



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 ANNUAL REPORT

* For identification purposes only

IMPORTANT NOTICE

- I. The Board and Directors, senior management of the Company confirmed that there are no false information, misleading statements or material omissions contained in this Annual Report, and severally and jointly accept responsibility for the truthfulness, accuracy and completeness of the contents herein.
- II. All Directors of the Company attended the Board meetings.
- III. ShineWing Certified Public Accountants LLP issued a standard unqualified audit report to the Company.
- IV. Zhao Weilin (the person in charge of the Company), Liu Bin (the person in charge of the accounting function) and Jiang Jingyuan (the person in charge of the Accounting Department and the accounting manager) have declared and confirmed the truthfulness, accuracy and completeness of the financial statements in the Annual Report.
- V. Proposal of profit distribution or proposal of capitalization from capital reserves for the Reporting Period as approved by the Board

The third meeting of the tenth session of the Board considered and approved the profit distribution plan of the Company for the year 2025: it is proposed to distribute a cash dividend of RMB1.9746 per 10 shares (inclusive of tax) to all shareholders, based on the total share capital registered on the equity registration date for the implementation of the distribution. As of 31 December 2025, the total share capital of the Company was 1,123,645,275 shares, on the basis of which the total proposed cash dividend amounts to approximately RMB221.875 million (inclusive of tax).

The Company has implemented the interim cash dividend for the first half of 2025 in September 2025, distributing a cash dividend of RMB0.6844 per 10 shares (inclusive of tax) to all shareholders based on the total share capital of 1,123,645,275 shares, with total cash dividends distributed amounting to RMB76.9023 million (inclusive of tax). Including the interim cash dividend already distributed, the total cash dividends expected to be distributed by the Company for the year amount to RMB298.7773 million (inclusive of tax). No capitalisation of capital reserves into share capital will be carried out for the year.

As at the end of the Reporting Period, position regarding any unrecovered losses at the parent company and its impact on matters such as dividend distribution

As at the end of the Reporting Period, there were no unrecovered losses at the parent company.

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

Forward-looking statements such as the development strategy and business plan of the Company contained in this Annual Report do not constitute any substantial commitment to investors by the Company. Investors are advised to be aware of the risks.
- VII. Is there any misappropriation of funds not in the ordinary course of business by the controlling shareholder or other associates

No
- VIII. Is there any external guarantee in violation of any established decision-making procedures

No
- IX. Whether more than half of the Directors cannot ensure the truthfulness, accuracy and completeness of the Annual Report disclosed by the Company

No
- X. Significant risks warning

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



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Documents Available for Inspection Financial statements bearing the signatures and seals of the person in charge of the Company, the person in charge of the accounting function and the person in charge of the Accounting Department (accounting manager)

Original audit report bearing the seal of the accounting firm and the signatures and seals of the certified public accountants

Originals of all company documents publicly disclosed and original drafts of announcements during the Reporting Period

SECTION I DEFINITIONS

I. DEFINITIONS

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

DEFINITION OF COMMONLY USED TERMS

| | |
|--------------------------|---|
| Company | First Tractor Company Limited |
| Group | the Company and its controlled subsidiaries |
| Controlled subsidiary | a company held as to more than 50% shares/equity interests by the Company, or a company actually controlled by the Company through agreement and arrangement |
| subsidiary | a subsidiary as defined under the Listing Rules of the Stock Exchange |
| YTO | YTO Group Corporation (中國一拖集團有限公司), the controlling shareholder of the Company |
| SINOMACH | China National Machinery Industry Corporation (中國機械工業集團有限公司), the de facto controller of the Company |
| YTO 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 Axle | YTO (Luoyang) Drive Axle Company Limited (一拖(洛陽)車橋有限公司), a wholly-owned subsidiary of the Company |
| Tractor Research Company | Luoyang Tractor Research Institute Co., Ltd. (洛陽拖拉機研究所有限公司), a controlled subsidiary of the Company |
| YTO Diesel Engine | YTO (Luoyang) Diesel Engine Co., Ltd. (一拖(洛陽)柴油機有限公司), a controlled subsidiary of the Company |
| Changtuo Company | Changtuo Agricultural Machinery Equipment Group Company Limited (長拖農業機械裝備集團有限公司), a controlled subsidiary of the Company |
| 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 |
| auditor, accountant | the financial report auditor appointed by the Company, ShineWing Certified Public Accountants LLP (Special General Partnership) as the Company's auditor for the year of 2025 |
| CSRC | China Securities Regulatory Commission |
| NFRA | National Financial Regulatory Administration |
| Shanghai Stock Exchange | the Shanghai Stock Exchange |

SECTION I DEFINITIONS (CONTINUED)

| | |
|--|--|
| Stock Exchange | The Stock Exchange of Hong Kong Limited |
| Listing Rules of the Shanghai Stock Exchange | the Rules Governing the Listing of Stocks on Shanghai Stock Exchange (as amended from time to time) |
| Listing Rules of the Stock Exchange | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time) |
| A Share(s) | ordinary share(s) as approved by the CSRC which are issued to domestic investors and qualified foreign investors, traded on the PRC domestic stock exchange, denominated, subscribed for and traded in RMB |
| H Share(s) | ordinary share(s) as approved by the CSRC which are issued to foreign investors, and listed with the approval of the Stock Exchange, denominated in RMB, subscribed for and traded in Hong Kong dollars |
| agricultural machinery | various machinery used in crop farming and animal husbandry production, and the primary processing and treatment of agricultural and animal products, the agricultural machinery business of the Company mainly involves the production, manufacture and sale of tractor products and their ancillary parts (excluding diesel engines) |
| power machinery | internal combustion engine that uses diesel as fuel. The power machinery business of the Company mainly involves the production, manufacture and sale of non-road diesel engine products |
| hi-powered wheeled tractor | wheeled tractor with horsepower of 100 (inclusive) or above |
| mid-powered wheeled tractor | wheeled tractor with horsepower of 25 (inclusive) to 100 |
| crawler tractor | tractor with a crawler as a walking device |
| 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/Joint Company Secretaries | Joint Company Secretaries | Representative of Securities Affairs |
|------------------------|---|---|--|
| Name | Liu Bin | Wong Nga Ting | Zhang Shuang |
| Correspondence address | No. 154 Jianshe Road, Luoyang, Henan Province, the PRC | Henley Building, 5 Queen's Road Central, Central, Hong Kong | No. 154 Jianshe Road, Luoyang, Henan Province, the PRC |
| Telephone | (86 379)64967038 | (852) 21865777 | (86 379)64967038 |
| E-mail | mssc0038@yotogroup.com | mssc0038@yotogroup.com | kicyzhang@126.com |

III. INFORMATION OF THE COMPANY

| | |
|---|---|
| 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 |
| Office address postal code of the Company | 471004 |
| Website of the Company | http://www.first-tractor.com.cn |
| E-mail | mssc0038@yotogroup.com |

SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS (CONTINUED)

IV. INFORMATION DISCLOSURE AND PLACE FOR DOCUMENTS INSPECTION

| | |
|---|---|
| Name and website of the media in which the Company's annual report is disclosed | China Securities Journal (www.cs.com.cn) Shanghai Securities News (www.cnstock.com) |
| Website for publication of the annual report as disclosed by the Company (A Shares) | www.sse.com.cn |
| Website for publication of the annual report as disclosed by the Company (H Shares) | www.hkex.com.hk |
| Place for inspection of the annual report (A Shares) | Office of the Board of the Company |
| Place for inspection of the annual report (H Shares) | Golden China Consultants Limited at Room 2201-2203, Worldwide House, 19 Des Voeux Road Central, Hong Kong |

V. BASIC INFORMATION OF SHARES OF THE COMPANY

| BASIC INFORMATION OF SHARES OF THE COMPANY | | | | |
|--|----------------------------|------------------|------------|--------------------------------------|
| Type | Stock exchange for listing | Stock short name | Stock code | Stock short name prior to the change |
| A Shares | Shanghai Stock Exchange | 一拖股份 | 601038 | / |
| H Shares | Stock Exchange | First Tractor | 0038 | / |

VI. OTHER RELATED INFORMATION

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

SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS (CONTINUED)

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

(I) Key Accounting Data

Unit: Yuan Currency: RMB

| Key Accounting Data | 2025 | 2024 | Increase/Decrease during the Reporting Period as compared with the corresponding period last year | 2023 |
|---|--------------------------|--------------------------|---|--------------------------|
| | | | (%) | |
| Operating revenue | 10,822,591,178.94 | 11,904,370,911.94 | -9.09 | 11,528,160,755.86 |
| Total profit | 936,281,993.22 | 1,051,777,667.34 | -10.98 | 1,003,085,973.63 |
| Net profit attributable to shareholders of the Company | 811,953,460.29 | 922,023,211.45 | -11.94 | 997,022,699.99 |
| Net profit attributable to shareholders of the Company after deduction of non-recurring profit or loss | 707,674,534.36 | 866,877,080.36 | -18.37 | 925,885,189.16 |
| Net cash flows from operating activities | 915,718,981.93 | 1,216,115,552.21 | -24.70 | 1,056,261,600.78 |
| | As at the end of 2025 | As at the end of 2024 | Increase/Decrease during the end of the Reporting Period as compared with the end of the corresponding period last year | As at the end of 2023 |
| | | | (%) | |
| Net assets attributable to the shareholders of the Company | 7,660,705,431.31 | 7,255,707,334.12 | 5.58 | 6,691,690,666.55 |
| Total assets | 15,097,537,416.28 | 14,691,335,709.97 | 2.76 | 13,817,261,971.79 |

SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS (CONTINUED)

(II) Key Financial Indicators

| Key Financial Indicators | 2025 | 2024 | Increase/Decrease during the Reporting Period as compared with the corresponding period last year (%) | |
|--|--------|--------|---|--------|
| | | | | 2023 |
| Basic earnings per share (yuan/share) | 0.7226 | 0.8206 | -11.94 | 0.8873 |
| Diluted earnings per share (yuan/share) | 0.7226 | 0.8206 | -11.94 | 0.8873 |
| Basic earnings per share after deduction of non-recurring profit and loss (yuan/share) | 0.6298 | 0.7715 | -18.37 | 0.8240 |
| Weighted average return on net assets (%) | 10.86 | 13.22 | decreased by 2.36 percentage points | 15.76 |
| Weighted average return on net assets after deduction of non-recurring profit and loss (%) | 9.46 | 12.43 | decreased by 2.97 percentage points | 14.64 |

VIII. KEY QUARTERLY FINANCIAL INFORMATION IN 2025

Unit: Yuan Currency: RMB

| | Q1 (January – March) | Q2 (April – June) | Q3 (July – September) | Q4 (October – December) |
|--|-------------------------|----------------------|--------------------------|----------------------------|
| Operating revenue | 4,556,516,000.85 | 2,371,132,408.68 | 2,774,856,418.56 | 1,120,086,350.85 |
| Net profit attributable to shareholders of the Company | 529,498,722.85 | 239,536,718.76 | 225,151,227.06 | -182,233,208.38 |
| Net profit attributable to shareholders of the Company after deduction of non-recurring profit or loss | 527,078,324.44 | 164,603,729.29 | 218,395,940.65 | -202,403,460.02 |
| Net cash flows from operating activities | 87,049,151.46 | 309,907,539.80 | 693,894,105.70 | -175,131,815.03 |

SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS (CONTINUED)

IX. NON-RECURRING PROFIT OR LOSS ITEMS AND AMOUNTS

Unit: Yuan Currency: RMB

| Non-recurring profit or loss items | Amount in 2025 | Amount in 2024 | Amount in 2023 |
|---|-----------------------|-------------------|-------------------|
| Profit or loss from disposal of non-current assets (including the write-off of provisions for asset impairment) | 1,136,459.87 | 5,487,433.08 | 1,561,504.48 |
| Government grants credited to current profit or loss (except for those which are closely related to the Company's ordinary business, in accordance with the PRC national policies, received pursuant to established standards and continuously affects the Company's profit or loss) | 31,390,820.45 | 47,632,644.10 | 51,539,298.08 |
| Profit or loss from changes in fair value of financial assets and financial liabilities held by non-financial enterprises and profit or loss from disposal of financial assets and financial liabilities, other than effective hedging activities associated with normal business operations of the Company | 70,000,000.00 | 14,000,000.00 | 33,434,900.00 |
| Gain or loss on debt restructuring | 36,220,759.97 | | |
| Other non-operating income and expenses other than those stated above | 17,768,554.76 | 5,142,555.54 | 6,531,723.26 |
| Other profit or loss items that meet the definition of non-recurring profit or loss | 43,925.98 | -1,610,925.03 | -7,286,619.32 |
| Less: effect on income tax | 13,941,044.95 | 10,105,973.42 | 16,188,415.17 |
| Impact on minority shareholders equity interests (after tax) | 38,340,550.15 | 5,399,603.18 | -1,545,119.50 |
| Total | 104,278,925.93 | 55,146,131.09 | 71,137,510.83 |

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

SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS (CONTINUED)

Unit: Yuan Currency: RMB

| <u>Item</u> | <u>Amount involved</u> | <u>Reason</u> |
|---------------------------|------------------------|--------------------------------------|
| Structured deposit income | 10,910,300.69 | Daily fund management of the Company |

X. COMPANIES WITH EQUITY INCENTIVE SCHEMES OR EMPLOYEE SHARE OWNERSHIP PLANS MAY ELECT TO DISCLOSE NET PROFIT AFTER DEDUCTING THE EFFECT OF SHARE-BASED PAYMENTS

The Company had no equity incentive schemes or employee share ownership plans.

XI. ITEMS UNDER FAIR VALUE MEASUREMENT

Unit: Yuan Currency: RMB

| <u>Item</u> | <u>Balance as at the beginning of the Reporting Period</u> | <u>Balance as at the end of the Reporting Period</u> | <u>Changes during the Reporting Period</u> | <u>Amount affecting profit for the Reporting Period</u> |
|------------------------------------|--|--|--|---|
| Trading financial assets | 1,378,751,780.82 | 946,000,000.00 | -432,751,780.82 | 80,910,300.69 |
| Other equity instrument investment | 4,456,280.38 | 4,716,862.36 | 260,581.98 | 0.00 |
| Accounts receivable financing | 162,000,234.88 | 168,977,762.41 | 6,977,527.53 | -1,283,315.82 |
| Total | 1,545,208,296.08 | 1,119,694,624.77 | -425,513,671.31 | 79,626,984.87 |

SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS (CONTINUED)

XII. FINANCIAL SUMMARY OF THE COMPANY FOR THE LATEST FIVE YEARS

(I) Results for Latest Five Years of the Company

Unit: Yuan Currency: RMB

| Items | 2025 | 2024 | 2023 | 2022 | 2021 |
|---|--------------------------|-------------------|-------------------|-------------------|------------------|
| Total operating revenue | 10,822,591,178.94 | 11,904,370,911.94 | 11,533,786,779.44 | 12,563,780,344.92 | 9,333,808,881.54 |
| Total profit | 936,281,993.22 | 1,051,777,667.34 | 1,003,085,973.63 | 611,897,862.07 | 460,291,922.51 |
| Income tax expense | 76,443,289.86 | 120,839,952.03 | 14,058,675.83 | -30,060,272.03 | 26,948,716.18 |
| Net profit | 859,838,703.36 | 930,937,715.31 | 989,027,297.80 | 641,958,134.10 | 433,343,206.33 |
| Net profit attributable to shareholders of parent company | 811,953,460.29 | 922,023,211.45 | 997,022,699.99 | 681,050,957.24 | 438,209,215.31 |
| Profit or loss attributable to minority shareholders | 47,885,243.07 | 8,914,503.86 | -7,995,402.19 | -39,092,823.14 | -4,866,008.98 |

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

Unit: Yuan Currency: RMB

| Items | 2025 | 2024 | 2023 | 2022 | 2021 |
|---|--------------------------|-------------------|-------------------|-------------------|-------------------|
| Total assets | 15,097,537,416.28 | 14,691,335,709.97 | 13,817,261,971.79 | 12,986,142,323.23 | 12,339,594,556.58 |
| Total liabilities | 6,866,713,331.94 | 6,913,064,048.45 | 6,597,932,308.41 | 6,488,971,447.30 | 6,357,371,409.91 |
| Total shareholders' equity interests | 8,230,824,084.34 | 7,778,271,661.52 | 7,219,329,663.38 | 6,497,170,875.93 | 5,982,223,146.67 |
| Total amount attributable to shareholders' equity interests of the parent company | 7,660,705,431.31 | 7,255,707,334.12 | 6,691,690,666.55 | 5,958,084,951.83 | 5,402,078,873.33 |
| Minority shareholders equity interests | 570,118,653.03 | 522,564,327.40 | 527,638,996.83 | 539,085,924.10 | 580,144,273.34 |



SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

I. DISCUSSION AND ANALYSIS ON THE OPERATIONS

(I) Principal Businesses

The Company is a leading agricultural machinery and equipment manufacturing service provider in China, and is committed to strengthening and optimising the agricultural machinery industrial chain and actively exploring the integrated development path of intelligent agricultural machinery technology and smart agricultural technology, thus assisting customers in achieving “increased production, reduced losses, cut costs and enhanced efficiency”.

The Company focuses on the R&D and manufacturing of medium and largesized tractors and their core components, accelerating the product upgrades towards high-end, intelligent and green technologies. It has continuously improved the intelligent functions such as intelligent cockpits, navigation systems, fully automated field management, precise operation and multi-dimensional operation monitoring and data collection, and has formed a series of core intelligent tractor products. We are committed to providing users with complete intelligent agricultural machinery solutions covering the entire agricultural production process, thus building a competitive advantage in the industry chain.

Based on intelligent agricultural equipment, the Company is accelerating its expansion into smart agriculture services sector, and actively exploring its collaboration with smart agriculture partners. Focusing on areas such as comprehensive agricultural information monitoring systems, smart agriculture management platforms and precision operation systems, it is committed to promoting the deep integration of intelligent agricultural machinery and smart agriculture, speeding up the development of our capabilities to provide scientific and efficient digital management solutions for agricultural production, and will continue to create greater value for our customers in the future.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The main products of the Company are as follows:

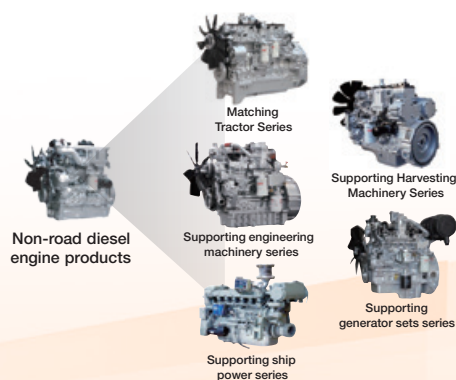
1. Tractor products

The Company possesses a comprehensive portfolio of medium and largesized wheeled and crawler tractor with power ranging from 25-450 horsepower. These products can be widely adapted to different operating scenarios including paddy fields, dry fields, orchards and hilly mountainous areas, fully meeting the diverse needs of agricultural production. The Company's tractors feature domestically leading chassis control technology, encompassing mechanical shifting, power shifting, and continuously variable transmission (CVT) technologies, leading the development of power shifting and CVT technologies in China's agricultural machinery industry. It also possesses advanced new energy hybrid powertrain technology, integrating the advantages of traditional fuel power and electric drive, resulting in high transmission efficiency and low energy consumption, providing a new solution for agricultural production. The product may be equipped with intelligent driving technology based on a high-precision navigation system, enabling remote automatic operation.



2. Diesel engine products

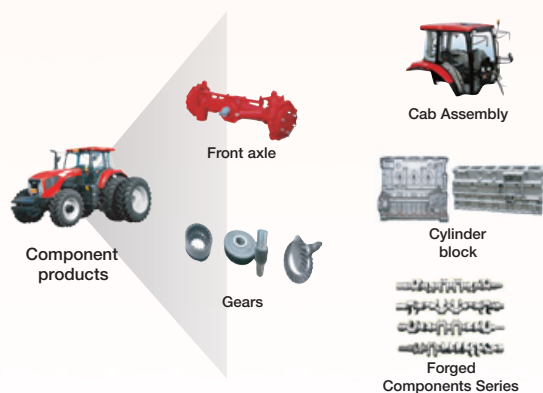
The Company is committed to the R&D and manufacturing of high-performance off-road diesel engine products, with displacement ranges from 1.3L to 12L and power ranging from 10kW to 450kW. These products primarily support agricultural machinery such as tractors and harvesters, and can also provide support for engineering machinery, ships, generator sets, etc. Through efficient matching with main engine products, it demonstrates superior performance characterised by “stable quality, strong power and excellent durability” in various scenarios, heavy loads and high-intensity operations. To meet increasingly stringent carbon emission requirements in the future, the Company is dedicated to the development of high-efficiency hybrid engines and accelerating the industrialisation of hybrid powertrains.



SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

3. Core component products

The Company possesses comprehensive self-developed and self-manufactured capabilities for core components, mainly including a complete agricultural machinery industry system with power components encompassing castings and forgings, gear transmission components, off-road axles, transmissions and cabs/coverings of agricultural machinery products. Through continuous breakthroughs in key core component technologies and improvements in intelligent manufacturing capabilities, the Company can fully guarantee the transformation and upgrading of its main products and superior product quality.



(II) Key Operation Modes

1. R&D Mode

The Company adheres to the R&D mode that combines independent innovation with open collaboration. Supported by national-level innovation platforms, it has built an independent and controllable technological innovation system, focusing on high-end intelligent, green and efficient agricultural machinery equipment. It strengthens key core technologies breakthrough, promotes deep integration of industry-academia-research application, and forms a full-chain innovation capability from technology R&D, to product innovation technology transfer, leading the high-quality development of China's agricultural machinery equipment.

In terms of independent innovation, the Company adopts a standardised R&D process to carry out its R&D activities, and its R&D projects are divided into strategic planning and market demand types. The Company's R&D centre focuses on the development of strategic planning products and technologies, systematically tackling core technologies such as power shifting, CVT, new energy and intelligent control, while subsidiaries and specialised factories concentrate on market-driven product development. Based on the mature products, the Company improves, refines and iterates the products according to the market demand to meet the differentiated needs of various market segments.

In terms of open collaboration, the Company actively expands domestic and international R&D resources with an open and inclusive attitude. In the domestic market, the Company collaborates deeply with universities and leading companies within the industry, fully utilising and integrating cutting-edge industry resources to accelerate the improvement of product technology and expedite the maturation process from R&D to market. At the international level, the Company collaborates with internationally renowned technical teams to advance product development and design, integrating with and meeting the standards and demands of the international agricultural machinery market.



SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

2. *Procurement Mode*

The Company implements a procurement system of “strategic centralised procurement + flexible decentralised procurement”. For bulk general-purpose materials, centralised procurement and purchasing are implemented to leverage economies of scale; for differentiated needs, each operating unit is authorised to procure independently, balancing efficiency and flexibility.

In terms of supplier management, the Company implements closed-loop control from entry review and cooperation evaluation to optimisation and exit, adhering to openness, transparency, and collective decision-making to ensure that partners are legally compliant and fully qualified. In terms of cost control, the Company has established a market information analysis platform and uses strategies such as tiered procurement and price-locked stockpiling to mitigate price fluctuations; meanwhile, it promotes cost reduction at the design end, using value engineering and specification integration to optimise total procurement costs. The Company strictly adheres to compliance standards, signing integrity and quality assurance agreements with suppliers and implementing timely payments; it also focuses on enhancing supply chain resilience, relying on an information platform to achieve digital control of the entire procurement process, and building a safe, green, and efficient supply chain system.

3. *Production Mode*

The Company possesses intelligent manufacturing capabilities for flexible assembly lines of wheeled tractors and a core component manufacturing system. Its production capacity covers the entire product manufacturing process, including casting, forging, stamping, welding, painting, parts processing, heat treatment and final assembly. The Company has over ten automated assembly lines, over one hundred flexible and automated processing lines, and about one thousand CNC machining equipment. Through automated, flexible, information-based, and digitalised production processes, it can meet customised product needs of different users.

Meanwhile, driven by market demand, the Company implements a production method combining “order-based production + market forecasting”. Through lean production organisation from the strategic level to the execution level, it continuously improves the collaborative mechanism of “production, supply, sales and inventory”, and achieves balanced production during peak and off-peak seasons by leveraging monthly production and sales balancing. To respond swiftly to the market, the Company has established daily communication on production and sales information and full-process contract fulfillment management. By planning ahead for the reserve of main engines and components to meet seasonal demands such as spring planting, and relying on just-in-time production of main engines and logistics to drive efficient collaboration between internal and external supply chains, the Company ensures seamless connection from order collection, production scheduling, assembly and warehousing to logistics and shipment, thus allowing for agile response to customer needs while ensuring a stable delivery schedule and quality.



SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

4. *Sales Mode*

The Company's agricultural machinery products are mainly sold through distribution model and have now formed a marketing network covering 31 provinces, autonomous regions and municipalities nationwide, as well as overseas regions along the Belt and Road Initiative such as Central Asia, Latin America, Africa. Power machinery and component products mainly provide supporting services to main engine manufacturers, primarily through a direct sales model. Leveraging its product technology advantages, quality stability and efficient supply chain response capabilities, the Company has established long-term and stable cooperative relationships with downstream manufacturers.

The Company actively promotes the integrated development of host machine sales, service support and parts supply, with a view to enhancing distributors' overall service capabilities and providing customers with faster and more comprehensive technical support and after-sales services.

In terms of domestic sales, the Company implements a flexible policy for both cash-on-delivery and credit sales. For high-quality distributors with long-term stable cooperation and excellent credit standing, the Company grants corresponding credit limits and continuously optimises credit support plans through an annual dynamic evaluation and adjustment mechanism, taking into account key dimensions such as cooperation performance and financial status, to effectively protect the interests of both parties. To further empower distributors' channel expansion and end-user procurement needs, the Company has built a diversified financial support system and actively collaborates with various premium financial institutions to provide distributors and end-users with more abundant and convenient financial support options through financial service products, assisting in the mutual growth of channel ecosystem and the end-market.

In terms of overseas sales, the Company's export business covers more than 100 countries and regions worldwide. It has established corresponding distributor networks and after-sales service networks in major target markets, providing overseas users with full-process sales and after-sales services. The Company's overseas business primarily adopts a policy combining prepayments and partial credit sales. Through cooperation with China Export & Credit Insurance Corporation, differentiated credit lines are granted to overseas distributors with good creditworthiness, using a settlement method of "deposit+final payment". Credit insurance is also taken out on receivables to mitigate credit risk arising from sales on credit.



SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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

The situation of China's agricultural machinery industry during the Reporting Period is as follows:

(I) Weakened domestic market demand

In 2025, domestic prices for staple grains and cash crops remained low, coupled with frequent extreme weather events, leading to a decline in farmers' profits from grain production. Meanwhile, the prices of agricultural inputs such as fertilisers and pesticides remained high for an extended period, further squeezing profit margins in agricultural production and significantly suppressing farmers' demand for agricultural machinery. In addition, the number of operators working across regions increased significantly, intensifying competition in the cross-regional machinery market and reducing operating profits, thus extending the investment payback period for tractors and further decreasing users' willingness to purchase machinery.

During the Reporting Period, the tractor industry continued its low-level operational trend. According to data from the National Bureau of Statistics, in 2025, tractor manufacturers nationwide above a certain scale produced a total of 465,200 tractors, representing a year-on-year decrease of 4.9%. Among which, the output of large tractors remained the same as the previous year, while the output of medium and small tractors showed a significant decline.



SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(II) Industry transformation and upgrading driven by policy and technology

Amidst general market pressure, the structural adjustment characteristics of the tractor industry have become increasingly prominent. Sales of power shuttle intelligent tractors have bucked the trend, with large-scale, high-end, intelligent and green technology becoming the core development trends of the industry. At the policy level, the agricultural machinery purchase subsidy policy continues to deepen the “premium subsidies for premium machinery” and “entry and exit” orientation, providing higher subsidies for high-end intelligent tractors such as power-shifting/gear-shifting and CVT tractors, precisely guiding users to purchase large, efficient, and intelligent agricultural machinery. Meanwhile, policies such as large-scale land transfer and high-standard farmland construction jointly promote large-scale agricultural production, indirectly driving demand for high-horsepower agricultural machinery. At the technological level, the precise implementation of subsidy policies has forced enterprises to accelerate technological upgrades. Leading companies, relying on long-term R&D accumulation, have made continuous breakthroughs in core technologies such as power-shifting and CVT, breaking the long-term market monopoly of foreign products and effectively promoting technological progress and enhancing independent innovation capabilities in the industry.

(III) Intensified industry competition

Currently, the agricultural machinery market has shifted from a phase of incremental growth to a phase of stock renewal and structural growth. The traditional tractor market is highly saturated, leading to intensified competition among enterprises. Numerous enterprises are trapped in a price war, severely compressing their profit margins. Meanwhile, emerging products are still in their developmental stage, with limited overall scale and no stable demand structure yet formed. At the same time, companies from the construction machinery and automotive sectors are entering the tractor market, gradually rising to prominence by leveraging their accumulated expertise in intelligent manufacturing, new energy, digital solutions and capital operations, further exacerbating the complexity and uncertainty of market competition.

(IV) Outstanding performance in overseas markets

In 2025, the accelerated pace of global agricultural modernisation drove steady growth in overall demand for agricultural machinery. The comprehensive strength of China’s agricultural machinery industry improved constantly, with product technology level, environmental adaptability and reliability enhanced continuously, significantly boosting its competitiveness in overseas markets. Meanwhile, domestic enterprises accelerated the deployment of overseas channels and service networks, transforming from single-product export to localised operations, effectively improving international market responsiveness and product acceptance. These multiple factors combined to drive a substantial increase in China’s agricultural machinery exports. According to data from the General Administration of Customs, China exported 185,500 tractors throughout the Year, representing a year-on-year increase of 20%.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

III. DISCUSSION AND ANALYSIS ON THE OPERATIONS

During the Reporting Period, in view of the overall downturn in the agricultural machinery industry, the Company proactively implemented measures and responded positively. While deepening its presence in domestic and international markets, it continuously strengthened its technological innovation capabilities, solidly promoted the cultivation of high-end manufacturing capabilities and digital transformation, deepened enterprise reform, and coordinated various tasks. Affected by the overall industry environment, the Company's cumulative sales of medium and large tractors reached 63,700 units and diesel engines reached 136,700 units during the Reporting Period, achieving an operating revenue of RMB10.823 billion and net profit attributable to shareholders of the parent company of RMB0.812 billion.

