulting in a year-on-year decrease in interest income. On the other hand, due to the impact of exchange rate fluctuations, net exchange gains for the period decreased compared to the same period of the previous year.

Reasons for changes in R&D expenses: due to an increase of RMB7.69 million compared to the same period of the previous year, which was mainly due to the year-on-year increase in investment in R&D projects during the Period.

Reasons for changes in other revenue: due to an increase of RMB33.16 million compared with the same period of the previous year, which was mainly due to the impact of the debt restructuring of a subsidiary during the Reporting Period.

Reasons for changes in gains arising from changes in fair value: due to an increase of RMB38.38 million compared to the same period of the previous year, which was mainly due to changes in fair value of the trading financial assets held by the Company during the Reporting Period.

Reasons for changes in losses on impairment of credit: due to an increase of RMB4.73 million in losses compared with the same period of the previous year, which was mainly due to the year-on-year increase in the provision for impairment of accounts receivable during the Reporting Period.



SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Reasons for the change in non-operating income: due to an increase of RMB14.53 million compared with the same period of the previous year, which was mainly due to the impact of the write-off of accounts payable that were no longer payable during the Reporting Period.

Reasons for the change in non-operating expenses: due to an increase of RMB2.41 million compared with the same period of the previous year, which was mainly due to the impact of matters such as asset scrapping during the Reporting Period.

Reasons for changes in income tax expenses: due to a decrease of RMB55.40 million compared with the same period of the previous year, which was mainly due to the year-on-year decrease in the Company's profits during the Reporting Period and the year-on-year decrease in the provision for current income tax expenses.

Reasons for changes in net cash flow from operating activities: due to a decrease in inflows of RMB517.66 million compared with the same period of the previous year, which was mainly due to an increase in credit sales of the Company, and accounts receivable generated from sales of goods not yet reaching the repayment period.

Reasons for changes in net cash flow from investing activities: due to a decrease in outflow of RMB409.92 million compared to the same period of the previous year, which was mainly due to the year-on-year decrease in the Company's net investment in structured deposits and large-denomination certificates of deposit during the Reporting Period.

Reasons for changes in net cash flow from financing activities: due to a decrease in outflow of RMB140.46 million compared to the same period of the previous year, which was mainly due to the differences in payment timing during the Reporting Period, resulting in lower dividend payments compared to the same period of the previous year.

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 as at the end of the corresponding period of last year	Balance as at the end of the corresponding period of last year as a percentage of total assets (%)	Change in balance as at the end of the Reporting Period as compared with balance as at the end of the corresponding period of last year (%)	Explanation
Monetary Funds	1,634,253,916.91	10.67	2,345,044,150.92	15.96	-30.31	New time deposits purchased during the Reporting Period are accounted for in debt investment and other current assets according to the deposit term.
Trading financial assets	931,000,000.00	6.08	1,378,751,780.82	9.38	-32.48	The impact of the maturity of structured deposits during the Reporting Period.
Notes receivable	15,903,078.98	0.10	36,699,592.12	0.25	-56.67	During the Reporting Period, accounts receivable decreased due to the collection of matured bills receivable and endorsement or discounting.
Accounts receivable	1,470,108,289.97	9.60	302,269,723.59	2.06	386.36	Due to the seasonality of agricultural machinery sales, an increase in credit sales, and the accounts receivable generated from sales of goods have not yet reached the repayment period.
Prepayments	105,038,475.81	0.69	289,422,493.28	1.97	-63.71	Advance payments were made at the end of last year, and goods were received gradually during the current period.
Other receivables	65,999,989.75	0.43	46,387,183.65	0.32	42.28	During the Reporting Period, export credit sales increased and export tax rebates receivable increased.
Non-current assets due within one year	3,456,594,497.25	22.57	1,183,614,680.34	8.06	192.04	Reclassify large-denomination certificates of deposit maturing within one year based on their maturity dates.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Item	Balance at the end of the Reporting Period	Balance at the end of the Reporting Period as a percentage of total assets (%)	Balance as at the end of the corresponding period of last year	Balance as at the end of the corresponding period of last year as a percentage of total assets (%)	Change in balance as at the end of the Reporting Period as compared with balance as at the end of the corresponding period of last year (%)	Explanation
Other current assets	927,587,728.74	6.06	306,079,445.60	2.08	203.05	The amount of time deposits purchased and held during the Reporting Period increased.
Debt investment	1,590,288,663.05	10.38	3,261,453,492.49	22.20	-51.24	Reclassify large-denomination certificates of deposit maturing within one year as non-current assets based on their maturity dates.
Construction in progress	221,234,644.11	1.44	147,682,578.79	1.01	49.80	Investment in construction projects increased during the Reporting Period.
Contract liabilities	194,001,805.34	1.27	555,274,588.76	3.78	-65.06	Part of the contractual obligations have been fulfilled.
Other payables	738,997,044.49	4.83	493,332,826.35	3.36	49.80	Dividends declared but not yet paid during the Reporting Period.
Other current liabilities	728,894,821.47	4.76	398,801,587.69	2.71	82.77	Provision for accrued expenses increased during the Reporting Period.
Long-term employee compensation payable	12,813,070.98	0.08	27,463,638.47	0.19	-53.35	Reclassify long-term employee compensation payable due within one year to employee compensation payable.
Special reserves	12,782,356.48	0.08	9,145,661.53	0.06	39.76	The provision for safety production expenses increased during the Reporting Period.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

2. Overseas Assets

During the Reporting Period, the Company's total assets amounted to RMB15,314.9643 million, of which overseas assets amounting to RMB73.6564 million, accounting for 0.48% of the total assets.

3. Restrictions on Major 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 RMB459.0661 million, including margin for acceptance bill of RMB458.6661 million, and other restricted funds of RMB0.4 million.

4. Other Explanations

(1) Key financial indicators

Item	As at the end of the Reporting Period	As at the beginning of the year	Change compared to the corresponding period last year
Gearing ratio (%)	45.94	47.06	decrease by 1.12 percentage points
Current ratio	1.47	1.14	increase by 0.33
Quick ratio	1.32	0.93	increase by 0.39

Note: The gearing ratio is calculated by dividing total liabilities by total assets.



SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(2) *Borrowings*

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

(3) *Foreign exchange risk*

The operations of the Company are mainly conducted in the PRC and most of the transactions are settled in RMB. However, the export transactions of the Company are settled in foreign currencies. The main currencies involved in foreign currency settlements are USD, Euro and West African CFA franc (XOF). Exchange rate fluctuations may affect the operating results of the Company to a certain extent. The Group continues to monitor exchange rate fluctuations and actively implements effective measures to mitigate the potential impact of currency volatility on the Company's performance.

(4) *Principal sources and use of funds*

The principal sources of funds of the Company are receipts from product sales and prepayments from customers. The funds are mainly used for the projects relating to the operating and investing activities of the Company.

(5) *Material Assets and Equity Disposals*

During the Reporting Period, the Company had no material asset and equity disposal.

(6) *Significant Investments Held*

As at 30 June 2025, the Group did not hold any significant investment in equity interest in any other company.

(7) *Future Plans for Material Investments and Capital Assets*

As at 30 June 2025, the Group did not have plan for material investments and capital assets.

(8) *Charges on Group Assets*

As at 30 June 2025, the Group did not have charges on its assets.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(III) Analysis of Investments

1. *Material equity investments*

During the Reporting Period, the Company had no material equity investments.

2. *Material non-equity investments*

During the Reporting Period, the Company had no material non-equity investments.

3. *Financial assets measured at fair value*

The Company's financial assets measured at fair value during the current period include trading financial assets, receivables financing and other equity instrument investments. Please refer to Note 2, Note 5 and Note 14 under paragraph V in Section VIII of this report for details.

(IV) Analysis of Key Equity Holding and Participating Companies

1. *Major subsidiaries and shareholding companies with an impact of 10% or more on the Company's net profit*

Unit: 0'000 Currency: RMB

Company name	Company type	Principle Business	Registered capital	Total asset	Net asset	Operating revenue	Operating profit	Net profit
YTO International Trade	Subsidiary	International sales of agricultural machinery	6,600	37,522	-18,113	57,441	5,833	4,402
YTO Diesel Engine	Subsidiary	Engine manufacturing and sales	USD16 million	329,825	155,281	153,127	12,366	11,773
Tractor Research Company	Subsidiary	Tractor product development and research	44,500	61,705	55,642	9,751	2,017	2,005

Note: YTO Diesel Engine has an impact of more than 10% on the Company's net profit.



SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

V. IMPLEMENTATION OF “QUALITY ENHANCEMENT, EFFICIENCY IMPROVEMENT AND RETURN ENHANCEMENT” ACTION PLAN

To thoroughly implement the spirit of the 20th National Congress of the Communist Party of China and the Central Economic Work Conference, continuously implement relevant arrangements of the State-owned Assets Supervision and Administration Commission of the State Council regarding improving the quality of listed companies controlled by central enterprises, and actively respond to the Shanghai Stock Exchange's Initiative on Launching the “Quality Enhancement, Efficiency Improvement and Return Enhancement” Special Action for SSE-listed Companies, the Company formulated its “Quality Enhancement, Efficiency Improvement and Return Enhancement” action plan in June 2025. The implementation of the plan has progressed smoothly, with relevant progress as follows:

(I) Strengthening Innovation Leadership and Enhancing Core Competitiveness

The Company has consistently adhered to the innovation-driven concept and actively responded to the national call for developing new quality productive forces. During the Reporting Period, the Company focused on its core business, increased investment in technology research and development, improved product quality and performance, and enhanced product market competitiveness by winning customer trust and market recognition through quality products and services. In the first half of 2025, the Company's R&D investment amounted to RMB213 million, with an R&D expense ratio of 3.07%, an increase of 0.44 percentage points year-on-year.

For details of the Company's product development in 2025, please refer to “II. Discussion and Analysis on the Operations” in this section.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(II) Continuous Cash Dividends, Emphasising Returns to Investors

The Company has always attached great importance to investor returns and persistently implemented stable cash dividend policies. In 2024, combining its profitability, cash flow level and future development needs, the Company distributed cash dividends of RMB0.2995 per share (inclusive of tax) to all shareholders, totalling RMB337 million, representing 36.5% of the net profit attributable to shareholders of the listed company for 2024, which was fully implemented before 18 July 2025.

Meanwhile, the Company actively responded to the policy call for “increasing dividend frequency” and announced its 2025 interim dividend plan of RMB0.6844 cash dividend per 10 shares (inclusive of tax), further enhancing investor satisfaction through increased dividend frequency.

(III) Adhering to Standardised Operations and Optimising Corporate Governance

During the Reporting Period, the Company’s “three meetings and one tier” strictly operated in accordance with the Company Law, the Securities Law, the Corporate Governance Code for Listed Companies and other laws and regulations, with clear responsibilities and effective checks and balances, ensuring the scientific, democratic and compliant nature of the Company’s decision-making. The Company emphasised the standardised performance of duties by “key minorities” including directors, supervisors and senior management personnel. In the first half of the year, the Company organised directors, supervisors and senior management to actively participate in various special training programmes organised by stock exchanges and listed company associations, including “Compliance Training for Directors, Supervisors and Senior Management of Listed Companies” and “Market Value Management Training for Listed Companies”, continuously learning the latest policies and regulatory rules of the capital market to improve the compliance awareness and duty performance capabilities of directors, supervisors and senior management, assisting the Company’s high-quality development.

(IV) Strengthening Communication with Investors and Actively Maintaining Investor Relations

The Company strictly complied with laws and regulations related to information disclosure, ensuring information disclosure was truthful, accurate, complete, timely and fair, effectively safeguarding the legitimate rights and interests of investors. The Company actively communicated and interacted with investors through various channels, responding to questions raised by investors.

During the Reporting Period, in addition to routinely holding results briefings for 2024 and the first quarter of 2025, the Company participated in the “Low-carbon, New Energy” themed collective investor communication activity organised by the Shanghai Stock Exchange and jointly organised the “I am a Shareholder – Investors Visit Shanghai-listed Companies” activity with Zhongyuan Securities, providing timely responses to investor inquiries through face-to-face communication. Additionally, the Company utilised platforms including conference calls, on-site investor research, SSE e-interaction, investor hotlines and broker strategy meetings to communicate with analysts and investors on industry trends, corporate development strategies, financial data, capital operations and other aspects, effectively conveying the Company’s value and maintaining a positive market image.



SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

VI. OTHER DISCLOSEABLE EVENTS

(I) Potential Risks

1. *Market competition and demand fluctuation risks*

At present, the demand for agricultural machinery is subject to significant uncertainty due to various factors, including the agricultural production cycle, adjustments to national agricultural policies, and farmers' ability to purchase machinery. At the same time, the competitive landscape of the agricultural machinery market is becoming increasingly diversified. Not only is there fierce competition between brands in the same industry, but there is also pressure from cross-industry companies, making the overall competition in the industry increasingly intense.

The Company will continue to strengthen its market competitiveness and effectively respond to changes in the industry landscape. On one hand, the Company will enhance its ability to accurately grasp market demand, strengthen research and analysis of policy changes, user needs, and competitive products, and drive product improvements and upgrades. On the other hand, the Company will increase R&D investment in key core technologies for agricultural machinery, accelerate the maturation and application of "one big and one small" agricultural machinery products such as power shift, continuously variable transmission, hybrid power, and hilly and mountainous areas terrain models, and continuously build differentiated technological barriers.

2. *Risks of product technology upgrades*

At present, users are placing increasing emphasis on the advanced features, driving comfort, and environmental performance of agricultural machinery products. Meanwhile, as China's land-scale and intensive farming operations continue to advance, agricultural operators engaged in large-scale farming are no longer satisfied with single-purpose mechanised operations. They now demand that agricultural machinery companies provide smart agriculture solutions and efficient, integrated sets of agricultural machinery equipment. In this context, companies that fail to select appropriate technological routes or lag behind in their transformation and upgrading efforts will gradually be eliminated from the market due to their inability to meet user demands.

YTO will continue to maintain its leading position in the domestic market for traditional tractor products while actively exploring and developing a diversified range of new energy products, including pure electric, hybrid, and hydrogen fuel cell vehicles, in line with application requirements. Concurrently, the Company will accelerate the development of new businesses such as smart agriculture applications and integrated solutions, offering comprehensive solutions that integrate smart agricultural machinery, precision operation systems, and agricultural data platforms to adapt to the new trends and requirements of modern agriculture.

SECTION IV CORPORATE GOVERNANCE, ENVIRONMENT AND SOCIETY

I. CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Name	Position	Change
Xue Lipin	Independent Director	Resignation
Xue Wenpu	Deputy General Manager	Resignation

Explanation on changes in Directors, Supervisors and senior management

- On 9 April 2025, Mr. Xue Lipin resigned from his positions as independent director of the Company and member of the Board's special committees due to the expiry of his term of office and having served for six consecutive years. For details, please refer to the "Announcement on the Postponement of the Board of Directors and Supervisory Committee's Transition and Resignation of Some Independent Directors" published by the Company on the website of the Shanghai Stock Exchange and "Postponement of the Board of Directors and Supervisory Committee's Transition; Expiration of Independent Director's Term and Upcoming Departure; and Changes in the Composition of Board Special Committees" published on the website of the Stock Exchange on 11 April 2025 .
- On 27 June 2025, Mr. Xue Wenpu resigned from his position as Deputy General Manager of the Company due to work adjustments. For details, please refer to the "Announcement on Resignation of Deputy General Manager" published by the Company on the website of the Shanghai Stock Exchange and the website of the Stock Exchange on 1 July 2025.

II. PROPOSAL OF PROFIT DISTRIBUTION OR CAPITALIZATION FROM CAPITAL RESERVES

Proposal of profit distribution and proposal of capitalization from capital reserves proposed for the first half of the year

Whether to distribute profit or capitalize capital reserves	Yes
Number of bonus shares for every 10 shares (share)	/
Dividend for every 10 shares (Yuan) (tax inclusive)	0.6844
Number of conversion shares for every 10 shares (share)	/
Explanation on proposal of profit distribution or capitalization from capital reserves	/

SECTION IV CORPORATE GOVERNANCE, ENVIRONMENT AND SOCIETY (CONTINUED)

III. IMPLEMENTATION AND IMPACT OF SHARE INCENTIVE SCHEME, EMPLOYEE SHARE OWNERSHIP SCHEME OR OTHER EMPLOYEE INCENTIVE MEASURES

During the Reporting Period, the Company did not implement any share incentive scheme, employee share ownership scheme or other incentive measures.

IV. ENVIRONMENTAL INFORMATION OF LISTED COMPANIES AND THEIR MAJOR SUBSIDIARIES INCLUDED IN THE LIST OF COMPANIES FOR STATUTORY DISCLOSURE OF ENVIRONMENTAL INFORMATION

Number of companies included in the list (units) 2

No.	Company Name	Search Index for Environmental Information Disclosure Reports
1	First Tractor Company Limited	Enterprise Environmental Information Statutory Disclosure System (Henan Province) http://222.143.24.250:8247/home/home
2	YTO (Luoyang) Flag Auto-Body Co., Ltd.	Enterprise Environmental Information Statutory Disclosure System (Henan Province) http://222.143.24.250:8247/home/home



SECTION IV CORPORATE GOVERNANCE, ENVIRONMENT AND SOCIETY (CONTINUED)

V. SPECIFICS OF CONSOLIDATING AND EXPANDING POVERTY ALLEVIATION ACHIEVEMENTS AND RURAL REVITALISATION WORK

The Company thoroughly studied and implemented General Secretary Xi Jinping's important expositions and instructions regarding "agriculture, rural areas, and farmers", fully leveraged the Company's advantages in agricultural machinery and agriculture, adhered to "forging YTO's strengths to serve national needs", and comprehensively implemented the assistance model of "planning leadership, industrial development, agricultural machinery empowerment, and talent support" to continuously assist targeted regions in implementing rural revitalisation plans. In the first half of 2025, the Company actively fulfilled its assistance responsibilities: firstly, assisting targeted regions in planning 9 assistance projects in 5 areas including special industries, agricultural machinery empowerment, talent training, beautiful villages, and rural civilisation, supervising orderly implementation; secondly, relying on comprehensive agricultural machinery service centres in targeted regions to assist in integrating and improving local agricultural and machinery resources, enhancing the mechanisation level and service coverage of agricultural service centres, optimising the full-process services of agricultural production including cultivation, planting, management and harvesting; thirdly, strictly implementing "four no removals", dispatching excellent cadres to targeted regions to promote rural revitalisation work, ensuring smooth implementation and effectiveness of assistance projects; fourthly, through organising agricultural product exhibitions and tasting events, extensively mobilising all units and cadres and employees of the Company to continuously carry out consumption assistance, effectively helping targeted regions increase production and income, and promoting effective connection with rural revitalisation. Going forward, the Company will act in accordance with the overall requirements of the national rural revitalisation strategy, leveraging the Company's business strengths and resource advantages to innovate assistance models and vigorously promote consumption assistance, comprehensively advancing rural revitalisation in targeted regions to a new level.

VI. SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has strictly adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules of the Stock Exchange as the code of conduct for Directors' securities transactions. The Company has made inquiries with all Directors and Supervisors and obtained their confirmation that none of the Directors or Supervisors hold any shares of the Company. During the Reporting Period, all Directors and Supervisors of the Company strictly complied with the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules of the Stock Exchange.



SECTION IV CORPORATE GOVERNANCE, ENVIRONMENT AND SOCIETY (CONTINUED)

VII. CORPORATE GOVERNANCE CODE

During the Reporting Period, the Company strictly complied with the principles and the code provisions of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules of the Stock Exchange.

VIII. OTHER DISCLOSURE

1. REVIEW BY THE AUDIT COMMITTEE

The 2025 interim results and this interim report have been reviewed by the Audit Committee of the Company.

2. EMPLOYEE REMUNERATION POLICY AND TRAINING OF THE GROUP

As of 30 June 2025, the Company had 6,918 employees. During the Reporting Period, the basic salary system of the Company is a post-based salary system, under which employees' income is linked to their job performance, adhering to the principle of salary distribution based on performance and factors, and highlighting value creation. During the Reporting Period, the Company planned multi-tier and cross-system trainings for the staff, in order to improve the abilities and qualities of staff at various levels and functions, according to the need of their posts and the development of the Company, and organized technical, management, skilled operation and other trainings in a timely manner.

3. CONTINGENT LIABILITIES

As of 30 June 2025, the Company had no other material contingent liabilities.

4. REPURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor its subsidiaries had repurchased, sold or redeemed any of the Company's listed shares (including sales of treasury shares (as defined in the Listing Rules of the Stock Exchange)) during the Reporting Period. As at 30 June 2025, the Company did not hold any treasury shares.

SECTION V SIGNIFICANT EVENTS

I. FULFILLMENT OF UNDERTAKINGS

(I) Undertakings made by the Company's de facto controller, shareholders, related parties, acquirers and the Company or other related parties during or subsisting to the Reporting Period

Background of undertaking	Type of undertaking	Party making undertaking	Content of undertaking	Time of undertaking	Is there any deadline for performance	Deadline of undertaking	Is the undertaking being fulfilled promptly and rigorously
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
	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

SECTION V SIGNIFICANT EVENTS (CONTINUED)

Background of undertaking	Type of undertaking	Party making undertaking	Content of undertaking	Time of undertaking	Is there any deadline for performance	Deadline of undertaking	Is the undertaking being fulfilled promptly and rigorously
	Solutions to horizontal competition	SINOMACH	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	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
	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

SECTION V SIGNIFICANT EVENTS (CONTINUED)

Background of undertaking	Type of undertaking	Party making undertaking	Content of undertaking	Time of undertaking	Is there any deadline for performance	Deadline of undertaking	Is the undertaking being fulfilled promptly and rigorously
	Others	Directors, Supervisors and senior management of the Company	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; 2. I undertake that I will act to restrain duty-related spending; 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; 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; 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; 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.	23 April 2020	No	Long-term	Yes

SECTION V SIGNIFICANT EVENTS (CONTINUED)

II. NON-OPERATING OCCUPATION OF FUNDS BY CONTROLLING SHAREHOLDERS AND OTHER CONNECTED PARTIES DURING THE REPORTING PERIOD

During the reporting period, there was no non-operating occupation of funds by the controlling shareholders and other connected parties of the Company.

III. MATERIAL LITIGATION AND ARBITRATION

During the Reporting Period, the Company had no material litigation and arbitration.

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

During the Reporting Period, regarding the Company, its controlling shareholder and its de facto controller, SINOMACH, operated with integrity and in accordance with the law. There was no situation of dishonesty of non-performance of court judgment or non-repayment of relatively large amount of debt when due, etc.

SECTION V SIGNIFICANT EVENTS (CONTINUED)

V. MATERIAL CONNECTED TRANSACTIONS

(I) Connected Transactions Relating to Daily Operation

1. Matters which have been Disclosed in the Provisional Announcements with Development or Changes in Subsequent Implementation

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 2025	Actual transaction amount from January to June 2025	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	(1) The market price of the independent third party; (2) Transaction prices for the same or similar products between YTO, SINOMACH and their subsidiaries and independent third parties, or transaction prices for the same or similar products between the Group and independent third parties; (3) 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%.	81,000	31,853	5.07
2	Sales of Goods Agreement	YTO	Controlling shareholder	Sale of (including, but not limited to) raw materials, components, equipment and other necessities by the Company to YTO	(1) The market price of the independent third party; (2) Transaction prices between the Group and independent third parties; (3) 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%.	56,000	14,104	2.04
3	Composite Services Agreement	YTO	Controlling shareholder	Provision of transportation, transportation ancillary services and processing and contracting services, plant area landscaping services, cleaning services, security services, logistics support services to the Company and its subsidiaries by YTO	(1) The market price of the independent third party; (2) the transaction price between YTO, its controlled companies and their associates with the independent third party; and (3) 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%.	29,000	12,999	90.50

SECTION V 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 2025	Actual transaction amount from January to June 2025	Percentage of the transaction amount relative to similar transactions (%)
4	Energy Procurement Agreement	YTO	Controlling shareholder	Provision of energy and related services to the Company and its subsidiaries by YTO	(1) Government guidance price; (2) Market price; (3) The transaction price between YTO and the independent third party; and (4) Price (tax-inclusive) is determined according to markup percentage (i.e. price = cost x (1+ markup percentage)), where the markup percentage is not more than 16%.	26,500	10,639	98.46
5	Property Lease Agreement	YTO	Controlling shareholder	YTO leases land, buildings, water and electricity facilities, and auxiliary equipment to the Group	(1) Lease transaction prices between the lessor and independent third parties for similar properties at similar locations; (2) If the price is not available or comparable, rates will be negotiated by both parties on a fair basis with reference to market rents for similar properties in nearby areas.	2,600	1,139	84.04
6	Premise Lease Agreement	YTO	Controlling shareholder	YTO leases land, buildings, water and electricity facilities, and auxiliary equipment from the Group	(1) Lease transaction prices between the lessor and independent third parties for similar properties at similar locations; (2) If the price is not available or comparable, rates will be negotiated by both parties on a fair basis with reference to market rents for similar properties in nearby areas.	600	217	26.24
7	Research and Development Services Agreement	YTO, Tractor Research Company	Controlling shareholder and its related subsidiaries	Providing technical research and development, technical consultation, technical services and enterprise product technical inspection and testing related to tractors and other agricultural machinery and diesel engines and other power machinery related products, patent and standardisation technical support services to the Group	(1) Transaction prices for the same business between related parties and independent third parties, and service fees not higher than prices charged to independent third parties for such services (if any); (2) Prices composed of reasonable costs of services provided by related parties plus gross profit of comparable non-related transactions; (3) If the price is not available or applicable, prices will be determined through fair negotiation between both parties.	22,000	9,925	100.00
8	Technology Services Agreement	YTO	Controlling shareholder	The Group provides product research and development, production technology, process technology transformation, product quality improvement services and consultation, trial production of new products and key components, measurement services and measuring instrument testing services to related parties	(1) The transaction price between for the same business between the Group and third parties independent from related parties; (2) The price is determined at a reasonable cost for the services provided by the Grou, plus gross profit from comparable non-connected transactions; (3) If none of the above is available or applicable, the price is determined after arm's length negotiation between the parties.	900	97	21.88

SECTION V 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 2025	Actual transaction amount from January to June 2025	Percentage of the transaction amount relative to similar transactions (%)
9	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 Group with Sinomach Finance shall be calculated and paid on the basis of the benchmark interest rate for deposits of the corresponding terms and brackets and 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 corresponding terms, brackets and types of the main independent commercial banks in the territory where the Group is located, and shall not be lower than the benchmark interest rate for deposits of the corresponding terms, brackets and types offered by Sinomach Finance to other members of the same credit standing, whichever is higher.	250,000	245,941	90.90
				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 Group shall charge interest on the loans obtained from Sinomach Finance 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 Group is 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.	300,000	201,408	84.88
				Other financial services provided by Sinomach Finance 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 Group for the remittance of funds for the settlement of funds with Party B; and (2) The fees charged by Sinomach Finance for all financial services other than deposits and loans provided by Sinomach Finance to the Group 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 Group is located during the same period, or the standard of similar fees charged by Sinomach Finance to other members of the same credit standing, whichever is lower.	1,000	92	40.77

SECTION V 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 2025	Actual transaction amount from January to June 2025	Percentage of the transaction amount relative to similar transactions (%)
10	Agricultural Mechanisation Centre Project Tractor Equipment Purchase Contract	China CAMC Engineering Co., Ltd.	Subsidiary of the facto controller	The Company's controlling subsidiary China-Africa Heavy Industry Investment Co., Ltd. sells tractor products to CAMCE and provides related technical documents and training services	Transaction prices determined through negotiation based on objective, fair and just principles and market pricing terms.	2,215.77	2,215.77	0.32

- For details of the above items 1-8 related party transactions, please refer to the “YTO Announcement on Continuing Connected Transactions for 2025-2027” and “YTO Announcement on Increasing the Estimated Annual Cap for Continuing Connected Transactions in respect of Sales of Goods for 2025” published by the Company on the website of the Shanghai Stock Exchange on 30 October 2024 and 29 April 2025 respectively, as well as “Continuing Connected Transactions” and “Revision of Existing Annual Cap of Continuing Connected Transactions for 2025 Under the Sale of Goods Agreement” published by the Company on the website of the Stock Exchange on 29 October 2024 and 28 April 2025 respectively, and related overseas regulatory announcements;
- For details of the above item 9 related party transaction, please refer to the “YTO Announcement on Entering into Financial Services Agreement with Sinomach Finance Co., Ltd. for 2025-2027 and Connected Transaction” published by the Company on the website of the Shanghai Stock Exchange on 15 November 2024, as well as “Continuing Connected Transactions – Financial Services Agreement” published by the Company on the website of the Stock Exchange on 14 November 2024, and related overseas regulatory announcements.
- For details of the above item 10 related party transaction please refer to the “YTO Announcement on Sales of Goods and Provision of Services to Connected Party and Connected Transaction” published by the Company on the website of the Shanghai Stock Exchange on 13 November 2024, as well as “Continuing Connected Transactions 2024” published by the Company on the website of the Stock Exchange on 12 November 2024, and related overseas regulatory announcements.