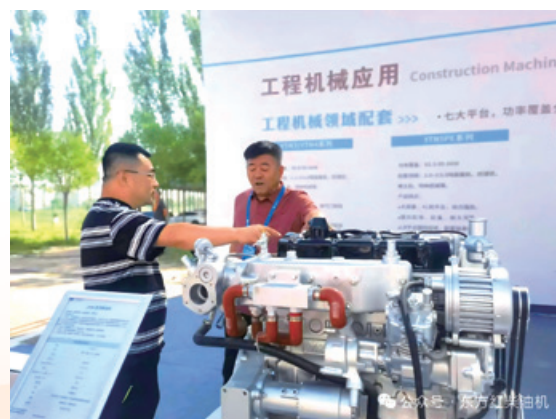
(I) Deepening domestic market cultivation and expanding sales volume

In terms of tractor business, the Company focused on enhancing product competitiveness and seizing every market opportunity to expand sales. During the Reporting Period, the Company closely followed national policy guidance and launched its power shuttle products at the beginning of the Year. Through measures such as strengthening physical quality management, upgrading intelligent testing methods, enhancing scenario-based verification of new products, and optimising the quality of procured components, the Company built an efficient quality assurance system, further consolidating the leading advantage of its power shuttle series products and gaining widespread user recognition. The Company solidly promoted the construction of channels in weak regions, strengthened the dynamic management of channel performance, and continuously improved the overall efficiency of channel operations. Relying on the "Dongfanhong Service Cloud Platform", the Company strengthened the information management and monitoring of the entire service process, promoted the construction of an integrated spare parts centre warehouse, and further improved customer service response speed. In addition, the Company deepened cooperation with major customers, provided customised cooperation solutions, and enhanced user loyalty continuously.

In terms of diesel engine business, the Company explored market potential and systematically promoted the development of modified diesel engine products and platform construction, focusing on the power needs of users in various fields such as agricultural machinery, construction machinery and generator sets. This successfully achieved precise compatibility with different customers' main products. While consolidating existing markets and stabilising existing customers, the Company actively explored emerging markets, achieving sales growth in external markets. The Company achieved external sales of 80,000 diesel engines throughout the Year, representing a year-on-year increase of 3.5%.



Caption: The 20,000th unit of Dongfanhong power shift/power shuttle tractor rolls off the production line



Caption: Customer consultations and negotiations for diesel engines

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(II) Strengthening international business capabilities

The Company clearly defined its “15th Five-Year Plan” for overseas development, laying a top-level design for deep participation in international market competition. During the Reporting Period, the Company accelerated the layout of its global service network and steadily promoted localisation cooperation in key markets such as Central Asia and South America. Focusing on the personalised and differentiated needs of various countries, the Company continuously enriched its export product portfolio, enhancing the adaptability and competitiveness of its products in target markets. While promoting its products, the Company actively promoted the rejuvenation of the “Dongfanghong” brand and the high-end development of the “YTO” brand, continuously enhancing the international influence of the “YTO” brand. During the Reporting Period, the Company achieved significant results in joint overseas expansion of agricultural machinery and equipment by strengthening export collaboration with units under SINOMACH. In 2025, the export sales of tractors exceeded 10,000 units for the first time, representing a year-on-year increase of 41%.



Caption: Participation in overseas agricultural machinery exhibitions



Caption: Overseas agricultural machinery sales outlets

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(III) Adhering to innovation-driven development and constructing new competitive advantages

The Company actively serves the national food security strategy, accelerates breakthroughs in core technologies and promotes the transformation and upgrading of the agricultural machinery equipment industry.

During the Reporting Period, the Company closely integrated product innovation with market demand, continuously deepened the R&D and maturation of key technology platforms such as CVT, all-power shift and hybrid power. It organised market verification of high-end intelligent tractors, rectified verification issues, and significantly improved product reliability, laying the foundation for the subsequent launch and serialisation of high-end products.

The Company actively expanded and improved its product platform for hilly and mountainous terrain, forming a series of products to address shortcomings in hilly and mountainous environments, including low-profile, high-clearance, tobacco field, and wheel-track interchangeable scenarios. Meanwhile, it further expanded the scope of field operation verification in typical hilly and mountainous areas in China, accelerating the large-scale application of such product series.

The Company accelerated the R&D and commercial application of hybrid, pure electric, and hydrogen-powered tractors, creating a “high-end intelligent+green and environmental-friendly” product matrix and leading the green and low-carbon transformation of agricultural machinery and equipment. Currently, the HB2204 hybrid tractor has achieved industrial application, and the HQ2204, as one of the first hydrogen-powered tractors in China, has entered the test vehicle verification stage.



Caption: HQ2204 — China's first tractor integrating high-horsepower intelligent hydrogen-powered drivetrain



Caption: Launch of the Dongfanghong LF3604 power shift tractor



Caption: Dongfanghong MH804M — China's first independently developed tractor for hilly and mountainous terrain



Caption: Delivery of customised tractors for hilly and mountainous areas in Gansu Province

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(IV) Comprehensively promoting digital and intelligent transformation and cultivating new growth drivers

The Company focuses on “intelligent, green, and integration”, continuously increasing investment in high-end manufacturing, and launching the enhancement of intelligent multi-purpose tractor capabilities, improvement of medium-wheel tractor manufacturing capabilities, industrialization of non-road National V diesel engines, improvement of gear quality capabilities and intelligent factories project. This has effectively improved production efficiency, product consistency and process control, empowering high-end agricultural machinery manufacturing through digital and intelligent upgrades.

With an objective of building a modernised “digital and intelligent YTO”, the Company has achieved phased results in key areas such as integrated business and finance, the establishment of a marketing information system, exploration of AI applications, upgrades to vehicle-mounted IoT, independent and controllable transformation, and information security reinforcement. The Company has pioneered the launch of the “Intelligent Agricultural Machinery Repair Agent” in after-sales service scenarios and comprehensively promoted the “AI+” special action.



Caption: Intelligent manufacturing facility for diesel engines



Caption: Launch of the digital and intelligent platform for sales and service

(V) Deepening enterprise reform and stimulating new internal vitality

During the Reporting Period, the Company initially completed the formulation of its “15th Five-Year Plan” strategic plan, clarifying its development direction and forming an action plan. The Company reshaped the headquarters’ functional positioning, clarified the division of responsibilities between “management” and “organisation”, and improved operational efficiency; optimised and adjusted the organizational structure to provide organisational support for new business development and marketing model transformation. Guided by technological innovation and performance contribution, the Company formulated a differentiated assessment mechanism of “one policy per factory” to improve the accuracy and effectiveness of incentives. In addition, the Company intensified its efforts to attract outstanding talent, with both the quantity and quality of recruits reaching new highs. During the Reporting Period, the Company’s first R&D outpost was inaugurated and put into operation, providing strong support for cultivating an industry-leading team. The Company continued to carry out lean cost management improvement initiatives to assist the Company in improving quality and efficiency.



SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

IV. ANALYSIS OF CORE COMPETITIVENESS DURING THE REPORTING PERIOD

(I) Continuously enhancing technological independent innovation capabilities

The Company has been deeply engaged in the agricultural machinery industry for a long time, establishing a highly experienced R&D team. Years of technological and R&D investment have enabled the Company to hold independent intellectual property rights for core technologies including power shift and CVT, intelligent driving technology, and electronic control technology for the complete machine and components. This has enabled the Company to build the most complete agricultural equipment system nationwide, deeply adapting to the diversified and refined development requirements of agricultural production. The Company offers a variety of high-end intelligent tractors covering three technical routes: 220-450 horsepower, multi-speed power shift, CVT, and hybrid power. The performance and reliability of its products have reached international advanced levels, and has formed industry-leading technical strength in green energy saving, intelligent control, and adaptability to complex working conditions.

(II) Continuously upgrading intelligent manufacturing level

The Company has established the most complete manufacturing system, from complete machine to core components in the domestic tractor industry. It possesses the in-house capability to manufacture core tractor components such as body, castings and forgings, engines, axles, and gears. This effectively improves the compatibility between components and complete machines, ensuring product quality and reliability, and providing strong support for product upgrades. In recent years, the Company has focused on cultivating new productivity, actively promoting intelligent manufacturing upgrades and green transformation, accelerating the application of cutting-edge technologies such as 5G, IoT, big data analysis, and large-scale models in the agricultural equipment industry, steadily implementing fixed asset construction projects, and strengthening its support capabilities for high-end intelligent tractors and core components. By practicing the concept of green industrial development and continuously exploring and innovating in intelligent manufacturing, the Company and its subsidiary YTO Diesel Engine were recognised a national-level green factories in 2025.



SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(III) Steadily improving product quality

The Company always adheres to the management philosophy of “quality first”, and is guided by improving its quality system, standardising its operation, as well as developing its quality culture, thus deeply promoting comprehensive quality management. During the Reporting Period, the Company benchmarked against world-class standards, focusing on users and addressing prominent market quality issues, high failure rates and user needs. It continuously promoted quality improvement projects, persistently addressing quality problems and implementing targeted rectification measures. Consequently, product reliability steadily improved and product competitiveness was continuously enhanced. In 2025, the Company continued to receive quality awards from central enterprises and Henan Province, playing a leading role in the construction of a quality-strong nation and world-class enterprise.

(IV) Constantly improving marketing service capabilities and brand influence

With its nationwide marketing channels and service network, the Company is able to respond quickly to market demands. As a famous national brand in the market, “Dongfanghong” enjoys an extensive customer base and a large number of loyal users. Guided by the principle of “creating greater value for customers,” the Company, empowered by digital transformation, has built an intelligent customer relationship management platform integrating marketing, service and management. This has significantly improved the speed and convenience of customer service response, effectively enhancing customer satisfaction and the brand influence of the enterprise. The Company actively conducts diversified brand advertising campaigns, including new media live broadcasts and participation in agricultural machinery exhibitions, to deepen its emotional connection with users, thus further enhancing the social influence of the “Dongfanghong” brand.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

V. MAIN OPERATING STATUS DURING THE REPORTING PERIOD

Please refer to “Discussion and Analysis of Operating Results” in Part III of this section

(I) Analysis of Principal Businesses

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

Unit: Yuan Currency: RMB

| Items | Amount for the Reporting Period | Amount for the corresponding period of last year | Change (%) |
|--|---------------------------------|--|------------|
| Operating revenue | 10,822,591,178.94 | 11,904,370,911.94 | -9.09 |
| Operating costs | 9,183,170,444.95 | 10,145,221,753.22 | -9.48 |
| Selling expenses | 164,619,530.41 | 156,461,228.98 | 5.21 |
| Administrative expenses | 341,182,329.63 | 354,693,536.41 | -3.81 |
| Financial expenses | 1,416,477.49 | -44,068,916.96 | N/A |
| R&D expenses | 549,374,719.20 | 516,377,794.17 | 6.39 |
| Gain arising from changes in fair value (Losses listed as “-”) | 70,018,569.63 | 27,395,502.26 | 155.58 |
| Non-operating income | 21,236,553.75 | 5,906,114.68 | 259.57 |
| Income tax expenses | 76,443,289.86 | 120,839,952.03 | -36.74 |
| Net cash flows from operating activities | 915,718,981.93 | 1,216,115,552.21 | -24.70 |
| Net cash flow from investment activities | -1,079,680,846.37 | -1,323,432,942.95 | N/A |
| Net cash flows from financing activities | -286,872,751.72 | -336,173,576.74 | N/A |

Reasons for changes 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 changes in selling expenses: due to an increase of RMB8.16 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.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(I) Analysis of Principal Businesses (Continued)

1. *Analysis on Changes in Items of Income Statement and Cash Flows Statement Items (Continued)*

Reasons for changes in administrative expenses: due to a decrease of RMB13.51 million compared with the same period of the previous year, which was mainly due to the decrease in fixed asset depreciation accrued during the Reporting Period.

Reasons for changes in financial expenses: due to an increase of RMB45.49 million compared with the same period of the previous year. On the one hand, due to the impact of macroeconomic policies 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 losses for the period increased compared to the same period of the previous year.

Reasons for changes in R&D expenses: due to an increase of RMB33.00 million compared with the same period of the previous year, which was mainly due to the acceleration of the Company's research and development in high-end agricultural machinery and equipment technologies, resulting in a year-on-year increase in R&D investment.

Reasons for changes in gains arising from changes in fair value: due to an increase of RMB42.62 million compared with 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 non-operating income: due to an increase of RMB15.33 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 changes in income tax expenses: due to a decrease of RMB44.40 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.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(I) Analysis of Principal Businesses (Continued)

2. Income and Cost Analysis

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

Unit: 0'000 Currency: RMB

Principal businesses by industry

| By industry | Operating revenue | Operating costs | Gross profit Margin (%) | Increase/decrease in operating revenue as compared with last year (%) | Increase/decrease in operating cost as compared with last year (%) | Increase/decrease in gross profit margin as compared with last year (%) |
|----------------------------------|-------------------|-----------------|-------------------------|---|--|---|
| Equipment manufacturing industry | 1,082,259 | 918,317 | 15.15 | -9.09 | -9.48 | increased by 0.37 percentage point |

Principal businesses by products

| By products | Operating revenue | Operating costs | Gross profit Margin (%) | Increase/decrease in operating revenue as compared with last year (%) | Increase/decrease in operating cost as compared with last year (%) | Increase/decrease in gross profit margin as compared with last year (%) |
|---|-------------------|-----------------|-------------------------|---|--|---|
| Agricultural machinery (tractor and component products) | 989,271 | 850,378 | 14.04 | -9.72 | -10.20 | increased by 0.46 percentage point |
| Power machinery (diesel engine products) | 261,498 | 233,162 | 10.84 | -10.71 | -10.58 | decreased by 0.12 percentage point |
| Inter-segment elimination | -168,510 | -165,223 | / | / | / | / |
| Total | 1,082,259 | 918,317 | 15.15 | -9.09 | -9.48 | increased by 0.37 percentage point |

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(I) Analysis of Principal Businesses (Continued)

2. Income and Cost Analysis (Continued)

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

Principal businesses by region

| By region | Operating revenue | Operating costs | Gross profit Margin (%) | Increase/ decrease in operating revenue as compared with last year (%) | Increase/ decrease in operating cost as compared with last year (%) | Increase/ decrease in gross profit margin as compared with last year (%) |
|-----------------|-------------------|-----------------|-------------------------|--|---|--|
| In the PRC | 963,171 | 814,039 | 15.48 | -12.29 | -12.87 | increased by 0.56 percentage point |
| Outside the PRC | 119,088 | 104,278 | 12.44 | 29.04 | 29.92 | decreased by 0.59 percentage point |

Principal businesses by sales model

| Sales model | Operating revenue | Operating costs | Gross profit Margin (%) | Increase/ decrease in operating revenue as compared with last year (%) | Increase/ decrease in operating cost as compared with last year (%) | Increase/ decrease in gross profit margin as compared with last year (%) |
|----------------|-------------------|-----------------|-------------------------|--|---|--|
| Distribution | 827,486 | 698,942 | 15.53 | -9.87 | -9.44 | decreased by 0.40 percentage point |
| Direct selling | 254,773 | 219,375 | 13.89 | -6.47 | -9.62 | increased by 3.00 percentage points |

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

The comprehensive gross profit margin of the equipment manufacturing business during the Reporting Period was 15.15%, representing an increase of 0.37 percentage point as compared with the corresponding period of last year. It was mainly because in view of a complex internal and external economic situation and an increasingly competitive agricultural machinery industry environment, the Company has carried out in-depth cost control across the value chain, achieving significant results in cost reduction and efficiency improvement, thus offsetting the impact of increased promotional spending on gross profit margin.

The gross profit margin of the Company's agricultural machinery business was 14.04%, representing a year-on-year increase of 0.46 percentage point.

The gross profit margin of the Company's power machinery business was 10.84%, representing a year-on-year decrease of 0.12 percentage points.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(I) Analysis of Principal Businesses (Continued)

2. Income and Cost Analysis (Continued)

(2). Production and Sales Analysis

| Main products | Unit | Production volume | Sales volume | Inventory volume | Increase/decrease in production volume as compared with last year (%) | Increase/decrease in sales volume as compared with last year (%) | Increase/decrease in inventory volume as compared with last year (%) |
|------------------|------|-------------------|--------------|------------------|---|--|--|
| Tractor Products | Set | 59,792 | 63,744 | 1,785 | -19.77 | -14.23 | -68.89 |
| Tractor Products | Set | 138,761 | 136,741 | 13,070 | -3.04 | -6.31 | 18.28 |

(3). Performance of material procurement contracts and material sales contracts

During the Reporting Period, the Company had no material procurement contracts or material sales contracts.

(4). Cost analysis

Unit: 0'000 Currency: RMB

By industry

| By industry | Cost items | Amount for the Reporting Period | Amount for the Reporting Period as a percentage of total costs (%) | Amount for the corresponding period of last year | Amount for the corresponding period of last year as a percentage of total costs (%) | Year-on-year change (%) |
|----------------------------------|------------------|---------------------------------|--|--|---|-------------------------|
| Equipment manufacturing industry | Material | 970,973 | 89.61 | 1,095,292 | 90.69 | -11.35 |
| Equipment manufacturing industry | Labour | 44,452 | 4.10 | 43,992 | 3.64 | 1.05 |
| Equipment manufacturing industry | Production costs | 68,115 | 6.29 | 68,447 | 5.67 | -0.49 |

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

By products

| By products | Cost items | Amount for the Reporting Period | Amount for the Reporting Period as a percentage of total costs (%) | Amount for the corresponding period of last year | Amount for the corresponding period of last year as a percentage of total costs (%) | Year-on-year change (%) |
|---|------------------|---------------------------------|--|--|---|-------------------------|
| Agricultural machinery (tractor and components) | Material | 757,440 | 89.07 | 856,586 | 90.45 | -11.57 |
| Agricultural machinery (tractor and components) | Labour | 36,537 | 4.30 | 35,757 | 3.78 | 2.18 |
| Agricultural machinery (tractor and components) | Production costs | 56,401 | 6.63 | 54,637 | 5.77 | 3.23 |
| Power machinery (diesel engine product) | Material | 213,533 | 91.58 | 238,706 | 91.54 | -10.55 |
| Power machinery (diesel engine product) | Labour | 7,915 | 3.40 | 8,235 | 3.16 | -3.89 |
| Power machinery (diesel engine product) | Production costs | 11,714 | 5.02 | 13,810 | 5.30 | -15.18 |

Note: This table shows data before inter-segment eliminations.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(I) Analysis of Principal Businesses (Continued)

2. Income and Cost Analysis (Continued)

Explanation on other situations on cost analysis:

As the consolidation of YTO Axle's financial statements only covered three months in the same period, and the consolidation of YTO Axle's full-year financial statements in the Reporting Period, agricultural machinery manufacturing costs and labor costs increased year-on-year.

(5). Main Sales Customers and Main Suppliers

Customers or suppliers under common control are aggregated and presented as a single customer or supplier (excluding those under the actual control of the same state-owned assets regulatory authority)

Note on aggregation of the following customer and supplier information under common control

The Company treats customers/suppliers under the common control of China YTO as a single customer or supplier for the purposes of aggregating sales/procurement amounts.

A. Main Sales Customers of the Company

Sales to the top five customers amounted to RMB634,210,000, accounting for 5.86% of the annual total sales; among which, sales to related parties among the top five customers amounted to RMB154,520,000 accounting for 1.43% of the annual total sales.

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

Unit: 0'000 Currency: RMB

| No. | Name of customer | Sales amount | Percentage of annual total sales (%) |
|-----|------------------|--------------|--------------------------------------|
| 1 | Customer 1 | 19,551.50 | 1.81 |
| 2 | Customer 2 | 10,042.52 | 0.93 |
| 3 | Customer 3 | 10,038.51 | 0.93 |

Note: During the Reporting Period, the Company had no single customer accounting for more than 50% of total sales, nor was the Company heavily dependent on a small number of customers. The customer in the table above is a new customer among the top five customers.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

B. Main Suppliers of the Company

Purchases from the top five suppliers amounted to RMB1,573,430,000, accounting for 17.77% of the annual total purchases; among which, purchases from related parties among the top five suppliers amounted to RMB918,110,000, accounting for 10.37% of the annual total purchases.

During the Reporting Period, the proportion of purchases from a single supplier exceeded 50% of the total amount, and there were new suppliers among the top 5 suppliers, or there was a heavy reliance on a few suppliers.

Unit: 0'000 Currency: RMB

| No. | Name of supplier | Purchase amount | Percentage of annual total sales (%) |
|-----|------------------|-----------------|--------------------------------------|
| 1 | Supplier 1 | 9,455.03 | 1.07 |

Note: During the Reporting Period, there was no situation where the proportion of purchases from a single supplier exceeded 50% of the total amount or there was a heavy reliance on a few suppliers. The supplier in the table above is a new supplier among the top five suppliers.

C. Trade business revenue during the Reporting Period

Unit: 0'000 Currency: RMB

| Trade business activities | Operating revenue of current period | Operating revenue of previous period | Year-on-year change in operating revenue (%) |
|--|-------------------------------------|--------------------------------------|--|
| Trading of metal ores and products, chemical products (rubber, plastics, etc.) | 41,306.9 | 57,860.1 | -28.61 |

Other note: Revenue from trade business as a proportion of total operating revenue did not exceed 10%.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

3. Expenses

Unit: Yuan Currency: RMB

| Item | Amount for the Reporting Period | Amount for the corresponding period of last year | Change in amounts | Change (%) |
|-----------------------------------|---------------------------------|--|----------------------|-------------|
| Selling expenses | 164,619,530.41 | 156,461,228.98 | 8,158,301.43 | 5.21 |
| Administrative expenses | 341,182,329.63 | 354,693,536.41 | -13,511,206.78 | -3.81 |
| Research and development expenses | 549,374,719.20 | 516,377,794.17 | 32,996,925.03 | 6.39 |
| Financial expenses | 1,416,477.49 | -44,068,916.96 | 45,485,394.45 | N/A |
| Total | <u>1,056,593,056.73</u> | <u>983,463,642.60</u> | <u>73,129,414.13</u> | <u>7.44</u> |

4. Research and Development Investment

(1). R&D investment

Unit: Yuan Currency: RMB

| | |
|--|----------------|
| Research and development investment expensed for the Reporting Period | 549,374,719.20 |
| Research and development investment capitalised for the Reporting Period | 0.00 |
| Total research and development investment | 549,374,719.20 |
| Total research and development investment as a percentage of operating revenue (%) | 5.08 |
| Ratio of research and development investment capitalised (%) | 0 |

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(2). Analysis of R&D Personnel

| | |
|---|-------|
| Number of R&D personnel of the Company | 1,292 |
| Number of R&D personnel as a percentage of total staff of the Company (%) | 18.43 |

Education Level Profile of R&D Personnel

| Type of education level | Headcount by level of education |
|---------------------------------|---------------------------------|
| Doctoral degree | 6 |
| Master's degree | 308 |
| Bachelor's degree | 883 |
| Technical school | 88 |
| High school graduates and below | 7 |

Age Profile of R&D Personnel

| Type of age profile | Headcount by age profile |
|--|--------------------------|
| Age below 30 (excluding 30) | 413 |
| Ages 30 to 40 (including 30, excluding 40) | 397 |
| Ages 40 to 50 (including 40, excluding 50) | 234 |
| Ages 50 to 60 (including 50, excluding 60) | 248 |
| Ages 60 and above | 0 |

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

5. Cash Flow

Unit: Yuan Currency: RMB

| Items | Amount for the Reporting Period | Amount for the corresponding period of last year | Change in amounts | Change (%) |
|---|---------------------------------|--|-------------------|------------|
| Net cash flow generated from operating activities | 915,718,981.93 | 1,216,115,552.21 | -300,396,570.28 | -24.70 |
| Net cash flow generated from investing activities | -1,079,680,846.37 | -1,323,432,942.95 | 243,752,096.58 | N/A |
| Net cash flow generated from financing activities | -286,872,751.72 | -336,173,576.74 | 49,300,825.02 | N/A |

Net cash flow from operating activities: a decrease in inflows of RMB300.40 million compared with the same period of the previous year, which was mainly due to the year-on-year decrease in the Company's sales revenue during the Reporting Period, resulted in the year-on-year decrease in net operating cash flow.

Net cash flow from investing activities: a decrease in outflow of RMB243.75 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.

Net cash flow from financing activities: due to a decrease in outflow of RMB49.30 million compared to the same period of the previous year, which was mainly due to the combined effect of a year-on-year increase in the Company's net borrowings and year-on-year increase in cash payments for dividends during the Reporting Period.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(II) Analysis of Assets and Liabilities

1. Assets and Liabilities

Unit: Yuan Currency: RMB

| Item | Balance at the end of the Reporting Period | Balance at the end of the Reporting Period as a percentage of total assets (%) | Balance at the end of the corresponding period of last year | Balance at the end of the corresponding period of last year as a percentage of total assets (%) | Year-on-year change (%) | Explanation |
|---|--|--|---|---|-------------------------|---|
| Trading financial assets | 946,000,000.00 | 6.27 | 1,378,751,780.82 | 9.38 | -31.39 | The impact of the maturity of structured deposits during the Reporting Period. |
| Other receivables | 66,734,313.70 | 0.44 | 46,387,183.65 | 0.32 | 43.86 | During the Reporting Period, export tax rebates receivable increased. |
| Non-current assets due within one year | 2,969,552,248.90 | 19.67 | 1,183,614,680.34 | 8.06 | 150.89 | Reclassify large-denomination certificates of deposit maturing within one year based on their maturity dates. |
| Other current assets | 410,852,732.73 | 2.72 | 306,079,445.60 | 2.08 | 34.23 | The amount of time deposits purchased and held during the Reporting Period increased. |
| Construction in progress | 324,531,669.03 | 2.15 | 147,682,578.79 | 1.01 | 119.75 | Investment in construction projects increased during the Reporting Period. |
| Right-to-use assets | 26,810,495.19 | 0.18 | 38,468,756.06 | 0.26 | -30.31 | Depreciation is provided on right-to-use assets, resulting in a decrease in net value. |
| Non-current liabilities due within one year | 26,162,069.90 | 0.17 | 225,596,509.07 | 1.54 | -88.40 | Due to the repayment of long-term loans due within one year. |
| Long-term loans | 424,723,098.79 | 2.81 | 65,950,000.00 | 0.45 | 544.01 | New long-term loans during the Reporting Period. |
| Lease liabilities | 2,547,279.10 | 0.02 | 13,772,820.46 | 0.09 | -81.51 | Due to the reclassification of rent payable within one year to non-current liabilities due within one year. |
| Long-term employee salary payable | 18,526,825.11 | 0.12 | 27,463,638.47 | 0.19 | -32.54 | The reclassification of long-term employee salary payable due within one year to employee salary payable. |
| Other comprehensive income | -8,070,289.08 | -0.05 | -13,151,228.80 | -0.09 | N/A | The impact of foreign currency translation differences in financial statements. |

2. Foreign Assets

At the end of the Reporting Period, total assets of the Company amounted to RMB15,097.5374 million, including foreign assets of 7,737.36 (unit: 0'000 currency: RMB), accounting for 0.51% of the total assets.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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

As at the end of the Reporting Period, the Company's monetary funds of restricted ownership amounted to RMB578.0509 million, including bank's acceptance bill deposits of RMB577.8509 million, and other restricted funds of RMB0.20 million.

4. *Other Explanations*

(1) *Key financial ratios*

| Item | As at the end of the Reporting Period | As at the beginning of the Year | Year-on-year change |
|-------------------|---------------------------------------|---------------------------------|-------------------------------------|
| Gearing ratio (%) | 45.48 | 47.06 | decreased by 1.58 percentage points |
| Current ratio | 1.36 | 1.14 | increased by 0.22 |
| Quick ratio | 1.17 | 0.93 | increased by 0.24 |

Note: gearing ratio = total liabilities/total asset * 100%

(2) *Loans*

Loans of the Company are mainly denominated in RMB. As of the end of the Reporting Period, loans (principal) of the Company due within one year amounted to RMB0.6820 million, and loans (principal) due over one year amounted to RMB424.7231 million.

(3) *Foreign Exchange Risk*

The business of the Company is mainly situated in the PRC and most of the transactions are settled in RMB. However, the export transactions of the Company are mainly settled in foreign currencies. The main currencies involved are USD, Euro, AUD, XOF and ZAR, exchange rate fluctuations may affect the operating results of the Company to a certain extent.

(4) *Principal Sources and Use of Funds*

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

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(III) Analysis of Investments

1. *Material equity investments*

Nil

2. *Material non-equity investments*

Nil

3. *Financial assets measured at fair value*

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

(IV) Material Assets and Equity Disposals

Nil

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(V) Analysis of Key Controlling and Participating Companies

1. Principal subsidiaries and associates that contributed 10% or more to the net profit of the Company

Unit: 0'000 Currency: RMB

| Company name | Company type | Principal businesses | Registered capital | Total assets | Net asset | Operating revenue | Operating profit | Net profit |
|--------------------------|--------------|---|--------------------|--------------|-----------|-------------------|------------------|------------|
| YTO International Trade | Subsidiary | International sales of agricultural machinery | 6,600 | 42,571 | 12,151 | 107,896 | 9,100 | 6,666 |
| YTO Diesel Engine | Subsidiary | Engine manufacturing and sales | US\$16 million | 338,073 | 153,373 | 261,498 | 10,774 | 9,909 |
| Tractor Research Company | Subsidiary | Research and development of tractor products | 44,500 | 65,169 | 54,028 | 19,194 | 245 | 365 |

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

Nil

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

(I) Industry Landscape and Trends

The domestic agricultural machinery market is currently in a critical phase of inventory renewal. Industry growth is no longer driven by new demand, but rather by the optimisation and improvement of existing products and the replacement and upgrading of high-end products. Looking ahead to 2026, the agricultural machinery industry will still face challenges such as the lack of significant recovery in staple and cash crop prices, insufficient effective demand, and intensified competition in the existing market. However, these challenges also present structural opportunities.



SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Firstly, the government continues to strengthen its emphasis on “agriculture, rural areas, and farmers”, with policies such as large-scale equipment upgrades and agricultural machinery purchase subsidies continue to provide stable support for the industry’s development. The Central Rural Work Conference clearly proposed “promoting the integration and efficiency improvement of high-quality land, seeds, machinery, and methods”. The No. 1 Central Document for 2026 proposes “accelerating the research and application of high-end intelligent agricultural machinery and equipment suitable for hilly and mountainous areas” and “developing new agricultural productivity according to local conditions and promoting the integration of AI with agricultural development”. The series of precise policies has pointed the way for agricultural mechanisation development in 2026. Secondly, domestically produced agricultural machinery has achieved significant breakthroughs in several key technologies. Intelligence and green will become new tracks for industrial upgrading. The integration of next-generation information technologies such as AI, big data, and IoT with agricultural machinery is accelerating. Pilotless and new energy agricultural machinery will enter a period of rapid development with technological progress and the release of demand. Thirdly, the accelerated transfer of land and the continuous improvement of agricultural scale operations have led to the vigorous development of agricultural socialised services. The main purchasers of machinery are shifting from traditional individual farmers to new business entities such as family farms, cooperatives, and agricultural service organisations. Market demand is shifting from single agricultural machinery products to complete equipment solutions. Meanwhile, the shortcomings in agricultural mechanisation in hilly and mountainous areas are in urgent need to be addressed, and differentiated and customised products will gain more market space.

In the process of industry transformation and upgrading, market competition has evolved from simple product competition to the systematic competition encompassing technology, ecology, supply chain, and comprehensive services. Leading enterprises with strong R&D capabilities and mature industrial chains can leverage their technological accumulation, scale effect, and brand channels to take the lead in promoting product iteration and high-end market layout, thereby seizing opportunities and further consolidating their industry position. At the same time, an increasing number of agricultural machinery companies are accelerating their expansion into overseas markets. The competitive arena has become globalised, and the export of agricultural machinery is becoming a new growth pole.



SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(II) Development Strategy of the Company

Looking ahead to “15th Five-Year Plan”, YTO will focus on “building a world-class brand and creating a world-class enterprise”, enhancing its value creation capabilities, strengthening its core functions, and improving its core competitiveness. The Company will adhere to the strategic development approach of “innovation-driven, structure-optimised, quality- and efficiency-enhancing, and green development,” focusing on its major businesses, strengthening technological and business model innovation, enhancing the positive interaction between industry and capital, accelerating the development of new productive forces, actively cultivating strategic emerging businesses, continuously consolidating its leading position in the industry, accelerating the cultivation of new international competitive advantages, promoting the Company’s sustainable and healthy development, and building a “digitalised, ecological, and globalised YTO”.

(III) Operation Plan

2026 marks the beginning of the “15th Five-Year Plan”. The Company will adhere to the theme of “seeking progress while maintaining stability, improving quality and efficiency”, accurately identifying changes, scientifically responding to changes, and proactively seeking transformation. Focusing on both domestic and international markets, the Company will diligently carry out a series of initiatives including market expansion, technological innovation, and reform to increase efficiency, striving to enhance its competitiveness, market share, and industry influence.

1. Focus on expanding the domestic market and consolidating industry leadership

First, the Company will fully implement “proactive” marketing, accelerate the construction of a three-dimensional service network, explore market opportunities, and respond efficiently to customer needs. Second, it will adhere to a market competition orientation, continuously develop excellent products that truly solve users’ pain points and lead market trends, and create differentiated advantages in product technology. Third, it will deepen our services for major clients, establish long-term and stable cooperative relationships, and enhance the stickiness and loyalty of major clients. Fourth, it will promote the deep integration of products, services and solutions to enhance brand influence.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

2. Accelerate internationalisation and strengthen international service support

First, the Company will accelerate the transformation of overseas marketing models, cultivate existing key markets and establish local teams, and increase development efforts in high-end markets such as North America and the European Union, striving to achieve sales breakthroughs as soon as possible. Second, it will deepen collaboration with sister units of SINOMACH to drive products globalisation, and jointly promote the internationalisation of agricultural machinery and equipment. Third, it will strengthen the distributor service system and the construction of an international talent team, explore the establishment of overseas service support centres, enhance comprehensive service capabilities, and provide strong support for international business expansion.

3. Strengthen technological innovation and enhance product competitiveness

First, the Company will keep pace with the new demands of agricultural modernisation, improve product series, optimise regional product mix, and seize niche markets through configuration upgrades. Second, it will refine high-end intelligent products such as power shuttle and CVT, and promote the R&D verification and market application of high-end agricultural machinery products through project cooperation. Third, it will accelerate the strategic layout of new energy agricultural machinery products, and vigorously promote the development and commercial application of hybrid and pure electric tractors. In terms of diesel engine products, relying on the accumulation of “National IV” emission standards, the Company will conduct preliminary research on National V emission standards in advance, and continuously promote the low-carbon upgrading and iteration of products.

4. Building a modern industrial system and promoting industrial upgrading

First, the Company will construct an intelligent digital factory of top industry standard to leverage manufacturing advantages in medium and large tractors, green diesel engines, high-quality covers, and high-precision gears. This will build an independent, controllable, safe, efficient, and competitive modern agricultural machinery industry system, ensuring product reliability, stability, and quality consistency. Second, it will actively deploy AI technology and promote the practical application of AI platforms and intelligent agent scenarios. It will accelerate the construction of an integrated international business order management platform to provide digital support for overseas operations.

5. Promote reform and innovation to boost enterprise vitality

First, the Company will expand the business chain by integrating premium industry resources through OEM, cooperation, investment and M&A, enrich product series, and provide users with complete agricultural equipment solutions. Second, it will strengthen budget execution control, continuously promote the standardisation and refinement of lean cost management, optimise supply chain collaboration, and improve financial management. Third, it will deepen performance management reform, solidify the responsibility chain, promote concerted efforts across management levels, further improve organisational efficiency, and stimulate employee innovation. Fourth, it will launch a brand upgrade project, illustrate a vivid brand story, enhance the brand's contemporary and forward-looking nature, implement an international brand communication strategy, and accelerate the creation of a world-class brand.



SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(IV) Potential Risks

1. *Risks of fluctuating market demands and intensified diversified competition*

The agricultural machinery industry is in a transitional phase, with market demand significantly volatile and uncertain due to a combination of cyclical, policy-driven, and structural factors. The competitive landscape is becoming increasingly complex and diverse, with intensified competition among traditional brands coupled with the influx of cross-industry enterprises, further exacerbating resource competition. In the long term, with the development of smart agriculture, user needs are upgrading towards integrated solutions, placing higher demands on the automation, intelligence, and informatisation levels of agricultural machinery. Enterprises unable to adapt to the needs of modern agricultural development will gradually lose their competitiveness.

The Company will closely monitor market and policy changes, dynamically optimise marketing strategies, upgrade channels and services, and consolidate its terminal competitiveness. Meanwhile, it will focus on product technology innovation, accelerate breakthroughs in core technologies such as power shift, CVT and new energy, improve its product portfolio tailored to hilly and mountainous terrains, and create a differentiated edge. Leveraging its comprehensive advantages in equipment and technology, the Company will integrate and utilise industry resources to enrich its full-spectrum product matrix and seize the initiative in the development of smart agriculture.

2. *Technology upgrade risks*

The trend towards large-scale, green, and intelligent tractor products is prominent. During the technology upgrade process, insufficient R&D investment, incorrect technology route selection, and excessively long R&D cycles may lead to missing development opportunities in the high-end and niche markets, potentially resulting in a loss of competitive advantage.

The Company will strengthen its research into customer needs and industry trends, and prudently select technology R&D directions. Meanwhile, it will continue to increase R&D investment, optimise R&D resource allocation, cultivate high-caliber R&D talent, enhance independent innovation capabilities, and accelerate the market application of new technologies and products to quickly respond to changes in market demand and maintain a competitive edge.



SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

3. *International macroeconomic environment risks*

The global economic recovery still faces multiple uncertainties. Geopolitical conflicts, rising trade protectionism, and policy and regulatory changes in some countries and regions have brought certain uncertainties to the Company's international business expansion. Political instability and frequent exchange rate fluctuations in several countries may result in foreign exchange losses or payment risks, affecting the profitability of the Company's overseas business.

The Company will closely monitor changes in the international macroeconomic environment, strengthen policy research and risk assessment in major markets, and flexibly adjust its international business strategies. Through diversified market positioning, it will reduce reliance on a single market, deepen cooperation with local partners, build a robust overseas marketing and service network, and enhance its ability to respond to market risks. At the same time, it will actively utilise financial derivatives to effectively mitigate exchange rate fluctuation risks and ensure the steady development of its international business.



SECTION IV CORPORATE GOVERNANCE, ENVIRONMENT AND SOCIETY

I. EXPLANATION ON CORPORATE GOVERNANCE

During the Reporting Period, the Company strictly complied with the Company Law, the Securities Law, the Guidelines for Corporate Governance of Listed Companies issued by the CSRC, and other applicable laws and regulations, as well as the relevant requirements of the Shanghai Stock Exchange and Stock Exchange, and in accordance with the requirements of the State-owned Assets Supervision and Administration Commission of the State Council. The Company maintained sound and standardised corporate governance practices, sustained healthy business development, and safeguarded the interests of all shareholders. There are no material differences between the actual state of the Company's corporate governance structure and the relevant provisions and requirements of the CSRC. The Company also complied with the code provisions set out in the Corporate Governance Code published by the Stock Exchange. During the Reporting Period, the following corporate governance work was carried out:

(I) Continuous Enhancement of the Corporate Governance Framework

In response to the latest requirements of securities regulation and state-owned assets supervision, the Company systematically revised seven core governance documents, including the Articles of Association, the Rules of Procedure for General Meetings/Board Meetings, and the working procedures of specialised committees, thereby ensuring that corporate governance is conducted in accordance with established rules and procedures. In particular, in order to implement the requirements of the new Company Law and the reform plan for supervisory boards, the Company convened the 38th meeting of the ninth session of the Board of Directors on 28 August 2025, at which a resolution was considered and approved to abolish the Supervisory Board and to amend the Articles of Association. The key amendments included: (i) the abolition of the Supervisory Board, with provisions relating to supervisors simultaneously removed from the Articles of Association and the relevant supervisory responsibilities consolidated into the Audit Committee of the Board of Directors, thereby establishing a collaborative and efficient supervisory mechanism; (ii) the addition of one employee representative director to the Board of Directors; and (iii) further clarification of the legal responsibilities and obligations of the legal representative, the controlling shareholder and the actual controller in accordance with the Guidelines for the Articles of Association of Listed Companies. The resolution was subsequently submitted to and approved at the second extraordinary general meeting of the Company on 29 September 2025. During the Reporting Period, the Company convened 6 general meetings, 11 Board meetings and 17 independent directors' meetings and specialised committee meetings, at which all resolutions were duly passed.

During the Reporting Period, the Company successfully completed the re-election of the Board of Directors. Taking into account the professional background and career experience of director candidates, while also giving consideration to gender diversity requirements and the relevant regulations governing the appointment of employee representative directors in state-owned enterprises, the new Board of Directors comprises 9 directors (including 1 employee representative director), of whom 1 is a female director. The Company continued to strengthen support for directors in the discharge of their duties, organising on-site visits to subsidiaries prior to investment decisions on key projects and thematic seminars on the 15th Five-Year Plan in relation to medium-to-long-term development planning, thereby facilitating informed and effective decision-making by the Board. During the Reporting Period, the Board of Directors was honoured with the "Golden Roundtable Award – Special Contribution Award for Corporate Governance" at the 20th China Listed Companies Board of Directors Golden Roundtable Awards.

(II) Continuous Strengthening of Information Disclosure Management

The Company strictly complied with the regulatory requirements of both the SSE and the Stock Exchange, and ensured that information disclosure was truthful, accurate, complete and fair through a mechanism of "multi-departmental coordination and multi-level review". The Company's information disclosure practices have received an A-grade rating from the SSE for consecutive years. The Company places great importance on ESG management, systematically disclosing governance achievements and key performance indicators, and continuously elevating the quality of its ESG reporting. In 2025, the Company's Wind ESG rating was upgraded to AA, and the Company was honoured with the "Best ESG Pioneer Award" at the Hong Kong International ESG Awards, among other accolades.

SECTION IV CORPORATE GOVERNANCE, ENVIRONMENT AND SOCIETY (CONTINUED)

(III) Continuous Advancement of Market Capitalisation Management

Guided by a value-oriented approach, the Company carried out market capitalisation management in an orderly manner through a normalised working mechanism comprising “strategic decision-making by the Board of Directors, value creation by management, overall coordination by the Board Secretary's Office, and multi-departmental collaboration”. Firstly, in active response to the capital market's call to “improve and strengthen market capitalisation management of central state-owned enterprises”, the Company formulated and disclosed its 2025 action plan for “Enhancing Quality, Improving Efficiency and Delivering Returns”, thereby clearly communicating to the market the Company's commitment and plans for high-quality development. Secondly, in order to reward long-term value investors, the Company proactively increased the frequency of cash dividend distributions beyond the annual dividend, implementing an interim dividend for the first time. To uphold the Company's value, the Company formulated an H Share repurchase scheme and obtained a general mandate from shareholders at the general meeting, so as to convey confidence to the market in a timely manner.

In addition, the Company devoted considerable effort to deepening investor communications, effectively conveying long-term value through regular results briefings and diversified investor communication channels. During the year, the Company was invited to participate in the SSE's themed collective results briefing on “Low-Carbon and New Energy”, where it presented to investors via live broadcast its achievements in intelligent agricultural machinery research and development and green manufacturing under the “dual carbon” targets, using ESG concepts as an important vehicle for value communication. On one hand, the Company maintained regular and in-depth engagement with institutional investors including securities analysts and fund managers; on the other hand, for individual investors, in addition to utilising the SSE's e-interactive platform and investor hotlines to address day-to-day communication needs, the Company also organised a reverse roadshow event under the theme of “I Am a Shareholder – Investors Visit the Listed Company”, inviting individual investors to visit the production facilities in person and experience the Company's operations and development first-hand, thereby continuously deepening investor engagement and recognition. The Company was honoured with a number of awards including the “Tianma Award for Investor Relations Management of Hong Kong-Listed Companies”, the “New Fortune Best IR Hong Kong-Listed Company Award” and the “Golden Bull Award for Investor Relations of Hong Kong-Listed Companies”.

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

The Company's controlling shareholder and de facto controller strictly comply with laws, regulations and the Articles of Association, effectively ensuring the Company's independence in assets, personnel, finance, organization, and business, with no circumstances affecting its independence.

SECTION IV CORPORATE GOVERNANCE, ENVIRONMENT AND SOCIETY (CONTINUED)

III. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

Unit: Share

| Name | Position | Gender | Age | Commencement date of tenure | End date of tenure | Number of shares held at the beginning of the year | Number of shares held at the end of the year | Changes in the number of shares held during the year | Reason for changes | Total remuneration (before tax) received from the Company during the Reporting Period (RMB'000) (Note 3) | Whether he/she received remuneration from related parties of the Company during his/her tenure |
|----------------|--|--------|-----|-----------------------------|--------------------|--|--|--|--------------------|--|--|
| Zhao Weilin | Director, Chairman | Male | 56 | 2025.2.7 | 2028.12.15 | 0 | 0 | 0 | / | 0 | Yes (Note 1) |
| Wei Tao | Director | Male | 45 | 2023.12.8 | 2028.12.15 | 0 | 0 | 0 | / | 47.22 | No |
| | General Manager | | | 2023.10.23 | 2028.10.27 | | | | | | |
| Fang Xianfa | Director | Male | 63 | 2022.4.13 | 2028.12.15 | 0 | 0 | 0 | / | 0 | Yes (Note 1) |
| Yang Jianhui | Director | Male | 64 | 2024.8.2 | 2028.12.15 | 0 | 0 | 0 | / | 1.2 | Yes (Note 1) |
| Sun Feng | Director | Male | 62 | 2025.12.16 | 2028.12.15 | 0 | 0 | 0 | / | 0 | Yes (Note 1) |
| Wang Shumao | Independent Director | Male | 66 | 2022.4.13 | 2028.12.15 | 0 | 0 | 0 | / | 9.4 | No |
| Xu Liyou | Independent Director | Male | 51 | 2022.4.13 | 2028.12.15 | 0 | 0 | 0 | / | 0 | No |
| Wong Yee Man | Independent Director | Female | 37 | 2024.12.30 | 2028.12.15 | 0 | 0 | 0 | / | 9.5 | No |
| Li Peng | Staff Director | Male | 52 | 2025.12.16 | 2028.12.15 | 0 | 0 | 0 | / | 15.83 | No |
| Su Wensheng | Deputy General Manager | Male | 57 | 2012.11.14 | 2028.10.27 | 0 | 0 | 0 | / | 38.64 | No |
| Liu Bin | Chief Financial Officer and Secretary to the Board | Male | 50 | 2024.12.16 | 2028.10.27 | 0 | 0 | 0 | / | 38.64 | Yes (Note 1) |
| Zhao Qingliang | Deputy General Manager | Male | 43 | 2024.1.31 | 2028.10.27 | 0 | 0 | 0 | / | 38.66 | No |
| Yang Guangjun | Deputy General Manager | Male | 43 | 2022.4.13 | 2028.10.27 | 0 | 0 | 0 | / | 38.64 | No |
| Li Xiaoyu | Director, Chairman (Resigned) | Male | 59 | 2024.8.2 | 2025.2.7 | 0 | 0 | 0 | / | 0 | Yes (Note 1) |
| Miao Yu | Director (Resigned) | Male | 40 | 2024.8.2 | 2025.12.16 | 0 | 0 | 0 | / | 0 | No |
| Edmund Sit | Independent Director (Resigned) | Male | 62 | 2022.4.13 | 2025.4.9 | 0 | 0 | 0 | / | 2.5 | No |
| Yu Lina | Deputy General Manager and Secretary to the Board (Resigned) | Female | 55 | 2022.4.13 | 2025.10.28 | 0 | 0 | 0 | / | 32.24 | No |
| Xue Wenpu | Deputy General Manager (Resigned) | Male | 53 | 2022.4.13 | 2025.6.27 | 0 | 0 | 0 | / | 19.53 | Yes (Note 1) |
| Total | / | / | / | / | / | 0 | 0 | 0 | / | 292.00 | / |

Note 1: During the Reporting Period, certain Directors and senior management held positions at other associates of the Company and received remuneration therefrom.

Note 2: The term of office of the ninth session of the Board of Directors was originally due to expire in April 2025. Due to preparation arrangements for the change of session, the renewal of the ninth session of the Board of Directors was deferred. On 28 October 2025, at the 39th meeting of the ninth session of the Board of Directors, the Company appointed a new session of senior management, with a term of three years commencing from the date of approval by the Board of Directors. On 16 December 2025, the Company convened the third extraordinary general meeting of 2025, at which non-independent Directors and independent Directors of the tenth session of the Board of Directors were elected. On the same date, the joint meeting of the democratic management committee of the staff representative congress elected the employee representative Director, thereby completing the renewal of the Board of Directors, with a term of three years. For further details, please refer to the following announcements disclosed by the Company on 11 April 2025, 29 October 2025 and 17 December 2025 respectively: "Reminder Announcement of First Tractor regarding the Deferral of Change of Session of the Board of Directors and the Supervisory Committee and the Resignation of Certain Independent Directors" (Lin 2025-17), "Announcement on Resolutions of the 39th Meeting of the Ninth Session of the Board of Directors of First Tractor" (Lin 2025-41), "Announcement on Resolutions of the Third Extraordinary General Meeting of 2025 of First Tractor" (Lin 2025-45) and "Announcement of First Tractor on the Election of Employee Representative Director" (Lin 2025-46).

Note 3: The aggregate pre-tax remuneration received by the Directors and senior management of the Company from the Company during the Reporting Period is calculated on the basis of remuneration accrued and paid during the Reporting Period. The final aggregate pre-tax remuneration of the Directors and senior management of the Company for the year 2025 is still in the process of being confirmed and will be separately disclosed upon confirmation.

SECTION IV CORPORATE GOVERNANCE, ENVIRONMENT AND SOCIETY (CONTINUED)

| Name | Major work experience |
|--------------|---|
| Zhao Weilin | Born in March 1970, senior international business specialist with a Bachelor of Arts degree. Mr. Zhao served as the deputy general manager, chairman and party committee secretary of SUMEC International Technology Co., Ltd., chairman and party general branch secretary of SUMEC Complete Equipment & Engineering Co., Ltd., the deputy general manager, director, general manager and party committee deputy secretary of SUMEC Corp. Ltd. (a company listed on the Shanghai Stock Exchange with stock code: 600710.SH). He is currently serving as the secretary of party committee and the chairman of YTO Group Corporation. |
| Wei Tao | Born in October 1980, professor level senior engineer with a Bachelor of Engineering degree. Mr. Wei served as the Deputy Director of the Third Assembly Plant under the Company, the Deputy head of Quality Engineering Center, the Deputy head of the Technology Development Department of the Company, the Head of the Quality Department, HR manager and the General Manager Assistant and Deputy General Manager of the Company. He currently serves as the Director, a member of the Strategic Investment and Sustainable Development Committee of the Board, and General Manager of the Company and Director and Deputy Secretary of the Party Committee of YTO Group Corporation. |
| Fang Xianfa | Born in February 1963 with a doctor's degree in engineering and received a special government allowance from the State Council. Mr. Fang served as the chief expert, deputy dean and deputy chief engineer of Chinese Academy of Agricultural Mechanization Sciences (中國農業機械化科學研究院). He is currently the Director of the Company and a member of the Strategy, Investment and Sustainable Development Committee of the Board, Director of YTO Group Corporation and Director of Chinese Academy of Agricultural Mechanization Sciences (中國農業機械化科學研究院). |
| Yang Jianhui | Born in December 1961, professor level senior engineer with a doctor's degree in engineering. Mr. Yang was the director, secretary of the Party Committee and deputy general manager of China National Machinery Industry Construction Group Inc.* (中國機械工業建設集團有限公司) and the Party Committee inspection specialist of China National Machinery Industry Corporation. He currently serves as the Director and a member of the Audit Committee of the Board of the Company, director of China Foma (Group) Co., Ltd. and Director of YTO Group Corporation |

SECTION IV CORPORATE GOVERNANCE, ENVIRONMENT AND SOCIETY (CONTINUED)

| Name | Major work experience |
|--------------|--|
| Sun Feng | Born in August 1963, professor-level senior engineer with a master's degree in business administration. Mr. Sun previously served as General Manager, Chairman and Party Committee Secretary of China FOTON Machinery Group Co., Ltd., and Chairman of Linhai Co., Ltd. (stock code: 600099.SH). He currently serves as a Director of the Company, a member of the Remuneration Committee of the Board, a Director of YTO Group Corporation, and a Director of China Geological Equipment Group Co., Ltd. |
| Wang Shumao | Born in July 1959, professor and doctoral tutor with a master's in engineering. Wang served as the Deputy Dean of the school of vehicle and traffic engineering of China Agricultural University, Director of China Society for Agricultural Machinery, Honorary Director of the Chinese Society for Agricultural Machinery Basic Technology Branch, a member of the Agricultural Machinery Appraisal and Testing Branch of Chinese Society for Agricultural Machinery, a Director of the Beijing Agricultural Engineering Association, an expert of the Advisory Expert Group on Agricultural Mechanization Technology Innovation Strategy of the Ministry of Agriculture, an expert of the "Science and Technology Innovation China" National Agricultural Machinery Equipment Technology Service Team. He is currently the independent Director of the Company, the Chairman of the Remuneration Committee and also a member of the Audit Committee of the Board. |
| Xu Liyou | Born in December 1974, professor and doctoral tutor with a doctor's degree in engineering. Mr. Xu is currently the Independent Director of the Company, Chairman of the Nomination Committee and also a member of the Remuneration Committee of the Board, Dean of the School of Vehicle and Traffic Engineering of Henan University of Science and Technology, the Deputy Director of the National Key Laboratory of Intelligent Agricultural Power Equipment and the Director of the Research Center of Engineering Technology for Low-speed Electric Vehicles in Henan Province. Mr. Xu is also a Director of China Society for Agricultural Machinery, Director of Chinese Society for Automotive Engineering, Deputy Chairman of Chinese Society for Agricultural Machinery Tractor Branch, Deputy Chairman of Chinese Society for Agricultural Machinery Ground Machine System Branch. |
| Wong Yee Man | Born in July 1988 with a Bachelor's degree in Accounting and Business Administration, and a Bachelor of Laws, a Certified Public Accountant and a practicing accountant with the Hong Kong Institute of Certified Public Accountants, a Certified ESG Analyst. Ms. Wong served at KPMG, FTI Consulting, Inc., Invesco Investment Management Co., Ltd., and the Securities & Futures Commission of Hong Kong. She currently serves as an independent Director of the Company, Chairman of the Audit Committee and also a member of the Strategic Investment and Sustainable Development Committee of the Board. She also serves as director of PAL Advisory Limited and an independent director of Shenzhen Transsion Holdings Co., Ltd. (688036.SH) and Loongson Semiconductor (Hefei) Co., Ltd. (688486.SH). |

SECTION IV CORPORATE GOVERNANCE, ENVIRONMENT AND SOCIETY (CONTINUED)

| Name | Major work experience |
|----------------|--|
| Li Peng | Born in April 1973, with a master degree in engineering and title as senior engineer. Mr. Li had served as a deputy factory manager of No. 3 Assembly Factory of the Company, a deputy factory manager of high-powered tractors assembly factory and a deputy Party Secretary of high-powered tractors company, staff representative supervisor. He also serves as staff director of the Company, General Manager and the Party Secretary of the high-powered tractors company of the Company, General Manager of the Intelligent Tractor Business Division of the Company. |
| Su Wensheng | Born in August 1968, senior engineer with a Master's in Engineering. Mr. Su commenced his career in 1991 and previously served as Factory Manager of the No. 3 Assembly Factory of the Company, and Assistant to the General Manager of the Company. He currently serves as Deputy General Manager of the Company and Deputy Party Committee Secretary of YTO Group Corporation. |
| Liu Bin | Born in April 1975, Senior Accountant with a Bachelor's degree in Accounting, a non-practising member of the Chinese Institute of Certified Public Accountants, and a Certified Internal Auditor (CIA). Mr. Liu commenced his career in 1993 and previously served as Deputy Chief Accountant of Jiangsu Lintai Power Machinery Group Co., Ltd., Financial Director of Lintai Co., Ltd., Financial Director of Luoyang Bearing Science & Technology Co., Ltd., and Financial Director and Party Committee Member of Sinomach Precision Group Co., Ltd. He currently serves as Chief Financial Officer and Board Secretary of the Company, and Standing Committee Member of the Party Committee of YTO Group Corporation. |
| Zhao Qingliang | Born in September 1982, Senior Engineer with a Master's degree in Engineering. Mr. Zhao commenced his career in 2009 and previously served as Secretary of the Youth League Committee, Deputy General Manager and Party Committee Member of the Chinese Academy of Agricultural Mechanization Sciences Group Co., Ltd. He currently serves as Deputy General Manager of the Company and Standing Committee Member of the Party Committee of YTO Group Corporation. |
| Yang Guangjun | Born in February 1983, with a Bachelor's degree in Engineering and the title of Senior Engineer. Mr. Yang commenced his career in 2005 and previously served as Party Committee Secretary and Deputy General Manager of YTO Diesel Engine, and Assistant to the General Manager of the Company. He currently serves as Deputy General Manager of the Company and Standing Committee Member of the Party Committee of YTO Group Corporation. |

SECTION IV CORPORATE GOVERNANCE, ENVIRONMENT AND SOCIETY (CONTINUED)

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

1. Positions in Shareholder Company

| Names of employees | Name of Shareholder Company | Position in Shareholder Company | Start Date of Tenure | End Date of Tenure |
|---|--|--|----------------------|--------------------|
| Li Xiaoyu | YTO Group Corporation | Secretary of the Party Committee, Chairman | 2024.7 | 2025.2 |
| Miao Yu | YTO Group Corporation | Director | 2024.7 | / |
| Explanation of positions in shareholder company | The above sets out the positions held by Directors who stepped down during the Reporting Period at shareholder entities. For the positions held by incumbent Directors and senior management at shareholder entities, please refer to the "Major Working Experience" of Directors and senior management in Part III of this section. | | | |

2. Positions in Other Companies

| Names of employees | Name of Other Company | Position in Other Company | Start Date of Tenure | End Date of Tenure |
|---|--|---|----------------------|--------------------|
| Li Xiaoyu | China Machinery Industry Group Co., Ltd. (中國機械工業集團有限公司) | Deputy General Manager | 2022.11 | |
| Miao Yu | Luoyang Guohong Investment Holding Group Co., Ltd. | General Manager of Fund Management Department | 2023.8 | 2025.2 |
| | Luoyang Kechuang Group Co., Ltd. | General Manager | 2025.2 | |
| | Luoyang Kechuang Group Co., Ltd. | Party Branch Secretary and Chairman | 2025.10 | |
| Edmund Sit | BAIC Motor Corporation Ltd. | Independent Director | 2021.3 | |
| Yu Lina | Brilliant China Machinery Holdings Ltd. (incorporated in Bermuda) | Director | 2014.7 | 2025.12 |
| | Sinomach Capital Co., Ltd. | Director | 2019.1 | 2026.3 |
| | Sinomach Finance Co., Ltd. | Director | 2023.2 | 2026.2 |
| Xue Wenpu | China FOTON Machinery Group Co., Ltd. | Deputy General Manager | 2025.6 | |
| Explanation of positions in other companies | The above sets out the positions held by Directors and senior management who stepped down during the Reporting Period at other entities. For the positions held by incumbent Directors and senior management at other entities, please refer to the "Major Working Experience" of Directors and senior management in Part III of this section. | | | |

SECTION IV CORPORATE GOVERNANCE, ENVIRONMENT AND SOCIETY (CONTINUED)

(III) REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Decision making process for remuneration of Directors, Supervisors and senior management

During the Reporting Period, the remuneration scheme for Directors of the ninth session of the Board of Directors was approved at the first extraordinary general meeting of First Tractor in 2022 and remained unchanged throughout the term of office (for details, please refer to the "Meeting Materials for the First Extraordinary General Meeting of First Tractor in 2022" disclosed by the Company on 18 March 2022). The remuneration scheme for Directors of the tenth session of the Board of Directors was approved at the third extraordinary general meeting of First Tractor in 2025, and the remuneration standards and payment arrangements for all Directors are implemented in accordance with the scheme (for details, please refer to the "Meeting Materials for the Third Extraordinary General Meeting of First Tractor in 2025" disclosed by the Company on 25 November 2025).

During the Reporting Period, the first meeting of the Remuneration Committee of the ninth session of the Board of Directors in 2025 determined the final annual remuneration of the senior management of the Company in accordance with the Measures for the Administration of Remuneration of Enterprise Responsible Persons and the Measures for the Performance Appraisal of Enterprise Responsible Persons as approved by the Board of Directors, having regard to the Company's operating results and the individual performance of senior management.

Whether a director recuses himself from the Board's discussion of his remuneration

Yes

Details of issuing advice on remuneration of Directors, Supervisors, and senior management at special meetings of the Remuneration and Appraisal Committee or independent Directors

During the Reporting Period, the first meeting of the Remuneration Committee of the ninth session of the Board of Directors in 2025 considered and approved the Performance Appraisal Results for Remuneration of Enterprise Responsible Persons of the Company for 2024. All committee members unanimously agreed that the performance appraisal for the remuneration of the Company's enterprise responsible persons for 2024 was well-substantiated, and that the calculation process and final results were compliant, accurate and valid.

The second meeting of the Remuneration Committee of the ninth session of the Board of Directors considered and approved the Remuneration Scheme for Directors of the Tenth Session of the Board of Directors of the Company. All committee members unanimously agreed that the remuneration scheme for the tenth session of the Board of Directors was formulated in accordance with proper procedures with reasonable standards, and was consistent with the Company's corporate governance requirements and long-term interests.

SECTION IV CORPORATE GOVERNANCE, ENVIRONMENT AND SOCIETY (CONTINUED)

| | |
|--|---|
| Basis for determining the remuneration of Directors, Supervisors and senior management | The remuneration of independent Directors comprises a basic fee and meeting allowances, with the basic fee determined by reference to remuneration levels in the same industry. Executive Directors receive remuneration in accordance with the Company's performance-linked remuneration management system applicable to senior management. Employee representative Directors receive remuneration in accordance with the Company's relevant remuneration management measures, based on their specific positions and roles within the Company. Non-executive Directors receive only meeting allowances from the Company. The remuneration of senior management is determined primarily by reference to a combination of factors including the Company's annual operating results and individual annual performance assessment targets. |
| Remuneration paid to Directors, Supervisors and senior management | During the Reporting Period, details of the 2025 remuneration accrued and actually paid to Directors and senior management are set out in "(I) Changes in Shareholdings and Remuneration of Incumbent and Departing Directors and Senior Management during the Reporting Period" in Part III of this section. |
| Total remuneration received by all Directors, Supervisors and senior management as at the end of the Reporting Period | As at the end of the Reporting Period, the aggregate remuneration actually received by all Directors and senior management for the year 2025 amounted to RMB2.92 million. |
| Performance assessment basis and completion status in respect of remuneration actually received by all Directors and senior management as at the end of the Reporting Period | As at the end of the Reporting Period, the aggregate pre-tax remuneration received by the Directors and senior management of the Company from the Company is calculated on the basis of remuneration accrued and paid during the Reporting Period. The final aggregate pre-tax remuneration of the Directors and senior management of the Company for the year 2025 is still in the process of being confirmed and will be separately disclosed upon confirmation. |
| Deferred payment arrangements in respect of remuneration actually received by all Directors and senior management as at the end of the Reporting Period | The independent Directors' fees received by independent Directors are not subject to the relevant provisions on deferred payment. No deferred payment arrangement is currently in place for the remuneration of non-independent Directors. The Company operates a deferred payment arrangement for senior management remuneration, whereby 10% of performance-linked remuneration is paid in equal instalments over three years. |
| Clawback arrangements in respect of remuneration actually received by all Directors and senior management as at the end of the Reporting Period | Nil |

SECTION IV CORPORATE GOVERNANCE, ENVIRONMENT AND SOCIETY (CONTINUED)

(IV) CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

| Name | Position held | Change | Reason for change |
|--|---|-------------|-------------------|
| Zhao Weilin (appointed on 7 February 2025) | Chairman of the Board | Election | Work requirements |
| Sun Feng (appointed on 16 December 2025) | Director | Election | Transition |
| Li Peng (appointed on 16 December 2025) | Employee Supervisor | Election | Transition |
| Liu Bin (appointed on 28 October 2025) | Chief Financial Officer and Secretary to the Board | Appointment | Work requirements |
| Li Xiaoyu (resigned on 7 February 2025) | Chairman of the Board | Resignation | Work requirements |
| Miao Yu (resigned on 16 December 2025) | Director | Resignation | Transition |
| Edmund Sit (resigned on 9 April 2025) | Independent Director | Resignation | Work requirements |
| Yu Lina (resigned on 28 October 2025) | Deputy General Manager and Secretary to the Board | Resignation | Retirement |
| Xue Wenpu (resigned on 27 June 2025) | Deputy General Manager | Resignation | Work requirements |

(V) EXPLANATION OF PENALTIES IMPOSED BY SECURITIES REGULATORY AUTHORITIES IN THE PAST THREE YEARS

Nil

SECTION IV CORPORATE GOVERNANCE, ENVIRONMENT AND SOCIETY (CONTINUED)

IV. PERFORMANCE OF DUTIES BY DIRECTORS

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

| Name of Directors | Independent director or not | Required attendance for the year | Attendance at Board meetings | | | Absence from two consecutive meetings in person | Participation in general meetings Attendance at general meetings |
|--|-----------------------------|----------------------------------|------------------------------|---------------------------------|---------------------|---|--|
| | | | Attendance in person | Attendance by telecommunication | Attendance by proxy | | |
| Zhao Weilin (Appointed on 7 February 2025) | No | 10 | 10 | 3 | 0 | 0 | No 5 |
| Wei Tao | No | 11 | 11 | 4 | 0 | 0 | No 3 |
| Fang Xianfa | No | 11 | 10 | 4 | 1 | 0 | No 6 |
| Yang Jianhui | No | 11 | 11 | 4 | 0 | 0 | No 6 |
| Sun feng (Appointed on 16 December 2025) | No | 1 | 1 | 0 | 0 | 0 | No 1 |
| Wang Shumao | Yes | 11 | 11 | 4 | 0 | 0 | No 6 |
| Xu Liyou | Yes | 11 | 11 | 4 | 0 | 0 | No 6 |
| Wong Yee Man | Yes | 11 | 11 | 4 | 0 | 0 | No 6 |
| Li Peng (Appointed on 16 December 2025) | No | 1 | 1 | 0 | 0 | 0 | No 0 |
| Li Xiaoyu (resigned on 7 February 2025) | No | 1 | 0 | 0 | 0 | 0 | No 0 |
| Miao Yu (Resigned on 16 December 2025) | No | 10 | 10 | 4 | 0 | 0 | No 5 |
| Edmund Sit (Resigned on 9 April 2025) | Yes | 3 | 3 | 2 | 0 | 0 | No 1 |

Explanation regarding failure to attend board meetings in person on two consecutive occasions: Nil

| | |
|---|----|
| Number of Board meetings convened during the year | 11 |
| Among which: Number of on-site meetings | 1 |
| Number of meetings held by means of telecommunication | 4 |
| Number of meetings convened on-site and by means of telecommunication | 6 |

(II) Objections Raised by Directors To Matters Concerning the Company

Nil

SECTION IV CORPORATE GOVERNANCE, ENVIRONMENT AND SOCIETY (CONTINUED)

V. SPECIAL COMMITTEE UNDER THE BOARD

(I) Member of the Special Committee under the Tenth Session of Board of the Company

| Classification of special committee | Name of members |
|--|--|
| Audit Committee | Wong Yee Man (Chairman), Yang Jianhui, Wang Shumao |
| Nomination Committee | Xu Liyou (Chairman), Zhao Weilin, Wong Yee Man |
| Remuneration Committee | Wang Shumao (Chairman), Sun Feng, Xu Liyou |
| Strategy, Investment and Sustainable Development Committee | Zhao Weilin (Chairman), Wei Tao, Fang Xianfa, Wong Yee Man |

Note: On 16 December 2025, having regard to the professional expertise and working experience of the members of the tenth session of the Board of Directors, the first meeting of the tenth session of the Board of Directors elected the members of each special committee of the Board. The composition of each special committee of the Board took into account the professional background and experience of the Directors, as well as the relevant requirements of the China Securities Regulatory Commission's Guidelines for Corporate Governance of Listed Companies and the Stock Exchange's Corporate Governance Code. The Audit Committee, Nomination Committee and Remuneration Committee are each chaired by an independent Director, and the majority of their members are independent non-executive Directors of the Company.

SECTION IV CORPORATE GOVERNANCE, ENVIRONMENT AND SOCIETY (CONTINUED)

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

1. *Responsibilities and Operation of the Audit Committee*

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

- (1) To review the Company's financial statements, reports and their disclosure, and to oversee and evaluate the effectiveness of the internal and external audit functions and internal controls.
- (2) To oversee the relationship with the Company's external auditor, including but not limited to making recommendations to the Board regarding the appointment, reappointment, and removal of the external auditor; to approve the external auditor's audit fees, terms of engagement, and non-audit service policies; to raise any questions regarding the resignation or dismissal of the auditor; and to review and monitor whether the external auditor is independent and objective and whether the audit process is effective.
- (3) To review whether the Company's financial reports comply with accounting standards and relevant financial reporting requirements under the Listing Rules and other legal requirements.
- (4) To oversee and review the Company's risk management and internal control systems, the effectiveness of the implementation of the internal control system, covering the effectiveness and compliance of the Company's internal control systems, financial controls, internal audit and risk management systems, and to report on the performance of other responsibilities set out in the Corporate Governance Code.
- (5) To review the Company's financial and accounting policies and practices.
- (6) To exercise the supervisory powers of the supervisory committee as provided under the Company Law, including examining the Company's finances and supervising the conduct of the Company's Directors and senior management in the performance of their duties.
- (7) To study other topics defined by the Board.

The members of the Audit Committee of the ninth session of the Board of Directors were Edmund Sit (Chairman, resigned in April 2025), Miao Yu and Xu Liyou. On 10 April 2025, at the 34th meeting of the ninth session of the Board of Directors, Wong Yee Man was appointed as a member and Chairman of the Audit Committee. Following such adjustment, the members of the Audit Committee of the ninth session of the Board of Directors were Wong Yee Man (Chairman), Miao Yu and Xu Liyou. On 16 December 2025, the first meeting of the tenth session of the Board of Directors considered and approved the "Proposal on the Election of Members of the Special Committees of the Tenth Session of the Board of Directors of the Company". The members of the Audit Committee of the tenth session of the Board of Directors are Wong Yee Man (Chairman), Yang Jianhui and Wang Shumao.

SECTION IV CORPORATE GOVERNANCE, ENVIRONMENT AND SOCIETY (CONTINUED)

During the Reporting Period, the Audit Committee convened 6 meetings, all the members attended the meetings and fully expressed their opinion. Details are set out below:

| Date | Contents | Important advice and recommendations | Performance of other duties |
|-----------|--|---|-----------------------------|
| 2025/2/13 | 1. To receive a briefing on the preparation plan for the Company's 2024 annual report and the audit arrangements for the 2024 financial statements | Directors noted that the Company should pay particular attention to changes in H Share rules governing the preparation of the annual report | / |
| 2025/3/24 | <ol style="list-style-type: none"> 1. To consider the proposal on changes to the Company's accounting policies 2. To consider the audited financial statements of the Company for the year 2024 3. To consider the Company's annual report for the year 2024 4. To consider the internal control evaluation report of the Company for the year 2024 5. To consider the proposal on the evaluation report of the performance of the auditors for the year 2024 and the report of the Audit Committee on its supervisory responsibilities in respect of the auditors 6. To consider the proposal on determining the remuneration of the financial and internal control auditors for 2024 and appointing the financial and internal control auditors for 2025 7. To consider the work report of the Audit Committee of the Board for the year 2024 8. To receive a briefing on the audit of the Company's financial statements for the year 2024 9. To receive a briefing on the "Report on the Implementation of Connected Transactions of the Company for the Year 2024" 10. To receive the "Special Explanation on Non-operating Occupation of Funds and Other Connected Fund Transactions of the Company for the Year 2024" | <p>The resolutions were passed unanimously.</p> <p>Directors paid particular attention to the rigour of the internal control evaluation process and the effectiveness of the Company's risk management measures</p> | / |

SECTION IV CORPORATE GOVERNANCE, ENVIRONMENT AND SOCIETY (CONTINUED)

| Date | Contents | Important advice and recommendations | Performance of other duties |
|------------|---|--|-----------------------------|
| 2025/4/24 | <ol style="list-style-type: none"> 1. To consider the first quarterly report of the Company for 2025 2. To consider the proposal on increasing the caps for connected transactions under the “Goods Sales Agreement” and the “Real Property Lease Agreement” for 2025 3. To consider the proposal on the internal audit work report of the Company for the year 2024 | The resolutions were passed unanimously | / |
| 2025/8/27 | <ol style="list-style-type: none"> 1. To consider the interim report of the Company for 2025 2. To receive a briefing from ShineWing Certified Public Accountants on the review of the Company's financial statements and the implementation of connected transactions for the first half of the year 3. To receive a briefing on the audit work of the Company for the first half of 2025 | The resolutions were passed unanimously | / |
| 2025/10/22 | <ol style="list-style-type: none"> 1. To consider the proposal on the internal control evaluation work plan of the Company for the year 2025 2. To consider the third quarterly report of the Company for 2025 | Directors paid particular attention to the measures taken by the Company to address the risk of exchange rate fluctuations, and the measures taken by the internal control auditors upon identifying errors or procedural deficiencies during on-site sampling | / |
| 2025/10/25 | <ol style="list-style-type: none"> 1. To consider the proposal on the appointment of the Chief Financial Officer of the Company | The resolution was passed unanimously | / |

SECTION IV CORPORATE GOVERNANCE, ENVIRONMENT AND SOCIETY (CONTINUED)

2. *Responsibilities and Operation of the Nomination Committee*

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

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

The members of the Nomination Committee of the ninth session of the Board of Directors were Wang Shumao (Chairman), Li Xiaoyu (resigned in February 2025) and Edmund Sit. On 7 February 2025, at the 32nd meeting of the ninth session of the Board of Directors, Zhao Weilin was appointed as a member of the Nomination Committee. Following such adjustment, the members of the Nomination Committee of the ninth session of the Board of Directors were Wang Shumao (Chairman), Zhao Weilin and Edmund Sit. On 10 April 2025, upon the expiry of Mr. Xue Lipin's term of office, Wong Yee Man was appointed as a member of the Nomination Committee at the 34th meeting of the ninth session of the Board of Directors. Following such adjustment, the members of the Nomination Committee of the ninth session of the Board of Directors were Wang Shumao (Chairman), Zhao Weilin and Wong Yee Man. On 16 December 2025, the first meeting of the tenth session of the Board of Directors considered and approved the "Proposal on the Election of Members of the Special Committees of the Tenth Session of the Board of Directors of the Company". The members of the Nomination Committee of the tenth session of the Board of Directors are Xu Liyou (Chairman), Zhao Weilin and Wong Yee Man.

SECTION IV CORPORATE GOVERNANCE, ENVIRONMENT AND SOCIETY (CONTINUED)

During the Reporting Period, the Nomination Committee convened 3 meetings, and all the members attended the meetings:

| Date | Contents | Important advice and recommendations | Performance of other duties |
|------------|--|---|-----------------------------|
| 2025/1/13 | 1. To consider the proposal on the nomination of candidates for non-independent Directors of the ninth session of the Board of Directors of the Company | The resolution was passed unanimously | / |
| 2025/10/25 | 1. To consider recommendations on candidates for General Manager of the Company 2. To consider recommendations on candidates for Deputy General Manager of the Company 3. To consider recommendations on candidates for Chief Financial Officer of the Company 4. To consider recommendations on candidates for Board Secretary of the Company 5. To consider recommendations on candidates for Company Secretary of the Company | The resolutions were passed unanimously | / |
| 2025/11/13 | 1. To consider recommendations on candidates for Directors of the tenth session of the Board of Directors of the Company | The resolution was passed unanimously | / |

SECTION IV CORPORATE GOVERNANCE, ENVIRONMENT AND SOCIETY (CONTINUED)

3. *Responsibilities and Operations of the Remuneration Committee*

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

- (1) To make recommendations to the Board of Directors on the remuneration policies and structure for Directors, supervisors and senior officers, as well as the establishment of a formal and transparent procedure for developing remuneration policies.
- (2) To make recommendations to the Board on the formulation or amendment of share incentive plans and employee share ownership plans, the conditions for the grant and exercise of interests by incentive recipients, and to review and/or approve matters relating to share schemes as referred to in Chapter 17 of the Hong Kong Listing Rules.
- (3) To make recommendations to the Board on arrangements for Directors and senior management to hold interests in share schemes of subsidiaries proposed to be spun off.
- (4) To review and approve the management's remuneration proposal and the contents and indicators of the annual and term business performance appraisal of the General Manager, Deputy General Managers and Chief Financial Officer with reference to the Company's corporate goals and objectives set by the Board of Directors.
- (5) To determine with delegated responsibility the remuneration packages of individual executive Directors and senior officers under the authorisation of the Board of Directors (i.e. adopting Code Provision E.1.2(c)(i) of the Corporate Governance Code), or to make recommendations to the Board of Directors on the remuneration packages of individual executive Directors and senior officers. Benefits in kind, pension rights and compensation payments (including compensations payable for loss or termination of office or appointment) shall be included.
- (6) To make recommendations to the Board of Directors on the remuneration packages of non-executive Directors.
- (7) To monitor the implementation of the Company's remuneration policies to ensure that any Director or any of his associates is involved in deciding his own remuneration.
- (8) To review and approve the results of the annual and term business performance appraisals of the Company's general manager, deputy general manager and chief financial officer.
- (9) To consult with the Chairman of the Board of Directors and/or the general manager on the remuneration packages proposed by other executive Directors. If necessary, the Remuneration Committee should seek independent professional advice.
- (10) Other matters as authorized by the Board.

The members of the Remuneration Committee of the ninth session of the Board of Directors were Edmund Sit (Chairman, resigned in April 2025), Yang Jianhui and Wang Shumao. On 10 April 2025, at the 34th meeting of the ninth session of the Board of Directors, Xu Liyou was appointed as a member and Chairman of the Remuneration Committee. Following such adjustment, the members of the Remuneration Committee of the ninth session of the Board of Directors were Xu Liyou (Chairman), Yang Jianhui and Wang Shumao. On 16 December 2025, the first meeting of the tenth session of the Board of Directors considered and approved the "Proposal on the Election of Members of the Special Committees of the Tenth Session of the Board of Directors of the Company". The members of the Remuneration Committee of the tenth session of the Board of Directors are Wang Shumao (Chairman), Sun Feng and Xu Liyou.

SECTION IV CORPORATE GOVERNANCE, ENVIRONMENT AND SOCIETY (CONTINUED)

During the Reporting Period, the Remuneration Committee convened 2 meetings, all the members attended the meetings and fully expressed their opinion. Details are set out below:

| Date | Contents | Important advice and recommendations | Performance of other duties |
|------------|--|---------------------------------------|-----------------------------|
| 2025/10/22 | 1. To consider the performance appraisal results for remuneration of the enterprise responsible persons of the Company for 2024 | The resolution was passed unanimously | / |
| 2025/11/13 | 1. To consider the proposal on the remuneration scheme for Directors of the tenth session of the Board of Directors of the Company | The resolution was passed unanimously | / |

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

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

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

SECTION IV CORPORATE GOVERNANCE, ENVIRONMENT AND SOCIETY (CONTINUED)

The members of the Strategic Investment and Sustainable Development Committee of the ninth session of the Board of Directors were Li Xiaoyu (Chairman, resigned in February 2025), Wei Tao, Fang Xianfa and Xu Liyou. On 7 February 2025, at the 32nd meeting of the ninth session of the Board of Directors, Zhao Weilin was appointed as a member and Chairman of the Strategic Investment and Sustainable Development Committee. Following such adjustment, the members of the Strategic Investment and Sustainable Development Committee of the ninth session of the Board of Directors were Zhao Weilin (Chairman), Wei Tao, Fang Xianfa and Xu Liyou. On 16 December 2025, the first meeting of the tenth session of the Board of Directors considered and approved the "Proposal on the Election of Members of the Special Committees of the Tenth Session of the Board of Directors of the Company". The members of the Strategic Investment and Sustainable Development Committee of the tenth session of the Board of Directors are Zhao Weilin (Chairman), Wei Tao, Fang Xianfa and Wong Yee Man.

During the Reporting Period, the Strategy, Investment and Sustainable Development Committee convened 5 meetings, all the members attended the meetings and fully expressed their opinion. Details are set out below:

| Date | Contents | Important advice and recommendations | Performance of other duties |
|------------|---|---|-----------------------------|
| 2025/4/24 | 1. To consider the Company's Environmental, Social and Governance Report for the year 2024 | The resolution was passed unanimously | / |
| 2025/6/19 | 1. To consider the proposal on the technical upgrading project for the heavy-duty diesel production line of YTO (Luoyang) Diesel Engine Co., Ltd. 2. To consider the proposal on the technical upgrading project for the painting line | The resolutions were passed unanimously | / |
| 2025/8/27 | 1. To consider the proposal on the manufacturing capability enhancement project for mid-powered wheeled tractors of the Company 2. To consider the proposal on the gear quality improvement and intelligent factory project of the Company | The resolutions were passed unanimously | / |
| 2025/11/13 | 1. To consider the proposal on the capital injection into YTO International Economic and Trading Co., Ltd. | The resolution was passed unanimously | / |
| 2025/12/15 | 1. To consider the proposal on the structural components centre construction project of the Company 2. To consider the proposal on the intelligent manufacturing project for high-end intelligent tractors of the Company | The resolutions were passed unanimously | / |

VI. RISKS DISCOVERED BY THE AUDIT COMMITTEE

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

SECTION IV CORPORATE GOVERNANCE, ENVIRONMENT AND SOCIETY (CONTINUED)

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

(I) Employees

| | |
|--|--------|
| Number of existing employees of the parent company | 4,459 |
| Number of existing employees of major subsidiaries | 2,552 |
| Total existing employees | 7,011 |
| Number of retired employees who are pensioned by the parent company and major subsidiaries | 15,529 |

Staff composition

| Category | Number of persons |
|------------------|-------------------|
| Production staff | 3,924 |
| Sales staff | 624 |
| Technical staff | 1,327 |
| Management staff | 1,071 |
| Service staff | 65 |
| Total | 7,011 |

Educational background

| Education level | Number (person) |
|------------------------|-----------------|
| Postgraduate and above | 441 |
| Undergraduate | 2,087 |
| Diploma | 1,393 |
| Below diploma | 3,090 |
| Total | 7,011 |

Gender

| Gender | Number (person) |
|--------|-----------------|
| Male | 5,678 |
| Female | 1,333 |
| Total | 7,011 |

SECTION IV CORPORATE GOVERNANCE, ENVIRONMENT AND SOCIETY (CONTINUED)

(II) Remuneration Policy

The Company adheres to a goal-oriented approach and continuously improves construction of its incentive mechanism. First, it has improved the “one-company-one-policy” differentiated performance evaluation mechanism for the heads of its affiliated units, focusing on enhancing market competitiveness, R&D quality, strategic model development, and external expansion to further improve the accuracy of performance evaluation. Second, it has revised its total salary management measure, optimised and adjusted the salary base, increased the profit-sharing ratio, and formulated special incentive systems for R&D units and international business, increasing incentives for product R&D and export business to stimulate corporate vitality. Third, it has promoted the reform of the incentive mechanism for R&D personnel, increased incentives for technological innovation, enriched incentive methods, and fully mobilised the enthusiasm of R&D personnel.

(III) Training Plan

During the Reporting Period, the Company revised and improved its training system, setting out more specific requirements in relation to training content, training hours, the two-tier training organisational framework, the scope and standards for the use of training funds, and training assessment and evaluation methods. The Company continued to carry out training programmes for employees at various levels and across various categories. In response to the rapid development and application of artificial intelligence, the Company rolled out a series of specialised training programmes covering topics including large AI models, intelligent manufacturing, AI-enabled application scenarios and innovation, intelligent agents, financial digitalisation transformation, and DeepSeek-driven intelligent auditing. For mid-to-senior level management, the Company organised specialised training programmes on topics including the globalisation of Chinese enterprises, R&D processes of world-class enterprises, and brand building and management, as well as book-sharing activities on outstanding corporate management case studies. For professional management personnel, specialised training was provided in areas including advanced financial management, lean operations management, risk control and compliance management, global human resources management, lean production, and work safety and occupational health. For technology professionals, training sessions including the Postdoctoral Forum and the Youth Science and Technology Forum were organised. For operational and technical personnel, training was provided covering the new apprenticeship programme for two job categories, vocational skills grade certification for nine job categories, and skills competitions for 28 job categories. For young talent, training programmes were organised for outstanding young talent, newly recruited university graduates and newly recruited frontline employees, along with a series of youth-focused book-sharing activities. The Company actively explored and implemented new methodologies in its training programmes, including action learning and experience extraction, and introduced a credit-based management system for participants, yielding positive results. During the year, a total of RMB10.27 million was invested in education and training expenses, with 1,087 training sessions conducted covering 45,126 persons, achieving a training coverage rate of 100%.

(IV) Labour Outsourcing

Nil



SECTION IV CORPORATE GOVERNANCE, ENVIRONMENT AND SOCIETY (CONTINUED)

VIII. PROPOSAL OF PROFIT DISTRIBUTION OR CAPITALIZATION FROM CAPITAL RESERVES

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

1. *Cash Dividend Policy*

In accordance with the Company's Articles of Association, the Company adopts a continuous and stable profit distribution policy. Where there are no material investment plans or material cash expenditure items and subject to meeting the Company's normal operating and capital requirements, the profit distributed by the Company in cash each year shall not be less than 25% of the distributable profit realised for that year. The Board shall formulate differentiated cash dividend policies having regard to factors including the characteristics of the industry in which the Company operates, its stage of development, its own business model, its level of profitability and whether there are any material capital expenditure arrangements, in accordance with the Articles of Association. Further details of the Company's profit distribution policy are set out in the Articles of Association of the Company.

In accordance with the Company's dividend policy and subject to compliance with the applicable provisions of the Articles of Association, the Board will make recommendations on the distribution of dividends each year based on the Company's operating results, financial position and capital requirements. Such recommendations are subject to approval by shareholders at the general meeting of the Company.

2. *Profit Distribution for the Year 2025*

The Board proposes to distribute a cash dividend of RMB1.9746 per 10 shares (inclusive of tax) to all shareholders, based on the total share capital registered on the equity distribution record date. As of 31 December 2025, the total share capital of the Company was 1,123,645,275 shares, on the basis of which the total proposed cash dividend amounts to approximately RMB221.875 million (inclusive of tax).

In addition, the Company implemented a cash dividend distribution for the 2025 interim period in September 2025, distributing a cash dividend of RMB0.6844 per 10 shares (tax inclusive) to all shareholders based on the total share capital of 1,123,645,275 shares, representing an aggregate cash dividend of RMB76.9023 million (tax inclusive). Including the interim dividend already distributed, the total cash dividend expected to be distributed by the Company for the year is RMB298.7773 million (tax inclusive), representing 36.80% of the net profit attributable to shareholders of the listed company for the year 2025.

The Board confirms that the above decisions on the distribution of the 2025 interim dividend and the proposed final dividend are in compliance with the relevant provisions of the Articles of Association and the dividend policy of the Company. To the knowledge of the Group, no shareholder has entered into any arrangement to waive or agree to waive any dividend.

SECTION IV CORPORATE GOVERNANCE, ENVIRONMENT AND SOCIETY (CONTINUED)

(II) Special Explanation of Cash Dividend Distribution Policies

| | |
|--|-----|
| Whether the provisions of the Articles of Association or the requirements of the resolutions of general meetings are met | Yes |
| Whether the standard and proportion of dividends are explicit and clear | Yes |
| Whether relevant decision making procedures and mechanisms are adequate | Yes |
| Whether the independent Directors have performed their duties and played their due roles | Yes |
| Whether small and medium shareholders have the opportunity to fully express their opinions and appeals, and whether their legal rights and interests have been fully protected | Yes |

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

Unit: 0'000 Currency: RMB

| | |
|---|-----------|
| Number of bonus shares for every 10 shares (shares) | 0 |
| Dividends per 10 shares (yuan) (tax inclusive) | 2.659 |
| Number of stock dividends per 10 shares (shares) | 0 |
| Amount of cash dividends (tax inclusive) | 29,877.73 |
| Net profit attributable to ordinary shareholders of listed companies in the consolidated financial statements | 81,195.35 |
| Proportion of cash dividend amount to net profit attributable to ordinary shareholders of listed companies in the consolidated financial statements (%) | 36.80 |
| Amount of cash dividend charged in cash repurchase of shares | 0 |
| Total dividend amount (tax inclusive) | 29,877.73 |
| Total dividend amount to net profit attributable to ordinary shareholders of listed companies in the consolidated financial statements (%) | 36.80 |

Note: The above table includes the amount of the 2025 interim cash dividend already distributed by the Company.

SECTION IV CORPORATE GOVERNANCE, ENVIRONMENT AND SOCIETY (CONTINUED)

(IV) Cash dividends in the last three accounting years

Unit: 0'000 Currency: RMB

| | |
|---|------------|
| Cumulative cash dividends in the last three accounting years (tax inclusive) (1) | 99,420.14 |
| Cumulative repurchase and write-off amount in the last three accounting years (2) | 0 |
| Cumulative cash dividends and repurchase and write-off amount in the last three accounting years (3)=(1)+(2) | 99,420.14 |
| Average net profit in the last three accounting years (4) | 91,033.31 |
| Cash dividend proportion in the last three accounting years (%) (5)=(3)/(4) | 109.21 |
| Net profit attributable to ordinary shareholders of the listed company in the consolidated financial statements of the last accounting year | 81,195.35 |
| Undistributed profit at the end of the last accounting year in the parent company's financial statements | 293,043.09 |

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

(I) Incentive Matters Disclosed in Interim Announcements with No Subsequent Progress or Changes

Nil

(II) Incentive Matters Not Disclosed in Interim Announcements or with Subsequent Progress

Nil

(III) Equity Incentives Granted to Directors and Senior Management during the Reporting Period

Nil

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

The Company has established a remuneration and performance management system for senior management that combines annual assessments with term-of-office assessments. Adhering to a performance-oriented approach with equal emphasis on incentives and constraints, the Company has strengthened the close linkage between performance assessment and remuneration allocation, comprehensively reinforced accountability, promoted value creation, and continuously enhanced the Company's corporate governance effectiveness and high-quality development.