SECTION V SIGNIFICANT EVENTS (CONTINUED)

2. 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	Estimated cap for transaction amount in 2025	Actual transaction amount from January to June 2025	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; and (2) Fees are calculated based on the external sales revenue of entities using different font sizes, with the maximum charge not exceeding 5‰.	15	0	0
Luoyang Intelligent Agricultural Equipment Research Institute Co., Ltd.* (洛陽 智能農業裝備研 究院有限公司)	Related legal person	Lease from/to	The Company's controlling subsidiary Tractor Research Company leases powertrain transmission laboratory equipment from the related party	Based on total equipment investment (N) and equipment service life: Annual rent = $(N - N \times \text{equipment residual value rate} \times \text{present value}$ factor of compound interest)/present value factor of annuity	376.31	168	92.08
Total			/		391.31	168	/
Details on return of large-sum sales					Nil		
Description of connected transactions					According to the relevant provisions of the Listing Rules of the Shanghai Stock Exchange and the Stock Exchange, the above pricing principle of connected transactions complies with the relevant provisions of the Listing Rules, and the amount does not meet the disclosure standards		

(II) Material Connected Transactions for Joint External Investment

1. Matters Disclosed in the Provisional Announcements with No Development Or Changes In Subsequent Implementation

Summary

All shareholders of Sinomach Finance intend to make proportional cash capital increase of RMB600 million, of which the Company will contribute RMB85.716 million. Upon completion of this capital increase, YTO's registered capital contribution to Sinomach Finance will increase from RMB250 million to RMB335.716 million, with shareholding proportion unchanged at 14.286%.

The de facto controller of Sinomach Finance is SINOMACH, and other shareholders except the Company are SINOMACH and its subsidiaries. This transaction constitutes a connected transaction.

During the Reporting Period, the capital increase of Sinomach Finance has not yet completed the review by the Beijing Office of the National Financial Regulatory Administration.

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Announcement on Capital
Increase in Sinomach Finance
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SECTION V SIGNIFICANT EVENTS (CONTINUED)

(III) Connected Debts and Liabilities

1. Matters not Disclosed in the Provisional Announcements

Unit: 0'000 Currency: RMB

Related Party	Relationship	Funds Provided to Related Party			Funds Provided by Related Party to Listed Company		
		Beginning balance	Amount incurred	Ending balance	Beginning balance	Amount incurred	Ending balance
SINOMACH	De facto controller				20,000		20,000
YTO	Controlling shareholder				6,595		6,595
Total					26,595		26,595
Reasons for formation of connected debts and liabilities		The Company's controlling shareholder YTO and de facto controller SINOMACH provided the state capital operating budget funds received through entrusted loans to the Company.					
Impact of connected debts and liabilities on the operating results and financial position of the Company		/					

The controlling shareholder and de facto controller provide funds to the Company at the loan market quotation rate without requiring corresponding collateral or guarantees. According to Article 6.3.18(2) of the Shanghai Stock Exchange Listing Rules, the Company's acceptance of entrusted loans from related parties is exempt from deliberation and disclosure as connected transactions.

SECTION V 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	Beginning balance	Amount incurred in the current period		Ending balance
					Total deposit amount in the current period	Total withdrawal amount in the current period	
Sinomach Finance	A company controlled by the de facto controller	250,000.00	0.15%-1.10%	196,007.61	4,191,799.79	4,160,507.13	227,300.26
Total	/	/	/	196,007.61	4,191,799.79	4,160,507.13	227,300.26

Note: The ending balance of deposit business includes time deposits arranged.

2. Loan Business

Nil

3. Grant of credit or other financial business

Unit: 0'000 Currency: RMB

Related party	Connected relationship	Type of business	Balance at the end of the Reporting Period	
			Actual amount incurred	
Sinomach Finance	A company controlled by the de facto controller	Bills acceptance	188,591.11	188,591.11

SECTION V SIGNIFICANT EVENTS (CONTINUED)

VI. 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 interests in Changtuo Company held in custody by the Company in favor of SINOMACH.



SECTION VI CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

I. CHANGES IN SHARE CAPITAL

During the Reporting Period, there were no changes in the total number of shares or the capital structure of the Company.

II. SHAREHOLDERS INFORMATION

(I) Total number of shareholders

Total number of ordinary shareholders as at the end of the Reporting Period (*shareholder*)

36,631

Including 36,346 holders of A Shares and 285 holders of H Shares

Total number of preference shareholders with voting rights restored as at the end of the Reporting Period (*shareholder*)

/

SECTION VI 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	Shareholdings of the top ten shareholders (excluding shares lent through refinancing)			Pledged, marked or frozen		Nature of shareholder
		Number of shares held as at the end of the period	Percentage	Number of shares held subject to selling restrictions	Status of shares	Number	
YTO Group Corporation	0	548,485,853	48.81%	0	Nil	/	State-owned legal person
HKSCC NOMINEES LIMITED (Note 1)	389,590	389,422,899	34.66%	0	Unknown	/	Overseas Legal Person
Hong Kong Securities Clearing Company Limited (Note 2)	-185,085	3,763,500	0.33%	0	Unknown	/	Overseas Legal Person
China Merchants Bank Co., Ltd. - Southern CSI 1000 Exchange Traded Open Ended Index Securities Investment Fund (南方中證1000交易型開放式指數證券投資基金)	207,600	2,023,393	0.18%	0	Unknown	/	Others
China Merchants Bank Co., Ltd. - Huaxia CSI 1000 Exchange Traded Open Ended Index Securities Investment Fund (華夏中證1000交易型開放式指數證券投資基金)	222,500	1,193,537	0.11%	0	Unknown	/	Others

SECTION VI CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS (CONTINUED)

Shareholdings of the top ten shareholders (excluding shares lent through refinancing)

Name of shareholder (full name)	Increase/decrease during the Reporting Period	Number of shares held as at the end of the period	Percentage	Number of shares held subject to selling restrictions	Pledged, marked or frozen		Nature of shareholder
					Status of shares	Number	
China Life Reinsurance Company Ltd	1,060,400	1,060,400	0.09%	0	Unknown	/	State-owned legal person
Industrial and Commercial Bank of China Limited – Guangfa CSI 1000 Exchange Traded Open Ended Index Securities Investment Fund (廣發中證1000 交易型開放式指數證 券投資基金)	216,000	963,200	0.09%	0	Unknown	/	Others
Deng Shuhua	310,100	920,200	0.08%	0	Unknown	/	Domestic natural person
Zhao Feng	500,000	900,000	0.08%	0	Unknown	/	Domestic natural person
Zhang Jing Bing	876,000	876,000	0.08%	0	Unknown	/	Domestic natural person

SECTION VI CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS (CONTINUED)

Shareholdings of the top ten shareholders without selling restrictions
(excluding shares lent through refinancing and locked shares held by senior management)

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 (<i>Note 1</i>)	389,422,899	Overseas listed foreign shares	389,422,899
Hong Kong Securities Clearing Company Limited (<i>Note 2</i>)	3,763,500	Ordinary shares denominated in RMB	3,763,500
China Merchants Bank Co., Ltd. - Southern CSI 1000 Exchange Traded Open Ended Index Securities Investment Fund (南方中證1000交易型開放式指數 證券投資基金)	2,023,393	Ordinary shares denominated in RMB	2,023,393
China Merchants Bank Co., Ltd. - Huaxia CSI 1000 Exchange Traded Open Ended Index Securities Investment Fund (華夏中證1000交易型開放式指數 證券投資基金)	1,193,537	Ordinary shares denominated in RMB	1,193,537
China Life Reinsurance Company Ltd	1,060,400	Ordinary shares denominated in RMB	1,060,400
Industrial and Commercial Bank of China Limited – Guangfa CSI 1000 Exchange Traded Open Ended Index Securities Investment Fund (廣發中證1000交易型 開放式指數證券投資基金)	963,200	Ordinary shares denominated in RMB	963,200
Deng Shuhua	920,200	Ordinary shares denominated in RMB	920,200
Zhao Feng	900,000	Ordinary shares denominated in RMB	900,000
Zhang Jing Bing	876,000	Ordinary shares denominated in RMB	876,000

SECTION VI 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 VI CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS (CONTINUED)

III. CHANGES IN CONTROLLING SHAREHOLDERS OR DE FACTO CONTROLLER

During the Reporting Period, there were no changes in the controlling shareholders or de facto controller of the Company.

IV. INTERESTS OF DIRECTORS, SUPERVISORS, AND SENIOR MANAGEMENT

As at 30 June 2025, none of the directors, supervisors, senior management of the Company, or their associates held any Shares, underlying shares, or bonds in the Company or its associated corporations (as defined in Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”) (including any interests or short positions (a) 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 (b) any interests or short positions required to be recorded in the register referred to in Section 352 of the SFO; or (c) any interests or short positions required to be notified to the Company and the Stock Exchange.

SECTION VI CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS (CONTINUED)

V. INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

As at 30 June 2025, substantial shareholders of the Company and other persons (other than Directors, Supervisors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”), or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or which were notified to the Company, were as follows:

Name	Capacity	Nature of interests	Number of shares held	Number of underlying shares held under equity derivatives	Total number of shares interested ¹	Percentage of the relevant class of issued share capital (%)	Percentage of the total issued share capital (%)	Class of share
YTO ⁽¹⁾	Beneficial owner	Long position	548,485,853	/	548,485,853	74.96	48.81	A Share
SINOMACH ⁽¹⁾	Controlled corporation interests	Long position	548,485,853	/	548,485,853	74.96	48.81	A Share
Pandanus Associates Inc. ⁽²⁾	Controlled corporation interests	Long position	27,976,000	/	27,976,000	7.14	2.49	H Share
Pandanus Partners L.P. ⁽²⁾	Controlled corporation interests	Long position	27,976,000	/	27,976,000	7.14	2.49	H Share
FIL Limited ⁽²⁾	Controlled corporation interests	Long position	27,976,000	/	27,976,000	7.14	2.49	H Share

Note 1: SINOMACH holds 88.22% of the equity interests in YTO, making it 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.

Note 2: Pandanus Associates Inc. holds 100% equity interest in Pandanus Partners L.P., which in turn holds 47.90% equity interest in FIL Limited. FIL Limited indirectly holds a total of 27,976,000 H shares in the Company through multiple controlled corporations. Pandanus Associates Inc., Pandanus Partners L.P., and FIL Limited are deemed to have an interest in the 27,976,000 H shares of the Company by virtue of the SFO.



SECTION VII RELEVANT INFORMATION ON BONDS

The Company had no bonds during the Reporting Period.

SECTION VIII FINANCIAL STATEMENTS

Consolidated Balance Sheet

June 30, 2025

Prepared by First Tractor Company Limited

Unit: Yuan Currency: RMB

Item	Note	June 30, 2025	December 31, 2024
Current assets:			
Monetary funds	V. 1	1,634,253,916.91	2,345,044,150.92
Settlement reserves			
Lendings to banks and other financial institutions			
Financial assets held for trading	V. 2	931,000,000.00	1,378,751,780.82
Derivative financial assets			
Notes receivable	V. 3	15,903,078.98	36,699,592.12
Accounts receivable	V. 4	1,470,108,289.97	302,269,723.59
Receivables financing	V. 5	135,671,856.45	162,000,234.88
Prepayments	V. 6	105,038,475.81	289,422,493.28
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance contract reserve receivable			
Other receivables	V. 7	65,999,989.75	46,387,183.65
Including: Interests receivable			
Dividends receivable		3,871,472.59	
Purchase and sell-back of financial assets			
Inventories	V. 8	1,030,522,271.26	1,374,778,847.98
Including: data resource			
Contract assets			
Assets held for sale			
Non-current assets due within one year	V. 9	3,456,594,497.25	1,183,614,680.34
Other current assets	V. 10	927,587,728.74	306,079,445.60
Total current assets		9,772,680,105.12	7,425,048,133.18

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

Consolidated Balance Sheet (Continued)

June 30, 2025

Prepared by First Tractor Company Limited

Unit: Yuan Currency: RMB

Item	Note	June 30, 2025	December 31, 2024
Non-current assets:			
Loans and advances			
Debt investments	V. 11	1,590,288,663.05	3,261,453,492.49
Other debt investments			
Long-term receivables	V. 12		
Long-term equity investments	V. 13	702,740,626.72	686,959,090.74
Other equity instrument investments	V. 14	4,456,280.38	4,456,280.38
Other non-current financial assets			
Investment properties			
Fixed assets	V. 15	2,163,962,940.66	2,260,822,274.24
Construction in progress	V. 16	221,234,644.11	147,682,578.79
Productive biological assets			
Oil and gas assets			
Right-of-use assets	V. 17	33,398,685.44	38,468,756.06
Intangible assets	V. 18	648,031,700.92	676,329,157.44
Including: data resource			
Development expenditures			
Including: data resource			
Goodwill	V. 19		
Long-term unamortized expenses	V. 20	40,032,474.06	45,760,654.99
Deferred income tax assets	V. 21	138,138,190.46	144,355,291.66
Other non-current assets			
Total non-current assets		5,542,284,205.80	7,266,287,576.79
Total assets		15,314,964,310.92	14,691,335,709.97

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

Consolidated Balance Sheet (Continued)

June 30, 2025

Prepared by First Tractor Company Limited

Unit: Yuan Currency: RMB

Item	Note	June 30, 2025	December 31, 2024
Current liabilities:			
Short-term loans			
Borrowings from central bank			
Deposits from banks and other financial institutions			
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable	V. 23	2,056,659,086.39	2,537,943,251.97
Accounts payable	V. 24	2,564,812,072.69	2,157,202,989.34
Advances from customers	V. 25	69,072.00	
Contract liabilities	V. 26	194,001,805.34	555,274,588.76
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. 27	106,627,902.23	103,956,392.97
Taxes payable	V. 28	30,852,176.40	25,961,607.96
Other payables	V. 29	738,997,044.49	493,332,826.35
Including: Interests payable		1,438,864.96	39,535,828.27
Dividends payable		125,825,637.85	8,439,607.87
Fees and commissions payable			
Reinsurance accounts payable			
Liabilities held for sale			
Non-current liabilities due within one year	V. 30	224,249,004.74	225,596,509.07
Other current liabilities	V. 31	728,894,821.47	398,801,587.69
Total current liabilities		6,645,162,985.75	6,498,069,754.11

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

Consolidated Balance Sheet (Continued)

June 30, 2025

Prepared by First Tractor Company Limited

Unit: Yuan Currency: RMB

Item	Note	June 30, 2025	December 31, 2024
Non-current liabilities:			
Provision for insurance contracts			
Long-term loan	V. 32	65,950,000.00	65,950,000.00
Bonds payable			
Including: Preference shares			
Perpetual bonds			
Lease liabilities	V. 33	11,647,787.38	13,772,820.46
Long-term payables	V. 34	7,621,525.98	7,246,381.79
Long-term employee salary payable	V. 35	12,813,070.98	27,463,638.47
Estimated liabilities	V. 36	1,962,613.99	1,962,613.99
Deferred income	V. 37	160,942,096.89	174,930,894.21
Deferred income tax liabilities	V. 21	130,120,326.23	123,667,945.42
Other non-current liabilities			
Total non-current liabilities		391,057,421.45	414,994,294.34
Total liabilities		7,036,220,407.20	6,913,064,048.45
Shareholders' equity:			
Paid-in capital	V. 38	1,123,645,275.00	1,123,645,275.00
Other equity instruments			
Including: Preference shares			
Perpetual bonds			
Capital reserves	V. 39	2,655,849,996.00	2,655,849,996.00
Less: Treasury shares			
Other comprehensive income	V. 40	-12,007,566.72	-13,151,228.80
Special reserves	V. 41	12,782,356.48	9,145,661.53
Surplus reserves	V. 42	784,242,879.53	784,242,879.53
General risk reserves			
Retained earnings	V. 43	3,128,478,432.58	2,695,974,750.86
Total equity attributable to owners (or shareholders) of the parent company		7,692,991,372.87	7,255,707,334.12
Non-controlling interests		585,752,530.85	522,564,327.40
Total shareholders' equity		8,278,743,903.72	7,778,271,661.52
Total liabilities and shareholders' equity		15,314,964,310.92	14,691,335,709.97

Legal representative:

Zhao Weilin

Person in charge of accounting:

Liu Bin

Person in charge of the accounting firm:

Jiang Jingyuan

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

Balance Sheet of the Parent Company*June 30, 2025*

Prepared by First Tractor Company Limited

Unit: Yuan Currency: RMB

Item	Note	June 30, 2025	December 31, 2024
Current assets:			
Monetary funds		1,216,715,806.53	312,811,425.62
Financial assets held for trading		364,000,000.00	850,751,780.82
Derivative financial assets			
Notes receivable		2,819,990.00	4,523,242.13
Accounts receivable	XVI. 1	697,173,574.46	466,097,875.81
Receivables financing		221,801,104.73	140,697,099.79
Prepayments		110,348,764.64	279,080,206.70
Other receivables	XVI. 2	253,601,522.25	255,696,674.97
Including: Interests receivable			
Dividends receivable		76,808,376.96	76,808,376.96
Inventories		529,704,603.49	815,139,649.11
Including: data resource			
Contract assets			
Assets held for sale			
Non-current assets due within one year		3,429,250,400.90	1,156,800,819.24
Other current assets		854,709,644.22	192,788,496.02
Total current assets		7,680,125,411.22	4,474,387,270.21

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

Balance Sheet of the Parent Company (Continued)

June 30, 2025

Prepared by First Tractor Company Limited

Unit: Yuan Currency: RMB

Item	Note	June 30, 2025	December 31, 2024
Non-current assets:			
Debt investments		1,504,148,233.20	3,261,453,492.49
Other debt investments			
Long-term receivables			
Long-term equity investments	XVI. 3	2,385,656,933.83	2,369,935,683.79
Other equity instrument investments			
Other non-current financial assets			
Investment properties			
Fixed assets		1,136,427,262.70	1,178,762,948.20
Construction in progress		122,470,393.91	92,318,950.34
Productive biological assets			
Oil and gas assets			
Right-of-use assets		22,292,818.21	29,860,961.85
Intangible assets		459,001,251.31	468,089,227.32
Including: data resource			
Development expenditures			
Including: data resource			
Goodwill			
Long-term unamortized expenses		23,352,966.38	26,396,423.18
Deferred income tax assets		49,825,150.44	55,977,055.79
Other non-current assets			
Total non-current assets		5,703,175,009.98	7,482,794,742.96
Total assets		13,383,300,421.20	11,957,182,013.17

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

Balance Sheet of the Parent Company (Continued)

June 30, 2025

Prepared by First Tractor Company Limited

Unit: Yuan Currency: RMB

Item	Note	June 30, 2025	December 31, 2024
Current liabilities:			
Short-term loans			
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable		1,054,235,009.57	1,340,609,651.93
Accounts payable		1,814,085,115.75	1,342,593,084.21
Advances from customers			
Contract liabilities		334,953,049.16	856,003,675.90
Employee salary payable		73,312,224.50	70,112,453.04
Taxes payable		8,115,041.12	6,060,564.81
Other payables		2,193,942,572.27	572,740,153.19
Including: Interests payable			
Dividends payable		117,386,030.00	
Liabilities held for sale			
Non-current liabilities due within one year		215,302,981.23	219,267,407.67
Other current liabilities		65,691,888.59	119,639,694.15
Total current liabilities		5,759,637,882.19	4,527,026,684.90
Non-current liabilities:			
Long-term loan		65,950,000.00	65,950,000.00
Bonds payable			
Including: Preference shares			
Perpetual bonds			
Lease liabilities		7,331,103.63	10,780,751.59
Long-term payables			
Long-term employee salary payable		8,479,507.02	18,313,811.70
Estimated liabilities		1,962,613.99	1,962,613.99
Deferred income		130,892,071.45	141,173,780.33
Deferred income tax liabilities		41,443,922.73	40,179,144.28
Other non-current liabilities			
Total non-current liabilities		256,059,218.82	278,360,101.89
Total liabilities		6,015,697,101.01	4,805,386,786.79

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

Balance Sheet of the Parent Company (Continued)

June 30, 2025

Prepared by First Tractor Company Limited

Unit: Yuan Currency: RMB

Item	Note	June 30, 2025	December 31, 2024
Shareholders' equity:			
Paid-in 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		320,950.81	-242,038.45
Special reserves		2,395,832.58	
Surplus reserves		709,749,595.70	709,749,595.70
Retained earnings		2,970,315,250.48	2,757,465,978.51
Total shareholders' equity		7,367,603,320.19	7,151,795,226.38
Total liabilities and shareholders' equity		13,383,300,421.20	11,957,182,013.17

Legal representative:
Zhao Weilin

Person in charge of accounting:
Liu Bin

Person in charge of the accounting firm:
Jiang Jingyuan

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

Consolidated Income Statement

January to June 2025

Unit: Yuan Currency: RMB

Item	Note	January to June 2025	January to June 2024
I. Total operating revenue		6,927,648,409.53	7,806,619,832.72
Including: Operating revenue	V. 44	6,927,648,409.53	7,806,619,832.72
Interest income			
Premiums earned			
Fee and commission income			
II. Total operating costs		6,274,121,591.67	6,924,527,836.30
Including: Operating costs	V. 44	5,817,044,256.05	6,496,310,632.70
Interest expenses			
Fee and commission expenses			
Surrenders			
Net compensation expenses			
Net insurance contract reserves			
Insurance policy dividend expenses			
Reinsurance expenses			
Taxes and surcharges	V. 45	24,085,999.36	25,428,062.20
Selling expenses	V. 46	70,827,270.31	65,441,776.63
Administrative expenses	V. 47	150,832,303.15	153,165,840.07
R&D expenses	V. 48	212,973,906.79	205,286,144.38
Financial expenses	V. 49	-1,642,143.99	-21,104,619.68
Including: Interest expenses		4,007,627.99	6,365,818.22
Interest income		11,435,625.85	27,988,701.50
Add: Other income	V. 50	138,177,939.32	105,015,445.21
Investment income			
(loss to be listed with "-")	V. 51	91,468,121.31	83,666,081.95
Including: Income from investment in associates and joint ventures		15,276,546.72	27,825,891.61
Revenue from derecognition of financial assets at amortized cost (loss to be listed with "-")			
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. 52	55,009,583.33	16,628,351.59
Credit impairment loss (loss to be listed with "-")	V. 53	-18,600,319.58	-13,873,717.92
Asset impairment loss (loss to be listed with "-")	V. 54	2,683,998.32	2,351,147.49
Income of assets disposal (loss to be listed with "-")	V. 55	691,296.24	1,427,210.51

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

Consolidated Income Statement (Continued)

January to June 2025

Unit: Yuan Currency: RMB

Item	Note	January to June 2025	January to June 2024
III. Operating profit (loss to be listed with "-")		922,957,436.80	1,077,306,515.25
Add: Non-operating revenue	V. 56	18,454,718.57	3,927,298.60
Less: Non-operating expenses	V. 57	2,654,232.53	242,140.96
IV. Total profit (total loss to be listed with "-")		938,757,922.84	1,080,991,672.89
Less: income tax expenses	V. 58	105,891,969.15	161,295,913.35
V. Net profit (net loss to be listed with "-")		832,865,953.69	919,695,759.54
(I) Classified by continuity of operation			
1. Net profit from going concern (net loss to be listed with "-")		832,865,953.69	919,695,759.54
2. Net profit from discontinued operations (net loss to be listed with "-")			
(II) Classification by ownership			
1. Net profit attributable to shareholders of the parent company (net loss to be listed with "-")		769,035,441.61	905,349,574.14
2. Profit or loss attributable to minority shareholders (net loss to be listed with "-")		63,830,512.08	14,346,185.40
VI. Net after-tax amount of other comprehensive income		2,060,530.01	222,795.08
(I) Net after-tax amount of other comprehensive income attributable to the owners of the parent company		1,143,662.08	533,400.46
1. Other comprehensive income that cannot be reclassified into profit or loss		562,989.26	64,272.32
(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		562,989.26	64,272.32
(3) Changes in fair value of other equity instrument investments			
(4) Changes in fair value of the Company's credit risk			

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

Consolidated Income Statement (Continued)

January to June 2025

Prepared by First Tractor Company Limited

Unit: Yuan Currency: RMB

Item	Note	January to June 2025	January to June 2024
2. Other comprehensive income reclassified into profit or loss		580,672.82	469,128.14
(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) Cash flow hedging reserve			
(6) Differences in translation of foreign currency financial statements		580,672.82	469,128.14
(7) Others			
(II) Net after-tax amount of other comprehensive income attributable to non-controlling interests		916,867.93	-310,605.38
VII. Total comprehensive income		834,926,483.70	919,918,554.62
Total comprehensive income attributable to the owner of the parent company		770,179,103.69	905,882,974.60
Total comprehensive income attributable to non-controlling interests		64,747,380.01	14,035,580.02
VIII. Earnings per share:			
(I) Basic earnings per share (yuan/share)		0.6844	0.8057
(II) Diluted earnings per share (yuan/share)		0.6844	0.8057

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

Person in charge of the accounting firm:
Jiang Jingyuan

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

Income Statement of the Parent Company

January to June 2025

Unit: Yuan Currency: RMB

Item	Note	January to June 2025	January to June 2024
I. Operating revenues	XVI. 4	5,554,071,300.91	6,230,974,204.34
Less: Operating costs	XVI. 4	4,841,297,536.36	5,235,785,190.35
Taxes and surcharges		13,586,680.80	11,917,425.16
Selling expenses		1,895,982.88	2,310,053.90
Administrative expenses		79,620,912.52	84,645,711.77
R&D expenses		168,862,744.27	167,983,588.35
Financial expenses		6,123,435.57	-7,068,432.70
Including: Interest expenses		13,772,083.10	18,016,803.86
Interest income		8,324,073.36	25,309,001.98
Add: Other income		72,356,179.96	81,030,560.10
Investment income			
(loss to be listed with "-")	XVI. 5	92,229,659.47	97,169,047.19
Including: Income from investment in			
associates and joint ventures		15,158,260.78	27,614,648.68
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 "-")		16,009,583.33	14,628,351.59
Credit impairment loss			
(loss to be listed with "-")		-5,036,633.68	26,468,512.65
Asset impairment loss			
(loss to be listed with "-")		-539,681.06	667,117.40
Income of assets disposal			
(loss to be listed with "-")		699,975.93	252,277.47
II. Operating profit (loss to be listed			
with "-")		618,403,092.46	955,616,533.91
Add: Non-operating revenue		12,114,967.69	3,027,152.88
Less: Non-operating expenses		2,523,634.47	2,400.00
III. Total profit (total loss to be listed			
with "-")		627,994,425.68	958,641,286.79
Less: income tax expenses		78,613,393.82	147,050,542.58
IV. Net profit (net loss to be listed with "-")		549,381,031.86	811,590,744.21
(I) Net profit from continuing operations			
(net loss to be listed with "-")		549,381,031.86	811,590,744.21
(II) Net profit from discontinued			
operations (net loss to be listed			
with "-")			

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

Income Statement of the Parent Company (Continued)

January to June 2025

Unit: Yuan Currency: RMB

Item	Note	January to June 2025	January to June 2024
V. Net after-tax amount of other comprehensive income		562,989.26	64,272.32
(I) Other comprehensive income that cannot be reclassified into profit or loss		562,989.26	64,272.32
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		562,989.26	64,272.32
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. Cash flow hedging reserve			
6. Differences in translation of foreign currency financial statements			
7. Others			
VI. Total comprehensive income		549,944,021.12	811,655,016.53

Legal representative:

Zhao Weilin

Person in charge of accounting:

Liu Bin

Person in charge of the accounting firm:

Jiang Jingyuan

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

Consolidated Cash Flow Statement

January to June 2025

Unit: Yuan Currency: RMB

Item	Note	January to June 2025	January to June 2024
I. Cash flows from operating activities:			
Cash received from sales of goods and provision of services		5,217,451,680.99	5,899,950,198.20
Net increase in customer deposit and interbank deposit			
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			
Net increase in deposits from banks and other financial institutions			
Net increase from repurchasing business funds			
Net cash received from acting trading securities			
Refund of taxes and surcharge		186,589,062.85	127,649,613.01
Other cash received relating to operating activities	V. 60	72,141,880.42	118,162,171.22
Subtotal of cash inflows from operating activities		5,476,182,624.26	6,145,761,982.43

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

Consolidated Cash Flow Statement (Continued)

January to June 2025

Unit: Yuan Currency: RMB

Item	Note	January to June 2025	January to June 2024
Cash paid for goods and services		4,268,308,646.87	4,396,122,842.73
Net increase in loans and advances to customers			
Net increase in deposits in the central bank and other financial institutions			
Cash paid for compensation payout under original insurance contracts			
Net increase in lendings to banks and other financial institutions			
Cash paid for interests, fees and commissions			
Cash paid for policy dividends			
Cash paid to and on behalf of employees		564,272,126.08	581,030,764.66
Payments of taxes and surcharges		155,203,919.33	189,995,970.74
Cash paid for other operating activities	V. 60	91,441,240.72	63,995,147.60
Subtotal of cash outflows from operating activities		5,079,225,933.00	5,231,144,725.73
Net cash flows from operating activities		396,956,691.26	914,617,256.70

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

Consolidated Cash Flow Statement (Continued)

January to June 2025

Unit: Yuan Currency: RMB

Item	Note	January to June 2025	January to June 2024
II. Cash flows from investing activities:			
Cash received from the return of investments		515,991,435.79	14,760,845.25
Cash received from acquirement of investment income		13,981,477.54	3,722,063.39
Net cash received from the sale of fixed assets, intangible assets and other long-term assets		1,873,167.54	3,369,247.31
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		531,846,080.87	21,852,155.95
Cash paid to acquire fixed assets, intangible assets and other long-term assets		50,326,930.31	71,798,397.32
Cash paid for investments		1,253,307,547.04	1,131,757,492.66
Net increase in pledged loans			
Net cash paid for the acquisition of subsidiaries and other business entities			
Other cash paid relating to investment activities			
Subtotal of cash outflows from investing activities		1,303,634,477.35	1,203,555,889.98
Net cash flows from investing activities		-771,788,396.48	-1,181,703,734.03

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

Consolidated Cash Flow Statement (Continued)

January to June 2025

Unit: Yuan Currency: RMB

Item	Note	January to June 2025	January to June 2024
III. Cash flows from financing activities:			
Cash received from absorbing investments			
Including: Cash received by subsidiaries from non-controlling shareholders' investments			
Cash received from borrowings			
Other cash received relating to financing activities			
Subtotal of cash inflows from financing activities			
Cash paid for repayment of debts		354,000.00	354,000.00
Cash paid for distribution of dividends, profits or interest repayment		224,027,185.53	365,815,445.83
Including: Dividends and profits paid by subsidiaries to non-controlling shareholders		1,570,521.61	13,037,664.77
Other cash paid relating to financing activities	V. 60	11,951,464.11	10,627,902.47
Subtotal of cash outflows from financing activities		236,332,649.64	376,797,348.30
Net cash flows from financing activities		-236,332,649.64	-376,797,348.30
IV. Effects from the change of exchange rate on cash and cash equivalents		1,704,677.20	869,278.64
V. Net increase in cash and cash equivalents	V. 60	-609,459,677.66	-643,014,546.99
Add: Beginning balance of cash and cash equivalents	V. 60	1,784,647,536.28	2,223,210,636.03
VI. Ending balance of cash and cash equivalents	V. 60	1,175,187,858.62	1,580,196,089.04

Legal representative:
Zhao WeilinPerson in charge of accounting:
Liu BinPerson in charge of the accounting firm:
Jiang Jingyuan

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

Cash Flow Statement of the Parent Company

January to June 2025

Unit: Yuan Currency: RMB

Item	Note	January to June 2025	January to June 2024
I. Cash flows from operating activities:			
Cash received from sales of goods and provision of services		3,767,819,596.32	4,475,857,575.30
Refund of taxes and surcharge		113,118,360.57	96,535,419.06
Other cash received relating to operating activities		1,681,610,545.84	1,537,096,505.17
Subtotal of cash inflows from operating activities		5,562,548,502.73	6,109,489,499.53
Cash paid for goods and services		2,971,868,279.63	3,266,556,009.44
Cash paid to and on behalf of employees		336,255,431.78	349,252,267.14
Payments of taxes and surcharges		84,949,586.21	138,844,149.84
Cash paid for other operating activities		332,121,980.56	72,506,776.94
Subtotal of cash outflows from operating activities		3,725,195,278.18	3,827,159,203.36
Net cash flows from operating activities		1,837,353,224.55	2,282,330,296.17

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

Cash Flow Statement of the Parent Company (Continued)

January to June 2025

Unit: Yuan Currency: RMB

Item	Note	January to June 2025	January to June 2024
II. Cash flows from investing activities:			
Cash received from the return of investments		500,365,466.80	
Cash received from acquirement of investment income		13,649,693.85	16,747,102.00
Net cash received from the sale of fixed assets, intangible assets and other long-term assets		1,733,611.74	832,056.00
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		515,748,772.39	17,579,158.00
Cash paid to acquire fixed assets, intangible assets and other long-term assets		21,906,053.40	28,946,885.50
Cash paid for investments		1,150,000,000.00	1,085,663,111.10
Net cash paid for the acquisition of subsidiaries and other business entities			
Other cash paid relating to investment activities			
Subtotal of cash outflows from investing activities		1,171,906,053.40	1,114,609,996.60
Net cash flows from investing activities		-656,157,281.01	-1,097,030,838.60

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

Cash Flow Statement of the Parent Company (Continued)

January to June 2025

Unit: Yuan Currency: RMB

Item	Note	January to June 2025	January to June 2024
III. Cash flows from financing activities:			
Cash received from absorbing investments			
Cash received from borrowings			
Other cash received relating to financing activities			
Subtotal of cash inflows from financing activities			
Cash paid for repayment of debts			
Cash paid for distribution of dividends, profits or interest repayment		223,007,997.25	353,618,564.39
Other cash paid relating to financing activities		8,870,166.59	7,980,569.33
Subtotal of cash outflows from financing activities		231,878,163.84	361,599,133.72
Net cash flows from financing activities		-231,878,163.84	-361,599,133.72
IV. Effects from the change of exchange rate on cash and cash equivalents		-174.31	112.09
V. Net increase in cash and cash equivalents		949,317,605.39	823,700,435.94
Add: Beginning balance of cash and cash equivalents		83,399,540.34	679,726,897.95
VI. Ending balance of cash and cash equivalents		1,032,717,145.73	1,503,427,333.89

Legal representative:
Zhao Weilin

Person in charge of accounting:
Liu Bin

Person in charge of the accounting firm:
Jiang Jingyuan

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

Consolidated Statement of Changes in Shareholders' Equity

January to June 2025

Unit: Yuan Currency: RMB

January to June 2025															
Shareholders' equity attributable to the parent company															
Item	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Retained earnings	Others	Subtotal	Non-controlling interests	Total owners' (shareholders') equity
		Preference shares	Perpetual bonds	Others											
I. Ending balance of the previous 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
Add: Changes in accounting policies															
Correction of prior period errors															
Business combination under common control															
Others															
II. Beginning 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
III. Movements in the current period (decrease to be listed with "-")							1,143,662.08	3,636,694.95			432,503,681.72		437,284,038.75	63,188,203.45	500,472,242.20
(I) Total comprehensive income							1,143,662.08				769,035,441.61		770,179,103.69	64,747,380.01	834,926,483.70
(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											-336,531,759.89		-336,531,759.89	-1,570,521.61	-338,102,281.50
1. Appropriation to surplus reserves															
2. Appropriation to general risk reserves															
3. Distribution to shareholders											-336,531,759.89		-336,531,759.89	-1,570,521.61	-338,102,281.50
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) Appropriation to and use of special reserves								3,636,694.95					3,636,694.95	11,345.05	3,648,040.00
1. Appropriation in the current year								10,211,155.04					10,211,155.04	826,679.39	11,038,034.43
2. Use in the current year								6,574,460.09					6,574,460.09	815,534.34	7,389,994.43
(VI) Others															
IV. Ending balance of the current year	1,123,645,275.00				2,655,849,996.00		-12,007,566.72	12,782,356.48	784,242,879.53		3,128,478,432.58		7,692,991,372.87	585,752,530.85	8,278,743,903.72

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

Consolidated Statement of Changes in Shareholders' Equity (Continued)

January to June 2025

Unit: Yuan Currency: RMB

January to June 2024															
Shareholders' equity attributable to the parent company															
Item	Share capital	Preference shares	Other equity instruments Perpetual bonds	Others	Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Retained earnings	Others	Subtotal	Non-controlling interests	Total owners' (shareholders') equity
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															
Business combination under common control															
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 period (decrease to be listed with "-")							533,400.46	1,679,754.33			544,919,162.20		547,132,316.99	917,061.20	548,049,378.19
(I) Total comprehensive income							533,400.46				905,349,574.14		905,882,974.60	14,035,580.02	919,918,554.62
(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											-360,430,411.94		-360,430,411.94	-13,037,664.77	-373,468,076.71
1. Appropriation to surplus reserves															
2. Appropriation to general risk reserves															
3. Distribution to shareholders											-360,430,411.94		-360,430,411.94	-13,037,664.77	-373,468,076.71
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								1,679,754.33					1,679,754.33	-80,854.05	1,598,900.28
1. Appropriation in the current year								9,360,124.03					9,360,124.03	659,900.64	10,020,024.67
2. Use in the current year								7,680,369.70					7,680,369.70	940,754.69	8,621,124.39
(VI) Others															
IV. Ending balance of the current year	1,123,645,275.00				2,655,849,996.00		-13,390,329.55	9,174,049.03	699,875,564.60		2,763,668,428.46		7,238,822,983.54	528,556,058.03	7,767,379,041.57

Legal representative:
Zhao Weilin

Person in charge of accounting:
Liu Bin

Person in charge of the accounting firm:
Jiang Jingyuan

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

Statement of Changes in Shareholders' Equity of the Parent Company

January to June 2025

Unit: Yuan Currency: RMB

	January to June 2025										
Item	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	Others							
I. Ending balance of the previous 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
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		-242,038.45		709,749,595.70	2,757,465,978.51	7,151,795,226.38
III. Movements in the current period (decrease to be listed with "-")							562,989.26	2,395,832.58		212,849,271.97	215,808,093.81
(I) Total comprehensive income							562,989.26			549,381,031.86	549,944,021.12
(II) Capital invested and decreased by shareholders											
1. Invested capital of 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										-336,531,759.89	-336,531,759.89
1. Appropriation to surplus reserves											
2. Distribution to shareholders										-336,531,759.89	-336,531,759.89
3. Others											
(IV) Internal carry-over in shareholder's equity											
1. Capital surplus transferred to capital											
2. Surplus reserves transferred to 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								2,395,832.58			2,395,832.58
1. Appropriation in the current year								4,913,873.13			4,913,873.13
2. Use in the current year								2,518,040.55			2,518,040.55
(VI) Others											
IV. Ending balance of the current year	1,123,645,275.00	-	-	-	2,561,176,415.62	-	320,950.81	2,395,832.58	709,749,595.70	2,970,315,250.48	7,367,603,320.19

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

Statement of Changes in Shareholders' Equity of the Parent Company (Continued)

January to June 2025

Unit: Yuan Currency: RMB

	January to June 2024										
Item	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		-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 period (decrease to be listed with "-")							64,272.32	1,456,902.84		451,160,332.27	452,681,507.43
(I) Total comprehensive income							64,272.32			811,590,744.21	811,655,016.53
(II) Capital invested and decreased by shareholders											
1. Invested capital of 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										-360,430,411.94	-360,430,411.94
1. Appropriation to surplus reserves											
2. Distribution to shareholders										-360,430,411.94	-360,430,411.94
3. Others											
(IV) Internal carry-over in shareholder's equity											
1. Capital surplus transferred to capital											
2. Surplus reserves transferred to 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								1,456,902.84			1,456,902.84
1. Appropriation in the current year								4,866,482.01			4,866,482.01
2. Use in the current year								3,409,579.17			3,409,579.17
(VI) Others											
IV. Ending balance of the current year	1,123,645,275.00				2,561,176,415.62		-234,026.84	1,456,902.84	625,382,280.77	2,809,750,888.32	7,121,177,735.71

Legal representative:
Zhao Weilin

Person in charge of accounting:
Liu Bin

Person in charge of the accounting firm:
Jiang Jingyuan

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

I. COMPANY PROFILE

First Tractor Company Limited (hereinafter referred to as the Company, including its subsidiaries, collectively referred to as the Group) is a limited liability company established within the People's Republic of China on May 8, 1997. The Company acquired the 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 December 31, 1996. The net asset value is RMB636,346,000.00, which is converted into 450,000,000 state-owned legal person shares. 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 June 23, 1997. On October 24, 2007, the Company allotted 60,900,000 H shares at HKD 3.95 per share. After the completion of the placement, the registered capital and paid-in capital of the Company increased to RMB845,900,000.00. On July 27, 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 August 1, 2012, and the shares commenced trading on Shanghai Stock Exchange on August 8, 2012. The registered capital and paid-in capital of the Company were increased to RMB995,900,000.00.

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

In January 2021, after the Company received the Reply on Approving the Private Placement of Shares by First Tractor Company Limited from 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 reserves.

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 June 30, 2025, the Company has 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 business scope mainly includes manufacturing and selling 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 companies registered in China.

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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 Accounting Standards for Business Enterprises), 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 the Commission), and the relevant disclosure requirements of 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 this note.

2. Going concern

It is believed reasonable that the Group’s financial statements have been prepared based on going concern for recent profit-making history and sourced financial support.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements prepared by the Company conform to the requirements of the Accounting Standards for Business Enterprises, and truly and completely reflect the Company and the Group’s relevant information, such as the financial position by June 30, 2025, and the operating results and the cash flows for January to June 2025.

2. Accounting period

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

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

5. Method and basis for determination of materiality

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
Significant receivables write-off in the current period	Receivables with an amount exceeding RMB1 million
Significant construction in progress	A single-asset investment with a budget amount exceeding
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 due but unpaid	Receivables 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
Cash flows from significant 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 entity in which the group invests at a cost exceeding 1% of its total assets
Significant contingencies/events after the balance sheet date/other significant matters	Receivables with an amount exceeding RMB2 million

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

6. Accounting treatment 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 reserves. Where the capital reserves is insufficient for offsetting, 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 the control right of the acquiree and various direct related 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). The excess of the combination cost over the fair value of the identifiable net assets of the acquiree acquired 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 acquired 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-checked first. If the rechecked 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.



SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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 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 to non-controlling interests in total comprehensive income shall be listed in consolidated financial statements as "Non-controlling equity, non-controlling interests, other comprehensive income attributed to non-controlling shareholders and total comprehensive income attributed to non-controlling 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 of 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 is obtained under the common control through multiple transactions step by step, which ultimately 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 the common control is obtained step by step through several transactions, which ultimately results in a business combination, adjustments are made in the preparation of consolidated statements as if they might have existed as the current state from the time when the ultimate controller takes the control. When preparing comparative accounts, relevant assets and liabilities of the acquiree are included in comparative accounts of consolidated financial statements of the Group according to the restriction that the time above shall be later than the time when the Group and the acquiree are under the control of the ultimate controller, moreover, increased net assets resulting from the combination are adjusted as relevant items under owners' equity in the comparative accounts. In order to avoid repeated calculation of value of net assets of the combined party, the long-term equity investments held by the Group before the combination is achieved, 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.

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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 is obtained not under common control through multiple transactions step by step, 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 business combination is realized not under common control through multiple transactions step by step, 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 change of the owner's equity except for net profits and losses, other comprehensive income and profit allocation, the relevant other comprehensive income and other change of owners' equity shall be transferred into the profit or loss in investment during the period of the acquisition date, except other comprehensive income arising out from that the investee remeasures change of the net liabilities or net assets of the defined benefit plan.

At the situation when the Group partially disposes of long-term equity investments in subsidiaries without losing control right, in the consolidated financial statements, the difference between the disposal price and the share of net assets enjoyed correspondingly in the subsidiaries measured constantly since 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 reserves is insufficient to offset, the retained earnings shall be adjusted.

Where control right over the investee is lost due to the disposal of partial equity investment of the Group or other reasons, the residual equity will be re-calculated 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 residual equity interest and the share of net assets enjoyed correspondingly 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 equity investment of the subsidiaries step by step through multiple transactions till losing the control right, if various transactions from disposal of equity investment of subsidiaries till losing the control right belong to a package deal, accounting treatment shall be conducted for each transaction as the transaction that disposes of a subsidiary with the loss of control right. Nonetheless, before the loss of control right, the balance between each disposal price and the net asset share of such subsidiary enjoyed correspondingly in investment disposal is recognized in other comprehensive income in the consolidated financial statements and transferred into the current profit or loss on investment when losing control right.



SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

8. Classification of joint-operation arrangement and accountant treatment method of joint operation

The Group's joint arrangements include joint operations and joint ventures. In projects for joint operation, for assets held and liabilities incurred solely which are recognized by the Group as the joint-venture party in joint operation and assets held and liabilities incurred which are recognized according to shares, their relevant income and costs shall be determined as per related individual agreements or shares. Only profit or loss attributable to other joint operators shall be recognized in transactions where assets purchase and sale occurred with joint operators but not classified as 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 deposits that can be used 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.

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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 one with almost completely different terms by the same creditor, or almost all the terms of the existing liability are substantially modified, such replacement or modification 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 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.

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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 very 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 measured 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.

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 recognized 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.

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Financial instruments (Continued)

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

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.

(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.

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Financial instruments (Continued)

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

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 falling under 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.

(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 following factors reflected by the Group's method of considering expected credit losses measurement approach: 1) an unbiased probability-weighted average amount determined by evaluating a series of possible outcomes; 2) the currency time value; 3) reasonable and evidenced information about past events, current conditions, and future economic conditions forecasts obtained on the balance sheet date without paying unnecessary extra costs or efforts.

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Financial instruments (Continued)

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

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.

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.

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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)

Based on the ageing of accounts receivable and contract assets, guarantee situation, geographical location of the counterparty, nature of payment, credit risk exposure, historical payment collection situation, and other information, the Group divides the portfolio according to the similarity and correlation of credit risk characteristics. For receivables 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.

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	Provision according to the estimated loss rate in the whole duration
Including: Domestic business customers	Loss rate estimated based on account age credit risk characteristic portfolio
International business customers	Loss rate estimated based on account age credit risk characteristic portfolio after netting of the guarantee amount such as Sinosure
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

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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)*

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.

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 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 not, it is in Stage I, and the Group shall measure the loss provisions 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 loss provision 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 loss provisions 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.

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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 almost 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 asset 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.

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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 one, 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 financial liabilities.

When classifying a financial instrument in the consolidated financial 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, 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.



SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Financial instruments (Continued)

(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 debt.

Except for those related to hedge accounting, gains or losses arising from changes in the fair value of derivative 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 1 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 2 are the inputs directly or indirectly observable for relevant assets or liabilities other than those for Level 1; the inputs for Level 3 are the inputs that are unobservable for relevant assets or liabilities.

(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 mutually 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 rights are currently enforceable; 2) The Group plans to settle by the net amount or sell off financial assets and liquidate the financial liabilities at the same time.

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

12. Inventories

Inventories of the Group mainly include raw materials, revolving materials, materials outsourced for processing, 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 sent 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 realizable 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 realizable value shall be recognized at the amount of the estimated selling price of the finished products less estimated cost incurred till completion of production, estimated selling expenses and relevant taxes; for inventories held for implementing sales contract or labor service contract, the net realizable value shall be calculated based on the contract price and if the quantity of inventories held is greater than the ordered quantity of the sales contract, the net realizable value of the excess part shall be calculated based on the general selling price. During the end of the period, provision for inventory impairment is accrued according to individual inventory items; however, for inventories with large quantity and low unit price, provision for inventory impairment shall be accrued according to inventory type; 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 shall be reversed within the original provision for inventory impairment. And the reversed amount shall be included in 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.

13. Contract assets

Contract assets refer to the Group's right to receive consideration for the goods it has transferred to customers, and the 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, it has the right to receive payment, but the collection of such payment shall also depend on the delivery of the other commodity, the Group shall have the right to receive such payment as the 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 the said Note III. 11. (4) Impairment of financial instruments.

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

14. Long-term equity investments

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

The Group judges the common control based on the point that all the participants or group of participants collectively control the arrangement, and that the policies for the activities related to the arrangement must be 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 have a material influence on the investee in consideration of facts and situations that the Group sends representatives to the Board of Directors or similar organs of authorities of the investee, participates in financial and operation policy-making of the investee, has significant transactions with the investee, sends management personnel to the investee, or provides critical technical information for the investee.

An investee over which control is exercised is classified as a subsidiary of the Group. As to long-term equity investments acquired in business combination under common control, the share of carrying amount of net assets in the ultimate controller's consolidated statements of the acquiree on the combination date shall be recognized as the initial investment amount of long-term equity investments. If the carrying amount of the net asset of the combined party on the combination date is negative, then the cost of long-term equity investments shall be determined as zero.

Under the circumstance that the equity of the investees under common control is obtained through multiple transactions step by step, which ultimately results in business combination, supplementary disclosure to treatment methods for long-term equity investments in financial statements of the parent company shall be made in the reporting period acquiring the control. For instance, as to the equity of the investee under common control acquired step-by-step through multiple transactions and ultimately results in business combination, which belongs to a package deal, the Group performs accounting treatment by regarding all transactions as a transaction for acquiring control power. If it is not a package deal, the combined party's portion of carrying amount of net assets in the ultimate controller's consolidated financial statements owned on the combination date is taken 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 has reached the amount before the combination and the carrying amount of new payment consideration obtained on the combination date shall be applied to adjust capital reserves. If the capital reserves are insufficient to set it off, the retained earnings shall be written down.

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

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

14. Long-term equity investments (Continued)

As to equity interest of the investee not under common control acquired step-by-step through multiple transactions and a business combination finally completed, the method for handling the cost of long-term equity investments in the financial statement of the parent company shall be complementarily disclosed during the reporting period acquiring the control. For instance, as to the equity of the investee not under common control acquired step-by-step through multiple transactions and business combination finally completed, which belongs to a package deal, the Group performs accounting treatment by regarding all transactions as a transaction for acquiring control power. If it is not a package deal, the sum of carrying amount of equity investment originally held and new investment cost is taken as the initial investment amount 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 figured out by the equity method is temporarily not adjusted and will be subject to accounting treatment when disposing the investment, on the same basis as that adopted by the investee entity 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.

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. Wherein, the Group shall, when recognizing the shares of the net losses of the investee that shall be enjoyed by the Group, calculate the portion attributed to the Group based on the fair value of each identifiable asset of the investee upon acquisition in accordance with the shareholding ratio by offsetting profit or loss of unrealized internal transaction incurred between the joint venture and associate, then recognize the net profits of the investee after adjustment.



SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

14. Long-term equity investments (Continued)

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 originally 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 difference 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.

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 imposing material influence on the investee, is changed to the equity method for calculation, the difference for equity 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 impose material influence 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 equity 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 belong to the package deal, and every transaction is separately subject to accounting treatment. Transactions classified as "package deal" is subject to the accounting treatment oriented for subsidiary disposal and loss of controlling power. However, before the loss of controlling power, 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.

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

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 rented, and these 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 (amortization) of various investment properties refer to those of fixed assets.

16. Fixed assets

(1) *Recognition condition*

No fixed asset may be recognized unless it simultaneously meets the conditions as follows: The economic benefits pertinent to the fixed asset are likely to flow into the enterprise; and the cost of the fixed asset can be measured reliably. Fixed assets of the Group include plant and buildings, machinery equipment, transportation facility, office and electronic equipment.

(2) *Depreciation methods*

Except for the fully depreciated fixed assets that are still in use and the land that is separately valued and recorded, all the fixed assets of the Group shall be depreciated. 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 (%)
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 of fixed assets shall be deducted by the carrying amount thereof and relevant taxes and then included in the current profit or loss.

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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.

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.

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

19. Intangible assets (Continued)

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

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 unamortized expenses, design expenses, equipment commissioning expenses, entrusted external R&D expenses, and other expenses. All R&D expenses of the Group this period are expensed and included in current R&D expenses.

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 confirmed, the asset impairment loss shall not be reversed in future accounting periods.



SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

20. Impairment of long-term assets (Continued)

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 in business combination and intangible assets with uncertain useful life every year no matter whether there is any sign of impairment.

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 portfolio or portfolio of asset groups 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 amortization 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 confirmed according to the amount received or receivable at the earlier time between the customer actually makes the payment and payment due.

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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; welfare 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 welfare 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 the current profit or loss or relevant asset costs according to the beneficiaries.

(2) Accounting treatment methods for post-employment benefits

Post-employment welfare mainly includes 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.

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

23. Employee salary (Continued)

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

Other long-term benefits refer to all the employee benefits 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 benefits provided by the Group to employees that meet the conditions of defined contribution plan, the accounting shall be treated as per the provisions in the defined contribution plan. Net liabilities or assets of other long-term employee benefits provided by the Group to employees and satisfying conditions of the defined benefit plan shall be recognized and measured for such benefits in accordance with the relevant provisions for 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 benefits; changes generated from remeasurement of net liabilities or assets of other long-term employee benefits. 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 obligation is a present obligation of the Group; 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.

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

25. Revenue

The Group's operating revenue mainly includes domestic sales revenue, export 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 the control rights 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 materially 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.

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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 rights of the relevant commodities or services. In determining whether a customer has obtained the control rights 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.

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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 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.

④ 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.

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

25. Revenue (Continued)

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

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.

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, namely, 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, namely, 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.

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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 due to the transfer of the relevant commodity, the accrual for provision for impairment shall be made for the excess and recognized as asset impairment losses.

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 bad debts 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 refer 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.

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.

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

27. Government subsidies (Continued)

The revenue-related government subsidies 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 be 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/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.

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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 cost 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.



SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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 book value of the lease liabilities; When making the lease payment, it will reduce the book value 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 situation 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.

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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 which is related to operating lease and not included in lease receipts is included in the current profit or loss when is 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.



SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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 in comparable transactions; (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 required conditions of “the sales are expected to be completed within one year” on the acquisition date and likely to meet other classification 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.

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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.

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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 operating 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 the item of “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 operations.

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. Major 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.
- (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.

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

32. Other significant accounting policies and accounting estimates (Continued)

- (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.

33. Changes in significant accounting policies and accounting estimates

(1) *Change in significant accounting policies*

None.

(2) *Changes in significant accounting estimates*

None.

(3) *Explanation of adjustments to relevant items in the financial statements at the beginning of the period resulting from the initial implementation of accounting standards in 2025*

None.

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

IV. TAXES

1. Main taxes and tax rates

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%
Urban maintenance and construction tax	Paid-in VAT	7%
Educational surcharges	Paid-in VAT	3%, 2%
Enterprise income tax	Taxable income	25%, 15%
Property tax	70% (or rental income) of the original value of the property as the tax basis	1.2%, 12%

Disclosure of circumstances where different corporate income tax rates apply to different taxpayers

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	Taxed at the local tax rate

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

IV. TAXES (CONTINUED)

2. Tax preference

(1) *Value-added tax*

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), 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 January 1, 2021 to December 31, 2025, and as a restructured scientific research institute, Luoyang Tractor Research Institute Co., Ltd., a subsidiary of the Company, 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.

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 December 31, 2025.

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

IV. TAXES (CONTINUED)

2. Tax preference (Continued)

(1) Value-added tax (Continued)

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 January 1, 2023 to December 31, 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 December 31, 2027. According to Article 2 of the *Announcement of the Ministry of Finance and the State Taxation Administration on Tax and Fee Policies for Further Supporting the Development of Small and Micro Enterprises and Individual Businesses* (Announcement No. 12 [2023] of the Ministry of Finance and the State Taxation Administration), from January 1, 2023 to December 31, 2027, small-scale VAT taxpayers, small low-profit enterprises and individual businesses are entitled to a 50% reduction in resource tax (excluding water resource tax), urban maintenance and construction tax, property tax, urban land-use tax, stamp duty (excluding stamp duty on securities transactions), cultivated land occupation tax, educational surcharges and local educational surcharges.

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 January 1, 2023 to December 31, 2027, the Company and its subsidiary YTO (Luoyang) Diesel Engine 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.

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

IV. TAXES (CONTINUED)

2. Tax preference (Continued)

(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.

V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT

Unless otherwise stated, among the following disclosed data in the financial statements, "beginning" refers to January 1, 2025; "ending" refers to June 30, 2025; "current period" refers to the period from January 1 to June 30, 2025; "previous period" refers to the period from January 1 to June 30, 2024; and the monetary unit is RMB.