SECTION IV CORPORATE GOVERNANCE, ENVIRONMENT AND SOCIETY (CONTINUED)

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

(I) Statement of Directors' Responsibilities and Review

The Board has full responsibility for maintaining a complete and effective risk management and internal control system and reviews its effectiveness at least annually. The scope of the review covers all material controls, including financial, operational and compliance controls.

(II) Internal Control Framework and System Development

During the Reporting Period, with the objective of “strengthening internal controls, preventing risks and promoting compliance”, the Company continued to improve its internal control system and established a risk management framework with clearly defined responsibilities and authorities: the Board serves as the highest decision-making body for risk management and internal controls; the Company has established an Internal Control and Risk Management Leading Group to provide overall oversight; and the internal audit department is responsible for specific implementation. The Company strictly complies with the Compliance Management Measures for Central Enterprises, and has formulated and implemented internal policies including the Measures for Internal Control and Risk Management and the Compliance Management Measures. Through the “three lines of defence” comprising business departments, the risk management department and internal audit, the Company has strengthened risk control over key areas.

(III) Risk Management Framework and Control Mechanisms

The Company conducts comprehensive risk assessments on a regular annual basis, combining quantitative and qualitative methods to systematically identify, analyse and evaluate various types of potential risks (including environmental, social and governance risks). During the Reporting Period, the Company identified the top five material risks for the year, formulated dedicated control measures, defined accountable parties, and conducted regular reviews and tracking to ensure that risk management strategies and the internal control system are capable of responding promptly to changes in the internal and external environment. As at the end of the Reporting Period, there were no material changes to the risk assessment (including environmental, social and governance risks), risk management and internal control systems.

(IV) Information Disclosure and Insider Information Management

The Company has established a disclosure policy. The Board regularly reviews the Insider Information Registrant Management System and the Information Disclosure Management Measures to regulate the registration, management and disclosure of insider information, ensuring timely, accurate and complete disclosure of information, and strictly prohibiting unauthorised access to and use of insider information.



SECTION IV CORPORATE GOVERNANCE, ENVIRONMENT AND SOCIETY (CONTINUED)

(V) Implementation and Evaluation of Internal Controls

The Company has adopted an internal audit system. The Company carries out internal control self-assessments and self-evaluations of system effectiveness in accordance with the Basic Standard for Enterprise Internal Control. The evaluation results indicate that, as at 31 December 2025, the Company's internal control system was effective overall, and no material deficiencies in internal controls over financial reporting or non-financial reporting were identified during the Reporting Period. The Company's internal control operating mechanisms have achieved their intended objectives and have effectively safeguarded the interests of the Company and all shareholders.

Based on the above assessments, the Board is of the view that the Company's risk management and internal control systems are adequate and effective, meeting the objectives set out in Principle D.2 of the Corporate Governance Code. For further details, please refer to the Internal Control Evaluation Report of First Tractor Company Limited for the Year 2025 disclosed on 26 March 2026.

XI. MANAGEMENT AND CONTROL OF SUBSIDIARIES DURING THE REPORTING PERIOD

During the Reporting Period, as a state-owned controlling listed company, the Company continued to optimise its management model over subsidiaries by entering into annual operating target responsibility agreements to cascade strategic objectives down through the organisation, thereby ensuring the effective transmission of operating responsibilities. Taking risk prevention as its guiding principle, and in conjunction with the characteristics of the manufacturing industry, the Company improved its internal control system covering key areas including treasury management, procurement and sales, and overseas operations, and continued to strengthen dynamic monitoring of subsidiaries' financial budgets and "two funds" (accounts receivable and inventories) through its cloud platform. The Company also refined the term-based contractual management of responsible persons of subsidiaries, strengthened audit supervision and accountability evaluation, and established a closed-loop management and control cycle of "pre-prevention, in-process control and post-supervision", thereby ensuring the effective implementation of the Company's overall strategy and maintaining risks within acceptable parameters.

XII. EXPLANATION OF INTERNAL CONTROL AUDIT REPORT RELATED MATTERS

For details, please refer to the "2025 Annual Internal Control Evaluation Report of First Tractor Company Limited" issued by the Company on 26 March 2026.

Whether the internal control audit report is disclosed: Yes

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

Whether a non-standard audit opinion on internal controls was issued during the Reporting Period or the preceding year: No

SECTION IV CORPORATE GOVERNANCE, ENVIRONMENT AND SOCIETY (CONTINUED)

XIII. ENVIRONMENTAL INFORMATION OF LISTED COMPANIES AND THEIR PRINCIPAL SUBSIDIARIES INCLUDED ON THE LIST OF ENTERPRISES REQUIRED TO DISCLOSE ENVIRONMENTAL INFORMATION IN ACCORDANCE WITH LAW

| | | |
|--|---|---|
| Number of enterprises included on the list | 2 | Reference for Statutory Environmental Information Disclosure Report |
| No. Entity Name | | Statutory Corporate Environmental Information Disclosure System (Henan Province): |
| 1 First Tractor Company Limited | | http://222.143.24.250:8247 |
| 2 YTO (Luoyang) Drive Axle Company Limited | | Statutory Corporate Environmental Information Disclosure System (Henan Province): |
| | | http://222.143.24.250:8247 |

XIV. SOCIAL RESPONSIBILITY

For details of the Company's fulfilment of its social responsibilities, please refer to the Environmental, Social and Governance Report for the Year 2025 disclosed by the Company on 28 April 2026.

XV. CONSOLIDATION AND EXPANSION OF POVERTY ALLEVIATION RESULTS AND RURAL REVITALISATION

| Poverty Alleviation and Rural Revitalisation Initiatives | Quantity/Content | Remarks |
|--|---|--|
| Total investment (RMB'0,000) | 52 | / |
| In particular: Cash (RMB'0,000) | 50 | Assistance and donation contributions |
| Goods (RMB'0,000) | 2 | Agricultural machinery repair and maintenance services, and welfare gifts to assisted areas |
| Number of beneficiaries (persons) | 6,228 | Total number of persons benefiting from assistance measures including employment support and skills training |
| Forms of assistance | Industrial planning, employment transfer, skills training, environmental improvement, cultural transformation, etc. | / |

SECTION IV CORPORATE GOVERNANCE, ENVIRONMENT AND SOCIETY (CONTINUED)

XVI. CORPORATE GOVERNANCE REPORT

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

The Board of the Company is composed of experienced and capable members who meet regularly to discuss matters affecting the operations of the Company. The functioning of the Board ensures that power and authority are properly balanced.

(I) Securities Transactions by Directors

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

(II) Directors and the Board of Directors

1. *Directors*

On 7 February 2025, Mr. Li Xiaoyu resigned due to a change in his work arrangements. The Company convened a general meeting at which Mr. Zhao Weilin was elected as a Director, and on the same day a Board meeting was held at which he was elected as Chairman of the Board. On 9 April 2025, Mr. Xue Lipin resigned as an independent Director. During the Reporting Period, the Company carried out a renewal of the Board of Directors. Among the members of the ninth session of the Board, Mr. Miao Yu retired upon the expiry of his term of office. The other Directors were re-elected as Directors of the tenth session of the Board at the third extraordinary general meeting of 2025 on 16 December 2025, and Mr. Sun Feng was elected as a new non-executive Director. On the same day, Mr. Li Peng was elected as the employee representative Director of the tenth session of the Board at the joint meeting of the democratic management committee of the staff representative congress. The above newly appointed Directors have each confirmed their understanding of their responsibilities as Directors of a listed issuer, and have each obtained the legal opinions referred to under Rule 3.09D of the Listing Rules of the Stock Exchange on 7 February 2025 and 16 December 2025 respectively. The Company has entered into service contracts with all Directors of the new session. The designated term of office for all executive Directors, non-executive Directors and independent non-executive Directors is three years. Directors are eligible for re-election upon the expiry of their term of office. The composition of the Board, the term of office of each Director, the current appointment period and Directors' biographical details are set out under the heading “Directors and Senior Management” in this section.

SECTION IV CORPORATE GOVERNANCE, ENVIRONMENT AND SOCIETY (CONTINUED)

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

2. *Board of Directors*

The Board is responsible for formulating and reviewing the Company’s development strategies and operating strategies, preparing annual budgets and final accounting schemes and annual business plans, proposing dividend plans, monitoring the management and holding regular meetings to discuss material matters affecting the Company’s operations pursuant to the relevant laws and regulations, rules and the Articles of Association of the Company. The Articles of Association and the Rules of Procedures for Board of Directors of the Company as considered and approved at the general meeting have stipulated the terms of reference of the Board. The Board of Directors of the Company is responsible for the preparation of the accounts. The auditor of the Company has issued a statement about its reporting responsibilities in its audit report on the financial statements for the year 2025.

As at the date of this announcement, the Board comprises nine Directors, of which six are external Directors (including independent Directors), representing a majority of the Board, and three are independent Directors (including one female Director), accounting for one-third of the Board. During the Reporting Period, the Board complied at all times with Rules 3.10(1) and 3.10(2) of the Listing Rules of the Stock Exchange in relation to the appointment of at least three independent non-executive Directors, at least one of whom possesses appropriate professional qualifications or accounting or related financial management expertise. The Board members possess a strong diversity of professional skills, experience, age and cultural background, and the requirement for gender diversity on the Board has been met, which facilitates rigorous scrutiny and oversight of the Company’s management, enabling more comprehensive and considered decisions on significant matters.

During the Reporting Period, the Board held a total of 11 meetings (including meetings held by way of written communications), of which four were regular meetings. Details of Directors’ attendance at Board meetings are set out under “Performance of Duties by Directors” in Part IV of this section.

Board members are provided with complete, adequate and timely information to enable them to properly discharge their duties. The schedule and agenda of regular Board meetings are circulated to all Directors in advance. At least 14 days’ notice is given for regular Board meetings. Reasonable notice is generally given for other Board and committee meetings. Board papers together with all appropriate, complete and relevant information are sent to all Directors in advance of each regular Board meeting to ensure that Directors have sufficient time to review the relevant documents and adequately prepare for meetings. The Company’s joint company secretaries are responsible for keeping the minutes of all Board and committee meetings. Draft minutes are generally circulated to all Directors within a reasonable time after each meeting for their comments, and the finalised minutes are available for inspection by Directors.

SECTION IV CORPORATE GOVERNANCE, ENVIRONMENT AND SOCIETY (CONTINUED)

3. *Board Independence Evaluation Mechanism*

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

The Company has received annual independence confirmations pursuant to Rule 3.13 of the Listing Rules of the Stock Exchange from each of the three independent Directors, namely Mr. Wang Shumao, Mr. Xu Liyou and Ms. Wong Yee Man. The Company considers that all independent Directors are independent persons within the meaning of the Listing Rules and meet all the independence requirements set out in Rule 3.13 of the Listing Rules of the Stock Exchange.

During the Reporting Period, there were no financial, business, family or other material or relevant relationships among the Directors and senior management of the Company other than their working relationships with the Company.

4. *Board Skills Matrix*

The tenth session of the Board includes experts in accounting and finance, ESG, and the agricultural machinery industry, as well as individuals with extensive experience in corporate operations and management. Their knowledge structures and areas of expertise are both specialised and complementary within the overall composition of the Board, enabling Board members to approach issues from different perspectives and facilitating more thorough and considered decision-making on significant matters, thereby providing a sound basis for the Board's scientific decision-making.

| Skills and Experience | Number of Directors |
|---|----------------------------|
| Operations and management experience | 6 |
| Agricultural machinery industry expertise | 3 |
| Finance and auditing | 1 |
| ESG management | 1 |

SECTION IV CORPORATE GOVERNANCE, ENVIRONMENT AND SOCIETY (CONTINUED)

(III) Diversity Policy

1. *Diversity Policy of the Board*

In accordance with the Board diversity policy, a number of factors are considered when determining the composition of the Board to achieve diversity, including but not limited to skills, regional and industry experience, background, ethnicity, gender and other qualities. The Board has delegated to the Nomination Committee the responsibility for compliance with the relevant code provisions on Board diversity under the Corporate Governance Code.

As at the end of the Reporting Period, female Directors accounted for 11% of the Board. On 10 April 2025, Ms. Wong Yee Man, independent Director of the Company, was appointed as a member of the Nomination Committee of the Board. The Board believes that the Company has achieved gender diversity among Board members and possesses the qualities set forth in the Board Diversity Policy and other qualities. The current Board composition is balanced and meets the Company's development needs. Therefore, there is currently no proposed timeline or plan to further enhance the gender diversity objectives of the Board. The Company will review the aforementioned Board Diversity Policy from time to time in the future.

2. *Employee Diversity Policy*

In accordance with the employee diversity policy, the Company attaches importance to building a diverse workforce and gives due consideration to factors including gender, age, educational background and professional experience in its recruitment process. As the industry in which the Company operates has historically been male-dominated, the overall male-to-female ratio of the Company's workforce is approximately 4:1. All members of senior management are male. Having regard to the characteristics of the industry in which the Company operates and the Company's operational requirements, the Board considers the current gender ratio among the Company's employees to be appropriate. Information on employees' gender, educational background and skills is set out under "Employee Profile of the Parent Company and Principal Subsidiaries as at the End of the Reporting Period" in Part VII of this section.

3. *Nomination Policy*

Having given due consideration to the Board diversity policy and the needs of the Company, the Nomination Committee identifies candidates with suitable qualifications for Board membership by assessing the skills, knowledge, experience and expertise of proposed candidates, and evaluates the independence of proposed independent non-executive Directors (where applicable). The Nomination Committee then makes recommendations to the Board. The Board considers candidates recommended by the Nomination Committee having given due consideration to the Board diversity policy, the nomination policy and the needs of the Company. The Board will then confirm the list of proposed appointees for submission to shareholders for approval at a general meeting in accordance with the Articles of Association.



SECTION IV CORPORATE GOVERNANCE, ENVIRONMENT AND SOCIETY (CONTINUED)

(IV) The Chairman and the management

The positions of Chairman and General Manager of the Company are held by Mr. Zhao Weilin and Mr. Wei Tao respectively, in compliance with Code Provision C.2.1 of Part 2 of the Corporate Governance Code. The management of the Company, comprising the General Manager, Deputy General Managers and Chief Financial Officer, is responsible for the day-to-day business operations, business planning and implementation of the Company, and is accountable to the Board in respect of the Company's operations. The management maintains regular communication with all Directors to ensure that Directors are kept promptly informed of matters relating to the Company's operations. The responsibilities and authorities of management are set out in detail in the Articles of Association approved by shareholders at a general meeting and the Working Rules for the General Manager.

(V) External Directors (Including Independent Directors)

The terms of appointment of the Company's current external Directors are set out in "Directors, supervisors and senior management" of part III of this section. All the above 6 external Directors possess the proper experience and professional qualifications required to perform the duties of Directors of the Company.

(VI) Board Committees

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

(VII) Company Secretary

On 28 October 2025, Ms. Yu Lina retired from her positions as Deputy General Manager, Board Secretary and Company Secretary of the Company. On the same day, the 39th meeting of the ninth session of the Board approved the appointment of Mr. Liu Bin and Ms. Wong Nga Ting as joint company secretaries of the Company, and appointed Mr. Liu Bin as an authorised representative of the Company pursuant to Rule 3.05 of the Listing Rules of the Stock Exchange, with effect from 28 October 2025. Mr. Liu Bin and Ms. Wong Nga Ting each completed no less than 15 hours of relevant training during 2025 as required.

SECTION IV CORPORATE GOVERNANCE, ENVIRONMENT AND SOCIETY (CONTINUED)

(VIII) Internal Key Contact Persons of the Company

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

(IX) Auditors and Auditors’ Remuneration

At the general meeting held in June 2025, shareholders approved the re-appointment of ShineWing Certified Public Accountants LLP as the Company’s auditors for the year 2025. For details of the auditors’ remuneration, please refer to Part VI of Section V of this Report headed “Appointment and Removal of Accounting Firms”.

(X) Shareholders’ Rights

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

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



SECTION IV CORPORATE GOVERNANCE, ENVIRONMENT AND SOCIETY (CONTINUED)

(XI) Investor Relations

The Company places great importance on communication with investors and has actively expanded its communication channels. By establishing a dedicated investor hotline and email address, as well as making use of the Shanghai Stock Exchange's investor relations interactive platform and collecting investor questions in advance of results briefings, the Company ensures that investors have full opportunity to express their views. In 2025, the Company held results briefings on a regular basis following the publication of its periodic reports, with the Chairman, independent Directors, Chief Financial Officer and Board Secretary in attendance to interact with investors. The annual and interim results briefings were conducted in a “pre-recorded video plus text interaction” format to enhance the effectiveness of investor communications. During the year, the Company was invited to participate in a collective results briefing for listed companies on the theme of “Low-Carbon and New Energy” organised by the Shanghai Stock Exchange, at which the Company gave a live presentation highlighting its development achievements in areas including intelligent agricultural machinery R&D and green manufacturing. The Company also held an “I Am a Shareholder – Investors Visit Listed Companies” event, inviting investors to visit its production facilities in person. Through a variety of channels including in-person exchanges, telephone conferences and strategy meetings, the Company conducted nearly 50 investor engagement activities during the year, and responded to 176 questions via the E-interaction platform. In addition, the Company distributed an interim dividend for the first time and introduced an “one-click” online voting service at its general meeting, providing meaningful convenience for minority shareholders in exercising their rights and enhancing investors' sense of engagement and participation.

In summary, the Company has adopted a shareholder communication policy, and the Board has reviewed the implementation and effectiveness of the shareholder communication policy during the Reporting Period and considers it to be effective.

(XII) Risk Management and Internal Control

For details of the Company's risk management and internal controls, please refer to Part X of this section headed “Development and Implementation of the Internal Control System during the Reporting Period”.

(XIII) Amendments of Articles of Association

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

(XIV) Dividend Policy

For details of the Company's dividend policy, please refer to item 1 “(I) Formulation, Implementation or Adjustment of the Cash Dividend Policy” under Part VIII of this section.

SECTION IV CORPORATE GOVERNANCE, ENVIRONMENT AND SOCIETY (CONTINUED)

(XV) CORPORATE GOVERNANCE FUNCTIONS

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

1. to develop, review and implement the Company's policy and practices on corporate governance;
2. to review and monitor the training and continuous professional development of Directors and senior management;
3. to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
4. to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
5. to review the Company's compliance with the Code and disclosure in the Corporate Governance Report.

During the Financial Year, the above corporate governance function has been performed and executed by the Board and the Board has reviewed the Company's compliance with the Code. The Board has delegated to the management of the Company, under the leadership of the executive Directors, the responsibility for implementing the Company's corporate strategy and for day-to-day management, operations and administration.

(XVI) TRAININGS FOR DIRECTORS

During the Reporting Period, all Directors completed a total of 119 hours of continuing professional development training and have provided records of the training received to the Company. The Company has formulated a director training plan for 2026 that meets the requirements of Rules 3.09F, 3.09G and 3.09H of the Listing Rules of the Stock Exchange. All Directors of the Company are able to participate in continuing professional development to update their knowledge and skills so as to ensure they continue to contribute effectively to the Board.

SECTION IV CORPORATE GOVERNANCE, ENVIRONMENT AND SOCIETY (CONTINUED)

1. Directors in office as at the end of the Reporting Period

| No. | Name | Role | Topics | Training Provider | Hours |
|-----|--------------|-------------------------------------|--|--|-------|
| 1 | Zhao Weilin | Chairman, Executive Director | Continuing obligations of Hong Kong listed companies and directors; compliance training for directors, supervisors and senior management of listed companies in 2025; specialised training for directors, supervisors and senior management of listed companies in the Henan region and on corporate governance | Haiwen & Partners; Shanghai Stock Exchange; Henan Listed Companies Association | 15 |
| 2 | Wei Tao | Executive Director, General Manager | Compliance training for directors, supervisors and senior management of listed companies in 2025; specialised training for directors, supervisors and senior management of listed companies in the Henan region | Shanghai Stock Exchange; Henan Listed Companies Association | 9 |
| 3 | Fang Xianfa | Non-executive Director | Compliance training for directors, supervisors and senior management of listed companies in 2025 | Shanghai Stock Exchange | 5 |
| 4 | Yang Jianhui | Non-executive Director | Initial induction training for directors, supervisors and senior management of listed companies; compliance training for directors, supervisors and senior management of listed companies in 2025; specialised training for directors, supervisors and senior management of listed companies in the Henan region | Shanghai Stock Exchange; Henan Listed Companies Association | 19 |
| 5 | Sun Feng | Non-executive Director | Continuing obligations of Hong Kong listed companies and directors | DeHeng Law Offices | 2 |
| 6 | Wang Shumao | Independent Non-executive Director | Compliance training for directors, supervisors and senior management of listed companies in 2025; follow-up training for independent directors of listed companies | Shanghai Stock Exchange | 13 |
| 7 | Xu Liyou | Independent Non-executive Director | Compliance training for directors, supervisors and senior management of listed companies in 2025; specialised training for directors, supervisors and senior management of listed companies in the Henan region | Shanghai Stock Exchange; Henan Listed Companies Association | 9 |
| 8 | Wong Yee Man | Independent Non-executive Director | Independent director qualification training; compliance training for directors, supervisors and senior management of listed companies in 2025 | Shanghai Stock Exchange | 25 |
| 9 | Li Peng | Employee Representative Director | Continuing obligations of Hong Kong listed companies and directors | DeHeng Law Offices | 2 |

SECTION IV CORPORATE GOVERNANCE, ENVIRONMENT AND SOCIETY (CONTINUED)

2. Directors who resigned during the Reporting Period

| No. | Director | Role | Topics | Training Provider | Hours |
|-----|------------|------------------------------------|---|-------------------------|-------|
| 1 | Miao Yu | Non-executive Director | Initial induction training for directors, supervisors and senior management of listed companies; compliance training for directors, supervisors and senior management of listed companies in 2025 | Shanghai Stock Exchange | 15 |
| 2 | Edmund Sit | Independent Non-executive Director | Compliance training for directors, supervisors and senior management of listed companies in 2025 | Shanghai Stock Exchange | 5 |

(XVII) DIRECTORS' AND OFFICERS' LIABILITIES INSURANCE

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

(XVIII) 2025 ANNUAL RESULTS OF THE COMPANY

The Audit Committee of the Board of the Company has reviewed the Company's financial statements for the year 2025 prepared in accordance with the Accounting Standards for Business Enterprises in China and the Company's internal control evaluation report for the year 2025 in accordance with the requirements of the Stock Exchange and the Shanghai Stock Exchange, and is of the view that they give a true and fair view of the Company's financial position, operating results and cash flows.

(XIX) Whistleblowing Policy and Anti-corruption Policy

The Company has established and improved a comprehensive governance mechanism covering whistleblowing and anti-corruption. In terms of whistleblowing management, the Company has formulated working procedures for handling complaints, processing leads and clarification matters, and has set up confidential reporting channels including a dedicated mailbox and telephone hotline, ensuring smooth processes and standardised handling. In terms of anti-corruption, the Company strictly complies with applicable national laws and regulations, maintains a zero-tolerance approach towards acts of corruption, has established a coordination group for Party conduct, clean governance and anti-corruption work to consolidate supervisory efforts, and conducts anti-corruption training to deepen collaborative governance in promoting integrity and combating corruption.

SECTION IV CORPORATE GOVERNANCE, ENVIRONMENT AND SOCIETY (CONTINUED)

(XX) Corporate Culture

| | |
|------------------------------|---|
| Corporate Mission | Cultivate the Land, Harvest the Dream |
| Corporate Vision | Build a world-class brand and create a world-class enterprise |
| Core Values | Produce first-class products; develop first-class talent; achieve first-class results |
| Corporate Purpose | Customer-centred; grow together with our employees |
| Corporate Motto | Never forget quality for survival; innovation is essential for development |
| Corporate Spirit | Stay true to our original aspiration; be loyal to our mission; unite and forge ahead; dare to be pioneers |
| Talent Philosophy | Give opportunities to those who are willing; provide a stage for those who are capable; offer incentives to those who deliver |
| R&D Philosophy | Market-oriented; competition-oriented; technology-oriented |
| Quality Philosophy | Market-oriented; competition-oriented; technology-oriented |
| Marketing Philosophy | Zero defects in quality; international standards |
| Service Philosophy | Create value for users |
| Team Philosophy | Be a trusted companion to our users Be a trusted companion to our users |
| Responsibility Philosophy | Unity is strength! |
| Learning Philosophy | Shoulder your responsibilities; honour your commitments |
| “Dongfanghong” Brand Tagline | Elevate our thinking; empower our future |
| “YTO” Brand Tagline | A new life starts with Dongfanghong |
| | Cultivate the Land, Harvest the Dream. |

SECTION V SIGNIFICANT EVENTS

I. FULFILLMENT OF UNDERTAKINGS

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

| Background of undertaking | Type of undertaking | Party making undertaking | Description of undertaking | Date of the undertaking | Is there a performance deadline | Term and deadline of the undertaking | Is the undertaking being fulfilled promptly and rigorously |
|--|-------------------------------------|--------------------------|--|-------------------------|---------------------------------|--------------------------------------|--|
| Undertaking related to 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 |
| | 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 |

SECTION V SIGNIFICANT EVENTS (CONTINUED)

| Background of undertaking | Type of undertaking | Party making undertaking | Description of undertaking | Date of the undertaking | Is there a performance deadline | Term and deadline of the undertaking | Is the undertaking being fulfilled promptly and rigorously |
|-------------------------------------|---------------------|--------------------------|--|-------------------------|---------------------------------|--------------------------------------|--|
| Undertakings related to refinancing | Others | YTO | YTO undertakes that it will not act beyond its powers to interfere with the Company's operating and management activities or infringe upon the Company's interests, will effectively promote the Company's effective implementation of the immediate return remedial measures according to the responsibility and authority, and effectively fulfill its undertakings and is willing to compensate the Company or investors in accordance with the law if there is any loss incurred due to breach of such undertakings | 23 April 2020 | No | Long-term | Yes |
| | Others | 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 |

SECTION V SIGNIFICANT EVENTS (CONTINUED)

| Background of undertaking | Type of undertaking | Party making undertaking | Description of undertaking | Date of the undertaking | Is there a performance deadline | Term and deadline of the undertaking | Is the undertaking being fulfilled promptly and rigorously |
|---------------------------|---------------------|---|---|-------------------------|---------------------------------|--------------------------------------|--|
| | Others | Directors, Supervisors and senior management of the Company | <p>1. I undertake that I will not direct benefits to other units or individuals at nil consideration or on unfair terms, and will not harm the Company's interests in any other manner;</p> <p>2. I undertake that I will act to restrain duty-related spending;</p> <p>3. I undertake that I will not utilize the assets of the Company for any investment or consumption irrelevant to the performance of my duties;</p> <p>4. I undertake that the remuneration system formulated by the Board or the Remuneration Committee will be correlated to the implementation of the Company's measures to make up for returns;</p> <p>5. In the event of the implementation of any share option incentive scheme by the Company in the future, the conditions for exercising options under such scheme proposed to be published will be correlated to the implementation of the Company's measures to make up for returns;</p> <p>6. During the period from the date on which such undertaking is given to the completion of the non-public issuance of shares, supplementary undertakings will be given in accordance with new regulations announced by the CSRC concerning measures to make up for returns and related undertakings, if such regulations are announced by the CSRC and the foregoing undertakings fall short of meeting such new regulations.</p> | 23 April 2020 | No | Long-term | Yes |

SECTION V SIGNIFICANT EVENTS (CONTINUED)

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

During the Reporting Period, the controlling shareholder and other related parties did not misappropriate any funds of the Company for non-operating purposes.

III. IRREGULARITIES IN GUARANTEES

Nil

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

During the Reporting Period, there were no changes in accounting policies or accounting estimates, and no corrections of accounting errors.

SECTION V SIGNIFICANT EVENTS (CONTINUED)

V. APPOINTMENT OR DISMISSAL OF ACCOUNTING FIRM

Unit: 0'000 Currency: RMB

| | Current appointment |
|---|---|
| Name of domestic accounting firm | ShineWing Certified Public Accountants LLP |
| Remuneration of domestic accounting firm | 254 |
| Audit tenure of domestic accounting firm | 4 |
| Names of registered accountants at the domestic accounting firm | Ma Chuanjun and Ma Jing |
| Cumulative years of audit service by the registered accountants at the domestic accounting firm | Ma Chuanjun (7 years) and Ma Jing (4 years) |

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

Note 1: Ma Chuanjun has provided audit services to the Company as a registered accountant of ShineWing Certified Public Accountants LLP from 2014 to 2017 and from 2022 to date.

Note 2: The fees payable to ShineWing Certified Public Accountants LLP for audit/review services in connection with the Company's 2025 periodic reports amounted to RMB2.50 million, and the fees for other special audit services amounted to RMB40,000.

Appointment and Removal of Accounting Firms

On 10 June 2025, the Company convened its 2024 annual general meeting, at which shareholders approved the re-appointment of ShineWing Certified Public Accountants LLP as the Company's financial and internal control auditors for the year 2025.

VI. MATERIAL LITIGATION OR ARBITRATION

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

VII. ILLEGAL OR IRREGULAR CONDUCT BY, AND PENALTIES AND RECTIFICATION MEASURES RELATING TO, THE LISTED COMPANY AND ITS DIRECTORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER

Nil

SECTION V SIGNIFICANT EVENTS (CONTINUED)

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

During the Reporting Period, the Company's controlling shareholder, YTO, and its de facto controller, SINOMACH, have operated their businesses with integrity and in compliance with applicable laws, and neither has any adverse credit record such as failure to comply with court judgments or failure to settle material overdue debts.