1. Monetary funds

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Cash on hand	92,329.40	98,797.95
Cash at bank	167,025,031.14	296,161,545.92
Other monetary funds	44,133,908.20	88,707,741.00
Deposits in the Finance Company (Note)	1,423,002,648.17	1,960,076,066.05
Total	1,634,253,916.91	2,345,044,150.92
Including: total amount deposited overseas	16,214,780.59	17,982,319.91

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	458,666,058.29	555,439,590.04
Others	400,000.00	4,957,024.60
Total	459,066,058.29	560,396,614.64

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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	931,000,000.00	1,378,751,780.82
Including: Debt instrument investments	0.00	502,751,780.82
Equity instrument investments	931,000,000.00	876,000,000.00
Total	931,000,000.00	1,378,751,780.82

3. Notes receivable

(1) Notes receivable according to category

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Bank acceptance bills	15,011,398.98	33,094,217.58
Commercial acceptance bills	891,680.00	3,605,374.54
Total	15,903,078.98	36,699,592.12

(2) Notes receivable, which have been endorsed or discounted by the Company at the end of the period but not yet expired on the balance sheet date

Unit: Yuan Currency: RMB

Item	Derecognition amount at the end of the period	Non-derecognition amount at the end of the period
Bank acceptance bills	0.00	3,957,145.80

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

4. Accounts receivable

(1) Accounts receivable listed by ageing

Unit: Yuan Currency: RMB

Ageing	Book value at the end of the period	Book value at the beginning of the period
Within 1 year (including 1 year)	1,487,177,476.09	305,250,823.09
1 – 2 years	29,155,458.20	34,043,696.35
2 – 3 years	13,600,746.94	9,146,307.77
Over 3 years	240,755,609.33	235,613,644.16
Subtotal	1,770,689,290.56	584,054,471.37
Less: provision for impairment	300,581,000.59	281,784,747.78
Total	1,470,108,289.97	302,269,723.59

(2) Accounts receivable according to 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	1,770,689,290.56	100.00	300,581,000.59	—	1,470,108,289.97
Including: Ageing portfolio	1,572,413,884.17	88.80	250,688,466.24	15.94	1,321,725,417.93
Collateral and other risk exposure portfolios	198,275,406.39	11.20	49,892,534.35	25.16	148,382,872.04
Total	1,770,689,290.56	100.00	300,581,000.59	—	1,470,108,289.97

Category	Book value		Beginning balance Provision for bad debts		Carrying amount
	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
Including: Ageing portfolio	494,737,713.48	84.71	233,569,131.01	47.21	261,168,582.47
Collateral and other risk exposure portfolios	89,316,757.89	15.29	48,215,616.77	53.98	41,101,141.12
Total	584,054,471.37	100.00	281,784,747.78	—	302,269,723.59

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

4. Accounts receivable (Continued)

(2) Accounts receivable according to bad debt accrual method (Continued)

1) Accrual items portfolio: ageing portfolio

Unit: Yuan Currency: RMB

Ageing	Book value	Ending balance Provision for bad debts	Provision proportion (%)
Within 1 year (including 1 year)	1,326,530,021.33	21,186,128.42	1.60
1 – 2 years	29,008,236.00	14,331,385.34	49.40
2 – 3 years	1,898,351.90	423,651.01	22.32
Over 3 years	214,977,274.94	214,747,301.47	99.89
Total	1,572,413,884.17	250,688,466.24	–

2) Accrual items portfolio: collateral and other risk exposure portfolios

Unit: Yuan Currency: RMB

Name	Book value	Ending balance Provision for bad debts	Provision proportion (%)
Collateral and other risk exposure portfolios	198,275,406.39	49,892,534.35	25.16

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

4. Accounts receivable (Continued)

(3) Provision for bad debts

Unit: Yuan Currency: RMB

Category	Beginning balance	Change of amount in the current period				Ending balance
		Provision accrued	Recovered or transferred back	Charged or written off	Others ^(note)	
Ageing portfolio	233,569,131.01	17,120,193.23	0.00	0.00	-858.00	250,688,466.24
Collateral and other risk exposure portfolios	48,215,616.77	1,676,917.58	0.00	0.00	0.00	49,892,534.35
Total	281,784,747.78	18,797,110.81	0.00	0.00	-858.00	300,581,000.59

Note: Other changes are mainly due to exchange rate changes.

(4) Accounts receivable and contract assets from top five ending balances collected according to the borrowers

Unit: Yuan Currency: RMB

Company name	Accounts receivable Ending balance	Ageing	Proportion in total ending balance of accounts receivable (%)	Provision for bad debts Ending balance
Urumqi Shifeng Agricultural Machinery Equipment Co., Ltd.	61,702,265.33	Over 5 years	3.48	61,702,265.33
YTO Group Corporation	54,491,582.76	Within 1 year	3.08	2,161,111.55
ЧК Kazrost Engineering Ltd., Kazakhstan	30,802,057.20	Within 1 year	1.74	231,015.43
TECNOIMPORT, Cuba	25,534,638.94	Over 5 years	1.44	25,534,638.94
Luoyang Intelligent Agricultural Equipment Research Institute Co., Ltd.	23,831,713.32	Within 2 years	1.35	11,773,554.13
Total	196,362,257.55	-	11.09	101,402,585.38

Note: The Company has no contract assets.

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

5. Receivables financing

(1) Classified presentation of receivables financing

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Bank acceptance bills	<u>135,671,856.45</u>	<u>162,000,234.88</u>

(2) Receivables financing, which has been endorsed or discounted but not yet expired on the balance sheet date at the end of the period

Unit: Yuan Currency: RMB

Item	Derecognition amount at the end of the period	Non-derecognition amount at the end of the period
Bank acceptance bills	<u>663,055,456.98</u>	<u>0.00</u>

6. Prepayments

(1) Ageing of prepayments

Unit: Yuan Currency: RMB

Ageing	Ending balance			Beginning balance		
	Amount	Proportion (%)	Provision for bad debts	Amount	Proportion (%)	Provision for bad debts
Within 1 year (including 1 year)	104,658,823.37	92.61	0.00	288,523,144.47	97.02	0.00
1 – 2 years	234,876.78	0.21	0.00	756,873.15	0.25	0.00
2 – 3 years	76,610.00	0.06	0.00	74,380.00	0.03	0.00
Over 3 years	<u>8,040,845.99</u>	<u>7.12</u>	<u>7,972,680.33</u>	<u>8,040,775.99</u>	<u>2.70</u>	<u>7,972,680.33</u>
Total	<u>113,011,156.14</u>	<u>100.00</u>	<u>7,972,680.33</u>	<u>297,395,173.61</u>	<u>100.00</u>	<u>7,972,680.33</u>

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

6. Prepayments (Continued)

(2) *Prepayments with the top five ending balances according to the prepaid parties*

Unit: Yuan Currency: RMB

Company name	Ending balance	Ageing	Proportion in total ending balance of prepayments (%)
Xuzhou Armour Rubber Company Ltd	43,790,551.88	Within 1 year	38.75
Guizhou Tyre Co., Ltd	17,081,530.57	Within 1 year	15.11
ZF Friedrichshafen AG	13,926,981.16	Within 1 year	12.32
ZUSE HOLLER HILLE WERKZEUGMASCHINEN GMBH	4,429,562.92	Over 5 years	3.92
Golden Century (Luoyang) Wheel Manufacturing Co., Ltd.	3,726,103.32	Within 1 year	3.3
Total	82,954,729.85	–	73.40

7. Other receivables

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Interest receivable	0.00	0.00
Dividends receivable	3,871,472.59	0.00
Other receivables	62,128,517.16	46,387,183.65
Total	65,999,989.75	46,387,183.65

(1) *Interest receivable*

None.

(2) *Dividends receivable*

Unit: Yuan Currency: RMB

Item (or investee(s))	Ending balance	Beginning balance
Zhongyuan Bank Co., Ltd.	3,871,472.59	0.00

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

7. Other receivables (Continued)

(3) Other receivables

1) Other receivables listed as per ageing

Unit: Yuan Currency: RMB

Ageing	Book value at the end of the period	Book value at the beginning of the period
Within 1 year (including 1 year)	56,620,567.26	40,910,065.92
1 – 2 years	659,302.51	2,179,534.93
2 – 3 years	1,491,720.86	348,121.69
Over 3 years	29,636,948.36	29,413,490.63
Subtotal	88,408,538.99	72,851,213.17
Less: provision for impairment	26,280,021.83	26,464,029.52
Total	62,128,517.16	46,387,183.65

2) Other receivables classified as per nature

Unit: Yuan Currency: RMB

Nature	Book value at the end of the period	Book value at the beginning of the period
Transaction payments	33,305,162.88	31,777,538.12
Security deposits, pretty cash, margin, etc.	6,918,677.46	7,008,225.34
Export tax refund receivable	41,150,071.14	31,246,426.42
Others	7,034,627.51	2,819,023.29
Subtotal	88,408,538.99	72,851,213.17
Less: provision for impairment	26,280,021.83	26,464,029.52
Total	62,128,517.16	46,387,183.65

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

7. Other receivables (Continued)

(3) Other receivables (Continued)

3) Other receivables with provision for bad debt

Unit: Yuan Currency: RMB

	Stage I	Stage II	Stage III	
	Expected credit losses for the next 12 months	Expected credit loss within the whole duration (no credit impairment occurs)	Expected credit loss within the whole duration (credit impairment has occurred)	Total
Provision for bad debts				
Balance on January 1, 2025	5,491,776.61	20,972,252.91	0.00	26,464,029.52
Balance on January 1, 2025 in the current period				
– Be transferred to Stage II				
– Be transferred to Stage III				
– Be transferred back to Stage II				
– Be transferred back to Stage I				
Provision in the current period	-196,791.23	0.00	0.00	-196,791.23
Reversal in the current period				
Write-off in the current period				
Verification in the current period				
Others changes (Note)	12,783.54	0.00	0.00	12,783.54
Balance as of June 30, 2025	5,307,768.92	20,972,252.91	0.00	26,280,021.83

Note: Other changes are mainly exchange rate changes.

4) Classified disclosure of other receivables by bad debt accrual method

Unit: Yuan Currency: RMB

Category	Book value		Ending balance		Carrying amount
	Amount	Proportion (%)	Provision for bad debts	Provision proportion (%)	
Provision for bad debts accrued by portfolio	88,408,538.99	100.00	26,280,021.83	–	62,128,517.16
Including: Ageing portfolio	49,422,314.74	55.90	5,170,545.40	10.46	44,251,769.34
Low risk portfolio	13,722,351.84	15.52	137,223.52	1.00	13,585,128.32
Collateral and other risk exposure portfolios	25,263,872.41	28.58	20,972,252.91	83.01	4,291,619.50
Total	88,408,538.99	100.00	26,280,021.83	–	62,128,517.16

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

7. Other receivables (Continued)

(3) Other receivables (Continued)

4) Classified disclosure of other receivables by bad debt accrual method (Continued)

Unit: Yuan Currency: RMB

Category	Book value		Beginning balance Provision for bad debts		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
Total	72,851,213.17	100.00	26,464,029.52	–	46,387,183.65

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)	45,202,335.47	1,050,025.43	2.32
1 – 2 years	198,918.60	99,459.30	50.00
2 – 3 years	150,743.66	150,743.66	100.00
Over 3 years	3,870,317.01	3,870,317.01	100.00
Total	49,422,314.74	5,170,545.40	–

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

7. Other receivables (Continued)

(3) Other receivables (Continued)

4) Classified disclosure of other receivables by bad debt accrual method (Continued)

- ② Provision for bad debts of other receivables accrued as per portfolio – low risk portfolio

Unit: Yuan Currency: RMB

Ageing	Book value	Ending balance Provision for bad debts	Provision proportion (%)
Within 1 year (including 1 year)	11,418,231.79	114,182.32	1.00
1 – 2 years	460,383.91	4,603.84	1.00
2 – 3 years	1,340,977.20	13,409.77	1.00
Over 3 years	502,758.94	5,027.59	1.00
Total	13,722,351.84	137,223.52	–

- 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 value	Ending balance Provision for bad debts	Provision proportion (%)
Collateral and other risk exposure portfolios	25,263,872.41	20,972,252.91	83.01

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

7. Other receivables (Continued)

(3) Other receivables (Continued)

5) Provision of bad debt

Unit: Yuan Currency: RMB

Category	Beginning balance	Change of amount in the current period			Others	Ending balance
		Provision accrued	Recovered or transferred back	Charged or written off		
Ageing portfolio	5,388,701.27	-230,640.14	0.00	0.00	12,484.27	5,170,545.40
Low risk portfolio	103,075.34	33,848.91	0.00	0.00	299.27	137,223.52
Collateral and other risk exposure portfolios	20,972,252.91	0.00	0.00	0.00	0.00	20,972,252.91
Total	26,464,029.52	-196,791.23	0.00	0.00	12,783.54	26,280,021.83

6) Other receivables from top five ending balances listed according to 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
Municipal Tax Service	Tax refund receivable	40,453,337.23	Within 1 year	45.76	890,582.45
Cadfund Machinery Pty Ltd	Transaction payments	18,607,622.41	Over 5 years	21.05	18,607,622.41
Shanghai Pengpu Machine Building Plant (Group) Co., Ltd.	Transaction payments	6,490,000.00	Over 5 years	7.34	2,292,959.42
Shaanxi Heavy Duty Automobile Co., Ltd.	Transaction payments	3,136,940.47	Within 2 years	3.55	31,369.40
Xuzhou Construction Machinery Group Co., Ltd.	Transaction payments	2,970,000.00	Within 1 year, 2-3 years	3.36	29,700.00
Total	-	71,657,900.11	-	81.06	21,852,233.68

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

8. Inventories

(1) Category of inventories

Unit: Yuan Currency: RMB

Item	Book value	Ending balance Provision for inventory impairment/Provision for impairment of contract performance cost	Carrying amount
Raw materials	462,330,082.79	57,598,480.52	404,731,602.27
Goods in process	66,377,618.64	1,425,300.84	64,952,317.80
Goods in stock	461,115,893.51	19,940,061.38	441,175,832.13
Goods in transit	124,210,777.88	4,548,258.82	119,662,519.06
Total	1,114,034,372.82	83,512,101.56	1,030,522,271.26
Item	Book value	Beginning 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
Goods in process	82,355,259.84	1,680,681.87	80,674,577.97
Goods in stock	613,260,878.43	24,415,640.71	588,845,237.72
Goods in transit	237,361,196.67	5,598,440.68	231,762,755.99
Total	1,472,624,070.26	97,845,222.28	1,374,778,847.98

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

8. Inventories (Continued)

(2) *Provision for inventory impairment and provision for impairment of contract performance cost*

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase in the current period		Decrease in the current period		Ending balance
		Provision accrued	Others (Note 1)	Reversal or write-off (Note 2)	Others	
Raw materials	66,150,459.02	-5,394,556.78	0.00	3,157,421.72	0.00	57,598,480.52
Goods in process	1,680,681.87	-255,381.03	0.00	0.00	0.00	1,425,300.84
Goods in stock	24,415,640.71	3,169,077.97	46,196.50	7,690,853.80	0.00	19,940,061.38
Goods in transit	5,598,440.68	1,954,885.07	0.00	3,005,066.93	0.00	4,548,258.82
Total	97,845,222.28	-525,974.77	46,196.50	13,853,342.45	0.00	83,512,101.56

Note 1: Other changes are mainly exchange rate changes.

Note 2: The reversal or write-off of provision for inventory impairment this period is caused by sales.

9. Non-current assets due within one year

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Debt investments due within one year	3,429,250,400.90	1,156,800,819.24
Long-term receivables due within one year	27,344,096.35	26,813,861.10
Total	3,456,594,497.25	1,183,614,680.34

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

9. Non-current assets due within one year (Continued)

(1) Debt investments due within one year

Unit: Yuan Currency: RMB

Item	Book value	Ending balance	Carrying amount	Book value	Beginning balance	Carrying amount
		Provision for impairment			Provision for impairment	
Large-denomination certificate of deposit	3,429,250,400.90	0.00	3,429,250,400.90	1,156,800,819.24	0.00	1,156,800,819.24

(2) Significant debt investments due within one year at the end of the period

Unit: Yuan Currency: RMB

Item	Par value	Ending balance		Maturity date	Par value	Beginning balance		Maturity date
		Nominal interest rate	Actual interest rate			Nominal interest rate	Actual interest rate	
Large-denomination certificate of deposit	3,190,000,000.00	-	-	-	1,085,000,000.00	-	-	-

Note: The Company's debt investments at the end of the period are mainly large-denomination certificates of deposit purchased from banks, with a par value of deposit between RMB10 million to RMB500 million.

(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	498,346,102.52	483,413,676.53
Less: unrealized financing income	59,146,816.36	56,564,593.62
Less: provision for impairment	411,855,189.81	400,035,221.81
Total	27,344,096.35	26,813,861.10

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

10. Other current assets

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Prepaid enterprise income tax	82,289,288.80	139,457,782.21
VAT to be certified/credited	90,289,194.81	112,858,379.00
Other prepaid taxes	12,673,809.79	10,704,409.75
Time deposits	747,177,411.79	50,058,874.64
Subtotal	932,429,705.19	313,079,445.60
Provision for impairment	-4,841,976.45	-7,000,000.00
Total	927,587,728.74	306,079,445.60

11. Debt investments

(1) Debt investments

Unit: Yuan Currency: RMB

Item	Book value	Ending balance	Carrying amount	Book value	Beginning balance	Carrying amount
		Provision for impairment			Provision for impairment	
Large certificates of deposit and time deposit	1,590,288,663.05	0.00	1,590,288,663.05	3,261,453,492.49	0.00	3,261,453,492.49

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

11. Debt investments (Continued)

(2) *Significant debt investments at the end of the period*

Unit: Yuan Currency: RMB

Item	Par value	Ending balance		Maturity date	Overdue principal	Par value	Beginning balance		Maturity date	Overdue principal
		Nominal interest rate	Actual interest rate				Nominal interest rate	Actual interest rate		
Large-denomination certificates of deposit and time deposits	1,545,837,600.02	-	-	-	0.00	3,115,000,000.00	-	-	-	0.00

Note: The Company's debt investments at the end of the period are mainly large-denomination certificates of deposit and fixed-term deposits purchased from banks, with a par value of deposit between RMB10 million to RMB150 million.

12. Long-term receivables

(1) *Long-term receivables*

Unit: Yuan Currency: RMB

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SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

12. Long-term receivables (Continued)

(2) Classified disclosure of other receivables by bad debt accrual method

Provision for bad debt made according to the general model of expected credit loss

Unit: Yuan Currency: RMB

	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
Provision for bad debts				
Balance on January 1, 2025	0.00	0.00	400,035,221.81	400,035,221.81
Balance on January 1, 2025 in the current period	—	—	—	—
– 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 period	0.00	0.00	0.00	0.00
Reversal in the current period	0.00	0.00	0.00	0.00
Write-off in the current period	0.00	0.00	0.00	0.00
Verification in the current period	0.00	0.00	0.00	0.00
Other changes (Note 1)	0.00	0.00	11,819,968.00	11,819,968.00
Balance as of June 30, 2025	0.00	0.00	411,855,189.81	411,855,189.81

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 bad debts reclassified to non-current assets due within one year.

(3) Provision for bad debt

Unit: Yuan Currency: RMB

Category	Beginning balance	Provision accrued	Change of amount in the current period			Ending balance
			Recovered or transferred back	Charged or written off	Others	
Sales payment receivable	400,035,221.81	0.00	0.00	0.00	11,819,968.00	411,855,189.81

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

13. Long-term equity investments

(1) Long-term equity investments

Unit: Yuan Currency: RMB

Investee	Beginning balance (Carrying amount)	Beginning balance of impairment provision	Increase/decrease in the current period		Profit or loss on investments recognized under the equity method	Other comprehensive income adjustments	Other changes in equity
			Increase in investment	Decrease in investment			
I. Associates							
Sinomach Finance Co., Ltd.	686,488,201.89	0.00	0.00	0.00	15,158,260.78	562,989.26	0.00
Luoyang I&C Technology Consulting Co., Ltd.	470,888.85	0.00	0.00	0.00	118,285.94	0.00	0.00
Jiangxi Dongfanghong Agricultural Machinery Co., Ltd.	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	686,959,090.74	0.00	0.00	0.00	15,276,546.72	562,989.26	0.00

Investee(s)	Increase/decrease in the current period			Ending balance (Carrying amount)	Ending balance of impairment provision
	Cash dividends or profits declared	Accrual of provision for impairment	Others		
I. Associates					
Sinomach Finance Co., Ltd.	0.00	0.00	0.00	702,209,451.93	0.00
Luoyang I&C Technology Consulting Co., Ltd.	58,000.00	0.00	0.00	531,174.79	0.00
Jiangxi Dongfanghong Agricultural Machinery Co., Ltd.	0.00	0.00	0.00	0.00	0.00
Total	58,000.00	0.00	0.00	702,740,626.72	0.00

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

14. Other equity instrument investments

(1) Other equity instrument investments

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase in investment	Decrease in investment	Increase/decrease in the current period		Others	Ending balance	Dividend income recognized this period	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 period	Loss included in other comprehensive income in the current period						
Luoyang Intelligent Agricultural Equipment Research Institute Co., Ltd.	4,456,280.38	0.00	0.00	0.00	0.00	0.00	4,456,280.38	0.00	0.00	382,767.82	Non-trading

15. Fixed assets

Item listed

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Fixed assets	2,163,962,940.66	2,260,822,274.24

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

15. Fixed assets (Continued)

(1) Fixed assets

Unit: Yuan Currency: RMB

Item	Houses and buildings	Machinery equipment	Transportation facilities	Office and electronic equipment	Others	Total
I. Book value						
1. Beginning 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
2. Amount increase in the current period	1,618,180.58	44,902,597.45	5,121,410.66	6,397,038.91	0.00	58,039,227.60
(1) Purchase	0.00	9,388,432.67	983,585.84	1,778,003.51	0.00	12,150,022.02
(2) Transfer from construction in progress	1,178,023.46	35,668,733.44	3,897,899.06	4,565,217.33	0.00	45,309,873.29
(3) Reclassification of breakdown of fixed assets	0.00	-157,522.12	114,159.29	43,362.83	0.00	0.00
(4) Effect of foreign currency translation	440,157.12	2,953.46	125,766.47	10,455.24	0.00	579,332.29
3. Amount decrease in the current period	159,028,869.93	14,563,436.26	2,215,189.18	600,856.16	0.00	176,408,351.53
(1) Disposal or retirement	159,028,869.93	14,563,436.26	2,215,189.18	600,856.16	0.00	176,408,351.53
4. Ending balance	2,124,588,318.45	4,546,526,212.88	58,071,998.38	129,721,151.72	21,189.31	6,858,928,870.74
II. Accumulated depreciation						
1. Beginning 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
2. Amount increase in the current period	31,203,754.41	90,254,146.27	1,971,023.36	2,439,194.79	593.75	125,868,712.58
(1) Provision accrued	30,746,350.19	90,261,522.51	1,880,809.93	2,425,884.30	593.75	125,315,160.68
(2) Reclassification breakdown of fixed assets	0.00	-9,951.75	7,230.09	2,721.66	0.00	0.00
(3) Effect of foreign currency translation	457,404.22	2,575.51	82,983.34	10,588.83	0.00	553,551.90
3. Amount decrease in the current period	122,755,754.99	13,180,413.68	2,108,296.91	569,431.81	0.00	138,613,897.39
(1) Disposal or retirement	122,755,754.99	13,180,413.68	2,108,296.91	569,431.81	0.00	138,613,897.39
4. Ending balance	1,187,865,558.24	3,271,388,894.16	32,523,552.14	105,357,183.43	15,575.74	4,597,150,763.71
III. Provision for impairment						
1. Beginning balance	17,029,879.51	89,359,379.94	41,220.12	149,292.34	0.00	106,579,771.91
2. Amount increase in the current period	0.00	0.00	0.00	0.00	0.00	0.00
(1) Provision accrued	0.00	0.00	0.00	0.00	0.00	0.00
3. Amount decrease in the current period	8,754,155.63	10,449.91	0.00	0.00	0.00	8,764,605.54
(1) Disposal or retirement	8,754,155.63	10,449.91	0.00	0.00	0.00	8,764,605.54
4. Ending balance	8,275,723.88	89,348,930.03	41,220.12	149,292.34	0.00	97,815,166.37
IV. Carrying amount						
1. Carrying amount at the end of the period	928,447,036.33	1,185,788,388.69	25,507,226.12	24,214,675.95	5,613.57	2,163,962,940.66
2. Carrying amount at the beginning of the period	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

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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 period
Houses and buildings	49,507,011.39
Machinery equipment and other equipment	15,816,994.43
Total	65,324,005.82

(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	71,822,320.15	In process
Qingnian Jiayuan	63,173,354.28	In process
Large Machine Workshop I	37,588,061.40	In process
New Lost Foam Workshop	16,085,464.40	In process
Energy-saving and Environmental-friendly Diesel Engine Crankshaft Machining Production Line Renovation Project	14,303,930.96	In process
Main Workshop for Reclamation of Used Sand	7,137,931.35	In process
Heat Treatment Workshop	4,096,671.50	In process
Staff Canteen in Industrial Park	3,840,851.03	In process
Auxiliary Room of Large Machine Workshop I	3,356,101.95	In process
User Training Service Workshop	2,691,188.86	In process
New Cooling Passage Workshop for kw Line	1,691,170.84	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	1,544,894.83	
Total	227,331,941.55	-

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

15. Fixed assets (Continued)

(4) Impairment test for fixed assets

The original value of the fixed assets that were fully depreciated but are still in use is RMB2,091,093,800.58. For the details of fixed assets mortgaged at the end of the period, please 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	221,234,644.11	147,682,578.79

(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	67,796,743.18	0.00	67,796,743.18	33,635,370.29	0.00	33,635,370.29
Intelligent Multi-purpose Tractor Capacity Improvement Project	22,345,731.52	0.00	22,345,731.52	18,571,789.62	0.00	18,571,789.62
Energy-Saving Technology Upgrading and Transformation of Hot Test Bench	9,876,106.20	0.00	9,876,106.20	0.00	0.00	0.00
Worm gear grinding machine	7,778,761.08	0.00	7,778,761.08	7,778,761.08	0.00	7,778,761.08
Large Roller Forging Equipment-Die Forging Production Line Construction Project of the Casting and Forging Plant	5,019,823.01	0.00	5,019,823.01	0.00	0.00	0.00
Gear Hobbing Machine Project	3,944,336.28	0.00	3,944,336.28	3,944,336.28	0.00	3,944,336.28
Core Making Phase III Automation Factory Upgrading and Reconstruction Project-Core Making Unit	3,776,548.67	0.00	3,776,548.67	0.00	0.00	0.00
Gear Grinding Machine Project	3,095,575.22	0.00	3,095,575.22	3,095,575.22	0.00	3,095,575.22
New Oil Pan Line	2,825,869.10	0.00	2,825,869.10	2,825,869.10	0.00	2,825,869.10
Industrial Park Joint Plant Supporting Public Facilities Upgrading and Reconstruction Project	2,658,667.59	0.00	2,658,667.59	0.00	0.00	0.00
Project to Improve the Quenching Quality of Axle Shaft Products and Parts	2,594,290.05	0.00	2,594,290.05	2,594,290.05	0.00	2,594,290.05
CNC Gear Shaping Machine	2,386,725.69	0.00	2,386,725.69	2,386,725.69	0.00	2,386,725.69
φ800 CNC Forming Grinding Wheel Gear Grinder	2,292,035.40	0.00	2,292,035.40	2,292,035.40	0.00	2,292,035.40
CNC Milling Machine	2,290,381.83	0.00	2,290,381.83	2,290,381.83	0.00	2,290,381.83

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

16. Construction in progress (Continued)

(1) Construction in progress (Continued)

Unit: Yuan Currency: RMB

Item	Book value	Ending balance Provision for impairment	Carrying amount	Book value	Beginning balance Provision for impairment	Carrying amount
2024 New Small Fuel Injector Model Production Preparation	2,203,539.83	0.00	2,203,539.83	0.00	0.00	0.00
Information-based Project 2022	2,176,395.22	0.00	2,176,395.22	3,834,747.75	0.00	3,834,747.75
320 HP drive train test bench	2,120,353.98	0.00	2,120,353.98	0.00	0.00	0.00
CNC Cylindrical Grinding Machine Information-based Project 2021	2,070,796.47	0.00	2,070,796.47	2,070,796.47	0.00	2,070,796.47
No.2 Workshop South Auxiliary Room Renovation Project in 2024	2,041,669.64	0.00	2,041,669.64	4,245,209.41	0.00	4,245,209.41
Medium and Large Drive Axle Forging Professional Project	1,937,434.70	0.00	1,937,434.70	0.00	0.00	0.00
No. 1 Plant Layout Optimization and Adjustment Project in 2024	1,876,223.07	0.00	1,876,223.07	937,168.14	0.00	937,168.14
Oil Filtering and Testing Integrated Machine Project	1,688,331.54	0.00	1,688,331.54	0.00	0.00	0.00
CNC Drilling Machine	1,687,168.14	0.00	1,687,168.14	1,687,168.14	0.00	1,687,168.14
Horizontal Machining Centre	1,677,584.07	0.00	1,677,584.07	1,677,584.07	0.00	1,677,584.07
Horizontal CNC Lathe	1,671,681.41	0.00	1,671,681.41	0.00	0.00	0.00
Vertical Machining Center	1,637,168.13	0.00	1,637,168.13	1,637,168.13	0.00	1,637,168.13
120 HP drive train test bench	1,545,132.75	0.00	1,545,132.75	1,545,132.75	0.00	1,545,132.75
5G+ Digital Factory Construction Project (Phase I)	1,412,389.38	0.00	1,412,389.38	0.00	0.00	0.00
500 HP wet clutch test bench	1,298,327.50	0.00	1,298,327.50	927,376.79	0.00	927,376.79
Reconstruction of 2 rear wheel nut tightening machines in 2024	1,270,796.46	0.00	1,270,796.46	0.00	0.00	0.00
Information-based Project 2024	1,259,115.04	0.00	1,259,115.04	0.00	0.00	0.00
Ion Nitriding Furnace	1,195,584.90	0.00	1,195,584.90	1,358,912.84	0.00	1,358,912.84
CNC Lathe	1,139,823.00	0.00	1,139,823.00	1,139,823.00	0.00	1,139,823.00
2024 General Assembly Heavy Trailer Chassis Painting Line Reconstruction Project (Phase I)	1,044,247.79	0.00	1,044,247.79	1,044,247.79	0.00	1,044,247.79
High Energy Consumption Transformer Renewal and Power Capacity Expansion Project	1,032,000.00	0.00	1,032,000.00	0.00	0.00	0.00
Addition of 4 sets of automatic grinding in 2024	990,825.69	0.00	990,825.69	0.00	0.00	0.00
Spiral Gear Milling Machine	955,752.22	0.00	955,752.22	0.00	0.00	0.00
Intelligent Manufacturing Construction Project of Efficient and Low-emission YTN3 Diesel Engine	926,548.67	0.00	926,548.67	926,548.67	0.00	926,548.67
Information-based Project 2023	785,840.70	0.00	785,840.70	7,117,689.05	0.00	7,117,689.05
Renovation Project of Painting Line of No.2 Workshop	636,297.48	0.00	636,297.48	861,695.71	0.00	861,695.71
Horizontal Machining Center Project	0.00	0.00	0.00	1,912,701.05	0.00	1,912,701.05
Cleaning Machine Project	0.00	0.00	0.00	1,245,132.75	0.00	1,245,132.75
Others	0.00	0.00	0.00	1,236,000.00	0.00	1,236,000.00
	61,798,181.31	17,526,159.80	44,272,021.51	50,388,501.52	17,526,159.80	32,862,341.72
Total	238,760,803.91	17,526,159.80	221,234,644.11	165,208,738.59	17,526,159.80	147,682,578.79

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

16. Construction in progress (Continued)

(2) Changes of significant construction in progress in the current period

Unit: Yuan Currency: RMB

Project name	Beginning balance	Increase in the current period	Decrease in the current period		Ending balance	Budget
			Transferred to fixed assets	Other decreases		
Non-road China V Diesel Engine Industrialization Project	33,635,370.29	34,161,372.89	0.00	0.00	67,796,743.18	416,800,000.00
Intelligent Multi-purpose Tractor Capacity Improvement Project	18,571,789.62	7,765,083.49	3,991,141.59	0.00	22,345,731.52	408,800,000.00
Intelligent Manufacturing Construction Project of Efficient and Low-emission YTN3 Diesel Engine	7,117,689.05	42,574.26	6,374,422.61	0.00	785,840.70	194,900,000.00
Intelligent Renovation Project of Painting Line of No.2 Workshop	1,912,701.05	24,056.60	1,936,757.65	0.00	0.00	48,000,000.00
Technical transformation of coating lines	0.00	16,981.13	0.00	0.00	16,981.13	100,000,000.00
Technical Transformation Project of Heavy Diesel Production Line	0.00	169,811.32	0.00	0.00	169,811.32	159,200,000.00
Total	61,237,550.01	42,179,879.69	12,302,321.85	0.00	91,115,107.85	1,327,700,000.00

Project name	Ratio of accumulative investment to budget (%)	Project Schedule	Accumulated amount of capitalization of interest	Including: amount of capitalized interest in the current period		Capitalization rate of interest in the current period (%)	Source of funds
Non-road China V Diesel Engine Industrialization Project	17.94	20.00	0.00	0.00	0.00	0.00	Own funds, bank loan
Intelligent Multi-purpose Tractor Capacity Improvement Project	12.00	12.00	0.00	0.00	0.00	0.00	Own funds, government grants, bank loan
Intelligent Manufacturing Construction Project of Efficient and Low-emission YTN3 Diesel Engine	95.97	93.00	733,838.87	0.00	0.00	0.00	Own funds, bank loan
Intelligent Renovation Project of Painting Line of No.2 Workshop	95.70	95.00	0.00	0.00	0.00	0.00	Own funds
Technical transformation of coating lines	0.02	0.00	0.00	0.00	0.00	0.00	Own funds
Technical Transformation Project of Heavy Diesel Production Line	0.11	0.11	0.00	0.00	0.00	0.00	Own funds, bank loan
Total	-	-	733,838.87	0.00	-	-	-

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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
I. Book value				
1. Beginning balance	27,791,402.50	14,678,126.10	2,806.72	42,472,335.32
2. Amount increase in the current period	1,050,315.56	0.00	6,432,736.38	7,483,051.94
Lease in	1,050,315.56	0.00	6,432,736.38	7,483,051.94
3. Amount decrease in the current period	0.00	733,669.56	0.00	733,669.56
Decrease due to lease expiration	0.00	733,669.56	0.00	733,669.56
4. Ending balance	28,841,718.06	13,944,456.54	6,435,543.10	49,221,717.70
II. Accumulated depreciation				
1. Beginning balance	3,222,925.06	780,654.20	0.00	4,003,579.26
2. Amount increase in the current period	6,724,452.87	4,219,783.91	1,608,885.78	12,553,122.56
Provision accrued	6,724,452.87	4,219,783.91	1,608,885.78	12,553,122.56
3. Amount decrease in the current period	0.00	733,669.56	0.00	733,669.56
Decrease due to lease expiration	0.00	733,669.56	0.00	733,669.56
4. Ending balance	9,947,377.93	4,266,768.55	1,608,885.78	15,823,032.26
III. Provision for impairment				
1. Beginning balance	0.00	0.00	0.00	0.00
2. Amount increase in the current period	0.00	0.00	0.00	0.00
3. Amount decrease in the current period	0.00	0.00	0.00	0.00
4. Ending balance	0.00	0.00	0.00	0.00
IV. Carrying amount				
1. Carrying amount at the end of the period	18,894,340.13	9,677,687.99	4,826,657.32	33,398,685.44
2. Carrying amount at the beginning of the period	24,568,477.44	13,897,471.90	2,806.72	38,468,756.06

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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
I. Book value					
1. Beginning balance	867,215,223.63	1,456,412.68	153,059,840.87	59,952,478.55	1,081,683,955.73
2. Amount increase in the current period	0.00	0.00	3,586,858.78	0.00	3,586,858.78
(1) Purchase	0.00	0.00	880,744.68	0.00	880,744.68
(2) Transfer from construction in progress	0.00	0.00	2,707,174.26	0.00	2,707,174.26
(3) Effect of foreign currency translation	0.00	0.00	-1,060.16	0.00	-1,060.16
3. Amount decrease in the current period	21,518,030.00	0.00	0.00	0.00	21,518,030.00
(1) Sales	21,518,030.00	0.00	0.00	0.00	21,518,030.00
4. Ending balance	845,697,193.63	1,456,412.68	156,646,699.65	59,952,478.55	1,063,752,784.51
II. Cumulative amortization					
1. Beginning balance	295,606,580.97	822,897.35	107,405,672.63	408,209.79	404,243,360.74
2. Amount increase in the current period	11,209,480.55	0.00	6,801,837.01	4,616.35	18,015,933.91
(1) Provision accrued	11,209,480.55	0.00	6,802,034.00	4,616.35	18,016,130.90
(2) Effect of foreign currency translation	0.00	0.00	-196.99	0.00	-196.99
3. Amount decrease in the current period	7,649,648.61	0.00	0.00	0.00	7,649,648.61
(1) Sales	7,649,648.61	0.00	0.00	0.00	7,649,648.61
4. Ending balance	299,166,412.91	822,897.35	114,207,509.64	412,826.14	414,609,646.04
III. Provision for impairment					
1. Beginning balance	0.00	633,515.33	477,922.22	0.00	1,111,437.55
2. Amount increase in the current period	0.00	0.00	0.00	0.00	0.00
3. Amount decrease in the current period	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
IV. Carrying amount					
1. Carrying amount at the end of the period	546,530,780.72	0.00	41,961,267.79	59,539,652.41	648,031,700.92
2. Carrying amount at the beginning of the period	571,608,642.66	0.00	45,176,246.02	59,544,268.76	676,329,157.44

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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 matters forming goodwill	Beginning balance	Increase in the current period		Decrease in the current period		Ending balance
		Formed by business combination	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

(2) Impairment of goodwill

Unit: Yuan Currency: RMB

Name of investee or matters forming goodwill	Beginning balance	Increase in the current period		Decrease in the current period		Ending balance
		Provision accrued	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

20. Long-term unamortized expenses

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase in the current period	Amortization in the current period	Other decreases in the current period	Ending balance
Amortized mold	41,172,150.36	5,469,533.33	10,536,265.85	0.00	36,105,417.84
Amortized maintenance expenditure	4,116,436.29	0.00	569,766.11	-8,077.48	3,554,747.66
Others	472,068.34	0.00	99,759.78	0.00	372,308.56
Total	45,760,654.99	5,469,533.33	11,205,791.74	-8,077.48	40,032,474.06

Note: Other decreases in the current period are due to exchange rate changes.

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

21. Deferred income tax assets/deferred income tax liabilities

(1) Deferred income tax assets not offset

Unit: Yuan Currency: RMB

Item	Ending balance		Beginning balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Provision for impairment of assets	81,814,396.50	12,183,404.06	96,222,098.58	14,404,879.12
Dismissal welfare	33,567,019.91	5,108,327.42	43,881,681.97	6,676,651.57
Wages payable and accrued expenses	450,761,696.53	93,234,242.77	452,236,393.15	93,103,540.36
Deferred income	148,599,252.26	22,289,887.81	161,913,821.36	24,287,073.17
Deductible difference caused by leasing business	34,906,116.48	5,322,328.40	38,457,341.45	5,883,147.44
Total	749,648,481.68	138,138,190.46	792,711,336.51	144,355,291.66

(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	54,391,106.01	13,597,776.49	58,440,040.39	14,610,010.09
Changes in fair value	742,870,658.59	111,430,598.79	687,870,658.59	103,180,598.79
Temporary difference caused by leasing business	33,373,608.45	5,091,950.95	38,418,602.07	5,877,336.54
Total	830,635,373.05	130,120,326.23	784,729,301.05	123,667,945.42

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

21. Deferred income tax assets/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	1,003,003,633.92	850,070,539.84
Deductible losses	452,058,633.07	657,113,898.28
Total	1,455,062,266.99	1,507,184,438.12

(4) Deductible loss of unrecognized deferred income tax assets due in the following years

Unit: Yuan Currency: RMB

Period	Ending balance	Beginning balance	Remarks
2025	0.00	17,874,454.31	—
2026	0.00	579,948.28	—
2027	3,719,914.16	21,738,195.95	—
2028	122,501,692.96	261,837,690.41	—
2029	76,588,961.42	85,503,431.48	—
2030	1,224,221.73	12,863,951.15	—
2031	61,588,293.71	69,971,467.11	—
2032	153,616,968.82	153,926,179.32	—
2033	1,993,203.23	1,993,203.23	—
2034	30,825,377.04	30,825,377.04	—
Total	452,058,633.07	657,113,898.28	—

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

22. Assets with ownership or right of use restricted

Unit: Yuan Currency: RMB

Item	Book value	Ending		Restrictions
		Carrying amount	Restricted type	
Monetary funds	459,066,058.29	459,066,058.29	Others	Guarantee deposits of notes, etc.
Fixed assets 1	0.00	0.00	/	/
Fixed assets 2	0.00	0.00	/	/
Intangible assets 1	0.00	0.00	/	/
Total	459,066,058.29	459,066,058.29	/	/

Item	Book value	Beginning		Restrictions
		Carrying amount	Restricted type	
Monetary funds	560,396,614.64	560,396,614.64	Others	Guarantee deposits of notes, etc.
Fixed assets 1	115,522,172.38	22,185,016.98	Mortgage	Loan mortgage
Fixed assets 2	40,856,738.46	6,858,055.43	Others	Ruled by court
Intangible assets 1	21,518,030.00	13,980,454.46	Mortgage	Loan mortgage
Total	738,293,555.48	603,420,141.51	/	/

23. Notes payable

Unit: Yuan Currency: RMB

Type	Ending balance	Beginning balance
Bank acceptance bills	2,056,659,086.39	2,537,943,251.97

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

24. Accounts payable

(1) Accounts payable listed as per ageing

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Within 1 year (including 1 year)	2,408,026,387.06	1,959,507,179.50
1 – 2 years	52,997,896.56	71,709,848.62
2 – 3 years	27,015,085.25	37,342,728.77
Over 3 years	76,772,703.82	88,643,232.45
Total	2,564,812,072.69	2,157,202,989.34

(2) Accounts payable listed as per nature

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Procurement payable	2,389,787,499.75	1,920,764,575.69
Service payables	137,256,590.52	162,494,015.09
Engineering equipment purchase payables	37,713,024.76	73,646,836.84
Others	54,957.66	297,561.72
Total	2,564,812,072.69	2,157,202,989.34

(3) Significant payables aged over one year or overdue

Unit: Yuan Currency: RMB

Item	Ending balance	Reasons for not repaying or not transfer
LLAF INTERNATIONAL CO., LTD.	27,344,096.35	Unsettled

25. Advances from customers

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Rental received in advance	69,072.00	0.00

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

26. Contract liabilities

(1) Contract liabilities

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Sales payment	<u>194,001,805.34</u>	<u>555,274,588.76</u>

(2) Contract liabilities listed by ageing

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Within 1 year (including 1 year)	159,099,236.64	519,675,996.61
Over 1 years	<u>34,902,568.70</u>	<u>35,598,592.15</u>
Total	<u>194,001,805.34</u>	<u>555,274,588.76</u>

(3) Significant contract liabilities aged over 1 year

Unit: Yuan Currency: RMB

Company name	Ending balance	Reason for not transfer
Management Committee of Henan Luoyang Industrial Park	<u>11,926,605.50</u>	<u>Unsettled</u>

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

27. Employee salary payable

(1) Classification

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
Short-term remuneration	79,681,424.77	491,926,207.74	492,251,911.79	79,355,720.72
Post-employment benefits – defined contribution plan	4,845,614.59	68,097,555.27	68,558,026.75	4,385,143.11
Dismissal welfare	19,429,353.61	14,901,203.99	11,443,519.20	22,887,038.40
Total	103,956,392.97	574,924,967.00	572,253,457.74	106,627,902.23

(2) Short-term remuneration

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
Salary, bonus, allowance and subsidy	36,638,981.15	334,890,415.07	335,234,498.34	36,294,897.88
Employee benefits	0.00	28,891,201.61	28,891,201.61	0.00
Social insurance premium	2,370,123.77	27,100,749.47	27,306,181.16	2,164,692.08
Including: Medical insurance premiums	2,127,501.42	24,305,929.25	24,491,567.81	1,941,862.86
Industrial injury insurance premium	242,622.35	2,794,820.22	2,814,613.35	222,829.22
Housing provident fund	1,615,438.00	31,783,184.30	32,305,882.80	1,092,739.50
Labor union funds and employee education funds	38,523,564.11	13,918,418.32	12,827,142.21	39,614,840.22
Others	533,317.74	55,342,238.97	55,687,005.67	188,551.04
Total	79,681,424.77	491,926,207.74	492,251,911.79	79,355,720.72

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

27. Employee salary payable (Continued)

(3) Defined contribution plan

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
Basic endowment insurance premium	4,586,442.66	51,275,996.59	51,723,847.49	4,138,591.76
Enterprise annuity	60,543.05	14,617,494.18	14,612,973.13	65,064.10
Unemployment insurance premium	198,628.88	2,204,064.50	2,221,206.13	181,487.25
Total	4,845,614.59	68,097,555.27	68,558,026.75	4,385,143.11

Description of defined contribution plan: The Group participates in the enterprise annuity plan and the social insurance plan established by government agencies according to regulations. As per the plan, the Group will contribute 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 counted in current profit or loss or relevant asset costs.

The Group shall pay RMB68,097,555.27 (same period in 2024: RMB64,271,536.38) into the defined contribution plan in the current period. As at June 30, 2025, the Group has a payable contribution of RMB4,385,143.11 (December 31, 2024: RMB4,845,614.59) for paying successively after June 30, 2025.

28. Taxes payable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Property tax	8,908,843.04	9,599,175.99
Enterprise income tax	8,358,850.88	4,834,828.67
Land use tax	4,395,233.44	4,836,512.49
Individual income tax	3,676,877.24	1,645,667.47
Value-added tax (VAT)	1,316,852.76	1,693,703.23
Urban maintenance and construction tax	51,073.57	104,574.50
Educational surcharges	36,481.14	74,696.13
Other taxes and fees	4,107,964.33	3,172,449.48
Total	30,852,176.40	25,961,607.96

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

29. Other payables

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Interests payable	1,438,864.96	39,535,828.27
Dividends payable	125,825,637.85	8,439,607.87
Other payables	611,732,541.68	445,357,390.21
Total	738,997,044.49	493,332,826.35

(1) Interests payable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Interests payable	1,438,864.96	39,535,828.27

1) Significant overdue unpaid interest

Unit: Yuan Currency: RMB

Entity	Overdue amount	Overdue reason
Customer 1	1,438,864.96	Insufficient working capital

(2) Dividends payable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Ordinary share dividends	125,825,637.85	8,439,607.87

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

29. Other payables (Continued)

(3) Other payables

1) Other payables as per nature

Unit: Yuan Currency: RMB

Nature	Ending balance	Beginning balance
Transaction payments	199,835,914.78	200,417,606.65
Lendings to/borrowings from non-related parties	9,675,277.67	70,000,000.00
Guarantee deposit and security deposit	321,561,906.07	99,399,349.60
Collection and payment on behalf of others	29,639,276.34	32,216,686.26
Expenses payable	17,573,150.85	18,978,980.76
Others	33,447,015.97	24,344,766.94
Total	611,732,541.68	445,357,390.21

2) Significant other payables aged over one year or overdue

Unit: Yuan Currency: RMB

Company name	Ending balance	Reasons for not repaying or not transfer
YTO Group Corporation	191,534,707.59	Unsettled

30. 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	200,000,000.00
Lease liabilities due within one year	23,283,848.49	24,735,262.54
Long-term payables due within one year	762,000.00	690,000.00
Interest on long-term borrowings	203,156.25	171,246.53
Total	224,249,004.74	225,596,509.07

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

31. Other current liabilities

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Discounts	608,933,509.18	245,886,246.92
Sales and Warranty Service Fees for Repair, Replacement, and Refund	103,232,237.39	106,925,851.14
The Endorsement of Notes without Derecognition	3,957,145.80	25,415,913.88
Output VAT to be carried forward	10,170,152.46	7,798,144.08
Intermediary service cost	94,466.04	2,529,400.00
Others	2,507,310.60	10,246,031.67
Total	728,894,821.47	398,801,587.69

32. Long-term borrowings

(1) Classification of long-term borrowings

Unit: Yuan Currency: RMB

Category of borrowings	Ending balance	Beginning balance
Principal of Credit Loan	265,950,000.00	265,950,000.00
Interests payable	203,156.25	171,246.53
Subtotal	266,153,156.25	266,121,246.53
Less: Long-term borrowings due within one year	200,000,000.00	200,000,000.00
Less: interest on long-term borrowings	203,156.25	171,246.53
Total	65,950,000.00	65,950,000.00

(2) Analysis of maturity dates of long-term borrowings

Unit: Yuan Currency: RMB

Maturity date	Ending balance	Beginning balance
1 – 2 years	0.00	0.00
2 – 3 years	65,950,000.00	65,950,000.00
Total	65,950,000.00	65,950,000.00

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

33. Lease liabilities

(1) Presentation of lease liabilities

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Present value of lease liabilities	34,931,635.87	38,508,083.00
Less: re-classified to non-current liabilities due within one year	23,283,848.49	24,735,262.54
Net amount of lease liabilities	11,647,787.38	13,772,820.46

(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)	23,283,848.49
1 – 2 years	11,647,787.38
2 – 5 years	0.00
Over 5 years	0.00
Total	34,931,635.87
Less: lease liabilities due within one year	23,283,848.49
Lease liabilities disclosed under non-current liabilities	11,647,787.38

34. Long-term payables

Item listed

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Long-term non-financial institution loans	7,621,525.98	7,246,381.79

Other instructions:

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 660,120,156.00 (equivalent to RMB8,383,525.98 at the end of the period) unpaid on the sub-loan obtained by Yitwo Argo Industrial from the government in 1997, with XOF 60,000,000.00 (equivalent to RMB762,000.00) due within one year.

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

35. Long-term employee salary payable

(1) Statement of long-term employee salary payable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Long-term dismissal welfare	35,672,371.38	46,865,254.08
Others	27,738.00	27,738.00
Less: undiscounted long-term employee salary payable due within one year	22,887,038.40	19,429,353.61
Total	12,813,070.98	27,463,638.47

36. Estimated liabilities

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance	Cause
Others	1,962,613.99	1,962,613.99	Note 1

Note 1: It was formed by selling YTO (Luoyang) Forklift Co., Ltd., and the balance has not been paid.

37. Deferred income

Deferred income

(1) Classification of deferred income

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
Asset-related government subsidies	157,750,389.20	250,000.00	10,486,282.78	147,514,106.42
Income-related government subsidies	17,180,505.01	330,000.00	4,082,514.54	13,427,990.47
Total	174,930,894.21	580,000.00	14,568,797.32	160,942,096.89

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

37. Deferred income (Continued)

(2) Projects using government subsidies

Unit: Yuan Currency: RMB

Projects using government subsidies	Beginning balance	Amount of new subsidies in the current period	Amount included in non-operating revenue of the current period	Amount included in other gains in the current period	Amount for writing down the costs and expenses in the current period	Others changes	Ending balance	Asset-related/ income-related
Intelligent Multi-purpose Tractor Capacity Improvement Project	59,868,282.38	0.00	0.00	63,435.24	0.00	0.00	59,804,847.14	Asset-related
Intelligent Workshop and Factory Industrial Internet Platform	14,050,277.67	0.00	0.00	233,072.14	0.00	0.00	13,817,205.53	Asset-related
High-power Non-road Diesel Engine Core Capacity Improvement of New Wheeled Tractors	14,700,000.00	0.00	0.00	2,450,000.00	0.00	0.00	12,250,000.00	Asset-related
Modern Agricultural Equipment Intelligent Cockpit Digital Factory	12,090,909.06	0.00	0.00	2,418,181.82	0.00	0.00	9,672,727.24	Asset-related
Special Funds for the Urban Affordable Housing Project	7,986,111.24	0.00	0.00	720,238.07	0.00	0.00	7,265,873.17	Asset-related
Scientific research funds for tractors in hilly and mountainous areas	6,624,000.00	0.00	144,000.00	0.00	0.00	0.00	6,480,000.00	Asset-related
Application Project of New Wheeled Tractor Intelligent Manufacturing Model	5,897,283.11	0.00	0.00	595,118.31	0.00	0.00	5,302,164.80	Income-related
To Improve Independent R&D Capability	5,409,090.82	0.00	0.00	540,909.11	0.00	0.00	4,868,181.71	Asset-related
Key Product Test and Inspection Platform	5,271,473.02	0.00	0.00	671,015.34	0.00	0.00	4,600,457.68	Asset-related
8-12Kg/s Multifunctional Combine Harvester Project	4,166,841.37	0.00	0.00	694,473.60	0.00	0.00	3,472,367.77	Asset-related
Quality improvement and the intelligent transformation of medium-horsepower tractors	3,430,090.23	0.00	0.00	228,672.66	0.00	0.00	3,201,417.57	Asset-related
YT3 New Platform Diesel Engine Intelligent Manufacturing and Construction Project	3,362,947.41	0.00	0.00	263,807.43	0.00	0.00	3,099,139.98	Asset-related
R&D of mobile operation platform for universal field robots	3,239,444.44	0.00	0.00	190,555.56	0.00	0.00	3,048,888.88	Asset-related
Special Funds for Industrial Foundation Reconstruction and High-quality Development of the Manufacturing Industry	3,759,725.24	0.00	0.00	781,166.99	0.00	0.00	2,978,558.25	Income-related
G4 Diesel Engine Renovation Project	3,039,509.33	0.00	0.00	184,014.40	0.00	0.00	2,855,494.93	Asset-related
Complete Tractor Test Environment Chamber and Supporting Comprehensive Verification Platform	2,805,000.00	0.00	0.00	255,000.00	0.00	0.00	2,550,000.00	Asset-related
Renovation Project of Small and Medium-sized Parts Modelling Line of Foundry	1,900,000.00	0.00	0.00	150,000.00	0.00	0.00	1,750,000.00	Asset-related
Coating Line Waste Gas Comprehensive Treatment Project	1,864,981.36	0.00	0.00	128,187.84	0.00	0.00	1,736,793.52	Asset-related
Scientific research funds for multi-functional power platform	1,465,255.57	0.00	0.00	69,488.87	0.00	0.00	1,395,766.70	Asset-related
Scientific research funds for lightweight diesel engines	1,276,450.97	0.00	0.00	42,827.25	0.00	0.00	1,233,623.72	Income-related
Annual Output of 1,000 High-horsepower Shifting Heavy-duty Wheeled Tractors	1,719,152.65	0.00	0.00	555,070.15	0.00	0.00	1,164,082.50	Income-related
R&D of universal orchard power platform and its autonomous navigation system	1,250,000.00	0.00	0.00	250,000.00	0.00	0.00	1,000,000.00	Asset-related
Manufacturing and Industrial Application of Special Sensor for Header-Thresher	1,042,396.23	0.00	0.00	249,090.43	0.00	0.00	793,305.80	Income-related
R&D, Manufacturing and Aging Project of Special Wheeled Tractor in Hilly and Mountainous Areas	822,707.93	0.00	0.00	53,763.01	0.00	0.00	768,944.92	Income-related
Other items	1,058,000.00	0.00	0.00	1,058,000.00	0.00	0.00	0.00	Income-related
	6,830,964.18	580,000.00	0.00	1,578,709.10	0.00	0.00	5,832,255.08	-
Total	174,930,894.21	580,000.00	144,000.00	14,424,797.32	0.00	0.00	160,942,096.89	-

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

38. Share capital

Unit: Yuan Currency: RMB

Item	Beginning balance	New share issued	Increase (+)/decrease (-) in the current period			Others	Subtotal	Ending balance
			Bonus issue	Shares converted from reserves				
Total shares	1,123,645,275.00	0.00	0.00	0.00		0.00	0.00	1,123,645,275.00

39. Capital reserves

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase in the current period	Decrease in the current period	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
Total	2,655,849,996.00	0.00	0.00	2,655,849,996.00

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

40. Other comprehensive income

Unit: Yuan Currency: RMB

Item	Beginning balance	Amount incurred before income tax in the current period	Amount incurred in the current period		Less: income tax expenses	After-tax amount attributable to parent company	After-tax amount attributable to non-controlling shareholders	Ending balance
			Less: Amount included in other comprehensive income in the previous period and transferred to profit or loss in the current period	Less: Amount included in other comprehensive income in the previous period and transferred to retained income in the current period				
I. Other comprehensive income not to be reclassified into profit or loss								
Other comprehensive income that cannot be transferred to profit or loss under the equity method	-437,249.93	562,989.26	0.00	0.00	0.00	562,989.26	0.00	125,739.33
Changes in fair value of other equity instrument investments	-242,038.45	562,989.26	0.00	0.00	0.00	562,989.26	0.00	320,950.81
	-195,211.48	0.00	0.00	0.00	0.00	0.00	0.00	-195,211.48
II. Other comprehensive income that will be reclassified into profit or loss								
Differences arising from translation of foreign currency financial statements	-12,713,978.87	1,497,540.75	-	-	-	580,672.82	916,867.93	-12,133,306.05
	-12,713,978.87	1,497,540.75	0.00	0.00	0.00	580,672.82	916,867.93	-12,133,306.05
Total other comprehensive income	-13,151,228.80	2,060,530.01	0.00	0.00	0.00	1,143,662.08	916,867.93	-12,007,566.72

41. Special reserves

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
Work safety expenses	9,145,661.53	10,211,155.04	6,574,460.09	12,782,356.48

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

42. Surplus reserves

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
Statutory surplus reserves	783,471,448.53	0.00	0.00	783,471,448.53
Discretionary surplus reserves	771,431.00	0.00	0.00	771,431.00
Total	784,242,879.53	0.00	0.00	784,242,879.53