IX. MATERIAL CONNECTED TRANSACTIONS

(I) Connected Transactions Relating to Daily Operation

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

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

Unit: 0'000 Currency: RMB

| No. | Title of agreement | Counterparty | Connected relationship | Details of the transaction | Pricing principle of the transaction | Estimated | Actual | Percentage |
|-----|--------------------------------|--------------|-------------------------|--|--|-------------|-------------|--------------|
| | | | | | | cap for | transaction | of the |
| | | | | | | transaction | amount | transaction |
| | | | | | | amount in | amount in | relative |
| | | | | | | 2025 | 2025 | 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) The transaction price between YTO, SINOMACH and their subsidiaries and independent third parties for the same or similar products, or the transaction price between the Group and independent third parties for the same or similar products; (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 | 57,524 | 5.92 |

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 in 2025 | Percentage of the transaction amount relative to similar transactions (%) |
|-----|------------------------------|--------------|-------------------------|--|--|--|-----------------------------------|---|
| 2 | Sales of Goods Agreement | YTO | Controlling shareholder | Sale of (including, but not limited to) raw materials, spare parts, equipment and other necessities by the Company to YTO Sale of (including, but not limited to) raw materials, spare parts, equipment and other necessities by the Company to YTO | (1) The market price of the independent third party; (2) transaction price between the Group and the independent third party; (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 | 25,807 | 2.40 |
| 3 | Composite Services Agreement | YTO | Controlling shareholder | Provision of transportation, transportation ancillary services and production-related processing contracts, factory greening services, cleaning services, security services and logistical 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 associates and independent third parties; (3) Prices determined on a cost-plus basis (tax-inclusive price), i.e.: tax-inclusive price = cost X (1 + cost mark-up rate), where the cost mark-up rate shall not exceed 10%. | 29,000 | 22,810 | 88.45 |
| 4 | Energy Procurement Agreement | YTO | Controlling shareholder | Provision of energy and related services to the Company and its subsidiaries by YTO | (1) Government-guided price; (2) Market price; (3) The transaction price between YTO and independent third parties; (4) Prices determined on a cost mark-up basis (tax-inclusive price), i.e.: price = cost X (1 + cost mark-up rate), where the cost mark-up rate shall not exceed 16%. | 26,500 | 19,811 | 98.09 |

SECTION V SIGNIFICANT EVENTS (CONTINUED)

| No. | Title of agreement | Counterparty | Connected relationship | Details of the transaction | Pricing principle of the transaction | Estimated | Actual | Percentage |
|-----|---|-------------------------------|--|--|---|--------------|-------------|-------------|
| | | | | | | cap for | transaction | of the |
| | | | | | | transaction | amount | transaction |
| | | | | | | amount in | in | relative |
| | | | | | | 2025 | 2025 | to similar |
| | | | | | | transactions | | |
| | | | | | | (%) | | |
| 5 | Properties Lease Agreement | YTO | Controlling shareholder | Leasing of land, buildings and the water, electricity facilities and ancillary equipment therein by YTO to the Group: | (1) The rental price between the lessor and independent third parties for properties of a similar nature located in similar areas; (2) If no such price is available or such price is not comparable, the price shall be agreed between the parties by reference to the market rental for properties of a similar nature in comparable areas on a fair and reasonable basis. | 2,600 | 2,314 | 82.88 |
| 6 | Premise Lease Agreement | YTO | Controlling shareholder | Leasing of land, buildings and the water, electricity facilities and ancillary equipment therein by the Group from YTO: | (1) The rental price between the lessor and independent third parties for properties of a similar nature located in similar areas; (2) If no such price is available or such price is not comparable, the price shall be agreed between the parties by reference to the market rental for properties of a similar nature in comparable areas on a fair and reasonable basis. | 600 | 433 | 30.08 |
| 7 | Research and Development Services Agreement | YTO; Tractor Research Company | Controlling shareholder and its connected subsidiaries | Provision of technology research and development, technical consultancy, technical services and product technical testing and inspection relating to tractors and other agricultural machinery and diesel engines and other power machinery, and patent and standardisation technical support services to the Group: | (1) The transaction price between the relevant party and independent third parties for the same services, provided that the service fee shall not exceed the price charged by the relevant party for the same commission to independent third parties (if any); (2) The price comprising the reasonable cost of the services provided by the relevant party plus a gross profit margin comparable to that of non-connected transactions; (3) If no such price is available or such basis is not applicable, the price shall be agreed between the parties on a fair and reasonable basis. | 22,000 | 21,711 | 100.00 |

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 in 2025 | Percentage of the transaction amount relative to similar transactions (%) |
|-----|------------------------------|------------------|---------------------------------------|---|--|--|-----------------------------------|---|
| 8 | Technical Services Agreement | YTO | Controlling shareholder | Provision by the Group to related parties of services including product R&D, production technology, process technology upgrading, product quality improvement services and consultancy, trial production of new products and key components, metrology services and measuring instrument testing; | <p>(1) The transaction price for the same services in non-connected transactions between the Group and third parties independent of the related parties;</p> <p>(2) The price comprising the reasonable cost of the services provided by the Group plus a gross profit margin comparable to that of non-connected transactions of the same category;</p> <p>(3) If no such price is available or such basis is not applicable, the price shall be agreed between the parties on a fair and reasonable basis.</p> | 900 | 587 | 38.68 |
| 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 shall be calculated and paid on the basis of the benchmark interest rate for deposits of the same class and the upper limit of the floating range of interest rates announced by the People's Bank of China from time to time, which shall not be lower than the benchmark interest rate for deposits of the same class and at the same time of the main independent commercial banks in the territory where the Company and (or) its wholly-owned and controlled subsidiaries are located, and shall not be lower than the benchmark interest rate for deposits of the same class and at the same time of the same type offered by SINOMACH to other members of the same credit standing, whichever is higher. | 250,000 | 246,954 | 31.00 |

SECTION V SIGNIFICANT EVENTS (CONTINUED)

| No. | Title of agreement | Counterparty | Connected relationship | Details of the transaction | Pricing principle of the transaction | Estimated | Actual | Percentage |
|-----|--|----------------------------------|-------------------------------------|--|--|------------------------------------|----------------------------|--|
| | | | | | | cap for transaction amount in 2025 | transaction amount in 2025 | of the transaction amount relative to similar transactions (%) |
| | | | | SINOMACH Finance provides credit facilities to the Company and its subsidiaries, including but not limited to liquidity loans, fixed asset loans, buyer's credit, factoring of receivables, acceptance and discounting of bills, and credit facilities such as guarantees, letters of guarantee and letters of credit | Interest on all types of deposits of the Group with SINOMACH shall be calculated and paid on the basis of the benchmark interest rate for deposits of the same class and the upper limit of the floating range of interest rates announced by the People's Bank of China from time to time, which shall not be lower than the benchmark interest rate for deposits of the same class and at the same time of the main independent commercial banks in the territory where the Company and (or) its wholly-owned and controlled subsidiaries are located, and shall not be lower than the benchmark interest rate for deposits of the same class and at the same time of the same type offered by SINOMACH to other members of the same credit standing, whichever is higher. | 300,000 | 212,796 | 75.93 |
| | | | | Other financial services provided by SINOMACH to the Company and its subsidiaries, including but not limited to settlement and management of funds in local and foreign currencies, entrusted loans, entrusted investments, underwriting of corporate bonds, financial and financing consultancy, credit verification and related advisory and agency services, and other business as approved by the NFRA | (1) SINOMACH Finance shall be exempt from charging the Group for the remittance of funds for the settlement of funds with Party B; (2) The fees charged by SINOMACH for all financial services other than deposits and loans provided by SINOMACH to the 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 Company and (or) its wholly-owned or controlled subsidiaries are located during the same period, or the standard of similar fees charged by SINOMACH to other members of the same credit standing, whichever is lower. | 1,000 | 162 | 43.72 |
| 10 | Procurement Contract for Tractor Equipment for the Agricultural Mechanisation Centre Project | Sinomach International Co., Ltd. | Subsidiary of the actual controller | The Company's controlling subsidiary, Sino-Africa Heavy Industry Investment Co., Ltd., sold tractor products to Sinomach International Co., Ltd. and provided relevant technical documents and training services | Transaction price determined by negotiation on the basis of objective, fair and equitable principles and market-based pricing terms | 2,215.77 | 2,215.77 | 0.21 |



SECTION V SIGNIFICANT EVENTS (CONTINUED)

1. The connected transaction agreements referred to in items 1 to 8 above were entered into on 29 October 2024, valid from 1 January 2025 to 31 December 2027. For details, please refer to the announcements published by the Company on the SSE website on 30 October 2024 and 29 April 2025 respectively: “Announcement of First Tractor on Continuing Connected Transactions for 2025-2027” and “Announcement of First Tractor on Increasing the Estimated Cap for Continuing Connected Transactions for the Sale of Goods in 2025”; and the announcements published on the Stock Exchange website on 29 October 2024 and 28 April 2025 respectively: “Continuing Connected Transactions”, “Revision of Existing Annual Cap for Continuing Connected Transactions under the Goods Sales Agreement for 2025”, and the relevant overseas regulatory announcements.
2. The connected transaction agreement referred to in item 9 above was entered into on 14 November 2024, valid from 1 January 2025 to 31 December 2027. For details, please refer to the announcement published by the Company on the SSE website on 15 November 2024: “Announcement of First Tractor on Entering into the 2025-2027 Financial Services Agreement with Sinomach Finance Co., Ltd. and Connected Transactions”; and the announcement published on the Stock Exchange website on 14 November 2024: “Continuing Connected Transactions – Financial Services Agreement”, and the relevant overseas regulatory announcements.
3. The connected transaction agreement referred to in item 10 above was entered into on 12 November 2024. For details, please refer to the announcement published by the Company on the SSE website on 13 November 2024: “Announcement of First Tractor on the Sale of Goods and Provision of Services to a Connected Party and Connected Transactions”; and the announcement published by the Company on the Stock Exchange website on 12 November 2024: “2024 Continuing Connected Transactions”, and the relevant 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 | Connected transaction price | Connected transaction amount | Percentage of the transaction amount relative to similar transactions (%) |
|---|-------------------------|---|--|--|--|------------------------------|---|
| YTO | Controlling shareholder | Acceptance of the right to use the patent and trademark, etc. | YTO and its subsidiaries are permitted by the Company to use the Dongfanghong trademark and font size | (1) Fees are collected at a rate of 2% to 5% of the external sales revenue generated by products bearing the trademark; (2) Fees based on the external sales revenue of entities using different font sizes are calculated on this basis, with the maximum charge not exceeding 5%. | 15 | 9.82 | 100.00 |
| Luoyang Intelligent Agricultural Equipment Research Institute Co., Ltd. | Connected legal person | Lease in/out | The Company's controlling subsidiary, the Tractor Research Institute Company, leased powertrain and transmission laboratory equipment from the connected party | Calculated on the basis of total equipment investment (N) and useful life of the equipment: annual rental = $(N - N \times \text{residual value rate} \times \text{present value factor of compound interest}) / \text{present value annuity factor}$ | 376.31 | 376.31 | 93.44 |
| Total | | | | / | / | 386.13 | / |
| Details on return of large-sum sales | | | | | Nil | | |
| Description of connected transactions | | | | | The Company's trademark and font size licensing use with the controlling shareholder constitutes a related transaction under the Listing Rules of the Shanghai Stock Exchange and the Stock Exchange. The pricing principle complies with the relevant provisions of the Listing Rules, and the amount involved falls below the threshold for disclosure | | |

SECTION V SIGNIFICANT EVENTS (CONTINUED)

(II) Connected Transactions Involving Acquisition or Disposal of Assets or Equity Interests

No connected transactions involving the acquisition or disposal of assets or equity interests occurred during the Reporting Period.

(III) Material Connected Transactions Involving Joint External Investment

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

| Summary of Matter | Reference Index |
|---|--|
| <p>All shareholders of SINOMACH Finance Company propose to increase its capital proportionally by RMB600 million in cash, of which the Company will contribute RMB85.716 million. After this capital increase, First Tractor's contribution to SINOMACH Finance Company's registered capital will increase from RMB250 million to RMB335.716 million, with the shareholding percentage remaining unchanged at 14.286%. The de facto controller of SINOMACH Finance Company is SINOMACH, and other shareholders besides the Company are SINOMACH and its subsidiaries. This transaction constitutes a connected transaction.</p> | <p>"Announcement on Capital Increase in SINOMACH Finance Co., Ltd. and Connected Transaction" (Lin 2024-42) published on the website of the Shanghai Stock Exchange and "Connected Transactions Capital Increase Agreement" published on the website of the Stock Exchange</p> |

SECTION V SIGNIFICANT EVENTS (CONTINUED)

(IV) Related-Party Creditor-Debtor Relationships

1. Matters Not Disclosed in Provisional Announcements

Unit: 0'000 Currency: RMB

| Connected counterparty | Connect relationship | Funds provided to connected party | | | Funds provided to listed companies by Connected party | | |
|--|---|-----------------------------------|-----------------|-----------------|---|-----------------|-----------------|
| | | Opening balance | Amount incurred | Closing balance | Opening balance | Amount incurred | Closing balance |
| SINOMACH | De Facto controller | | | | 20,000 | 0 | 20,000 |
| YTO | Controlling shareholder | | | | 6,595 | 3,182 | 9,777 |
| Total | | | | | 26,595 | 3,182 | 29,777 |
| Reason for related-party creditor-debtor relationships | The Company's controlling shareholder, YTO, and its de facto controller, SINOMACH, have disbursed state-owned capital operating budget funds to the Company and controlling subsidiary in the form of entrusted loans | | | | | | |
| Impact of related-party creditor-debtor relationships on the Company | / | | | | | | |

The controlling shareholder and de facto controller provide funds to the Company at the loan prime rate, and the Company is not required to provide corresponding collateral or guarantees. According to Article 6.3.18(2) of the Listing Rules of Shanghai Stock Exchange, the Company's acceptance of entrusted loans from related parties is exempt from review and disclosure as a connected transaction.

SECTION V SIGNIFICANT EVENTS (CONTINUED)

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

1. Deposit Business

Unit: 0'000 Currency: RMB

| Related party | Connected relationship | Daily maximum deposit limit | Range of deposit interest rates | Opening balance | Amount incurred during the Reporting Period | | Closing balance |
|------------------|---|-----------------------------|---------------------------------|-----------------|--|---|-----------------|
| | | | | | Total deposit amount during the Reporting Period | Total withdrawal amount during the Reporting Period | |
| SINOMACH Finance | Company controlled by the de facto controller | 250,000.00 | 0.05%-1.80% | 196,007.61 | 7,320,741.02 | 7,274,826.82 | 241,921.81 |
| Total | / | / | / | 196,007.61 | 7,320,741.02 | 7,274,826.82 | 241,921.81 |

Note: The above table excludes interest receivable accrued during the Reporting Period.

2. Loan Services

Nil

3. Credit Services or Other Financial Services

Unit: 0'000 Currency: RMB

| Related party | Connected relationship | Type of business | Closing balance | Actual amount incurred |
|------------------|---|---------------------|-----------------|------------------------|
| SINOMACH Finance | Company controlled by the de facto controller | Acceptance of bills | 195,661.24 | 384,252.35 |
| SINOMACH Finance | Company controlled by the de facto controller | Letter of guarantee | 113.69 | 113.69 |

SECTION V SIGNIFICANT EVENTS (CONTINUED)

(VI) Annual Review of Continuing Connected Transactions

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

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

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

(VII) Related Party Transactions

Details of the significant related party transactions entered into by the Group during the financial year are set out in Note XII to the consolidated financial statements under “Related Parties and Related Party Transactions”. None of the related party transactions constituted connected transactions (as defined in the Listing Rules of the Stock Exchange) that are subject to disclosure requirements, except for those transactions described in Section IX above headed “Material Connected Transactions”, which have complied with the disclosure requirements under Chapter 14A of the Listing Rules of the Stock Exchange.

SECTION V SIGNIFICANT EVENTS (CONTINUED)

X. MATERIAL CONTRACTS AND THE PERFORMANCE THEREOF

(I) Custody, Contracting and Lease Matters

1. Custody

Unit: Yuan Currency: RMB

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

Explanation of custody

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

2. Contracting

Nil

3. Lease

Nil

SECTION V SIGNIFICANT EVENTS (CONTINUED)

(II) Guarantees

Nil

(III) Cash Assets Management by Others under Entrustment

1. *Entrusted Wealth Management*

Nil

2. *Entrusted loans*

(1). *General Conditions of Entrusted Loans*

Unit: 0'000 Currency: RMB

| <u>Type</u> | <u>Source of fund</u> | <u>Amount incurred</u> | <u>Outstanding balance</u> | <u>Amount overdue and not yet collected</u> |
|-----------------|-----------------------|------------------------|----------------------------|---|
| Entrusted loans | Self-owned funds | 0.00 | 0.00 | 2,100.00 |

SECTION V SIGNIFICANT EVENTS (CONTINUED)

(2). Individual Entrusted Loans

Unit: 0'000 Currency: RMB

| Trustee | Category of entrusted loan | Amount of entrusted loan | Commencement date of the entrusted loan | End date of entrusted loan | Source of fund | Use of fund | Method of determining remuneration | Annualized rate of return | Expected income (if any) | Actual gain or loss | Actual recovery | Has it gone through the legal process | Are there any future plans for entrusted loans | Amount provided for impairment (if any) |
|------------------|----------------------------|--------------------------|---|----------------------------|------------------|--------------------------|------------------------------------|---------------------------|--------------------------|---------------------|-----------------|---------------------------------------|--|---|
| Changtuo Company | Entrusted loans | 540 | 2019/6/27 | 2020/6/26 | Self-owned funds | Production and operation | | 6.175% | | | Not recovered | Yes | No | 540 |
| Changtuo Company | Entrusted loans | 130 | 2019/7/1 | 2020/6/30 | Self-owned funds | Production and operation | | 5.665% | | | Not recovered | Yes | No | 130 |
| Changtuo Company | Entrusted loans | 130 | 2019/7/3 | 2020/7/2 | Self-owned funds | Production and operation | | 5.665% | | | Not recovered | Yes | No | 130 |
| Changtuo Company | Entrusted loans | 100 | 2019/9/12 | 2020/9/11 | Self-owned funds | Production and operation | | 5.665% | | | Not recovered | Yes | No | 100 |
| Changtuo Company | Entrusted loans | 1,200 | 2019/11/28 | 2020/11/21 | Self-owned funds | Production and operation | | 5.665% | | | Not recovered | Yes | No | 1,200 |

(3). Provision for Impairment of Entrusted Loans

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

(IV) Other Material Contracts

Nil

XI. PROGRESS ON USE OF PROCEEDS FROM FUND-RAISING ACTIVITIES

Nil

XII. DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

SECTION V SIGNIFICANT EVENTS (CONTINUED)

XIII. SERVICE CONTRACTS

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

XIV. MANAGEMENT CONTRACTS

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

XV. PERMITTED INDEMNITY

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

XVI. COMPLIANCE WITH LAWS AND REGULATIONS

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

XVII. INTERESTS OF DIRECTORS IN SIGNIFICANT CONTRACTS

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

XVIII. EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

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

SECTION V SIGNIFICANT EVENTS (CONTINUED)

XIX. MAJOR CUSTOMERS AND SUPPLIERS

For the Financial Year, the percentage share of the Group's revenue from the sale of goods or provision of services attributable to the Group's five largest customers in aggregate was approximately 5.86% and that the largest customer contributed approximately 1.43%; the percentage share of the Group's purchases attributable to the Group's five largest suppliers in aggregate was approximately 17.77% and that the largest supplier contributed approximately 10.37%.

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

XX. RESERVES

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

XXI. DISTRIBUTABLE RESERVES

As at 31 December 2025, the distributable reserves of the Company amounted to approximately RMB3.030 billion (2024: approximately RMB2.696 billion).

XXII. CONTINGENT LIABILITIES

As of 31 December 2025, the Group had no material contingent liabilities.

XXIII. PENSION PLANS

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

XXIV. SUBSEQUENT EVENTS

No material events of the Group have occurred subsequent to the end of the financial year and up to the date of this annual report.

SECTION VI CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

I. CHANGES IN SHARE CAPITAL

(I) Changes in Shares

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

(II) Changes in Restricted Shares Changes in Restricted Shares

During the Reporting Period, the Company had no Restricted Shares.

II. SECURITIES ISSUANCES AND LISTINGS

No securities were issued by the Company during the Reporting Period.

III. DETAILS OF SHAREHOLDERS AND ULTIMATE CONTROLLER

(I) Total Number of Shareholders

| | |
|---|--|
| Total number of ordinary shareholders as at the end of the Reporting Period (shareholder) | 30,491 Including 30,216 holders of A Shares and 275 holders of H Shares |
| Total number of ordinary shareholders as at the end of the month prior to the date of disclosure of the Annual Report (shareholder) | 29,600 Including 29,328 holders of A Shares and 272 holders of H Shares |
| Total number of preference shareholders with voting rights restored as at the end of the Reporting Period (shareholder) | / |
| Total number of preference shareholders with voting rights restored as at the end of the month prior to the date of disclosure of the Annual Report (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 | Total number of shares held as at the end of the Reporting Period | Percentage (%) | Shareholdings of the top ten shareholders (excluding shares lent through refinancing) | | | Nature of shareholder |
|---|---|--|-------------------|---|---------------------|--------------------------------------|--------------------------|
| | | | | Number of shares held subject to selling restrictions | Status of shares | Pledged, charged or frozen Number | |
| YTO Group Corporation | 0 | 548,485,853 | 48.81 | 0 | Nil | 0 | State-owned legal person |
| HKSCC NOMINEES LIMITED (Note 1) | 475,590 | 389,508,899 | 34.66 | 0 | Unknown | / | Overseas legal person |
| Hong Kong Securities Clearing Company Limited (Note 2) | 657,518 | 4,606,103 | 0.41 | 0 | Unknown | / | Overseas legal person |
| China Construction Bank Corporation – Invesco Great Wall Jinying Dual Profit Bond Securities Investment Fund (中國建設銀行股份有限公司— 景順長城景盈雙利債券型證券投資基金) | 3,032,650 | 3,032,650 | 0.27 | 0 | Unknown | / | Others |
| China Merchants Bank Co., Ltd. – Southern CSI 1000 Exchange Traded Open-ended Index Securities Investment Fund (招商銀行股份有限公司—南方中證1000 交易型開放式指數證券投資基金) | 210,000 | 2,025,793 | 0.18 | 0 | Unknown | / | Others |
| Jiao Yanfeng | 1,636,200 | 1,815,300 | 0.16 | 0 | Unknown | / | Domestic legal person |
| CITIC Securities Co., Ltd. – Invesco Great Wall CSI Shanghai-Shenzhen-Hong Kong Dividend Growth Low Volatility Index Securities Investment Fund (中信建投證券 股份有限公司—景順長城中證滬港深紅利 成長低波動指數型證券投資基金) | 1,423,900 | 1,423,900 | 0.13 | 0 | Unknown | / | Others |
| Zhang Heng | 1,357,400 | 1,357,400 | 0.12 | 0 | Unknown | / | Domestic legal person |
| UBS AG | 1,311,217 | 1,337,707 | 0.12 | 0 | Unknown | / | Overseas legal person |
| China Merchants Bank Co., Ltd. – China Asset Management CSI 1000 Exchange Traded Open-ended Index Securities Investment Fund (招商銀行股份有限公司—華夏中證 1000交易型開放式指數證券投資基金) | 300,700 | 1,271,737 | 0.11 | 0 | Unknown | / | Others |

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

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

| Name of shareholder | Number of shares that can be traded without selling restrictions | Number and class of shares Class | Number |
|---|--|--|-------------|
| YTO Group Corporation | 548,485,853 | Ordinary shares denominated in RMB | 548,485,853 |
| HKSCC NOMINEES LIMITED (Note 1) | 389,508,899 | Overseas listed foreign shares | 389,508,899 |
| Hong Kong Securities Clearing Company Limited (Note 2) | 4,606,103 | Ordinary shares denominated in RMB | 4,606,103 |
| China Construction Bank Corporation – Invesco Great Wall Jinying Dual Profit Bond Securities Investment Fund (中國建 設銀行股份有限公司—景順長城景盈雙 利債券型證券投資基金) | 3,032,650 | Ordinary shares denominated in RMB | 3,032,650 |
| China Merchants Bank Co., Ltd. – Southern CSI 1000 Exchange Traded Open-ended Index Securities Investment Fund (招商銀行股份有限公司—南方中證 1000交易型開放式指數證券投資基金) | 2,025,793 | Ordinary shares denominated in RMB | 2,025,793 |
| Jiao Yanfeng | 1,815,300 | Ordinary shares denominated in RMB | 1,815,300 |
| CITIC Securities Co., Ltd. – Invesco Great Wall CSI Shanghai-Shenzhen-Hong Kong Dividend Growth Low Volatility Index Securities Investment Fund (中信建投證 券股份有限公司—景順長城中證滬港深 紅利成長低波動指數型證券投資基金) | 1,423,900 | Ordinary shares denominated in RMB | 1,423,900 |
| Zhang Heng | 1,357,400 | Ordinary shares denominated in RMB | 1,357,400 |
| UBS AG | 1,337,707 | Ordinary shares denominated in RMB | 1,337,707 |
| China Merchants Bank Co., Ltd. – China Asset Management CSI 1000 Exchange Traded Open-ended Index Securities Investment Fund (招商銀行股份有限公 司—華夏中證1000交易型開放式指數證 券投資基金) | 1,271,737 | Ordinary shares denominated in RMB | 1,271,737 |

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.

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

As at 31 December 2025, the shareholders of the Company (other than the Directors, Supervisors and chief executives of the Company) who had interests or short positions in the shares and underlying shares of the Company as recorded in the register are required to be kept under Section 336 of the SFO are set out below:

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

| Name | Capacity | Nature of interests | Number of shares held | Number of underlying shares held under equity derivatives | Total number of shares interested | Percentage of share capital in respect of relevant issued class share (%) | Percentage of total issued share capital (%) | Class of share |
|-----------------------------------|--------------------------------------|---------------------|-----------------------|---|-----------------------------------|---|--|----------------|
| YTO (Note 1) | Beneficial owner | Long position | 548,485,853 | / | 548,485,853 | 74.96 | 48.81 | A Share |
| SINOMACH (Note 1) | Interests of controlled corporations | Long position | 548,485,853 | / | 548,485,853 | 74.96 | 48.81 | A Share |
| Pandanus Associates Inc. (Note 2) | Interests of controlled corporations | Long position | 27,048,000 | / | 27,048,000 | 6.90 | 2.41 | H Share |
| Pandanus Partners L.P. (Note 2) | Interests of controlled corporations | Long position | 27,048,000 | / | 27,048,000 | 6.90 | 2.41 | H Share |
| FIL Limited (Note 2) | Interests of controlled corporations | Long position | 27,048,000 | / | 27,048,000 | 6.90 | 2.41 | H Share |

Note 1: SINOMACH holds 88.22% of the equity interest in YTO and is the controlling shareholder of YTO. Pursuant to the Securities and Futures Ordinance, SINOMACH is deemed to be interested in the same shares of the Company as YTO, being 548,485,853 A Shares of the Company.

Note 2: Pandanus Associates Inc. holds 100% of the equity interest in Pandanus Partners L.P., which in turn holds 47.90% of the equity interest in FIL Limited. FIL Limited indirectly holds an aggregate of 27,048,000 H Shares of the Company through a number of controlled corporations. Pursuant to the Securities and Futures Ordinance, each of Pandanus Associates Inc., Pandanus Partners L.P. and FIL Limited is deemed to be interested in 27,048,000 H Shares of the Company.

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

As at 31 December 2025, none of the directors, chief executive or supervisors of the Company had any interests or short positions in the shares, underlying shares and/or debentures (as the case may be) of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (including interests and short positions which any such director, chief executive or supervisor is deemed or taken to have under such provisions of the Securities and Futures Ordinance), or which were required to be entered in the register kept by the Company pursuant to Section 352 of the Securities and Futures Ordinance, or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies set out in Appendix C3 to the Listing Rules of the Stock Exchange.

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

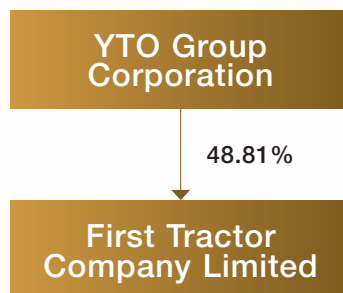
IV. CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER

(I) Controlling Shareholder

1. Corporation

| | |
|---|---|
| Name | YTO Group Corporation |
| Person in charge or legal representative | Zhao Weilin |
| Date of establishment | 6 May 1997 |
| Principal business | Agricultural machinery, power machinery, vehicles and components business |
| Shareholdings in other domestic and overseas listed companies controlled and held during the Reporting Period | Nil |
| Other explanation | Nil |

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



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

(II) De Facto Controller

1. Corporation

Name

Person in charge or legal representative

Date of establishment

Principal business

China National Machinery Industry Corporation Ltd

Zhang Xiaolun

21 May 1988

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

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

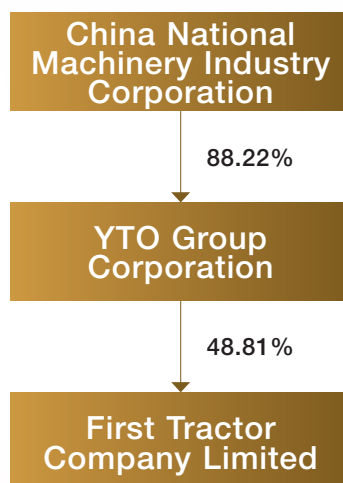
Equity interests in other domestic and overseas listed companies controlled and held by the Company during the Reporting Period

Sinomach Heavy Equipment Group Co., Ltd. (SH601399), SINOMACH Precision Industry Co., Ltd. (國機精工股份有限公司) (SZ002046), Chongqing Chuanyi Automation Co., Ltd. (SH603100), China Electric Equipment Science & Technology Institute Co., Ltd. (SH688128), Sinomach International Co., Ltd. (SZ002051), SUMEC Co., Ltd. (SH600710), SINOMACH Automobile Co., Ltd. (國機汽車股份有限公司) (SH600335), Gansu Blue Scientific and Technological New Equipment Co., Ltd. (SH601798), Linhai Co., Ltd. (林海股份有限公司) (SH600099), SINOMACH General Machinery Science & Technology Co., Ltd. (國機通用機械科技股份有限公司) (SH600444), CHTC Fong's International Company Limited (中國恆天立信國際有限公司) (HK00641), CHTC Helon Co., Ltd. (恆天海龍股份有限公司) (SZ000677), Modern Agricultural Equipment Co., Ltd. (NQ430010)

Other explanations

Nil

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





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

V. OTHER CORPORATE SHAREHOLDERS HOLDING MORE THAN 10%

Nil

VI. REPURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

During the Reporting Period and as at the end of the Reporting Period, the Company did not hold any treasury shares (including any treasury shares held or deposited in the Central Clearing and Settlement System). Neither the Company nor any of its subsidiaries repurchased, sold or redeemed any of the Company's listed shares during the Reporting Period (including the sale of any treasury shares).