43. Retained earnings

Unit: Yuan Currency: RMB

Item	Current period	Previous year
Retained earnings at the end of the previous period before adjustment	2,695,974,750.86	2,218,749,266.26
Total number of retained earnings at the beginning of adjustment (increase +, decrease -)	0.00	0.00
Retained earnings at the beginning of the current period after adjustment	2,695,974,750.86	2,218,749,266.26
Add: Net profit attributable to owners of parent company in the current period	769,035,441.61	922,023,211.45
Less: Appropriation to statutory surplus reserves	0.00	84,367,314.93
Dividends payable on ordinary shares	336,531,759.89	360,430,411.92
Ending balance in the current period	3,128,478,432.58	2,695,974,750.86

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

44. Operating revenue and operating cost

(1) Operating revenues and operating costs

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period		Amount incurred in the previous period	
	Revenue	Cost	Revenue	Cost
Main business	6,902,032,688.27	5,802,216,536.03	7,775,529,974.35	6,483,062,131.23
Other business	25,615,721.26	14,827,720.02	31,089,858.37	13,248,501.47
Total	6,927,648,409.53	5,817,044,256.05	7,806,619,832.72	6,496,310,632.70

(2) Breakdown of operating revenue and cost

Unit: 0'000 Currency: RMB

Classification of contract	Operating revenue	Operating cost
By business type		
Including: Agricultural machinery	627,725.22	522,621.20
Power machinery	65,039.62	59,083.23
By operating region		
Including: Domestic sales	627,033.23	524,623.10
Overseas sales	65,731.61	57,081.33
By sales channel		
Including: Sales through distributors	554,307.70	466,820.57
Direct sales	138,457.14	114,883.86
Total	692,764.84	581,704.43

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

45. Taxes and surcharges

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Property tax	11,111,045.02	10,875,134.43
Stamp duty	7,684,336.09	8,202,128.67
Land use tax	3,025,881.37	3,954,661.50
Urban maintenance and construction tax	1,178,908.70	938,489.77
Educational surcharges	842,077.61	670,349.80
Vehicle and vessel use tax	24,484.64	13,484.54
Others	219,265.93	773,813.49
Total	24,085,999.36	25,428,062.20

46. Selling expenses

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Employee salary	40,792,838.54	42,869,814.71
Advertising expenses	9,476,121.11	5,412,652.48
Business travel expense	9,045,648.33	7,855,670.42
Sales and service fees	7,030,451.96	5,352,230.01
Others	4,482,210.37	3,951,409.01
Total	70,827,270.31	65,441,776.63

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

47. Administrative expenses

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Employee salary	89,402,082.14	85,363,149.58
Amortization of intangible assets	16,460,295.69	16,491,640.17
Depreciation expenses	11,081,536.71	17,675,574.84
Rental expenses	8,948,384.50	7,687,774.56
Repair expenses	7,790,779.09	8,830,253.28
Labor cost	3,458,174.38	3,608,522.87
Utility bills	2,243,251.07	1,231,776.99
Business travel expense	1,792,550.92	1,522,317.42
Working funds for Party building	1,761,980.12	1,959,411.69
Office expenses	561,103.42	1,104,822.29
Business entertainment expenses	536,504.24	1,177,930.98
Others	6,795,660.87	6,512,665.40
Total	150,832,303.15	153,165,840.07

48. R&D expenses

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Employee salary	95,259,513.01	89,888,707.60
Material expenses	76,373,793.53	85,787,827.91
Depreciation expenses	14,121,797.79	17,552,732.12
Design expenses	9,398,462.16	1,304,621.59
Test and inspection expenses	2,566,618.35	597,570.34
Others	15,253,721.95	10,154,684.82
Total	212,973,906.79	205,286,144.38

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

49. Financial expenses

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Interest expenses	4,007,627.99	6,365,818.22
Less: Interest income	11,435,625.85	27,988,701.50
Add: Net exchange gains or losses	3,461,169.94	-984,090.30
Others	2,324,683.93	1,502,353.90
Total	-1,642,143.99	-21,104,619.68

50. Other income

(1) Breakdown of other income

Unit: Yuan Currency: RMB

Sources of other income	Amount incurred in the current period	Amount incurred in the previous period
VAT additional deduction	70,918,939.41	78,941,178.21
Government subsidy	17,431,777.82	25,687,524.12
Return of service charges of individual income tax	520,902.76	386,742.88
Income from debt restructuring	49,306,319.33	0.00
Total	138,177,939.32	105,015,445.21

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

50. Other income (Continued)

(2) Breakdown of government subsidies

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period	Asset-related/ income-related
High-power Non-road Diesel Engine	2,450,000.00	2,450,000.00	Asset-related
Core Capacity Improvement of New Wheeled Tractors	2,418,181.82	2,418,181.82	Asset-related
Reward and subsidy for rectification and improvement of casting equipment	1,636,900.00	0.00	Income-related
R&D, Manufacturing and Aging Project of Special Wheeled Tractor in Hilly and Mountainous Areas	1,058,000.00	5,848,000.00	Income-related
Special funds for the construction of Jiangsu Province as a strong manufacturing province in 2025	850,000.00	0.00	Income-related
R&D of mobile operation platform for universal field robots	781,166.99	439,637.94	Income-related
Modern Agricultural Equipment Intelligent Cockpit Digital Factory	720,238.07	720,238.08	Asset-related
Key Product Test and Inspection Platform	694,473.60	694,473.60	Asset-related
To Improve Independent R&D Capability	671,015.34	671,015.34	Asset-related
Scientific research funds for tractors in hilly and mountainous areas	595,118.31	1,743,577.97	Income-related
Scientific research funds for lightweight diesel engines	555,070.15	75,471.23	Income-related
Application Project of New Wheeled Tractor Intelligent Manufacturing Model	540,909.11	540,909.10	Asset-related
Research on Unmanned Operation Technology and Equipment Development of Tractor	332,148.72	427,985.36	Income-related

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

50. Other income (Continued)

(2) Breakdown of government subsidies (Continued)

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period	Asset-related/ income-related
Energy-saving and Environmental- friendly Diesel Engine Crankshaft Machining Production Line Project	270,000.00	270,000.00	Asset-related
Quality improvement and the intelligent transformation of medium-horsepower tractors	263,807.43	646,127.63	Asset-related
G4 Diesel Engine Renovation Project	255,000.00	255,000.00	Asset-related
Annual Output of 1,000 High- horsepower Shifting Heavy-duty Wheeled Tractors	250,000.00	250,000.00	Asset-related
R&D of universal orchard power platform and its autonomous navigation system	249,090.43	3,764.29	Income-related
Intelligent Workshop and Factory Industrial Internet Platform	233,072.14	233,072.12	Asset-related
8-12Kg/s Multifunctional Combine Harvester Project	228,672.66	147,487.11	Asset-related
R&D of Key Technologies and Assembly Creation for Power System and Intelligent Control Unit of Hybrid/Electric Agricultural Machinery	211,273.16	126,500.52	Income-related
Scientific research funds for multi- functional power platform	42,827.25	396,763.92	Income-related
R&D and manufacturing of high- horsepower intelligent tractors	0.00	5,871,410.33	Income-related
Others	2,124,812.64	1,457,907.76	—
Total	17,431,777.82	25,687,524.12	—

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

51. Investment income

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Investment income from holding debt investments	67,975,642.29	54,338,920.56
Long-term equity investment income valued at equity method	15,276,546.72	27,825,891.61
Investment income from disposal of financial assets held for trading	9,250,507.33	1,645,663.60
Dividend income from financial assets held for trading during the holding period	3,871,472.59	0.00
Others	-4,906,047.62	-144,393.82
Total	91,468,121.31	83,666,081.95

52. Income from changes in fair value

Unit: Yuan Currency: RMB

Sources of income from changes in fair value	Amount incurred in the current period	Amount incurred in the previous period
Profit or loss due to changes in fair value of financial assets held for trading	55,009,583.33	16,628,351.59

53. Credit impairment losses

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Bad debt loss for receivables	-18,600,319.58	-13,873,717.92

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

54. Asset impairment loss

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Impairment loss of other current assets	2,158,023.55	0.00
Inventory impairment loss	525,974.77	2,350,843.59
Impairment loss on prepayments	0.00	303.90
Total	2,683,998.32	2,351,147.49

55. Incomes from assets disposal

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period	Amount included in non-recurring profit or loss in the current period
Gain or loss from disposal of fixed assets	691,296.24	1,427,210.51	691,296.24

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

56. Non-operating revenue

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period	Amount included in non-recurring profit or loss in the current period
Payables not to be paid	16,308,451.28	2,878,375.74	16,308,451.28
Government subsidy unrelated to daily activities	144,000.00	144,000.00	144,000.00
Others	2,002,267.29	904,922.86	2,002,267.29
Total	18,454,718.57	3,927,298.60	18,454,718.57

57. Non-operating expenses

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period	Amount included in non-recurring profit or loss in the current period
Loss of retirement of non-current assets	1,202,899.96	0.00	1,202,899.96
Others	1,451,332.57	242,140.96	1,451,332.57
Total	2,654,232.53	242,140.96	2,654,232.53

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

58. Income tax expenses

(1) Income tax expenses

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Income tax expenses in the current period	93,222,487.14	155,143,830.93
Deferred income tax expenses	12,669,482.01	6,152,082.42
Total	105,891,969.15	161,295,913.35

(2) Adjustment process of accounting profit and income tax expenses

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period
Consolidated total profits in the current period	938,757,922.84
Income tax expense calculated in accordance with applicable tax rate	140,813,688.43
Effect of different tax rates applicable to subsidiaries	13,015,761.10
Impact of income tax in previous periods before adjustment	0.00
Profit or loss attributable to joint ventures and associates	-2,291,482.01
Effect from deductible temporary balance or deductible losses of deferred income tax assets unrecognized	16,060,040.88
Weighted Deduction of R&D Expenses and Other Expenses	-25,329,411.64
Effect of using deductible losses of unrecognized deferred income tax assets in the previous period	-36,376,627.61
Income tax expenses	105,891,969.15

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

59. Other comprehensive income

Refer to this Note “V. 40 Other comprehensive income” for details.

60. Items of cash flow statements

(1) Cash flows related to operating activities

Other cash received relating to operating activities

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Interest on deposits received	11,435,625.85	27,988,701.50
Government subsidies received	3,586,980.50	11,784,444.56
Cash Received Related to Other Transactions	57,119,274.07	78,389,025.16
Total	72,141,880.42	118,162,171.22

Other cash paid relating to operating activities

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Cash paid for selling, administrative and R&D expenses	54,772,772.20	49,924,726.26
Cash paid related to other transactions	36,668,468.52	14,070,421.34
Total	91,441,240.72	63,995,147.60

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

60. 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 period	Amount incurred in the previous period
Purchase of fixed deposits	1,253,307,547.04	146,094,381.56
Purchase of structured deposits	0.00	750,000,000.00
Purchase of certificates of deposit	0.00	235,663,111.10
Total	1,253,307,547.04	1,131,757,492.66

(3) Cash related to financing activities

Other cash paid relating to financing activities

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Payment of rental expenses	11,828,092.39	10,627,902.47
Others	123,371.72	0.00
Total	11,951,464.11	10,627,902.47

Change of liabilities arising from financing activities

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase in the current period	
		Change in cash	Non-cash changes
Interests payable	39,535,828.27	0.00	0.00
Dividends payable	8,439,607.87	0.00	338,102,281.48
Other payables	70,000,000.00	0.00	0.00
Long-term loan	266,121,246.53	0.00	3,342,843.75
Lease liabilities	38,508,083.00	0.00	8,251,645.26
Long-term payables	7,936,381.79	0.00	801,144.19
Total	430,541,147.46	0.00	350,497,914.68

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

60. Items of cash flow statements (Continued)

(3) Cash related to financing activities (Continued)

Change of liabilities arising from financing activities (Continued)

Unit: Yuan Currency: RMB

Item	Decrease in the current period		Ending balance
	Change in cash	Non-cash changes	
Interests payable	0.00	38,096,963.31	1,438,864.96
Dividends payable	220,716,251.50	0.00	125,825,637.85
Other payables	0.00	60,324,722.33	9,675,277.67
Long-term loan	3,310,934.03	0.00	266,153,156.25
Lease liabilities	11,828,092.39	0.00	34,931,635.87
Long-term payables	354,000.00	0.00	8,383,525.98
Total	236,209,277.92	98,421,685.64	446,408,098.58

Note: Long-term borrowings, lease liabilities and long-term payables all include the portion due within one year.

(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 presented on a net basis	Cash inflows and outflows for fast-turnover, high-value and short-duration projects	-6,950,000,000.00
Cash paid for investments			-6,950,000,000.00

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

61. Supplementary information to cash flow statements

(1) Supplementary information to cash flow statements

Unit: Yuan Currency: RMB

Item	Amount in the current period	Amount in the previous period
1. Reconciliation of net profit to cash flows from operating activities:		
Net profit	832,865,953.69	919,695,759.54
Add: Provision for impairment of assets	-2,683,998.32	-2,351,147.49
Credit impairment losses	18,600,319.58	13,873,717.92
Depreciation of fixed assets	125,315,160.68	126,480,689.57
Depreciation of right-of-use assets	12,553,122.56	9,887,355.25
Amortization of intangible assets	18,016,130.90	17,961,331.56
Amortization of long-term unamortized expenses	11,205,791.74	11,909,265.63
Loss from disposal of fixed assets, intangible assets and other long-term assets (gains to be listed with "-")	-49,997,615.57	-1,427,210.51
Losses from retirement of fixed assets (gains to be listed with "-")	1,202,899.96	-4,656.59
Losses from changes in fair value (gains to be listed with "-")	-55,009,583.33	-16,628,351.59
Financial expenses (gains to be listed with "-")	4,007,627.99	6,365,818.22
Investment losses (gains to be listed with "-")	-91,468,121.31	-83,666,081.95
Decrease on deferred income tax assets (increase to be listed with "-")	6,217,101.20	6,815,869.04
Increase in deferred income tax liabilities (decrease to be listed with "-")	6,452,380.81	-663,786.62
Decrease in inventory (increase to be listed with "-")	344,736,354.99	408,915,244.50
Decrease in operating receivables (increase to be listed with "-")	-929,227,495.62	-928,016,140.87
Increase in operating payables (decrease to be listed with "-")	144,170,661.31	425,469,581.09
Others	0.00	0.00
Net cash flows from operating activities	396,956,691.26	914,617,256.70

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

61. Supplementary information to cash flow statements (Continued)

(1) Supplementary information to cash flow statements (Continued)

Item	Amount in the current period	Amount in the previous period
2. Material investment and financing activities that do not involve cash receipts and payments:		
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
3. Movements in net cash and cash equivalents:		
Ending balance of cash	1,175,187,858.62	1,580,196,089.04
Less: Beginning balance of cash	1,784,647,536.28	2,223,210,636.03
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	-609,459,677.66	-643,014,546.99

(2) Formation of cash and cash equivalents

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Cash	1,175,187,858.62	1,784,647,536.28
Including: Cash on hand	92,329.40	98,797.95
Bank deposit available for payments at any time	1,175,095,467.71	1,784,548,675.87
Other monetary funds available for payment at any time	61.51	62.46
Cash equivalents	0.00	0.00
Balance of cash and cash equivalents at the end of the period	1,175,187,858.62	1,784,647,536.28
Including: The parent company or subsidiaries within the group use restricted cash and cash equivalents	0.00	0.00

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

61. Supplementary information to cash flow statements (Continued)

(3) *Monetary funds not belonging to cash and cash equivalents*

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance	Reasons for not belonging to cash and cash equivalents
Margin for acceptance bills	458,666,058.29	555,439,590.04	Limited monetary funds
Other restricted funds	400,000.00	4,957,024.60	Limited monetary funds
Total	459,066,058.29	560,396,614.64	/

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

62. 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)
Monetary funds	—	—	132,776,781.70
Including: USD	14,826,730.49	7.1586	106,138,632.89
EUR	1,423,456.56	8.4024	11,960,451.40
HKD	11,008.87	0.9120	10,040.09
XOF	1,144,138,721.00	0.0127	14,530,561.76
BYN	62,675.12	2.1874	137,095.56
Accounts receivable	—	—	121,838,450.24
Including: USD	13,149,838.21	7.1586	94,134,431.81
EUR	110,277.29	8.4024	926,593.90
AUD	416,357.79	4.6817	1,949,262.27
XOF	699,574,402.33	0.0127	8,884,594.91
ZAR	39,552,387.38	0.4031	15,943,567.35
Other receivables	—	—	457,779.37
Including: XOF	35,342,710.50	0.0127	448,852.42
BYN	4,081.08	2.1874	8,926.95
Non-current assets due within one year	—	—	498,346,102.51
Including: USD	47,719,241.77	7.1586	341,602,964.13
EUR	18,654,567.55	8.4024	156,743,138.38
Other current assets	—	—	15,896,221.20
Including: USD	2,211,259.11	7.1586	15,829,519.46
BYN	30,493.62	2.1874	66,701.74
Accounts payable	—	—	34,500,244.07
Including: USD	3,977,983.89	7.1586	28,476,795.47
EUR	706,460.12	8.4024	5,935,960.51
AUD	11,794.96	4.6817	55,220.46
BYN	14,751.59	2.1874	32,267.63

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

62. Monetary items in foreign currency (Continued)

(1) Monetary items in foreign currency (Continued)

Unit: Yuan

Item	Ending balance in foreign currency	Exchange rate	Ending balance in RMB (equivalent)
Other payables	—	—	328,261.73
Including: USD	45,855.47	7.1586	328,260.97
XOF	60.00	0.0127	0.76
Employee salary payable	—	—	167,234.91
Including: BYN	76,453.74	2.1874	167,234.91
Other current liabilities	—	—	1,484,428.89
Including: USD	142,697.44	7.1586	1,021,513.89
XOF	36,450,000.00	0.0127	462,915.00
Non-current liabilities due within one year	—	—	762,000.00
Including: XOF	60,000,000.00	0.0127	762,000.00
Long-term payables	—	—	7,621,525.98
Including: XOF	600,120,156.00	0.0127	7,621,525.98

Note: The above assets and liabilities are listed by original value.

(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

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

63. Lease

(1) As the lessee

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Interest expenses on lease liabilities	129,568.21	310,050.34
Short-term lease expenses included in current profit or loss with simplified treatment	1,212,905.96	991,311.22
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>13,150,354.21</u>	<u>11,619,213.69</u>

(2) As the lessor

Operating leases as the lessor

Unit: Yuan Currency: RMB

Item	Lease income	Including: Income related to variable lease payments that are not included in the measurement of lease receipts
Operating rental income	<u>8,256,879.46</u>	<u>0.00</u>

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

64. Net current assets

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Current assets	9,772,680,105.12	7,425,048,133.18
Less: Current Liabilities	6,645,162,985.75	6,498,069,754.11
Net current assets	3,127,517,119.37	926,978,379.07

65. Total assets minus current liabilities

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Total assets	15,314,964,310.92	14,691,335,709.97
Less: Current Liabilities	6,645,162,985.75	6,498,069,754.11
Total assets minus current liabilities	8,669,801,325.17	8,193,265,955.86

66. 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	265,950,000.00
Total	265,950,000.00	265,950,000.00

(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	200,000,000.00
Need to repay after one year	65,950,000.00	65,950,000.00
Total	265,950,000.00	265,950,000.00

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

66. Borrowings (Continued)

(2) Analysis of maturity date of borrowings

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Bank borrowings	—	—
Within 1 year (including 1 year)	200,000,000.00	200,000,000.00
1 – 2 years	0.00	0.00
2 – 5 years	65,950,000.00	65,950,000.00
Total	265,950,000.00	265,950,000.00

67. Depreciation and amortization

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Depreciation of fixed assets	125,315,160.68	126,480,689.57
Amortization of intangible assets	18,016,130.90	17,961,331.56
Total	143,331,291.58	144,442,021.13

68. Reserves

According to the applicable laws of the People's Republic of China (the establishment place of the Group), the Group's available-for-distribution reserve on June 30, 2025, is RMB3,128,478,432.58, and the share premium of the capital reserves is RMB2,408,231,745.23.

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

VI. R&D EXPENDITURES

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
R&D of Tractor Products	116,923,002.77	119,356,864.48
R&D of Power Machinery Products	50,363,481.94	38,668,840.61
Component Optimization and R&D of Other Machinery Products	21,563,182.84	22,193,727.79
Process R&D	18,453,985.40	21,488,297.74
Basic research	5,670,253.84	3,578,413.76
Total	212,973,906.79	205,286,144.38
Including: Expense account-based R&D expenses	212,973,906.79	205,286,144.38
Capitalized R&D expenses	0.00	0.00

VII. CHANGES IN CONSOLIDATION SCOPE

None.

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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

Notes: 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 March 31, 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 year ends on the date when Sinomach transfers the aforementioned rights to an irrelevant third party. During the custody year, 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.

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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 period	Dividends announced and distributed to non-controlling shareholders in the current period	Balance of non-controlling interests at the end of the period
Luoyang Tractor Research Institute Co., Ltd.	49.00	9,825,665.09	1,570,521.61	272,645,470.75
YTO (Luoyang) Diesel Engine Co., Ltd.	14.53	17,194,889.79	0.00	205,581,779.03

(3) Main financial information of significant non-wholly-owned subsidiaries

Unit: Yuan Currency: RMB

Name of subsidiary	Current assets	Non-current assets	Ending balance Total assets	Current liabilities	Non-current liabilities	Total liabilities
Luoyang Tractor Research Institute Co., Ltd.	254,719,931.01	362,334,807.29	617,054,738.30	38,511,152.73	22,124,257.50	60,635,410.23
YTO (Luoyang) Diesel Engine Co., Ltd.	2,402,066,519.98	896,182,855.45	3,298,249,375.43	1,642,609,659.36	102,826,074.22	1,745,435,733.58

Name of subsidiary	Current assets	Non-current assets	Beginning balance Total assets	Current liabilities	Non-current liabilities	Total 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
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

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

VIII. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Equity in subsidiaries (Continued)

(3) Main financial information of significant non-wholly-owned subsidiaries (Continued)

Unit: Yuan Currency: RMB

Name of subsidiary	Amount incurred in the current period			Cash flow from operating activities
	Operating revenue	Net profit	Total comprehensive income	
Luoyang Tractor Research Institute Co., Ltd.	97,505,223.47	20,052,377.73	20,052,377.73	-220,660,622.46
YTO (Luoyang) Diesel Engine Co., Ltd.	1,531,274,321.66	117,731,954.46	117,731,954.46	-642,265,702.45
Name of subsidiary	Amount incurred in the previous period			Cash flow from operating activities
	Operating revenue	Net profit	Total comprehensive income	
Luoyang Tractor Research Institute Co., Ltd.	81,213,167.46	4,470,964.47	4,470,964.47	-205,834,545.09
YTO (Luoyang) Diesel Engine Co., Ltd.	1,727,623,042.22	112,423,607.27	112,423,607.27	-642,594,552.15

(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.

2. Transactions that cause changes in the share of owners' equity in subsidiaries that do not result in loss of control

None.

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

VIII. EQUITY IN OTHER ENTITIES (CONTINUED)

3. Interests in joint ventures or associates

(1) Significant joint ventures or associates

Unit: Yuan Currency: RMB

Name of joint venture or associate	Principal place of business	Registration place	Business Nature	Shareholding proportion (%)		Accounting methods for the investment in joint ventures or associates
				Direct	Indirect	
Sinomach Finance Co., Ltd.	China	China	Finance	14.29	0.00	Equity method

(2) Significant financial information for significant associates

Unit: Yuan Currency: RMB

Item	Ending balance/ amount incurred in the current period Sinomach Finance Co., Ltd.
Current assets	39,824,192,997.96
Non-current assets	10,935,447,551.03
Total assets	50,759,640,548.99
Current liabilities	45,073,347,941.77
Non-current liabilities	1,319,002,836.77
Total liabilities	46,392,350,778.54
Non-controlling interests	0.00
Shareholders' equity attributable to the parent company	4,367,289,770.45
Shares of net assets calculated according to the shareholding proportion	623,897,914.74
Adjustments	78,311,537.19
– Goodwill	0.00
– Unrealized profit of internal transaction	0.00
– Others	78,311,537.19
Carrying amount of equity investments in associates	702,209,451.93
Fair value of equity investments in associates with public offer	0.00

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

VIII. EQUITY IN OTHER ENTITIES (CONTINUED)

3. Interests in joint ventures or associates (Continued)

(2) Significant financial information for significant associates (Continued)

Unit: Yuan Currency: RMB

Item	Ending balance/ amount incurred in the current period Sinomach Finance Co., Ltd.
Operating revenue	567,011,313.43
Financial expenses	0.00
Income tax expenses	36,265,238.19
Net profit	111,469,904.07
Net profit from discontinued operations	0.00
Other comprehensive income	5,310,375.00
Total comprehensive income	116,780,279.07
Dividends received from joint ventures during this year	0.00

Unit: Yuan Currency: RMB

Item	Beginning balance/ amount incurred in the previous period Sinomach Finance Co., Ltd.
Current assets	45,109,238,600.28
Non-current assets	10,660,356,566.30
Total assets	55,769,595,166.58
Current liabilities	50,286,141,764.40
Non-current liabilities	1,226,212,492.04
Total liabilities	51,512,354,256.44

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

VIII. EQUITY IN OTHER ENTITIES (CONTINUED)

3. Interests in joint ventures or associates (Continued)

(2) Significant financial information for significant associates (Continued)

Unit: Yuan Currency: RMB

Item	Beginning balance/ amount incurred in the previous period Sinomach Finance Co., Ltd.
Non-controlling interests	0.00
Shareholders' equity attributable to the parent company	4,257,240,910.14
Shares of net assets calculated according to the shareholding proportion	608,176,664.70
Adjustments	78,311,537.19
– Goodwill	0.00
– Unrealized profit of internal transaction	0.00
– Others	78,311,537.19
Carrying amount of equity investments in associates	686,488,201.89
Fair value of equity investments in associates with public offer	0.00
Operating revenue	561,474,955.10
Financial expenses	0.00
Income tax expenses	41,890,985.65
Net profit	124,717,109.12
Net profit from discontinued operations	0.00
Other comprehensive income	0.00
Total comprehensive income	124,717,109.12
Dividends received from joint ventures during this year	0.00

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

VIII. EQUITY IN OTHER ENTITIES (CONTINUED)

3. Interests in joint ventures or associates (Continued)

(3) Summary of financial information of nonsignificant joint ventures and associates

Unit: Yuan Currency: RMB

Item	Ending balance/ amount incurred in the current period	Beginning balance/ amount incurred in the previous period
Associates	—	—
Total carrying amount of investment	531,174.79	470,888.85
Total amount of the following items at the shareholding percentage	—	—
– Net profit	75,534.10	193,398.32
– Other comprehensive income	0.00	0.00
– Total comprehensive income	75,534.10	193,398.32

(4) Excess losses incurred by joint ventures or associates

Unit: Yuan Currency: RMB

Name of joint venture or associate	Accumulated unrecognized losses of the previous periods	Unrecognized losses in the current period	Accumulated unrecognized losses at the end of the current period
Jiangxi Dongfanghong Agricultural Machinery Co., Ltd.	1,837,203.05	42,751.84	1,879,954.89

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

IX. GOVERNMENT SUBSIDIES

1. Government subsidies recognized as per amount receivable at the end of the Reporting Period

None.

2. Liability items involved with government subsidies

Unit: Yuan Currency: RMB

Accounting item	Beginning balance	Amount of new subsidies in the current period	Amount included in non-operating revenue of the current period
Deferred income	157,750,389.20	250,000.00	144,000.00
Deferred income	17,180,505.01	330,000.00	0.00
Total	174,930,894.21	580,000.00	144,000.00

Accounting item	Amount transferred to other gains in the current period	Other changes in the current period	Ending balance	Asset-related/ income-related
Deferred income	10,342,282.78	0.00	147,514,106.42	Asset-related
Deferred income	4,082,514.54	0.00	13,427,990.47	Income-related
Total	14,424,797.32	0.00	160,942,096.89	—

3. Government subsidies included in current profit or loss

Unit: Yuan Currency: RMB

Category	Amount incurred in the current period	Amount incurred in the previous period
Asset-related	10,486,282.78	9,718,692.64
Income-related	7,089,495.04	16,112,831.48
Total	17,575,777.82	25,831,524.12

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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.



SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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 of June 30, 2025, 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.

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

X. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

1. The risks of financial instruments (Continued)

1. Risk management objectives and policies (Continued)

(1) Credit risk (Continued)

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 June 30, 2025, the accounts receivable of the Group's top five customers accounted for 11.09% (June 30, 2024: 13.08%) of the Group's total accounts receivable, so the Group has no significant 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.

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 could 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.

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

X. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

1. The risks of financial instruments (Continued)

1. Risk management objectives and policies (Continued)

(1) Credit risk (Continued)

2) Definition of assets with credit impairment (Continued)

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.