VII. PUBLIC FLOAT

Based on publicly available information and to the best knowledge of the Directors of the Company, as at the date of disclosure of this Report, the Company has maintained the prescribed public float in accordance with the Listing Rules of the Stock Exchange.

VIII. TAX RELIEF

No tax relief is available to holders of the Company's listed securities by reason of their holding of such securities.

IX. PRE-EMPTIVE RIGHTS

Under the Articles of Association of the Company and PRC law, there is no provision requiring the Company to offer new shares to existing shareholders in proportion to their existing shareholdings.

X. ARRANGEMENTS FOR PURCHASE OF SHARES OR DEBENTURES

Neither the Company nor any of its holding companies, subsidiaries or fellow subsidiaries participated in any arrangement during the year 2025 under which any Director of the Company may acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.



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

XI. EQUITY-LINKED AGREEMENTS EQUITY-LINKED AGREEMENTS

The Company did not enter into any equity-linked agreements during the Reporting Period.

XII. PREFERENCE SHARES

The Company had no preference shares during the Reporting Period.



SECTION VII RELEVANT INFORMATION ON BONDS

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



SECTION VIII FINANCIAL REPORTS

1. Auditor's Opinion

We have audited the financial statements of First Tractor Company Limited (hereinafter referred to as “the Company”), including the consolidated and the parent company's Balance Sheets as at 31 December 2025, the consolidated and the parent company's Income Statements, the consolidated and the parent company's Cash Flow Statements and the consolidated and the parent company's Statements of Changes in Shareholders' Equity for the year 2025, and Notes to the Financial Statements.

In our opinion, the attached Financial Statements present fairly, in all material respects, the consolidated and parent company's financial positions of the Company as at 31 December 2025, and the consolidated and parent company's operating results and cash flows for the year then ended in accordance with the Accounting Standards for Business Enterprises.

2. Basis for Auditor's Opinion

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

SECTION VIII FINANCIAL REPORTS (CONTINUED)

3. Key Audit Matters

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

1. *Recognition of revenues from main operations*

| Key Audit Matters | Countermeasures in the Audit |
|--|---|
| <p>As mentioned in the accounting policies of “III. 25” and “V. items in Consolidated Financial Statements Note 44” in the notes to the Financial Statements, the sales revenue of the Company comes from the manufacturing and sales of agricultural machinery and power machinery. The amount of revenues from main operations in 2025 is RMB10,769,831,800. As the revenues from main operations are one of the key performance indicators of the Company and have a significant impact on the Financial Statements, we recognize the revenues from main operations of the Company as a key audit matter.</p> | <p>Our main targeted procedures are as follows:</p> <ol style="list-style-type: none"> 1. Evaluate and test the effectiveness of the design and operation of the Company's key internal controls related to revenue recognition; 2. Implement the test on revenue breakdown, select samples from the Company's sales revenue breakdown, check the sales contracts or orders, dispatch lists/receipts, or bills of lading, and evaluate whether the time point of revenue recognition conforms to the accounting policy on the revenue recognition; 3. Implement an analytical procedure for revenues from main operations and gross profit and judge the rationality of the gross margin of sales in the current year; 4. Implement the confirmation procedure by selecting customers with large annual sales amounts; and 5. Implement cut-off tests for sales revenues recognized before and after the balance sheet date to evaluate whether the sales revenues are recognized in the appropriate period. |

SECTION VIII FINANCIAL REPORTS (CONTINUED)

3. Key Audit Matters (Continued)

2. *Impairment of accounts receivable*

| Key Audit Matters | Countermeasures in the Audit |
|--|--|
| <p>As mentioned in the accounting policies of “III. 11” and “V. items in Consolidated Financial Statements Note 4” in the notes to the Financial Statements, the book value of accounts receivable of the Company is RMB608,821,300, with provision for bad debts of RMB282,037,200 and carrying amount of RMB326,784,100. As the impairment for accounts receivable involves the Management estimates, if it cannot be recovered on schedule or cannot be recovered, which has a significant impact on the Financial Statements, we recognize the provision for bad debts for accounts receivable of the Company as a key audit matter.</p> | <p>Our main targeted procedures are as follows:</p> <ol style="list-style-type: none"> 1. Evaluate and test the design and operation effectiveness of key internal controls related to sales receipts; 2. Check the sales contract, learn about the payment collection policy and credit policy, check the payment collection from sales, and learn about and evaluate the rationality of the Management's accounting estimates of the expected credit loss rate of accounts receivable; 3. Obtain the calculation table of provision for bad debt for accounts receivable of the Company, to check the accuracy of provision; 4. Implement confirmation procedures of the ending balance of accounts receivable by selecting samples; and 5. Analyze whether there is any sign of impairment for accounts receivable with a long age and whether the accrual for provision for impairment is sufficient. |

SECTION VIII FINANCIAL REPORTS (CONTINUED)

3. Key Audit Matters (Continued)

3. *Accrual for provision for inventory impairment*

| Key Audit Matters | Countermeasures in the Audit |
|---|--|
| <p>As mentioned in the accounting policies of “III. 12” and “V. Items in Consolidated Financial Statements Note 8” in the notes to the Financial Statements, the inventories of the Company are mainly raw materials, products in process, finished goods, and goods shipped, with an original value of RMB1,244,881,300 at the end of the year and a provision for inventory impairment of RMB97,186,800, and a carrying amount of RMB1,147,694,600. As the book value of the inventories of the Company is large, and the impairment of inventory involves significant judgment and estimates of the Management, and whether the accrual for provision for inventory impairment is sufficient and appropriate has a significant impact on the Financial Statements, we recognize the accrual for provision for inventory impairment of the Company as a key audit matter.</p> | <p>Our main targeted procedures are as follows:</p> <ol style="list-style-type: none"> 1. Evaluate and test the design and operating effectiveness of key internal controls related to the accrual for provision for inventory impairment; 2. Implement the inventory monitoring work, and check the quantity and condition of inventory; 3. Select samples of finished goods, compare the product cost with the selling price of similar goods, and evaluate whether there is impairment; 4. Obtain the list of inventory ageing at the end of the year, and analyze the rationality of the accrual for provision for long-aged inventory impairment in combination with the inventory status; 5. Obtain and review the data on which the Management evaluates whether there is a sign of impairment of inventories, and evaluate their appropriateness and rationality; 6. Obtain the breakdown of the goods shipped, interview the Management to learn about the status and receipt of the goods shipped, and review whether the provision for inventory impairment is reasonable in combination with the contract price and advances from customers. |



SECTION VIII FINANCIAL REPORTS (CONTINUED)

4. Other Information

The Management of First Tractor Company Limited (hereinafter referred to as the Management) is responsible for other information. Other information includes information covered in 2025 annual report of First Tractor Company Limited, except the Financial Statements and our Review Report.

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

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

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

5. Responsibilities of the Management and Those Charged with Governance for the Financial Statements

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

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

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

SECTION VIII FINANCIAL REPORTS (CONTINUED)

6. CPAs' Responsibility for Audit of Financial Statements

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

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

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



SECTION VIII FINANCIAL REPORTS (CONTINUED)

6. CPAs' Responsibility for Audit of Financial Statements (Continued)

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

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

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

ShineWing Certified Public Accountants LLP

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

CPA of China: Ma Jing

Beijing, China

26 March 2026

CONSOLIDATED BALANCE SHEET

31 December 2025

Prepared by First Tractor Company Limited

Unit: Yuan Currency: RMB

| Item | Note | 31 December 2025 | 31 December 2024 |
|--|-------|--------------------------------|--------------------------------|
| Current assets: | | | |
| Monetary fund | V. 1 | 1,911,543,550.84 | 2,345,044,150.92 |
| Settlement reserves | | | |
| Loans to banks or other financial institutions | | | |
| Financial assets held for trading | V. 2 | 946,000,000.00 | 1,378,751,780.82 |
| Derivative financial assets | | | |
| Bills receivable | V. 3 | 43,549,626.18 | 36,699,592.12 |
| Accounts receivable | V. 4 | 326,784,073.62 | 302,269,723.59 |
| Receivables financing | V. 5 | 168,977,762.41 | 162,000,234.88 |
| Prepayments | V. 6 | 255,713,675.86 | 289,422,493.28 |
| Premiums receivable | | | |
| Reinsurance accounts receivable | | | |
| Reinsurance contract reserve receivable | | | |
| Other receivables | V. 7 | 66,734,313.70 | 46,387,183.65 |
| Including: Interests receivable | | | |
| Dividends receivable | | | |
| Inventories | V. 8 | 1,147,694,571.50 | 1,374,778,847.98 |
| Including: data resource | | | |
| Contract assets | | | |
| Assets held for sale | | | |
| Non-current assets due within one year | V. 9 | 2,969,552,248.90 | 1,183,614,680.34 |
| Other current assets | V. 10 | 410,852,732.73 | 306,079,445.60 |
| Total current assets | | <u>8,247,402,555.74</u> | <u>7,425,048,133.18</u> |

CONSOLIDATED BALANCE SHEET (CONTINUED)

31 December 2025

Unit: Yuan Currency: RMB

| Item | Note | 31 December 2025 | 31 December 2024 |
|-------------------------------------|-------|--------------------------|--------------------------|
| Non-current assets: | | | |
| Loans and advances | | | |
| Debt investments | V. 11 | 2,839,788,030.21 | 3,261,453,492.49 |
| Other debt investments | | | |
| Long-term receivables | V. 12 | | |
| Long-term equity investments | V. 13 | 705,852,151.75 | 686,959,090.74 |
| Other equity instrument investments | V. 14 | 4,716,862.36 | 4,456,280.38 |
| Other non-current financial assets | | | |
| Investment properties | | | |
| Fixed assets | V. 15 | 2,129,797,255.04 | 2,260,822,274.24 |
| Construction in progress | V. 16 | 324,531,669.03 | 147,682,578.79 |
| Productive biological assets | | | |
| Oil and gas assets | | | |
| Right-of-use assets | V. 17 | 26,810,495.19 | 38,468,756.06 |
| Intangible assets | V. 18 | 633,034,230.85 | 676,329,157.44 |
| Including: data resource | | | |
| Development expenditures | | | |
| Including: data resource | | | |
| Goodwill | V. 19 | | |
| Long-term unamortized expenses | V. 20 | 44,090,049.49 | 45,760,654.99 |
| Deferred income tax assets | V. 21 | 141,514,116.62 | 144,355,291.66 |
| Other non-current assets | | | |
| Total non-current assets | | 6,850,134,860.54 | 7,266,287,576.79 |
| Total assets | | 15,097,537,416.28 | 14,691,335,709.97 |

CONSOLIDATED BALANCE SHEET (CONTINUED)

31 December 2025

Unit: Yuan Currency: RMB

| Item | Note | 31 December 2025 | 31 December 2024 |
|--|-------|-------------------------|------------------|
| Current liabilities: | | | |
| Short-term borrowings | | | |
| Borrowings from central bank | | | |
| Loans from banks and other financial institutions | | | |
| Financial liabilities held for trading | | | |
| Derivative financial liabilities | | | |
| Bills payable | V. 23 | 2,583,140,189.56 | 2,537,943,251.97 |
| Accounts payable | V. 24 | 1,824,615,662.08 | 2,157,202,989.34 |
| Advances from customers | V. 25 | 77,051.52 | 0.00 |
| Contract liabilities | V. 26 | 566,066,122.26 | 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 | 101,139,881.19 | 103,956,392.97 |
| Taxes payable | V. 28 | 25,455,101.09 | 25,961,607.96 |
| Other payables | V. 29 | 567,807,246.38 | 493,332,826.35 |
| Including: Interests payable | | 1,922,870.72 | 39,535,828.27 |
| Dividends payable | | 8,439,607.88 | 8,439,607.87 |
| Fees and commissions payable | | | |
| Reinsurance accounts payable | | | |
| Liabilities held for sale | | | |
| Non-current liabilities due within one year | V. 30 | 26,162,069.90 | 225,596,509.07 |
| Other current liabilities | V. 31 | 383,903,310.62 | 398,801,587.69 |
| Total current liabilities | | 6,078,366,634.60 | 6,498,069,754.11 |

CONSOLIDATED BALANCE SHEET (CONTINUED)

31 December 2025

Unit: Yuan Currency: RMB

| Item | Note | 31 December 2025 | 31 December 2024 |
|--------------------------------------|-------|-------------------------|-------------------------|
| Non-current liabilities: | | | |
| Insurance contract reserves | | | |
| Long-term borrowings | V. 32 | 424,723,098.79 | 65,950,000.00 |
| Bonds payable | | | |
| Including: Preference shares | | | |
| Perpetual bonds | | | |
| Lease liabilities | V. 33 | 2,547,279.10 | 13,772,820.46 |
| Long-term payables | V. 34 | 7,183,513.97 | 7,246,381.79 |
| Long-term employee salary payable | V. 35 | 18,526,825.11 | 27,463,638.47 |
| Estimated liabilities | V. 36 | 1,962,613.99 | 1,962,613.99 |
| Deferred income | V. 37 | 206,209,084.00 | 174,930,894.21 |
| Deferred income tax liabilities | V. 21 | 127,194,282.38 | 123,667,945.42 |
| Other non-current liabilities | | — | — |
| Total non-current liabilities | | 788,346,697.34 | 414,994,294.34 |
| Total liabilities | | 6,866,713,331.94 | 6,913,064,048.45 |

CONSOLIDATED BALANCE SHEET (CONTINUED)

31 December 2025

| Item | Note | 31 December 2025 | 31 December 2024 |
|--|-------|--------------------------|--------------------------|
| Owners' equity (or shareholders' equity) | | | |
| Paid-in capital (or share 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 | (8,070,289.08) | (13,151,228.80) |
| Special reserves | V. 41 | 10,230,132.90 | 9,145,661.53 |
| Surplus reserves | V. 42 | 849,363,512.81 | 784,242,879.53 |
| General risk reserves | | | |
| Retained earnings | V. 43 | 3,029,686,803.68 | 2,695,974,750.86 |
| Total equity attributable to owners (or shareholders) of the parent company | | 7,660,705,431.31 | 7,255,707,334.12 |
| Non-controlling interests | | 570,118,653.03 | 522,564,327.40 |
| Total owners' equity (or shareholders' equity) | | 8,230,824,084.34 | 7,778,271,661.52 |
| Total liabilities and owners' equity (or shareholders' equity) | | 15,097,537,416.28 | 14,691,335,709.97 |

Legal representative:
Zhao Weilin

Person in charge of accounting:
Liu Bin

Director of Accounting Department:
Jiang Jingyuan

BALANCE SHEET OF THE PARENT COMPANY

31 December 2025

Prepared by First Tractor Company Limited

Unit: Yuan Currency: RMB

| Item | Note | 31 December 2025 | 31 December 2024 |
|--|--------|--------------------------|--------------------------|
| Current assets: | | | |
| Monetary fund | | 339,953,138.89 | 312,811,425.62 |
| Financial assets held for trading | | 372,000,000.00 | 850,751,780.82 |
| Derivative financial assets | | | |
| Bills receivable | | 5,908,375.69 | 4,523,242.13 |
| Accounts receivable | XVI. 1 | 193,210,258.22 | 466,097,875.81 |
| Receivables financing | | 199,709,526.28 | 140,697,099.79 |
| Prepayments | | 230,638,435.70 | 279,080,206.70 |
| Other receivables | XVI. 2 | 217,250,365.75 | 255,696,674.97 |
| Including: Interests receivable | | | |
| Dividends receivable | | 76,808,376.96 | 76,808,376.96 |
| Inventories | | 619,317,922.71 | 815,139,649.11 |
| Including: data resource | | | |
| Contract assets | | | |
| Assets held for sale | | | |
| Non-current assets due within one year | | 2,942,714,233.85 | 1,156,800,819.24 |
| Other current assets | | 311,711,275.82 | 192,788,496.02 |
| Total current assets | | 5,432,413,532.91 | 4,474,387,270.21 |
| Non-current assets: | | | |
| Debt investments | | 2,752,815,948.43 | 3,261,453,492.49 |
| Other debt investments | | | |
| Long-term receivables | | | |
| Long-term equity investments | XVI. 3 | 2,668,790,319.02 | 2,369,935,683.79 |
| Other equity instrument investments | | | |
| Other non-current financial assets | | | |
| Investment properties | | | |
| Fixed assets | | 1,161,975,036.29 | 1,178,762,948.20 |
| Construction in progress | | 120,259,609.97 | 92,318,950.34 |
| Productive biological assets | | | |
| Oil and gas assets | | | |
| Right-of-use assets | | 19,539,530.83 | 29,860,961.85 |
| Intangible assets | | 460,313,467.23 | 468,089,227.32 |
| Including: data resource | | | |
| Development expenditures | | | |
| Including: data resource | | | |
| Goodwill | | | |
| Long-term unamortized expenses | | 28,683,552.62 | 26,396,423.18 |
| Deferred income tax assets | | 57,326,650.99 | 55,977,055.79 |
| Other non-current assets | | | |
| Total non-current assets | | 7,269,704,115.38 | 7,482,794,742.96 |
| Total assets | | 12,702,117,648.29 | 11,957,182,013.17 |

BALANCE SHEET OF THE PARENT COMPANY (CONTINUED)

31 December 2025

Unit: Yuan Currency: RMB

| Item | Note | 31 December 2025 | 31 December 2024 |
|---|------|-------------------------|-------------------------|
| Current liabilities: | | | |
| Short-term borrowings | | | |
| Financial liabilities held for trading | | | |
| Derivative financial liabilities | | | |
| Bills payable | | 1,147,966,874.18 | 1,340,609,651.93 |
| Accounts payable | | 1,093,340,951.15 | 1,342,593,084.21 |
| Advances from customers | | 77,051.52 | 0.00 |
| Contract liabilities | | 1,054,523,278.04 | 856,003,675.90 |
| Employee salary payable | | 70,159,699.75 | 70,112,453.04 |
| Taxes payable | | 6,030,671.61 | 6,060,564.81 |
| Other payables | | 1,289,026,049.98 | 572,740,153.19 |
| Including: Interests payable | | | |
| Dividends payable | | | |
| Liabilities held for sale | | | |
| Non-current liabilities due within one year | | 17,424,809.81 | 219,267,407.67 |
| Other current liabilities | | 147,874,066.38 | 119,639,694.15 |
| Total current liabilities | | 4,826,423,452.42 | 4,527,026,684.90 |
| Non-current liabilities: | | | |
| Long-term borrowings | | 265,950,000.00 | 65,950,000.00 |
| Bonds payable | | | |
| Including: Preference shares | | | |
| Perpetual bonds | | | |
| Lease liabilities | | 2,496,538.55 | 10,780,751.59 |
| Long-term payables | | | |
| Long-term employee salary payable | | 13,006,799.44 | 18,313,811.70 |
| Estimated liabilities | | 1,962,613.99 | 1,962,613.99 |
| Deferred income | | 159,924,490.85 | 141,173,780.33 |
| Deferred income tax liabilities | | 42,230,929.62 | 40,179,144.28 |
| Other non-current liabilities | | | |
| Total non-current liabilities | | 485,571,372.45 | 278,360,101.89 |
| Total liabilities | | 5,311,994,824.87 | 4,805,386,786.79 |

BALANCE SHEET OF THE PARENT COMPANY (CONTINUED)

31 December 2025

Unit: Yuan Currency: RMB

| Item | Note | 31 December 2025 | 31 December 2024 |
|---|------|--------------------------|--------------------------|
| Owners' equity (or shareholders' equity) | | | |
| Paid-in capital (or share capital) | | 1,123,645,275.00 | 1,123,645,275.00 |
| Other equity instruments | | | |
| Including: Preference shares | | | |
| Perpetual bonds | | | |
| Capital reserves | | 2,561,176,415.62 | 2,561,176,415.62 |
| Less: Treasury shares | | | |
| Other comprehensive income | | 0.00 | -242,038.45 |
| Special reserves | | | |
| Surplus reserves | | 774,870,228.98 | 709,749,595.70 |
| Retained earnings | | 2,930,430,903.82 | 2,757,465,978.51 |
| Total owners' equity (or shareholders' equity) | | 7,390,122,823.42 | 7,151,795,226.38 |
| Total liabilities and owners' equity (or shareholders' equity) | | 12,702,117,648.29 | 11,957,182,013.17 |

Legal representative:
Zhao Weilin

Person in charge of accounting:
Liu Bin

Director of Accounting Department:
Jiang Jingyuan

CONSOLIDATED INCOME STATEMENT

January to December 2025

Prepared by First Tractor Company Limited

Unit: Yuan Currency: RMB

| Item | Note | FY2025 | FY2024 |
|--|-------|--------------------------|-------------------|
| I. Total operating revenue | | 10,822,591,178.94 | 11,904,370,911.94 |
| Including: Operating revenue | V. 44 | 10,822,591,178.94 | 11,904,370,911.94 |
| Interest income | | | |
| Premiums earned | | | |
| Fee and commission income | | | |
| II. Total operating costs | | 10,285,720,207.00 | 11,177,392,535.23 |
| Including: Operating costs | V. 44 | 9,183,170,444.95 | 10,145,221,753.22 |
| 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 | 45,956,705.32 | 48,707,139.41 |
| Selling expenses | V. 46 | 164,619,530.41 | 156,461,228.98 |
| Administrative expenses | V. 47 | 341,182,329.63 | 354,693,536.41 |
| R&D expenses | V. 48 | 549,374,719.20 | 516,377,794.17 |
| Financial expenses | V. 49 | 1,416,477.49 | -44,068,916.96 |
| Including: Interest expenses | | 12,735,453.89 | 5,764,579.07 |
| Interest income | | 19,746,230.96 | 44,923,332.15 |
| Add: Other income | V. 50 | 162,964,653.53 | 151,920,726.49 |
| Investment income | | | |
| (loss to be listed with "-") | V. 51 | 182,689,331.67 | 172,346,555.92 |
| Including: Income from investment in associates and joint ventures | | 27,652,891.06 | 48,597,463.28 |
| Revenue from derecognition of financial assets at amortized cost | | | |
| Exchange earnings | | | |
| (loss to be listed with "-") | | | |
| Net exposure hedging revenue | | | |
| (loss to be listed with "-") | | | |
| Income from changes in fair value | | | |
| (loss to be listed with "-") | V. 52 | 70,018,569.63 | 27,395,502.26 |
| Credit impairment loss | | | |
| (loss to be listed with "-") | V. 53 | -13,303,302.98 | -18,749,875.34 |
| Asset impairment loss | | | |
| (loss to be listed with "-") | V. 54 | -22,151,245.20 | -19,031,607.32 |
| Income of assets disposal | | | |
| (loss to be listed with "-") | V. 55 | 1,136,459.87 | 5,487,433.08 |

CONSOLIDATED INCOME STATEMENT (CONTINUED)

January to December 2025

Unit: Yuan Currency: RMB

| Item | Note | FY2025 | FY2024 |
|---|-------|-----------------------|-------------------------|
| III. Operating profit (loss to be listed with “-”) | | 918,225,438.46 | 1,046,347,111.80 |
| Add: Non-operating revenue | V. 56 | 21,236,553.75 | 5,906,114.68 |
| Less: Non-operating expenses | V. 57 | 3,179,998.99 | 475,559.14 |
| IV. Total profit (total loss to be listed with “-”) | | 936,281,993.22 | 1,051,777,667.34 |
| Less: income tax expenses | V. 58 | 76,443,289.86 | 120,839,952.03 |
| V. Net profit (net loss to be listed with “-”) | | 859,838,703.36 | 930,937,715.31 |
| (I) Net profit from continuing operations | | | |
| 1. Net profit from going concern (net loss to be listed with “-”) | | 859,838,703.36 | 930,937,715.31 |
| 2. Net profit from discontinued operations (net loss to be listed with “-”) | | | |
| (II) Net profit by ownership | | | |
| 1. Net profit attributable to shareholders of the parent company (net loss to be listed with “-”) | | 811,953,460.29 | 922,023,211.45 |
| 2. Profit or loss of minority shareholders (net loss to be listed with “-”) | | 47,885,243.07 | 8,914,503.86 |

CONSOLIDATED INCOME STATEMENT (CONTINUED)

January to December 2025

Unit: Yuan Currency: RMB

| Item | Note | FY2025 | FY2024 |
|---|------|---------------------|-------------|
| VI. Net after-tax amount of other comprehensive income | | 6,105,161.55 | 213,376.72 |
| (I) Net after-tax amount of other comprehensive income attributable to the owners of the parent company | | 4,649,371.22 | 772,501.21 |
| 1. Other comprehensive income that cannot be reclassified into profit or loss | | -56,633.24 | 193,079.23 |
| (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 | | -189,530.05 | 56,260.71 |
| (3) Changes in fair value of other equity instrument investments | | 132,896.81 | 136,818.52 |
| (4) Changes in fair value of the Company's credit risk | | | |
| 2. Other comprehensive income reclassified into profit or loss | | 4,706,004.46 | 579,421.98 |
| (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 (effective portion of profit or loss arising from cash flow hedging) | | | |
| (6) Differences in translation of foreign currency financial statements | | 4,706,004.46 | 579,421.98 |
| (7) Others | | | |
| (II) Net after-tax amount of other comprehensive income attributable to non-controlling interests | | 1,455,790.33 | -559,124.49 |

CONSOLIDATED INCOME STATEMENT (CONTINUED)

January to December 2025

Unit: Yuan Currency: RMB

| Item | Note | FY2025 | FY2024 |
|--|------|-----------------------|-----------------------|
| VII.Total comprehensive income | | 865,943,864.91 | 931,151,092.03 |
| (I) Total comprehensive income attributable to the owner of the parent company | | 816,602,831.51 | 922,795,712.66 |
| (II) Total comprehensive income attributable to non-controlling interests | | 49,341,033.40 | 8,355,379.37 |
| VIII.Earnings per share: | | | |
| (I) Basic earnings per share (yuan/share) | | 0.7226 | 0.8206 |
| (II) Diluted earnings per share (yuan/share) | | 0.7226 | 0.8206 |

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

Legal representative:
Zhao Weilin

Person in charge of accounting:
Liu Bin

Director of Accounting Department:
Jiang Jingyuan

INCOME STATEMENT OF THE PARENT COMPANY

January to December 2025

Prepared by First Tractor Company Limited

Unit: Yuan Currency: RMB

| Item | Note | FY2025 | FY2024 |
|---|--------|-------------------------|------------------|
| I. Operating revenue | XVI. 4 | 8,535,152,815.69 | 9,435,492,530.23 |
| Less: Operating costs | XVI. 4 | 7,530,911,408.94 | 8,231,060,701.41 |
| Taxes and surcharges | | 24,513,045.89 | 22,716,438.44 |
| Selling expenses | | 4,498,151.49 | 4,511,490.77 |
| Administrative expenses | | 200,657,843.17 | 209,596,222.20 |
| R&D expenses | | 413,740,238.83 | 420,672,535.98 |
| Financial expenses | | 13,277,772.49 | -2,050,019.39 |
| Including: Interest expenses | | 27,070,621.56 | 36,512,112.30 |
| Interest income | | 14,709,675.94 | 39,255,073.08 |
| Add: Other income | | 89,532,159.52 | 108,049,952.70 |
| Investment income | | | |
| (loss to be listed with "-") | XVI. 5 | 183,999,803.25 | 188,229,755.57 |
| Including: Income from investment in associates and joint ventures | | 27,556,465.28 | 48,489,509.41 |
| Revenue from derecognition of financial assets at amortized cost | | | |
| Net exposure hedging revenue (loss to be listed with "-") | | | |
| Income from changes in fair value (loss to be listed with "-") | | 24,018,569.63 | 42,395,502.26 |
| Credit impairment loss (loss to be listed with "-") | | 47,472,424.29 | 50,499,045.44 |
| Asset impairment loss (loss to be listed with "-") | | -12,162,084.84 | -5,561,981.42 |
| Income of assets disposal (loss to be listed with "-") | | 764,328.40 | 9,016,237.80 |
| II. Operating profit (loss to be listed with "-") | | 681,179,555.13 | 941,613,673.17 |
| Add: Non-operating revenue | | 12,320,806.98 | 3,478,105.17 |
| Less: Non-operating expenses | | 2,614,744.38 | 28,975.00 |
| III. Total profit (total loss to be listed with "-") | | 690,885,617.73 | 945,062,803.34 |
| Less: income tax expenses | | 39,679,284.95 | 101,389,654.03 |
| IV. Net profit (net loss to be listed with "-") | | 651,206,332.78 | 843,673,149.31 |
| (I) Net profit from continuing operations (net loss to be listed with "-") | | 651,206,332.78 | 843,673,149.31 |
| (II) Net profit from discontinued operations (net loss to be listed with "-") | | | |

INCOME STATEMENT OF THE PARENT COMPANY (CONTINUED)

January to December 2025

Unit: Yuan Currency: RMB

| Item | Note | FY2025 | FY2024 |
|---|------|-----------------------|----------------|
| V. Net after-tax amount of other comprehensive income | | -189,530.05 | 56,260.71 |
| (I) Other comprehensive income that cannot be reclassified into profit or loss | | -189,530.05 | 56,260.71 |
| 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 | | -189,530.05 | 56,260.71 |
| 3. Changes in fair value of other equity instrument investments | | | |
| 4. Changes in fair value of the Company's credit risk | | | |
| (II) Other comprehensive income reclassified into profit or loss | | | |
| 1. Other comprehensive income that can be reclassified into profit or loss under the equity method | | | |
| 2. Changes in fair value of other debt investments | | | |
| 3. The amount of financial assets reclassified into other comprehensive income | | | |
| 4. Provision for credit impairment of other debt investments | | | |
| 5. Hedging reserve arising from cash flows | | | |
| 6. Differences in translation of foreign currency financial statements | | | |
| 7. Others | | | |
| VI. Total comprehensive income | | 651,016,802.73 | 843,729,410.02 |
| VII. Earnings per share: | | | |
| (I) Basic earnings per share (yuan/share) | | | |
| (II) Diluted earnings per share (yuan/share) | | | |