(2) Liquidity risk

Unit: Yuan Currency: RMB

Item	Book amount	Within 1 year	June 30, 2025	2-5 years	Over 5 years
			1-2 years		
Non-derivative financial liabilities:	—	—	—	—	—
Notes payable	2,056,659,086.39	2,056,659,086.39	0.00	0.00	0.00
Accounts payable	2,564,812,072.69	2,564,812,072.69	0.00	0.00	0.00
Other payables	738,997,044.49	738,997,044.49	0.00	0.00	0.00
Other current liabilities	728,894,821.47	728,894,821.47	0.00	0.00	0.00
Short-term loans	0.00	0.00	0.00	0.00	0.00
Long-term loan	65,950,000.00	0.00	0.00	65,950,000.00	0.00
Non-current liabilities due within one year	224,249,004.74	224,249,004.74	0.00	0.00	0.00
Long-term payables	7,621,525.98	0.00	762,000.00	2,286,000.00	4,573,525.98
Total financial liabilities	6,387,183,555.76	6,313,612,029.78	762,000.00	68,236,000.00	4,573,525.98

(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 is mainly USD, EUR, and XOF) 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.

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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 June 30, 2025, the amount of foreign currency financial assets and foreign currency financial liabilities held by the Group converted into RMB is listed as follows:

Unit: Yuan Currency: RMB

Item	Ending balance Original currency	Equivalent to RMB	Beginning balance Original currency	Equivalent to RMB
Monetary funds	—	132,776,781.70	—	107,078,813.07
USD	14,826,730.49	106,138,632.89	11,919,656.85	85,683,261.30
EUR	1,423,456.56	11,960,451.40	786,033.06	5,915,449.00
HKD	11,008.87	10,040.09	11,008.32	10,193.70
XOF	1,144,138,721.00	14,530,561.76	1,324,194,084.00	15,228,231.97
BYN	62,675.12	137,095.56	110,028.27	241,677.10
Accounts receivable	—	121,838,450.24	—	100,328,029.83
USD	13,149,838.21	94,134,431.81	10,869,853.23	78,136,852.96
EUR	110,277.29	926,593.90	110,277.29	829,913.80
AUD	416,357.79	1,949,262.27	416,357.79	1,876,524.56
XOF	699,574,402.33	8,884,594.91	372,243,548.00	4,280,800.80
ZAR	39,552,387.38	15,943,567.35	39,552,387.38	15,203,937.71
Other receivables	—	457,779.37	—	511,150.65
XOF	35,342,710.50	448,852.42	35,342,710.50	406,441.17
BYN	4,081.08	8,926.95	47,671.06	104,709.48
Non-current assets due within one year	—	498,346,102.51	—	483,413,676.55
USD	47,719,241.77	341,602,964.13	47,719,241.77	343,024,997.54
EUR	18,654,567.55	156,743,138.38	18,654,567.55	140,388,679.01
Other current assets	—	15,896,221.20	—	15,675,982.44
USD	2,211,259.11	15,829,519.46	2,170,404.83	15,601,738.08
BYN	30,493.62	66,701.74	33,801.21	74,244.36
Accounts payable	—	34,500,244.07	—	34,353,206.23
USD	3,977,983.89	28,476,795.47	4,018,133.89	28,883,953.65
EUR	706,460.12	5,935,960.51	706,460.12	5,316,606.93
AUD	11,794.96	55,220.46	11,794.96	53,159.88
BYN	14,751.59	32,267.63	45,292.86	99,485.77

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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)

Unit: Yuan Currency: RMB

Item	Ending balance		Beginning balance	
	Original currency	Equivalent to RMB	Original currency	Equivalent to RMB
Other payables	—	328,261.73	—	33,546.82
XOF	60.00	0.76	0.00	0.00
USD	45,855.47	328,260.97	4,126.00	29,659.34
BYN	0.00	0.00	1,769.85	3,887.48
Employee salary payable	—	167,234.91	—	122,019.75
BYN	76,453.74	167,234.91	55,551.90	122,019.75
Other current liabilities	—	1,484,428.89	—	1,605,041.32
USD	142,697.44	1,021,513.89	164,969.44	1,185,866.32
XOF	36,450,000.00	462,915.00	36,450,000.00	419,175.00
Non-current liabilities due within one year	—	762,000.00	—	690,000.00
XOF	60,000,000.00	762,000.00	60,000,000.00	690,000.00
Long-term payables	—	7,621,525.98	—	7,246,381.79
XOF	600,120,156.00	7,621,525.98	630,120,156.00	7,246,381.79

Note: The above assets are presented at original value.

2) Interest rate risk

Interest rate risks faced by the Group are mainly incurred from loans, etc.. 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.

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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)

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.

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	Notes receivable	3,957,145.80	Not derecognized	Having retained almost all of its risks and rewards, including the related default risk
Bill endorsement/bill discounting	Receivables financing	663,055,456.98	Derecognized	Having transferred almost all of its risks and rewards
Total	—	<u>667,012,602.78</u>	—	—

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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	Gains or losses related to derecognition
Receivables financing	Bill endorsement/bill discounting	663,055,456.98	-351,984.75

As of June 30, 2025, the carrying amount of bank acceptance bills endorsed by the Group to suppliers for settlement or discount to banks was RMB3,957,145.80. 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.

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

XI. DISCLOSURE OF FAIR VALUE

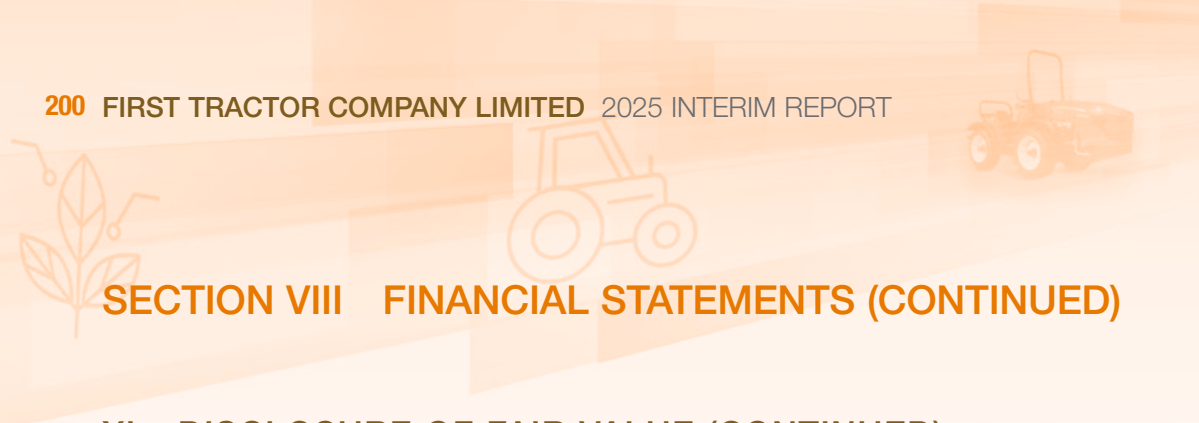
1. Ending fair value of assets and liabilities measured at fair value

Unit: Yuan Currency: RMB

Item	Level 1 measurement at fair value	Ending fair value Level 2 measurement at fair value	Level 3 measurement at fair value	Total
I. Continuous fair value measurement	—	—	—	—
(I) Financial assets held for trading	0.00	0.00	931,000,000.00	931,000,000.00
1. Financial assets at FVTPL	0.00	0.00	931,000,000.00	931,000,000.00
(1) Debt instrument investments	0.00	0.00	0.00	0.00
(2) Equity instruments	0.00	0.00	931,000,000.00	931,000,000.00
(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	0.00	0.00	0.00	0.00
(II) Investment in other equity instruments	0.00	0.00	4,456,280.38	4,456,280.38
(III) Receivables financing	0.00	0.00	135,671,856.45	135,671,856.45
Total assets continuously measured at fair value	0.00	0.00	1,071,128,136.83	1,071,128,136.83

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, brokers, industry groups, pricing service providers, or regulatory agents, and they represent actual and regular market transactions on an arm's length basis.



SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

XI. DISCLOSURE OF FAIR VALUE (CONTINUED)

3. Qualitative and quantitative information of valuation technique and key parameters used for 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 materials inputs required to calculate its fair value are observable.

4. Qualitative and quantitative information of valuation technique and key parameters used for 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 the adjustment between the beginning carrying amount and the ending carrying amount of items subject to continuous Level 3 fair value measurement and sensitivity analysis of non-observable parameters

The above items of the Group measured by recurring fair value did not convert between levels in this period.

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

XI. DISCLOSURE OF FAIR VALUE (CONTINUED)

6. **Reasons for transfers between different levels and policies to determine the timing of transfers for items subject to continuous fair value measurement to which transfers between different levels occur in the period**

The above items of the Group measured by recurring fair value did not convert between levels in this period.

7. **Change of valuation techniques incurred in the current period and the reasons thereof**

The valuation techniques for fair value of financial instruments of the Group have not changed in this period.

8. **Fair value of financial assets and liabilities not measured at fair value**

None.

XII. RELATED PARTIES AND CONNECTED TRANSACTIONS

(I) Related party relationships

1. *Parent company of the Company*

Unit: Yuan Currency: RMB

Name of parent company	Registration place	Business Nature	Registered capital	Shareholding proportion (%) held by the parent company over the company	Proportion (%) of voting right held by the parent over 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 of the Company, refer to contents of Note “VIII. 1. (1) Composition of the Group”.

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

(I) Related party relationships (Continued)

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.

The information of other joint ventures or associates which produced balance for conducting connected transactions with the Group in this period 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 (Note 1)
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 (Note 2)
YTO (Luoyang) Axle Co., Ltd.	Former associate of the Company	
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 funded the establishment of ZF Axle Company. The Company holds 49% equity in ZF Axle Company, which is listed in long-term equity interest investments and accounted for by 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 51% equity of ZF Axle Company held by it. As of September 13, 2024, the Company has completed the asset delivery of ZF Axle Company and the reorganization of the Board of Directors, acquired actual control rights and incorporated it into the consolidation scope. On September 24, 2024, ZF Axle Company completed the industrial and commercial registration of the above-mentioned equity transfer and changed its name to YTO (Luoyang) Axle Co., Ltd. Therefore, the connected transaction data of this period does not involve YTO (Luoyang) Axle Co., Ltd., and the connected transactions of the previous period include YTO (Luoyang) Axle Co., Ltd.

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

(I) Related party relationships (Continued)

4. Other related parties

Name of other related parties	Relationship between other related parties 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
Anhui Kinte-Weijia Equipment Manufacturing 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
SCIVIC Engineering Corporation	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

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

(I) Related party relationships (Continued)

4. Other related parties (Continued)

Name of other related parties	Relationship between other related parties and the Company
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
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
Luoyang Bearing Science and Technology Co., Ltd.	Controlled by the same ultimate controlling party
Sinomach Digital Technology 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
Jinggong Ruiyi Technology (Henan) Co., Ltd.	Controlled by the same ultimate controlling party
Jiangsu Sumec Technology Equipment 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 Automotive Construction Engineering (Luoyang) Testing Co., Ltd.	Controlled by the same ultimate controlling party

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

(I) Related party relationships (Continued)

4. Other related parties (Continued)

Name of other related parties	Relationship between other related parties and the Company
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
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
CHINA AUT CAIEC LTD.	Controlled by the same ultimate controlling party
Sinomach Hainan Development Co., Ltd.	Controlled by the same ultimate controlling party
Sinomach Capital Management Corporation	Controlled by the same ultimate controlling party
CMEC International Exhibition Co., Ltd.	Controlled by the same ultimate controlling party
Jiangsu Sumec Eton Kidd Brand Management Co., Ltd.	Controlled by the same ultimate controlling party
BMHRI Equipment Manufacturing (Beijing) Co., Ltd.	Controlled by the same ultimate controlling party
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

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

(I) Related party relationships (Continued)

4. Other related parties (Continued)

Name of other related parties	Relationship between other related parties and the Company
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 (cancelled)
YTO (Luoyang) Zhongcheng 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 controller 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 are the former subsidiaries that are no longer included in the scope of consolidation due to bankruptcy liquidation by the controlling shareholder of the Company and the associates that have been bankrupt and liquidated.
- (3) Luoyang YTO Light Vehicle Co., Ltd. has been cancelled as of the disclosure date of this report.

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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 incurred in the current period	Amount incurred in the previous period
Sales of raw materials and parts	55,182,930.83	5,785,365.65
Purchase of raw materials and parts	13,833,254.90	12,021,107.07
Interest income	9,438,726.65	10,011,389.16
Interest expenses	2,513,888.89	2,527,777.78
Expenditure of service charges	917,956.75	970,209.09
Total	81,886,758.02	31,315,848.75

2. Material transactions between the Group and YTO Group Corporation and its subsidiaries

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Purchase of raw materials and parts	255,188,364.70	303,707,350.28
Comprehensive service and transportation costs paid and payable	129,914,996.42	134,316,834.17
Power cost paid and payable	106,323,582.03	103,456,620.63
Sales of raw materials and parts	96,289,310.98	109,742,592.30
Purchase of plant and equipment	10,619,844.03	2,934,794.99
Land rent paid and payable	7,266,722.76	6,257,138.49
Payment of R&D expenses	6,661,570.35	11,205,293.31
Rent paid and payable for houses and buildings, machinery and equipment	4,126,365.54	4,640,719.30
Revenue from houses and buildings and machinery equipment rent	2,110,267.36	2,039,648.85
Provision of technical and testing services	268,095.96	277,875.66
Revenue from land lease	56,016.00	65,864.50
Interest expenses	858,455.78	0.00
R&D revenue	0.00	1,400,000.00
Total	619,683,591.91	680,044,732.48

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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 incurred in the current period	Amount incurred in the previous period
Payment of R&D expenses	92,583,773.65	69,756,628.92
Purchase of raw materials and parts	38,892,322.25	180,723,214.61
Sales of raw materials and parts	9,899,162.31	35,869,434.90
Rent paid and payable	1,608,184.10	26,115.90
R&D revenue	456,210.28	47,937.09
Provision of technical and testing services	248,798.28	346,181.84
Comprehensive service fees paid and payable	78,860.36	118,294.23
Power cost paid and payable	69,620.48	67,059.74
Interest expenses	75,584.65	0.00
Lease income	0.00	2,608,258.00
Total	143,912,516.36	289,563,125.23

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 repeatedly disclosed here.

4. Related party capital lending

Unit: Yuan Currency: RMB

Name of related party	Lending/ borrowing amount	Starting date	Maturity date	Remarks
Loans from related parties (principal)	—	—	—	—
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
Subtotal	265,950,000.00	—	—	—
Loans from related parties (interest payable)	—	—	—	—
China National Machinery Industry Corporation	152,777.78	—	—	Interest of entrusted loan
YTO Group Corporation	50,378.47	—	—	Interest of entrusted loan
Subtotal	203,156.25	—	—	—

Note: The interest expense of the Group's related party capital lending this period is RMB3,342,843.75 in total.

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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	Leasing income recognized in the current period	Leasing income recognized in the previous period
Luoyang Xiyuan Vehicle and Power Inspection Institute Co., Ltd.	Machinery equipment	731,140.32	617,845.78
Luoyang Xiyuan Vehicle and Power Inspection Institute Co., Ltd.	Land and buildings	719,035.04	719,035.04
YTO Group Corporation	Land and buildings	694,726.00	734,516.28
YTO Group Corporation	Machinery equipment	21,382.00	32,650.75
YTO (Luoyang) Logistics Co., Ltd.	Machinery equipment	0.00	1,465.50
YTO (Luoyang) Axle Co., Ltd.	Land and buildings	0.00	2,608,258.00
Total	—	2,166,283.36	4,713,771.35

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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	Variable lease payments not included in the measurement of lease liabilities	Rents paid	Increased right-of-use assets
YTO Group Corporation and its subsidiaries	—	—	—	—	—
YTO Group Corporation	Land and buildings	1,051,662.23	0.00	12,196,614.89	1,050,315.56
YTO Group Corporation	Machinery equipment	1,200.00	0.00	49,143.32	0.00
YTO (Luoyang) Logistics Co., Ltd.	Land and buildings	156,385.32	0.00	170,460.00	0.00
YTO (Luoyang) Logistics Co., Ltd.	Machinery equipment	3,658.41	0.00	4,134.00	0.00
Subtotal	—	<u>1,212,905.96</u>	<u>0.00</u>	<u>12,420,352.21</u>	<u>1,050,315.56</u>
Joint ventures and associates	—	—	—	—	—
Luoyang Intelligent Agricultural Equipment Research Institute Co., Ltd.	Machinery equipment	0.00	0.00	0.00	6,432,736.38
Subtotal	—	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>6,432,736.38</u>
Total	—	<u>1,212,905.96</u>	<u>0.00</u>	<u>12,420,352.21</u>	<u>7,483,051.94</u>

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

(II) Connected transactions (Continued)

6. Remuneration of key management

(1) The detailed compensation of directors and supervisors are shown as follows:

Unit: 0'000 Currency: RMB

Project name	Amount incurred in the current period	Amount incurred in the previous period
Emoluments	7.40	7.10
Salaries and other benefits	373.41	399.09
Contribution to retirement fund plan	36.70	38.97
Total compensation	417.51	445.16

(2) The compensations of key management personnel are as follows:

Unit: 0'000 Currency: RMB

Personnel and position	Amount incurred in the current period			Total
	Emoluments	Salaries and other benefits	Contribution to retirement fund plan	
Executive Directors				
Zhao Weilin	0.00	0.00	0.00	0.00
Wei Tao	0.00	26.59	3.39	29.98
Non-executive Directors				
Fang Xianfa	0.00	0.00	0.00	0.00
Yang Jianhui	0.30	0.00	0.00	0.30
Miao Yu	0.00	0.00	0.00	0.00
Independent Non-executive Directors				
Wang Shumao	2.30	0.00	0.00	2.30
Xu Liyou	0.00	0.00	0.00	0.00
Huang Qiwen	2.30	0.00	0.00	2.30
Supervisors				
Yang Yu	0.00	0.00	0.00	0.00
Gu Aiqin	0.00	0.00	0.00	0.00
Xiao Bin	0.00	30.24	3.39	33.63
Li Peng	0.00	111.55	3.39	114.94
Yang Kun	0.00	84.37	3.39	87.76

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

(II) Connected transactions (Continued)

6. Remuneration of key management (Continued)

(2) The compensations of key management personnel are as follows: (Continued)

Personnel and position	Emoluments	Amount incurred in the current period		Total
		Salaries and other benefits	Contribution to retirement fund plan	
Senior Management	–	–	–	–
Su Wensheng (Deputy General Manager)	0.00	20.12	3.39	23.51
Yu Lina (Deputy General Manager & Secretary of the Board of Directors)	0.00	20.14	3.39	23.53
Liu Bin (Chief Financial Officer)	0.00	19.42	3.39	22.81
Zhao Qingliang (Deputy General Manager)	0.00	20.03	6.19	26.22
Yang Guangjun (Deputy General Manager)	0.00	20.12	3.39	23.51
Other Personnel	–	–	–	–
Xue Wenpu (Former Deputy General Manager)	0.00	20.83	3.39	24.22
Xue Lipin (Former Independent Director)	2.50	0.00	0.00	2.50
Total	7.40	373.41	36.70	417.51

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

(II) Connected transactions (Continued)

6. Remuneration of key management (Continued)

(2) The compensations of key management personnel are as follows: (Continued)

Personnel and position	Amount incurred in the previous period			Total
	Emoluments	Salaries and other benefits	Contribution to retirement fund plan	
Executive Directors	—	—	—	—
Liu Jiguo	0.00	7.94	1.06	9.00
Wei Tao	0.00	23.81	3.20	27.01
Non-executive Directors	—	—	—	—
Zhang Zhiyu	0.90	0.00	0.00	0.90
Fang Xianfa	0.00	0.00	0.00	0.00
Zhang Bin	0.00	0.00	0.00	0.00
Independent Non-executive Directors	—	—	—	—
Xue Lipin	3.10	0.00	0.00	3.10
Wang Shumao	3.10	0.00	0.00	3.10
Xu Liyou	0.00	0.00	0.00	0.00
Supervisors	—	—	—	—
Yang Yu	0.00	0.00	0.00	0.00
Gu Aiqin	0.00	0.00	0.00	0.00
Xiao Bin	0.00	29.45	3.20	32.65
Li Peng	0.00	122.29	3.20	125.49
Yang Kun	0.00	101.59	3.20	104.79
Senior Management	—	—	—	—
Su Wensheng (Deputy General Manager)	0.00	19.54	3.20	22.74
Yu Lina (Deputy General Manager and concurrent Secretary of the Board of Directors)	0.00	19.56	3.20	22.76
Xue Wenpu (Deputy General Manager)	0.00	19.55	3.20	22.75
Zhao Qingliang (Deputy General Manager)	0.00	16.28	5.35	21.63
Yang Guangjun (Deputy General Manager)	0.00	19.54	3.20	22.74
Kang Zhifeng (CFO)	0.00	19.54	6.96	26.5
Total	<u>7.10</u>	<u>399.09</u>	<u>38.97</u>	<u>445.16</u>

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

(III) Balance of receivables and payables by related parties

1. Bank deposits

Unit: Yuan Currency: RMB

Related Party	Book value at the end of the period	Book value at the beginning of the period
Subsidiaries of Sinomach (excluding YTO Group Corporation and its subsidiaries)	—	—
Sinomach Finance Co., Ltd.	<u>1,423,002,648.17</u>	<u>1,960,076,066.05</u>

Note: The amount deposited by the Group in Sinomach Finance Co., Ltd. at the end of the period is RMB1,423,002,648.17, including current deposits of RMB1,008,070,436.57 and acceptance bill guarantee deposits of RMB414,932,211.60. The settled interest income in the current period is RMB8,396,782.20.

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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	Book value at the end of the period	Book value at the beginning of the period
Subsidiaries of Sinomach (excluding YTO Group Corporation and its subsidiaries)	—	—
SUMEC Machinery & Electric Co., Ltd.	1,270,715.25	598,417.50
China National Heavy Machinery Research Institute Co., Ltd.	1,062,446.70	1,007,342.04
Anhui Kinte-Weijia Equipment Manufacturing Co., Ltd.	21,456.00	0.00
Luoyang Bearing Science and Technology Co., Ltd.	17,106.00	0.00
Guangzhou Qingtian Industrial Co., Ltd.	0.00	115,577.37
China National Electric Apparatus Research Institute Co., Ltd.	0.00	50,000.00
Jinggong Ruiyi Technology (Henan) Co., Ltd.	0.00	29,420.00
Subtotal	2,371,723.95	1,800,756.91
Controlling shareholder	—	—
YTO Group Corporation	111,439.00	4,117,873.69
Subtotal	111,439.00	4,117,873.69
Subsidiaries of YTO Group Corporation	—	—
YTO (Luoyang) Logistics Co., Ltd.	255,046.34	2,243,146.86
Subtotal	255,046.34	2,243,146.86
Total	2,738,209.29	8,161,777.46

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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
Subsidiaries of Sinomach (excluding YTO Group Corporation and its subsidiaries)	—	—	—	—
China CAMC Engineering Co., Ltd.	2,215,770.20	44,315.40	0.00	0.00
SUMEC Machinery & Electric Technology Co., Ltd.	1,322,309.00	13,223.09	0.00	0.00
Beijing Materials Handling Research Institute Co., Ltd.	0.00	0.00	156,058.00	3,121.16
Luoyang Bearing Research Institute Co., Ltd.	0.00	0.00	7,122.00	71.22
Subtotal	3,538,079.20	57,538.49	163,180.00	3,192.38
Controlling shareholder	—	—	—	—
YTO Group Corporation	54,491,582.76	2,161,111.55	25,859,807.64	308,616.88
Subtotal	54,491,582.76	2,161,111.55	25,859,807.64	308,616.88
Subsidiaries of YTO Group Corporation	—	—	—	—
YTO (Luoyang) Logistics Co., Ltd.	14,482,772.39	144,827.72	9,116,041.18	91,160.41
YTO (Luoyang) Materials and Equipment Co., Ltd.	2,160,936.84	21,609.36	8,916,371.75	89,163.71
YTO (Heilongjiang) Dongfanghong Industry Park Co., Ltd.	256,905.95	256,905.95	256,905.95	256,905.95
YTO (Luoyang) Win Tools & Equipment Co., Ltd.	67,736.73	677.37	3,403,442.63	34,034.43
Subtotal	16,968,351.91	424,020.40	21,692,761.51	471,264.50

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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
Joint ventures and associates	—	—	—	—
Luoyang Intelligent Agricultural Equipment Research Institute Co., Ltd.	23,831,713.32	11,773,554.13	23,541,300.00	11,770,650.00
Subtotal	23,831,713.32	11,773,554.13	23,541,300.00	11,770,650.00
Original subsidiaries not included in consolidation	—	—	—	—
Cadfund Machinery Pty Ltd	15,943,567.35	15,943,567.35	15,203,937.71	15,203,937.71
Subtotal	15,943,567.35	15,943,567.35	15,203,937.71	15,203,937.71
Others	—	—	—	—
YTO (Luoyang) Zhongcheng Machinery Co., Ltd.	80,000.00	80,000.00	80,000.00	80,000.00
Subtotal	80,000.00	80,000.00	80,000.00	80,000.00
Total	114,853,294.54	30,439,791.92	86,540,986.86	27,837,661.47

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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
Subsidiaries of Sinomach (excluding YTO Group Corporation and its subsidiaries)	—	—	—	—
Beijing Tsun Greatwall Hydraulic R&D Co., Ltd.	0.00	0.00	1,195,400.00	0.00
Subtotal	0.00	0.00	1,195,400.00	0.00
Controlling shareholder	—	—	—	—
YTO Group Corporation	0.00	0.00	2,974,230.00	0.00
Subtotal	0.00	0.00	2,974,230.00	0.00
Subsidiaries of YTO Group Corporation	—	—	—	—
Luoyang Xiyuan Vehicle and Power Inspection Institute Co., Ltd.	522,000.00	0.00	0.00	0.00
Luoyang Tianhui Energy Engineering Co., Ltd.	48,150.00	0.00	0.00	0.00
YTO (Luoyang) Logistics Co., Ltd.	25,750.00	0.00	0.00	0.00
Luoyang Fossett Environmental Protection Technology Co., Ltd.	0.00	0.00	41,400.00	0.00
Subtotal	595,900.00	0.00	41,400.00	0.00
Total	595,900.00	0.00	4,211,030.00	0.00

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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
Subsidiaries of Sinomach (excluding YTO Group Corporation and its subsidiaries)	—	—	—	—
China National Machinery Industry Corporation	0.00	0.00	3,000,000.00	30,000.00
Beijing Unite-Idea Advertising Co., Ltd.	0.00	0.00	300,000.00	3,000.00
Belarus Haihong Medical Technology Co., Ltd.	0.00	0.00	918.69	0.00
Subtotal	0.00	0.00	3,300,918.69	33,000.00
Controlling shareholder	—	—	—	—
YTO Group Corporation	918,800.00	20,462.00	118,400.00	1,184.00
Subtotal	918,800.00	20,462.00	118,400.00	1,184.00
Joint ventures and associates	—	—	—	—
Luoyang Intelligent Agricultural Equipment Research Institute Co., Ltd.	369,977.20	3,699.77	369,977.20	3,699.77
Subtotal	369,977.20	3,699.77	369,977.20	3,699.77
Original subsidiaries not included in consolidation	—	—	—	—
Cadfund Machinery Pty Ltd	18,607,622.41	18,607,622.41	18,607,622.41	18,607,622.41
Subtotal	18,607,622.41	18,607,622.41	18,607,622.41	18,607,622.41
Total	19,896,399.61	18,631,784.18	22,396,918.30	18,645,506.18

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

(III) Balance of receivables and payables by related parties (Continued)

2. Receivables (Continued)

(5) Other current assets

Unit: Yuan Currency: RMB

Related Party	Book value at the end of the period	Book value at the beginning of the period
Subsidiaries of Sinomach (excluding YTO Group Corporation and its subsidiaries)	—	—
Sinomach Finance Co., Ltd.	<u>701,041,944.45</u>	<u>0.00</u>

(6) Debt investments

Unit: Yuan Currency: RMB

Related Party	Book value at the end of the period	Book value at the beginning of the period
Subsidiaries of Sinomach (excluding YTO Group Corporation and its subsidiaries)	—	—
Sinomach Finance Co., Ltd.	<u>150,000,000.00</u>	<u>0.00</u>

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

(III) Balance of receivables and payables by related parties (Continued)

2. Receivables (Continued)

(7) Right-of-use assets

Unit: Yuan Currency: RMB

Related Party	Book value at the end of the period	Book value at the beginning of the period
Controlling shareholder	—	—
YTO Group Corporation	<u>28,250,148.74</u>	<u>37,820,787.20</u>
Subtotal	<u>28,250,148.74</u>	<u>37,820,787.20</u>
Joint ventures and associates	—	—
Luoyang Intelligent Agricultural Equipment Research Institute Co., Ltd.	<u>4,824,552.28</u>	<u>0.00</u>
Subtotal	<u>4,824,552.28</u>	<u>0.00</u>
Total	<u><u>33,074,701.02</u></u>	<u><u>37,820,787.20</u></u>

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

(III) Balance of receivables and payables by related parties (Continued)

3. Payables

(1) Loans from banks and other financial institutions (principal)

Unit: Yuan Currency: RMB

Related Party	Book value at the end of the period	Book value at the beginning of the period
Sinomach and its subsidiaries (excluding YTO Group Corporation and its subsidiaries)	—	—
China National Machinery Industry Corporation	200,000,000.00	200,000,000.00
Subtotal	200,000,000.00	200,000,000.00
Controlling shareholder	—	—
YTO Group Corporation	65,950,000.00	65,950,000.00
Subtotal	65,950,000.00	65,950,000.00
Total	265,950,000.00	265,950,000.00

(2) Loans from banks and other financial institutions (interest payable)

Unit: Yuan Currency: RMB

Related Party	Book value at the end of the period	Book value at the beginning of the period
Sinomach and its subsidiaries (excluding YTO Group Corporation and its subsidiaries)	—	—
China National Machinery Industry Corporation	152,777.78	166,666.67
Subtotal	152,777.78	166,666.67
Controlling shareholder	—	—
YTO Group Corporation	50,378.47	4,579.86
Subtotal	50,378.47	4,579.86
Total	203,156.25	171,246.53

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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	Book value at the end of the period	Book value at the beginning of the period
Sinomach and its subsidiaries (excluding YTO Group Corporation and its subsidiaries)	—	—
Sinomach Digital Technology Co., Ltd.	6,569,771.97	0.00
Deyang Wanlu Transportation Service Co., Ltd. of China National Erzhong Group Co., Ltd.	1,351,987.30	100,000.00
Sinomach Heavy Industry (Changzhou) Excavator Co., Ltd.	1,095,920.22	728,630.46
Kinte Materials Science and Technology Co., Ltd.	1,030,221.90	139,153.52
SCIVIC Engineering Corporation	170,630.00	350,630.00
China National Machine Tool Sales and Technical Service Corporation	99,492.94	99,492.94
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
Tianjin Research Institute of Construction Machinery Co., Ltd.	0.00	220,800.00
Fifth Design and Research Institute of The Ministry of Machinery Industry	0.00	161,600.04
Safety Sliding Contact Line Factory of SCIVIC Engineering Corporation	0.00	13,383.50
Xi'an Heavy Machinery Research Institute Co., Ltd.	0.00	0.75
Subtotal	10,334,362.22	1,830,029.10
Controlling shareholder	—	—
YTO Group Corporation	36,468,468.61	2,394,421.15
Subtotal	36,468,468.61	2,394,421.15

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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	Book value at the end of the period	Book value at the beginning of the period
Subsidiaries of YTO Group Corporation	—	—
YTO (Luoyang) Logistics Co., Ltd.	32,922,098.10	25,424,126.72
YTO (Luoyang) Win Tools & Equipment Co., Ltd.	4,629,648.26	3,308,778.86
Luoyang Xiyuan Vehicle and Power Inspection Institute Co., Ltd.	1,630,700.00	3,687,082.00
Luoyang Tianhui Energy Engineering Co., Ltd.	1,618,942.35	2,786,082.33
Dongfanghong (Luoyang) Modern Life Service Co., Ltd.	310,965.00	402,387.20
YTO (Luoyang) Materials and Equipment Co., Ltd.	115,754.40	461,950.57
Dongfanghong Agricultural Service Technology (Guangxi) Co., Ltd.	0.00	140,560.00
Luoyang Fossett Environmental Protection Technology Co., Ltd.	86,100.00	134,440.00
Subtotal	41,314,208.11	36,345,407.68
Joint ventures and associates	—	—
Luoyang Dongfang Printing Co., Ltd.	290,932.44	367,745.96
Luoyang Intelligent Agricultural Equipment Research Institute Co., Ltd.	90,419.19	1,443,969.99
Subtotal	381,351.63	1,811,715.95
Others	—	—
YTO (Luoyang) Kaichuang Equipment Technology Co., Ltd.	0.00	3,627,008.65
YTO (Luoyang) Standard Parts Co., Ltd.	0.00	4,263.96
Subtotal	0.00	3,631,272.61
Total	88,498,390.57	46,012,846.49

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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	Book value at the end of the period	Book value at the beginning of the period
Sinomach and its subsidiaries (excluding YTO Group Corporation and its subsidiaries)	—	—
Jiangsu Sumec Technology Equipment Co., Ltd.	16,519,806.35	0.00
China National Machinery Industry Corporation	4,622,641.51	7,452,830.19
Sinomach-HI International Equipment Co., Ltd.	2,020,284.60	866,309.73
Huiyi Leasing (Tianjin) Co., Ltd.	324,859.82	98,199.82
Beijing Materials Handling Research Institute Co., Ltd.	94,028.32	0.00
China CAMC Engineering Co., Ltd.	0.00	4,065,633.39
Belarus Haihong Medical Technology Co., Ltd.	0.00	918.69
Subtotal	23,581,620.60	12,483,891.82
Subsidiaries of YTO Group Corporation	—	—
YTO (Luoyang) Materials and Equipment Co., Ltd.	12,393,526.09	0.00
Dongfanghong Agricultural Service Technology (Guangxi) Co., Ltd.	6.84	6.84
Subtotal	12,393,532.93	6.84
Others	—	—
Luoyang YTO Light Vehicle Co., Ltd.	12,831.86	12,831.86
Subtotal	12,831.86	12,831.86
Total	35,987,985.39	12,496,730.52

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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	Book value at the end of the period	Book value at the beginning of the period
Sinomach and its subsidiaries (excluding YTO Group Corporation and its subsidiaries)	—	—
Tianjin Research Institute of Construction Machinery Co., Ltd.	220,800.00	0.00
Kinte Materials Science and Technology Co., Ltd.	200,000.00	200,000.00
Sinomach Heavy Industry (Changzhou) Excavator Co., Ltd.	100,000.00	100,000.00
Beijing Prominion Publishing Co., Ltd.	100,000.00	0.00
Guangzhou Sinomach Lubrication Technology Co., Ltd.	30,000.00	30,000.00
Hainan Sumec Supply Chain Co., Ltd.	20,000.00	20,000.00
Belarus Haihong Medical Technology Co., Ltd.	0.00	3,887.48
Subtotal	670,800.00	353,887.48
Controlling shareholder	—	—
YTO Group Corporation	191,534,707.59	191,582,949.98
Subtotal	191,534,707.59	191,582,949.98

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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	Book value at the end of the period	Book value at the beginning of the period
Subsidiaries of YTO Group Corporation	—	—
Luoyang Xiyuan Vehicle and Power Inspection Institute Co., Ltd.	728,582.00	0.00
YTO (Luoyang) Logistics Co., Ltd.	610,000.00	610,000.00
YTO (Luoyang) Win Tools & Equipment Co., Ltd.	188,006.00	0.00
Luoyang Tianhui Energy Engineering Co., Ltd.	2,992.97	0.00
Dongfanghong Agricultural Service Technology (Guangxi) Co., Ltd.	2,108.01	2,108.01
Dongfanghong (Luoyang) Modern Life Service Co., Ltd.	796.00	1,885.00
YTO (Luoyang) Materials and Equipment Co., Ltd.	0.00	30,000.00
Subtotal	1,532,484.98	643,993.01
Joint ventures and associates	—	—
Luoyang Intelligent Agricultural Equipment Research Institute Co., Ltd.	200,000.00	200,000.00
Luoyang Dongfang Printing Co., Ltd.	10,000.00	5,000.00
Subtotal	210,000.00	205,000.00
Total	193,947,992.57	192,785,830.47

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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	Book value at the end of the period	Book value at the beginning of the period
Sinomach and its subsidiaries (excluding YTO Group Corporation and its subsidiaries)	—	—
China National Machinery Industry Corporation	<u>200,152,777.78</u>	<u>200,166,666.67</u>
Subtotal	<u>200,152,777.78</u>	<u>200,166,666.67</u>
Controlling shareholder	—	—
YTO Group Corporation	<u>20,117,858.77</u>	<u>24,069,085.04</u>
Subtotal	<u>20,117,858.77</u>	<u>24,069,085.04</u>
Joint ventures and associates	—	—
Luoyang Intelligent Agricultural Equipment Research Institute Co., Ltd.	<u>3,216,368.19</u>	<u>0.00</u>
Subtotal	<u>3,216,368.19</u>	<u>0.00</u>
Total	<u><u>223,487,004.74</u></u>	<u><u>224,235,751.71</u></u>

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

(III) Balance of receivables and payables by related parties (Continued)

3. Payables (Continued)

(7) Lease liabilities

Unit: Yuan Currency: RMB

Related Party	Book value at the end of the period	Book value at the beginning of the period
Controlling shareholder	—	—
YTO Group Corporation	8,355,834.54	13,772,820.46
Subtotal	8,355,834.54	13,772,820.46
Joint ventures and associates	—	—
Luoyang Intelligent Agricultural Equipment Research Institute Co., Ltd.	3,291,952.84	0.00
Subtotal	3,291,952.84	0.00
Total	11,647,787.38	13,772,820.46

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

(IV) Commitments by related parties

None.

(V) Borrowings receivable from directors/director-related enterprises

1. *The Group does not have any Director/Director Related Enterprise borrowings receivable.*
2. *The Group does not have any Director/Director Related Enterprise borrowings for providing guarantee.*

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 impact*

None.

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

XIII. COMMITMENTS AND CONTINGENCIES (CONTINUED)

1. Significant commitments (Continued)

3. Signed leasing contract being performed or to be performed and its financial impact

- (1) As of June 30, 2025, the minimum rent payable in the future by the Group as the lessee for the irrevocable operating lease of houses and buildings and machinery equipment in the following periods is as follows:

Unit: Yuan Currency: RMB

Period	Amount in the current period	Amount in the previous period
Within 1 year (including 1 year)	24,862,063.45	11,330,103.84
1-2 years	12,133,360.42	724,640.39
2-3 years	0.00	0.00
Total	36,995,423.87	12,054,744.23

- (2) As of June 30, 2025, the minimum rent receivable in the future by the Group as the lessor for the irrevocable operating lease of houses and buildings and machinery equipment is as follows:

Unit: Yuan Currency: RMB

Period	Amount in the current period	Amount in the previous period
Within 1 year (including 1 year)	5,998,759.73	12,975,542.43
1-2 years	2,141,385.13	3,779,379.94
2-3 years	2,046,254.93	860,330.40
Over 3 years	2,307,498.74	4,094,745.60
Total	12,493,898.53	21,709,998.37

As of June 30, 2025, the Group has no other material commitment events that shall be disclosed but not yet disclosed except for the above-mentioned ones.

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

XIII. COMMITMENTS AND CONTINGENCIES (CONTINUED)

2. Contingencies

1. *Contingencies arising from pending actions or attributions and the financial impact thereof*

None.

2. *Contingencies arising from external debt guarantees and the financial impact thereof*

None.

3. *Issuance of letter of guarantee and letter of credit*

None.

XIV. EVENTS AFTER BALANCE SHEET DATE

1. Profit Distribution

Unit: 0'000 Currency: RMB

Profit or dividend intended to be distributed	7,690
Profit or dividend declared to be distributed after review and approval	7,690

Based on the authorization from the Company's Annual Shareholders' Meeting for 2024 and following the deliberations of the 38th meeting of the 9th Board of Directors, the Board of Directors has decided to distribute a cash dividend for the interim period of 2025 to all shareholders, based on the total share capital on the record date for the dividend distribution, with a cash dividend of RMB0.6844 per 10 shares (tax inclusive). As of August 28, 2025, the Company's total share capital is 1,123,645,275 shares. Accordingly, the total cash dividend for the interim period of 2025 is approximately RMB76.9 million (tax inclusive). If there are any changes to the Company's total share capital before the record date for the dividend distribution, the per-share distribution amount will remain unchanged, and the total profit distribution will be adjusted accordingly.

2. Except for the above matters, the Group has no other material events after the balance sheet date that require disclosure but have not been disclosed.

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

XV. OTHER SIGNIFICANT EVENTS

1. Material debt restructuring

Unit: Yuan Currency: RMB

Item	Debt restructuring method	Carrying amount of original restructured debts	Recognized gains/losses from debt restructuring
Income from debt restructuring	Liquidation of debts with assets	97,897,800.00	49,306,319.33
Total	/	97,897,800.00	49,306,319.33

Item	Increase in equity due to conversion of debts into capital	Increase in investment due to conversion of debts into shares	Proportion of the investment to the total debtor's shares (%)	Contingencies payable/receivable	Determination method and basis of fair value in debt restructuring
Income from debt restructuring	/	/	/	/	/
Total	/	/	/	/	/

2. 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.



SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

XV. OTHER SIGNIFICANT EVENTS (CONTINUED)

3. 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%:

- 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. The power machinery segment is mainly responsible for the production and sales of diesel engines.

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

XV. OTHER SIGNIFICANT EVENTS (CONTINUED)

3. Basis for determining reportable segments and accounting policies (Continued)

(3) Financial information of reportable segments

Unit: Yuan Currency: RMB

Item	Agricultural machinery	Power machinery	Offset	Total
I. Operating revenues	6,446,802,799.22	1,531,274,321.66	-1,050,428,711.35	6,927,648,409.53
Including: external transaction revenue	6,277,252,222.65	650,396,186.88	0.00	6,927,648,409.53
Intra-segment transaction revenue	169,550,576.57	880,878,134.78	-1,050,428,711.35	0.00
Asset impairment loss	2,064,091.63	550,740.21	69,166.48	2,683,998.32
Credit impairment losses	-22,749,681.08	-13,552,514.82	17,701,876.32	-18,600,319.58
Depreciation and amortization expenses	126,329,378.92	41,232,776.93	-471,949.97	167,090,205.88
II. Total profit (total loss)	781,839,951.56	124,451,482.45	32,466,488.83	938,757,922.84
III. Income tax expenses	99,163,460.60	6,719,527.99	8,980.56	105,891,969.15
IV. Net profit (net loss)	682,676,490.96	117,731,954.46	32,457,508.27	832,865,953.69
V. Total assets	13,830,159,009.16	3,298,249,375.43	-1,813,444,073.67	15,314,964,310.92
VI. Total liabilities	6,588,474,058.07	1,745,435,733.58	-1,297,689,384.45	7,036,220,407.20

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

XVI. NOTES TO MAIN ITEMS IN FINANCIAL STATEMENTS OF THE PARENT COMPANY

1. Accounts receivable

(1) Accounts receivable listed by ageing

Unit: Yuan Currency: RMB

Ageing	Book value at the end of the period	Book value at the beginning of the period
Within 1 year (including 1 year)	706,761,637.81	482,497,282.62
1-2 years	4,721,568.57	12,973,468.54
2-3 years	11,827,227.09	3,476,114.78
Over 3 years	46,800,500.03	46,800,500.03
Subtotal	770,110,933.50	545,747,365.97
Less: provision for impairment	72,937,359.04	79,649,490.16
Total	697,173,574.46	466,097,875.81

(2) Accounts receivable according to 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	770,110,933.50	100.00	72,937,359.04	—	697,173,574.46
Including: Ageing portfolio	758,408,538.46	98.48	61,234,964.00	8.07	697,173,574.46
Collateral and other risk exposure portfolios	11,702,395.04	1.52	11,702,395.04	100.00	0.00
Total	770,110,933.50	100.00	72,937,359.04	—	697,173,574.46

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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 (Continued)

Unit: Yuan Currency: RMB

Category	Book value		Beginning balance		Carrying amount
	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
Including: Ageing portfolio	534,044,970.93	97.86	67,947,095.12	12.72	466,097,875.81
Collateral and other risk exposure portfolios	11,702,395.04	2.14	11,702,395.04	100.00	0.00
Total	545,747,365.97	100.00	79,649,490.16	—	466,097,875.81

1) Provision for items accrued by portfolio: ageing portfolio

Unit: Yuan Currency: RMB

Name	Book value	Ending balance Provision for bad debts	Provision proportion (%)
Within 1 year (including 1 year)	706,761,637.81	11,948,847.62	1.69
1-2 years	4,721,568.57	2,360,784.30	50.00
2-3 years	124,832.05	124,832.05	100.00
Over 3 years	46,800,500.03	46,800,500.03	100.00
Total	758,408,538.46	61,234,964.00	—

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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 (Continued)

- 2) Provision for items accrued by portfolio: risk exposure portfolios of collateral and other items

Unit: Yuan Currency: RMB

Name	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

(3) Provision for bad debts of accounts receivable

Unit: Yuan Currency: RMB

Category	Beginning balance	Provision	Change of amount in the current period			Ending balance
			Recovered or transferred back	Charged or written off	Others	
Ageing portfolio	67,947,095.12	-6,712,131.12	0.00	0.00	0.00	61,234,964.00
Collateral and other risk exposure portfolios	11,702,395.04	0.00	0.00	0.00	0.00	11,702,395.04
Total	79,649,490.16	-6,712,131.12	0.00	0.00	0.00	72,937,359.04

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

XVI. NOTES TO MAIN ITEMS IN FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

1. Accounts receivable (Continued)

(4) Accounts receivable from top five ending balances collected according to the borrowers

Unit: Yuan Currency: RMB

Company name	Ending balance	Ageing	Proportion in total ending balance of accounts receivable (%)	Ending balance of bad debt provision
YTO International Economic and Trade Co., Ltd.	384,831,497.48	Within 1 year	49.97	7,973,102.43
Luoyang Changxing Agricultural Machinery Co., Ltd.	115,287,728.18	Within 2 years	14.97	3,335,209.88
YTO (Luoyang) Diesel Engine Co., Ltd.	52,504,746.12	Within 1 year	6.82	525,047.47
Changtuo Agricultural Machinery Equipment Group Co., Ltd.	31,508,614.63	Over 3 years	4.09	31,508,614.63
Liaoning Kechuang Heavy Internal Combustion Engine Crankshaft Co., Ltd.	19,320,285.04	Within 1 year	2.51	210,487.27
Total	603,452,871.45	—	78.36	43,552,461.68

2. Other receivables

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	176,793,145.29	178,888,298.01
Total	253,601,522.25	255,696,674.97

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

XVI. NOTES TO MAIN ITEMS IN FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

2. Other receivables (Continued)

2.1 Interest receivable

(1) Classification of interest receivable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Changtuo Agricultural Machinery Equipment Group Co., Ltd.	10,459,126.25	9,487,232.95
Less: provision for impairment	10,459,126.25	9,487,232.95
Total	0.00	0.00

(2) Significant overdue interest

Unit: Yuan Currency: RMB

Lending Entity	Ending balance	Overdue time	Overdue reason	Whether Impairment Occurs and Its Judgment Basis
Changtuo Agricultural Machinery Equipment Group Co., Ltd.	10,459,126.25	Over 3 years	Unable to repay	Yes

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

XVI. NOTES TO MAIN ITEMS IN FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

2. Other receivables (Continued)

2.1 Interest receivable (Continued)

(3) Provision for bad debts of interest receivable based on ECL model

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 January 1, 2025	0.00	0.00	9,487,232.95	9,487,232.95
Book value as at January 1, 2025 in the current period	—	—	—	—
– 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 period	0.00	0.00	971,893.30	971,893.30
Reversal in the current period	0.00	0.00	0.00	0.00
Written back in the current period	0.00	0.00	0.00	0.00
Written off in the current period	0.00	0.00	0.00	0.00
Others	0.00	0.00	0.00	0.00
Balance as of June 30, 2025	0.00	0.00	10,459,126.25	10,459,126.25

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

XVI. NOTES TO MAIN ITEMS IN FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

2. Other receivables (Continued)

2.1 Interest receivable (Continued)

(4) Bad debt provision of interest receivable

Unit: Yuan Currency: RMB

Category	Beginning balance	Provision accrued	Change of amount in the current period		Other changes	Ending balance
			Recovered or reversed	Written back or written off		
Provision for bad debts	9,487,232.95	971,893.30	0.00	0.00	0.00	10,459,126.25

2.2 Dividends receivable

(1) Dividends receivable

Unit: Yuan Currency: RMB

Project (or Investee)	Ending balance	Beginning balance
China Brilliance Machinery Holdings Co., Ltd.	76,808,376.96	76,808,376.96

(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
China Brilliance Machinery Holdings Co., Ltd.	76,808,376.96	Over 3 years	Payment procedures in progress	No

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

XVI. NOTES TO MAIN ITEMS IN FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

2. Other receivables (Continued)

2.3 Other receivables

(1) Other receivables listed as per ageing

Unit: Yuan Currency: RMB

Ageing	Book value at the end of the period	Book value at the beginning of the period
Within 1 year (including 1 year)	83,878,485.87	119,435,729.15
1-2 years	44,346,089.40	124,604.44
2-3 years	83,466,852.91	83,449,375.81
Over 3 years	3,000,285.42	3,000,285.42
Subtotal	214,691,713.60	206,009,994.82
Less: provision for impairment	37,898,568.31	27,121,696.81
Total	176,793,145.29	178,888,298.01

(2) Other receivables classified as per nature

Unit: Yuan Currency: RMB

Nature	Book value at the end of the period	Book value at the beginning of the period
Transaction payments	198,469,972.11	201,378,376.78
Security deposits, pretty cash, margin, etc.	9,520,528.71	451,558.18
Others	6,701,212.78	4,180,059.86
Subtotal	214,691,713.60	206,009,994.82
Less: provision for impairment	37,898,568.31	27,121,696.81
Total	176,793,145.29	178,888,298.01

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

XVI. NOTES TO MAIN ITEMS IN FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

2. Other receivables (Continued)

2.3 Other receivables (Continued)

(3) Other receivables with provision for bad debt

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 as of January 1, 2025	27,121,696.81	0.00	0.00	27,121,696.81
Balance as of January 1, 2025 in the current period	—	—	—	—
– 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 period	10,776,871.50	0.00	0.00	10,776,871.50
Reversal in the current period	0.00	0.00	0.00	0.00
Written back in the current period	0.00	0.00	0.00	0.00
Written off in the current period	0.00	0.00	0.00	0.00
Others	0.00	0.00	0.00	0.00
Balance as of June 30, 2025	37,898,568.31	0.00	0.00	37,898,568.31

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

XVI. NOTES TO MAIN ITEMS IN FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

2. Other receivables (Continued)

2.3 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	214,691,713.60	100.00	37,898,568.31	—	176,793,145.29
Including: Ageing portfolio	101,741,184.89	47.39	36,769,063.02	36.14	64,972,121.87
Low risk portfolio	112,950,528.71	52.61	1,129,505.29	1.00	111,821,023.42
Total	214,691,713.60	100.00	37,898,568.31	—	176,793,145.29

Category	Book value		Beginning 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
Total	206,009,994.82	100.00	27,121,696.81	—	178,888,298.01

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

XVI. NOTES TO MAIN ITEMS IN FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

2. Other receivables (Continued)

2.3 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)	74,388,957.16	10,674,879.99	14.35
1-2 years	2,516,089.40	1,258,044.70	50.00
2-3 years	21,835,852.91	21,835,852.91	100.00
Over 3 years	3,000,285.42	3,000,285.42	100.00
Total	101,741,184.89	36,769,063.02	—

- 2) Provision for bad debts of other receivables accrued as per portfolio – low risk portfolio

Unit: Yuan Currency: RMB

Ageing	Book value	Ending balance	
		Provision for bad debts	Provision proportion (%)
Within 1 year (including 1 year)	9,489,528.71	94,895.29	1.00
Over 1 years	103,461,000.00	1,034,610.00	1.00
Total	112,950,528.71	1,129,505.29	—

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

XVI. NOTES TO MAIN ITEMS IN FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

2. Other receivables (Continued)

2.3 Other receivables (Continued)

(5) Provision for bad debts

Unit: Yuan Currency: RMB

Category	Beginning balance	Change of amount in the current period				Ending balance
		Provision accrued	Recovered or reversed	Written back or written off	Other changes	
Ageing portfolio	26,085,242.81	10,683,820.21	0.00	0.00	0.00	36,769,063.02
Low risk portfolio	1,036,454.00	93,051.29	0.00	0.00	0.00	1,129,505.29
Total	27,121,696.81	10,776,871.50	0.00	0.00	0.00	37,898,568.31

(6) Other receivables from top five ending balances listed according to the borrowers

Unit: Yuan Currency: RMB

Company name	Nature	Ending balance	Ageing	Proportion in total ending balance of other receivables (%)	Ending balance of provision for bad debts
YTO (Luoyang) Diesel Engine Co., Ltd.	Transaction payments	206,859,226.10	Within 3 year	96.35	34,711,647.67
Luoyang Anchi Automobile Transportation Co., Ltd.	Transaction payments	2,019,600.00	Within 1 year	0.94	39,474.00
YTO Group Corporation	Transaction payments and guarantee deposits	607,400.00	Within 1 year	0.28	17,180.00
Yousheng Kindergarten, Xigong District, Luoyang City	Transaction payments	188,417.95	Within 1 year	0.09	1,884.18
Shijiazhuang Aircraft Industry Co., Ltd.	Transaction payments	99,200.00	Over 5 years	0.05	99,200.00
Total	—	209,773,844.05	—	97.71	34,869,385.85

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

XVI. NOTES TO MAIN ITEMS IN FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

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	1,780,697,481.90	97,250,000.00	1,683,447,481.90
Investment in associates and joint ventures	702,209,451.93	0.00	702,209,451.93	686,488,201.89	0.00	686,488,201.89
Total	2,482,906,933.83	97,250,000.00	2,385,656,933.83	2,467,185,683.79	97,250,000.00	2,369,935,683.79

(1) Investment in subsidiaries

Unit: Yuan Currency: RMB

Investee(s)	Beginning balance (Carrying amount)	Beginning balance of impairment provision	Increase/decrease in the current period				Ending balance (Carrying amount)	Ending balance of impairment provision
			Increase in investment	Decrease in investment	Accrual of provision for impairment	Others		
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.	193,295,755.31	0.00	0.00	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
Total	1,683,447,481.90	97,250,000.00	0.00	0.00	0.00	0.00	1,683,447,481.90	97,250,000.00

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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

Unit: Yuan Currency: RMB

Investee(s)	Beginning balance (Carrying amount)	Beginning balance of impairment provision	Increase/decrease in the current period		Profit or loss on investments recognized under the equity method	Other comprehensive income adjustments
			Increase in investment	Decrease in investment		
I. Associates						
Sinomach Finance Co., Ltd.	686,488,201.89	0.00	0.00	0.00	15,158,260.78	562,989.26
Investee(s)	Other changes in equity	Cash dividends or profits declared	Increase/decrease in the current period		Ending balance (Carrying amount)	Ending balance of impairment provision
			Accrual of provision for impairment	Others (note)		
I. Associates						
Sinomach Finance Co., Ltd.	0.00	0.00	0.00	0.00	702,209,451.93	0.00

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

XVI. NOTES TO MAIN ITEMS IN FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

4. Operating revenue and operating cost

(1) Operating revenues and operating costs

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period		Amount incurred in the previous period	
	Revenue	Costs	Revenue	Costs
Main business	5,536,610,343.51	4,836,120,532.86	6,203,207,100.89	5,231,256,725.86
Other business	17,460,957.40	5,177,003.50	27,767,103.45	4,528,464.49
Total	5,554,071,300.91	4,841,297,536.36	6,230,974,204.34	5,235,785,190.35

5. Investment income

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Investment income from holding debt investments	66,186,266.82	54,338,920.56
Long-term equity investment income valued at equity method	15,158,260.78	27,614,648.68
Long-term equity investment income calculated with the cost method	1,634,624.54	13,569,814.35
Investment income from disposal of financial assets held for trading	9,250,507.33	1,645,663.60
Total	92,229,659.47	97,169,047.19

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

XVII. SUPPLEMENTAL INFORMATION

1. Non-recurring profit or loss in current period

Unit: Yuan Currency: RMB

Item	Amount in the current period
Gain or loss from disposal of non-current assets	691,296.24
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)	7,233,495.04
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	55,000,000.00
Debt restructuring profit or loss	49,306,319.33
Other non-operating income and expenses other than the above	15,656,486.04
Subtotal	127,887,596.65
Less: Effect of income tax	10,488,596.26
Effect on non-controlling interests (after-tax)	40,045,612.51
Total	77,353,387.88

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

XVII. SUPPLEMENTAL INFORMATION (CONTINUED)

1. Non-recurring profit or loss in current period (Continued)

- (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 involved	Reason
Structured deposit yield	9,260,090.66	Normal fund management of the Company

2. Return on net assets and earnings per share

Unit: Yuan Currency: RMB

Profit during the Reporting Period	Weighted average return on equity (%)	Earnings per share (RMB/share)	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to common shareholders of the Company	10.14	0.6844	0.6844
Net profit attributable to common shareholders of the Company after deduction of non-recurring profit or loss	9.12	0.6156	0.6156

3. Difference 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 the Board: Zhao Weilin
Date of Approval from the Board: August 28, 2025