Legal representative:
Zhao Weilin

Person in charge of accounting:
Liu Bin

Director of Accounting Department:
Jiang Jingyuan

CONSOLIDATED CASH FLOW STATEMENT

January to December 2025

Prepared by First Tractor Company Limited

Unit: Yuan Currency: RMB

| Item | Note | FY2025 | FY2024 |
|---|-------|--------------------------|-------------------|
| I. Cash flows from operating activities: | | | |
| Cash received from sales of goods and provision of services | | 9,963,243,551.34 | 10,646,284,228.85 |
| Refund of taxes and surcharge | | 253,809,738.87 | 287,716,182.65 |
| Other cash received relating to operating activities | V. 60 | 397,072,086.97 | 285,145,170.80 |
| Subtotal of cash inflows from operating activities | | 10,614,125,377.18 | 11,219,145,582.30 |
| Cash paid for goods and services | | 7,998,773,736.79 | 8,296,127,269.75 |
| Cash paid to and on behalf of employees | | 1,161,887,756.52 | 1,191,990,679.16 |
| Payments of taxes and surcharges | | 238,595,370.71 | 312,481,496.89 |
| Cash paid relating to operating activities | V. 60 | 299,149,531.23 | 202,430,584.29 |
| Subtotal of cash outflows from operating activities | | 9,698,406,395.25 | 10,003,030,030.09 |
| Net cash flows from operating activities | | 915,718,981.93 | 1,216,115,552.21 |

CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

January to December 2025

Unit: Yuan Currency: RMB

| Item | Note | FY2025 | FY2024 |
|---|-------|--------------------------|--------------------------|
| II. Cash flows from investing activities: | | | |
| Cash received from the return of investments | | 2,330,924,774.81 | 249,938,929.41 |
| Cash received from acquirement of investment income | | 139,787,470.04 | 40,755,695.91 |
| Net cash received from the sale of fixed assets, intangible assets and other long-term assets | | 5,079,511.17 | 8,491,304.93 |
| Net cash received from disposal of subsidiaries and other business units | | | |
| Other cash received relating to investing activities | V. 60 | 0.00 | 124,704,059.34 |
| Subtotal of cash inflows from investing activities | | 2,475,791,756.02 | 423,889,989.59 |
| Cash paid to acquire fixed assets, intangible assets and other long-term assets | | 192,925,213.20 | 111,974,124.39 |
| Cash paid to acquire investments | | 3,362,547,389.19 | 1,635,348,808.15 |
| 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 | | 3,555,472,602.39 | 1,747,322,932.54 |
| Net cash flows from investing activities | | -1,079,680,846.37 | -1,323,432,942.95 |

CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

January to December 2025

Unit: Yuan Currency: RMB

| Item | Note | FY2025 | FY2024 |
|--|-------|------------------------|-----------------|
| III. Cash flows from financing activities: | | | |
| Cash received from absorbing investments Including: Cash received by subsidiaries from non-controlling shareholders' investments | | 359,552,041.79 | 65,950,000.00 |
| Cash received from borrowings | | | |
| Other cash received relating to financing activities | | | |
| Subtotal of cash inflows from financing activities | | 359,552,041.79 | 65,950,000.00 |
| Cash paid for repayment of debts | | 200,834,978.00 | 708,000.00 |
| Cash paid for distribution of dividends, profits or interest repayment | | 420,746,648.97 | 378,961,425.54 |
| Including: Dividends and profits paid by subsidiaries to non-controlling shareholders | | 1,587,457.79 | 13,447,680.28 |
| Other cash paid relating to financing activities | V. 60 | 24,843,166.54 | 22,454,151.20 |
| Subtotal of cash outflows from financing activities | | 646,424,793.51 | 402,123,576.74 |
| Net cash flows from financing activities | | -286,872,751.72 | -336,173,576.74 |

CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

January to December 2025

Unit: Yuan Currency: RMB

| Item | Note | FY2025 | FY2024 |
|---|-------|--------------------------------|--------------------------------|
| IV. Effects from the change of exchange rate on cash and cash equivalents | | <u>-320,265.11</u> | <u>4,927,867.73</u> |
| V. Net increase in cash and cash equivalents | V. 61 | <u>-451,154,881.27</u> | <u>-438,563,099.75</u> |
| Add: Beginning balance of cash and cash equivalents | V. 61 | <u>1,784,647,536.28</u> | <u>2,223,210,636.03</u> |
| VI. Ending balance of cash and cash equivalents | V. 61 | <u><u>1,333,492,655.01</u></u> | <u><u>1,784,647,536.28</u></u> |

Legal representative:
Zhao Weilin

Person in charge of accounting:
Liu Bin

Director of Accounting Department:
Jiang Jingyuan

CASH FLOW STATEMENT OF THE PARENT COMPANY

January to December 2025

Prepared by First Tractor Company Limited

Unit: Yuan Currency: RMB

| Item | Note | FY2025 | FY2024 |
|---|------|--------------------------|--------------------------|
| I. Cash flows from operating activities: | | | |
| Cash received from sales of goods and provision of services | | 7,075,144,097.66 | 7,836,349,399.10 |
| Refund of taxes and surcharge | | 155,578,142.83 | 221,940,993.80 |
| Other cash received relating to operating activities | | 1,191,745,130.06 | 408,915,745.75 |
| Subtotal of cash inflows from operating activities | | 8,422,467,370.55 | 8,467,206,138.65 |
| Cash paid for goods and services | | 5,451,295,584.82 | 6,019,667,637.34 |
| Cash paid to and on behalf of employees | | 689,696,851.28 | 724,336,496.93 |
| Payments of taxes and surcharges | | 110,952,856.75 | 206,549,037.39 |
| Cash paid relating to operating activities | | 530,303,907.74 | 341,475,889.67 |
| Subtotal of cash outflows from operating activities | | 6,782,249,200.59 | 7,292,029,061.33 |
| Net cash flows from operating activities | | 1,640,218,169.96 | 1,175,177,077.32 |
| II. Cash flows from investing activities: | | | |
| Cash received from the return of investments | | 2,285,365,466.80 | 200,908,544.16 |
| Cash received from acquirement of investment income | | 134,762,657.28 | 54,002,845.19 |
| Net cash received from the sale of fixed assets, intangible assets and other long-term assets | | 2,482,981.09 | 3,506,588.87 |
| 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 | | 2,422,611,105.17 | 258,417,978.22 |
| Cash paid to acquire fixed assets, intangible assets and other long-term assets | | 39,355,801.89 | 61,384,096.31 |
| Cash paid to acquire investments | | 3,510,000,000.00 | 1,552,406,840.65 |
| Net cash paid for the acquisition of subsidiaries and other business entities | | | 97,476,149.00 |
| Other cash paid relating to investment activities | | | |
| Subtotal of cash outflows from investing activities | | 3,549,355,801.89 | 1,711,267,085.96 |
| Net cash flows from investing activities | | -1,126,744,696.72 | -1,452,849,107.74 |



CASH FLOW STATEMENT OF THE PARENT COMPANY (CONTINUED)

January to December 2025

Unit: Yuan Currency: RMB

| Item | Note | FY2025 | FY2024 |
|--|------|-------------------------------|-------------------------------|
| III. Cash flows from financing activities: | | | |
| Cash received from absorbing investments | | | |
| Cash received from borrowings | | 200,000,000.00 | 65,950,000.00 |
| Other cash received relating to financing activities | | | |
| Subtotal of cash inflows from financing activities | | <u>200,000,000.00</u> | <u>65,950,000.00</u> |
| Cash paid for repayment of debts | | 200,000,000.00 | |
| Cash paid for distribution of dividends, profits or interest repayment | | 419,324,254.30 | 367,195,311.92 |
| Other cash paid relating to financing activities | | 17,718,799.20 | 17,410,327.05 |
| Subtotal of cash outflows from financing activities | | <u>637,043,053.50</u> | <u>384,605,638.97</u> |
| Net cash flows from financing activities | | <u>-437,043,053.50</u> | <u>-318,655,638.97</u> |
| IV. Effects from the change of exchange rate on cash and cash equivalents | | | |
| | | <u>-73,998.27</u> | <u>311.78</u> |
| V. Net increase in cash and cash equivalents | | | |
| | | <u>76,356,421.47</u> | <u>-596,327,357.61</u> |
| Add: Beginning balance of cash and cash equivalents | | <u>83,399,540.34</u> | <u>679,726,897.95</u> |
| VI. Ending balance of cash and cash equivalents | | <u>159,755,961.81</u> | <u>83,399,540.34</u> |

Legal representative:
Zhao Weilin

Person in charge of accounting:
Liu Bin

Director of Accounting Department:
Jiang Jingyuan

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

January to December 2025

Prepared by First Tractor Company Limited

Unit: Yuan Currency: RMB

| Item | FY2025 | | | | | | | | | | | | | Non-controlling interests | Total owners' equity |
|---|---|--------------------------|--------|--|------------------|-----------------------|----------------------------|------------------|------------------|-----------------------|-------------------|--------|------------------|---------------------------|----------------------|
| | Owners' equity attributable to the parent company | | | | | | | | | | | | | | |
| | Paid-in capital (or share capital) | Other equity instruments | | | Capital reserves | Less: Treasury shares | Other comprehensive income | Special reserves | Surplus reserves | General risk reserves | Retained earnings | Others | Subtotal | | |
| | 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 | | | | | | | | | | | | | | | |
| 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 "-") | | | | | | | 5,080,939.72 | 1,084,471.37 | 65,120,633.28 | | 333,712,052.82 | | 404,998,097.19 | 47,554,325.63 | 452,552,422.82 |
| (I) Total comprehensive income | | | | | | | 4,649,371.22 | | | | 811,953,460.29 | | 816,602,831.51 | 49,341,033.40 | 865,943,864.91 |
| (II) Capital invested and decreased by owners | | | | | | | | | | | | | | | |
| 1. Common shares invested by owners | | | | | | | | | | | | | | | |
| 2. Capital contributed by holders of other equity instruments | | | | | | | | | | | | | | | |
| 3. Amount of share-based payment included in shareholders' equity | | | | | | | | | | | | | | | |
| 4. Others | | | | | | | | | | | | | | | |
| (III) Profit distribution | | | | | | | | | 65,120,633.28 | | -477,809,838.97 | | -412,689,205.69 | -1,587,457.79 | -414,276,663.46 |
| 1. Appropriation to surplus reserves | | | | | | | | | 65,120,633.28 | | -65,120,633.28 | | | | |
| 2. Appropriation to general risk reserves | | | | | | | | | | | | | | | |
| 3. Distribution to shareholders | | | | | | | | | | | | | -412,689,205.69 | -412,689,205.69 | -1,587,457.79 |
| 4. Others | | | | | | | | | | | | | | | |
| (IV) Internal carry-over in owners' equity | | | | | | | 431,568.50 | | | | -431,568.50 | | | | |
| 1. Capital surplus transferred to capital (or share capital) | | | | | | | | | | | | | | | |
| 2. Surplus reserves transferred to capital (or 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 | | | | | | | 431,568.50 | | | | -431,568.50 | | | | |
| 6. Others | | | | | | | | | | | | | | | |
| (V) Special reserves | | | | | | | | 1,084,471.37 | | | | | 1,084,471.37 | -199,249.98 | 885,221.39 |
| 1. Appropriation in the current year | | | | | | | | 21,218,468.16 | | | | | 21,218,468.16 | 1,653,758.79 | 22,872,226.95 |
| 2. Use in the current year | | | | | | | | 20,133,996.79 | | | | | 20,133,996.79 | 1,853,008.77 | 21,987,005.56 |
| (VI) Others | | | | | | | | | | | | | | | |
| IV. Ending balance of the current year | 1,123,645,275.00 | | | | 2,655,849,996.00 | | -8,070,289.08 | 10,230,132.90 | 849,363,512.81 | | 3,029,686,803.68 | | 7,660,705,431.31 | 570,116,653.03 | 8,230,824,084.34 |

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY (CONTINUED)

January to December 2025

Unit: Yuan Currency: RMB

| Item | FY2024 | | | | | | | | | | | Non-controlling interests | Total owners' equity | |
|--|---|--------------------------|--------|------------------|-----------------------|----------------------------|------------------|------------------|-----------------------|-------------------|-------|---------------------------|----------------------|------------------|
| | Owners' equity attributable to the parent company | | | | | | | | | | | | | |
| | Paid-in capital (or share capital) | Other equity instruments | | Capital reserves | Less: Treasury shares | Other comprehensive income | Special reserves | Surplus reserves | General risk reserves | Retained earnings | Other | | | Subtotal |
| | Preference shares | Perpetual bonds | Others | | | | | | | | | | | |
| I. Ending balance of the previous year | 1,123,645,275.00 | | | 2,655,849,996.00 | | -13,923,730.01 | 7,494,294.70 | 699,875,564.60 | | 2,218,749,266.26 | | 6,691,690,666.55 | 527,638,996.83 | 7,219,329,663.38 |
| Add: Changes in accounting policies | | | | | | | | | | | | | | |
| Correction of prior period errors | | | | | | | | | | | | | | |
| Others | | | | | | | | | | | | | | |
| II. Beginning balance of the current year | 1,123,645,275.00 | | | 2,655,849,996.00 | | -13,923,730.01 | 7,494,294.70 | 699,875,564.60 | | 2,218,749,266.26 | | 6,691,690,666.55 | 527,638,996.83 | 7,219,329,663.38 |
| III. Movements in the current period (decrease to be listed with "-") | | | | | | 772,501.21 | 1,651,366.83 | 84,367,314.93 | | 477,225,484.60 | | 564,016,667.57 | -5,074,669.43 | 558,941,998.14 |
| (I) Total comprehensive income | | | | | | 772,501.21 | | | | 922,023,211.45 | | 922,795,712.66 | 8,355,379.37 | 931,151,092.03 |
| (II) Capital invested and decreased by owners | | | | | | | | | | | | | | |
| 1. Common shares invested by owners | | | | | | | | | | | | | | |
| 2. Capital contributed by holders of other equity instruments | | | | | | | | | | | | | | |
| 3. Amount of share-based payment included in shareholders' equity | | | | | | | | | | | | | | |
| 4. Others | | | | | | | | | | | | | | |
| (III) Profit distribution | | | | | | | | 84,367,314.93 | | -444,797,726.85 | | -360,430,411.92 | -13,447,680.28 | -373,878,092.20 |
| 1. Appropriation to surplus reserves | | | | | | | | 84,367,314.93 | | -84,367,314.93 | | | | |
| 2. Appropriation to general risk reserves | | | | | | | | | | | | | | |
| 3. Distribution to owners (or shareholders) | | | | | | | | | | -360,430,411.92 | | -360,430,411.92 | -13,447,680.28 | -373,878,092.20 |
| 4. Others | | | | | | | | | | | | | | |
| (IV) Internal carry-over in shareholder's equity | | | | | | | | | | | | | | |
| 1. Capital surplus transferred to capital (or share capital) | | | | | | | | | | | | | | |
| 2. Surplus reserves transferred to capital (or share capital) | | | | | | | | | | | | | | |
| 3. Surplus reserves to recover losses | | | | | | | | | | | | | | |
| 4. Retained earnings carried forward from changes in defined benefit plan | | | | | | | | | | | | | | |
| 5. Retained earnings carried forward from other comprehensive income | | | | | | | | | | | | | | |
| 6. Others | | | | | | | | | | | | | | |
| (V) Special reserves | | | | | | | 1,651,366.83 | | | | | 1,651,366.83 | 17,631.48 | 1,668,998.31 |
| 1. Appropriation in the current year | | | | | | | 19,534,818.19 | | | | | 19,534,818.19 | 1,728,120.29 | 21,262,938.48 |
| 2. Use in the current year | | | | | | | 17,883,451.36 | | | | | 17,883,451.36 | 1,710,488.61 | 19,593,940.17 |
| (VI) Others | | | | | | | | | | | | | | |
| IV. Ending balance of the current year | 1,123,645,275.00 | | | 2,655,849,996.00 | | -13,151,228.80 | 9,145,661.53 | 784,242,879.53 | | 2,695,974,750.86 | | 7,255,707,334.12 | 522,564,327.40 | 7,778,271,661.52 |

Legal representative:
Zhao Weilin

Person in charge of accounting:
Liu Bin

Director of Accounting Department:
Jiang Jingyuan

STATEMENT OF CHANGES IN OWNERS' EQUITY OF THE PARENT COMPANY

January to December 2025

Prepared by First Tractor Company Limited

Unit: Yuan Currency: RMB

| Item | FY2025 | | | | | | | | | | |
|--|---------------------------------------|--------------------------|-----------------|------------------|------------------|--------------------------|----------------------------------|---------------------|---------------------|----------------------|----------------------------|
| | Paid-in capital (or share capital) | Other equity instruments | | | Capital reserves | Less: Treasury shares | Other comprehensive income | Special reserves | Surplus reserves | Retained earnings | Total owners' 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 "-") | | | | | | 242,038.45 | | 65,120,633.28 | 172,964,925.31 | 238,327,597.04 | |
| (I) Total comprehensive income | | | | | | -189,530.05 | | | 651,206,332.78 | 651,016,802.73 | |
| (II) Capital invested and decreased by owners | | | | | | | | | | | |
| 1. Invested capital of owners | | | | | | | | | | | |
| 2. Capital contributed by holders of other equity instruments | | | | | | | | | | | |
| 3. Amount of share-based payment included in shareholders' equity | | | | | | | | | | | |
| 4. Others | | | | | | | | | | | |
| (III) Profit distribution | | | | | | | | 65,120,633.28 | -477,809,838.97 | -412,689,205.69 | |
| 1. Appropriation to surplus reserves | | | | | | | | 65,120,633.28 | -65,120,633.28 | | |
| 2. Distribution to owners (or shareholders) | | | | | | | | | -412,689,205.69 | -412,689,205.69 | |
| 3. Others | | | | | | | | | | | |
| (IV) Internal carry-over in shareholder's equity | | | | | | 431,568.50 | | | -431,568.50 | | |
| 1. Capital surplus transferred to capital (or share capital) | | | | | | | | | | | |
| 2. Surplus reserves transferred to capital (or 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 | | | | | | 431,568.50 | | | -431,568.50 | | |
| 6. Others | | | | | | | | | | | |
| (V) Special reserves | | | | | | | | 10,623,904.27 | | 10,623,904.27 | |
| 1. Appropriation in the current year | | | | | | | | 10,623,904.27 | | 10,623,904.27 | |
| 2. Use in the current year | | | | | | | | | | | |
| (VI) Others | | | | | | | | | | | |
| IV. Ending balance of the current year | 1,123,645,275.00 | | | 2,561,176,415.62 | | | | 774,870,228.98 | 2,900,430,903.82 | 7,390,122,823.42 | |

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

January to December 2025

Unit: Yuan Currency: RMB

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

Legal representative:
Zhao Weilin

Person in charge of accounting:
Liu Bin

Director of Accounting Department:
Jiang Jingyuan

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

I. COMPANY PROFILE

1. Company Overview

First Tractor Company Limited (hereinafter referred to as the Company, including its subsidiaries, collectively referred to as the Group) is a limited company established in the People's Republic of China on 8 May 1997. The Company acquired the main tractor manufacturing business and related assets and liabilities of China YTO Group Corporation (hereinafter referred to as China YTO) in accordance with the reorganization plan effective on 31 December 1996. The net asset value is RMB636,346,000.00, which is converted into 450,000,000 state-owned legal person shares. Subsequently, the Company was approved to issue 335,000,000 H shares (par value of RMB1 per share) in Hong Kong, and the registered capital and paid-in capital of the Company were increased to RMB785,000,000.00. The H shares issued by the Company were listed on the Stock Exchange of Hong Kong Limited (Hong Kong Stock Exchange) on 23 June 1997. On 24 October 2007, the Company allotted 60,900,000 H shares at HKD3.95 per share. After the allotment, the registered capital and paid-in capital of the Company increased to RMB845,900,000.00. On 27 July 2012, with the approval of ZJXX [2012] No. 736 Document of China Securities Regulatory Commission, the Company publicly issued not more than 150,000,000 ordinary shares, and the actual issued shares were 150,000,000 shares at an issue price of RMB5.40 per share. All the issuance funds were in place on 1 August 2012, and the Company was officially listed for trading on the Shanghai Stock Exchange on 8 August 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 19 July 2016 to 26 May 2017.

In January 2021, after the Company received the *Reply on Approving the Private Placement of Shares by First Tractor Company Limited* from 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 31 December 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 registered in China.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

II. BASIS OF PREPARATION FOR FINANCIAL STATEMENTS

1. Preparation basis

The financial statements of the Group are prepared on a going concern basis, based on actual transactions and events that have occurred, in accordance with the Accounting Standards for Business Enterprises and its application guidelines, interpretations and other relevant regulations issued by the Ministry of Finance (hereinafter collectively referred to as the “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 “CSRC”), 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 these notes.

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 of the Company have been prepared in accordance with the Accounting Standards for Business Enterprises (ASBE), and present truly and completely the financial position of the Company and the Group as of 31 December 2025, and their operating results and cash flows and other related information for 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

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

The assets and liabilities acquired by the Group, as the combining party, from the business combination 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 are insufficient for offsetting, retained earnings shall be adjusted.

The identifiable assets, liabilities and contingent liabilities acquired from the acquiree in the business combination 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 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 cost of the combination over the Group's fair value of the identifiable net assets of the acquiree obtained by the Group in the combination shall be recognized as goodwill; if the combination cost is less than the fair value of the identifiable net assets of the acquiree obtained in the combination, the fair value of various identifiable assets, liabilities and contingent liabilities obtained in the combination and the fair value of non-cash assets or equity securities issued in the consideration of combination shall be re-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 the 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 is inconsistent with that adopted by the Company, the financial statements of subsidiaries shall be adjusted according to the accounting policy or accounting period of the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

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

All material internal transactions, balances and unrealized profits within the scope of consolidation shall be eliminated during preparation of consolidated financial 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 subsidiaries acquired in the business combination under common control, their operating results and cash flows are included in 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 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 results in a business combination, such equity shall be adjusted in the preparation of consolidated financial statements as if it might have existed as the current state from the time when the ultimate controller takes control. When preparing comparative accounts, relevant assets and liabilities of the 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 common control of the ultimate controller, moreover, increased net assets resulting from the combination are adjusted as relevant items under owners' equity. 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 combination not under common control, operating results and cash flows shall be incorporated into consolidated financial statements from the date when the Group takes control. In preparing the consolidated financial statements, the financial statements of the subsidiaries are adjusted based on the fair value of all identifiable assets, liabilities and contingent liabilities recognized on the acquisition date.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

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

Under the circumstance that the equity of the investee 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.

In the situation when the Group partially disposes of long-term equity investments in subsidiaries without losing control rights, 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 are 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 recalculated based on the fair value thereof on the day the control is lost when preparing the consolidated financial statements. The balance between the sum of consideration acquired from disposal of equity interest and the fair value of the 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

8. Classification of joint-operation arrangement and 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 assumed solely which are recognized by the Group as the joint-venture party in joint operation and assets held and liabilities assumed 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 asset purchases and sales 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 the deposit held in bank available for payment at any time. Cash equivalent in the cash flow statement refers to the investment with a term of not more than 3 months and high liquidity, and is easily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

10. Foreign currency transactions and translation of foreign currency statements

(1) *Foreign currency transactions*

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

(2) *Translation of foreign currency financial statements*

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Financial instruments

(1) Recognition and derecognition of financial instruments

When the Group becomes a party to 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 shall 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Financial instruments (Continued)

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

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

At the time of initial recognition, financial assets are measured at fair value. However, if the accounts receivable or bills 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, bills receivable, other receivables, other current assets, and debt investments.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Financial instruments (Continued)

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

2) *Debt instrument investments at FVTOCI*

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

3) *Equity instrument investments measured at FVTOCI*

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

4) *Financial assets at FVTPL*

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Financial instruments (Continued)

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

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

Subsequent measurement of financial liabilities depends on their classification:

1) *Financial liabilities measured at amortized cost*

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

2) *Financial liabilities at FVTPL*

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Financial instruments (Continued)

(4) *Impairment of financial instruments*

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Financial instruments (Continued)

(4) Impairment of financial instruments (Continued)

1) Impairment test method of receivables and contract assets

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Financial instruments (Continued)

(4) Impairment of financial instruments (Continued)

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

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

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

| Portfolio according to credit risk characteristics | Expected loss provision ratio (%) |
|--|--|
| Ageing portfolio | Accrual according to the estimated loss rate in the whole duration |
| Including: Domestic business customers | Loss rate estimated based on ageing credit risk feature portfolio |
| International business customers | Loss rate estimated based on ageing credit risk feature portfolio after netting of the guarantee 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 |

- ② Portfolio category and determination basis of bills receivable

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Financial instruments (Continued)

(4) Impairment of financial instruments (Continued)

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

③ Portfolio category and determination basis of other receivables

Other receivables of the Group mainly include deposits and security deposits receivable, and employee pretty cash receivable. 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Financial instruments (Continued)

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

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

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

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

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

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

If the entire transfer of the financial assets meets derecognition conditions, the difference between the carrying amount of transferred financial 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Financial instruments (Continued)

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

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

In case of further involvement through providing a financial guarantee for transferred financial assets, the assets formed by further involvement shall be recognized 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Financial instruments (Continued)

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

When classifying a financial instrument in the consolidated 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.

(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 recognized as an asset, and derivative financial instruments with negative fair value are recognized as a debt.

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

(8) *Measurement of fair value*

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

If the assets and liabilities are measured or disclosed at fair value in financial statements, the level to which the fair value belongs shall be determined based on the lowest level input that is significant for the whole fair value measurement: the inputs for Level 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Financial instruments (Continued)

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

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

12. Inventories

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

The purchased and sent inventories shall be valued according to the predetermined planned cost, and a separate "Material Cost Variance" account shall be set up to carry forward the difference between the actual cost and the planned cost on schedule. The cost of the 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 the current profit or loss.

Perpetual inventory system is adopted for inventories.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

13. Contract assets

Contract assets refer to the Group's right to receive consideration for the goods it has transferred to customers, and 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.

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 upon 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 rights 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.

The investee under the control of the Group shall be deemed 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

14. Long-term equity investments (Continued)

Under the circumstance that the equity of the investees under common control is obtained through multiple transactions step by step, which results in a business combination, supplementary disclosure to treatment methods for long-term equity investments in the financial statements of the Company shall be made in the reporting period in which the control is obtained. For instance, as to the equity of the investee under common control acquired step-by-step through multiple transactions and business combinations 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 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 amount 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

14. Long-term equity investments (Continued)

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

For long-term equity investments subsequently calculated by the cost method, when more investments are added, the carrying amount of the long-term equity investment costs is increased based on the fair value of the 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.

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

14. Long-term equity investments (Continued)

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

Various transactions of the Group from step-by-step equity disposal to loss of controlling power do not belong to the package deal, and every transaction is separately subject to accounting treatment. Any transaction categorized 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

16. Fixed assets

(1) Confirmation conditions

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 method

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 rate (%) |
|-----|---------------------------------|----------------------|----------------------------|---------------------------|---------------------------------|
| 1 | Land assets | — | Long term | — | — |
| 2 | Houses and buildings | Straight-line method | 10-30 | 5-10 | 3.00-9.50 |
| 3 | Machinery equipment | Straight-line method | 10-14 | 5-10 | 6.40-9.50 |
| 4 | Transportation facilities | Straight-line method | 8-12 | 5-10 | 7.50-11.90 |
| 5 | Office and electronic equipment | Straight-line method | 5-8 | 5-10 | 11.30-19.00 |
| 6 | Others | Straight-line method | 5-14 | 5-10 | 6.40-19.00 |

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

17. Construction in progress

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

18. Borrowing costs

The borrowing costs directly belonging to fixed assets, investment properties and inventories that require more than one year of acquisition or construction to be ready for intended use or selling shall be capitalized when the expenditures of the assets and the borrowing costs incurred and acquisition or construction activities necessary for making the assets 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 by the capitalization rate of general borrowings used. The capitalization rate shall be calculated and determined based on the weighted average interest rate of the general borrowings.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

19. Intangible assets

(1) Useful life and the basis for determination, estimation, amortisation method or 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 rights shall be averagely amortized within the period of economic benefits. The amortized amounts shall be included in the relevant asset costs and current profit or loss according to beneficiaries. The estimated useful life and the amortization method of intangible assets with limited useful life shall be reviewed at the end of each year. If a change occurs, it shall be treated as a change in accounting estimates.

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

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

(2) Collection scope of R&D expenses and the related accounting treatment methods

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 year are expensed and included in current R&D expenses.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

20. Impairment of long-term assets

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

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

20. Impairment of long-term assets (Continued)

In conducting the impairment test for goodwill, the carrying amount of goodwill shall be amortized to the asset portfolio groups or portfolio of asset groups that are expected to benefit from the synergy of business combination. When conducting impairment tests on the related asset groups or portfolios of asset groups that contain goodwill, if there are indications of impairment, test the asset groups or portfolios of asset groups that do not contain goodwill first, calculate the recoverable amount, and compare it with the related carrying amount to confirm the corresponding impairment loss. Then, the asset groups or portfolios 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 portfolios 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 all be 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

23. Employee salary

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

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

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

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

(3) *Accounting treatment methods for dismissal welfare*

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

23. Employee salary (Continued)

(4) *Accounting treatment methods for other long-term 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 welfare provided by the Group to employees that meet the conditions of defined contribution plan, the accounting shall be treated as per the provisions of the above defined contribution plan. Net liabilities or assets of other long-term employee welfare provided by the Group to employees and satisfying conditions of the defined benefit plan shall be recognized and measured as per the provisions of the defined benefit plan. At the end of the reporting period, the Group recognizes employee payroll cost generated from other long-term employee welfare as the following components: service cost; net interest amount of net liabilities or assets of other long-term employee welfare; changes generated from remeasurement of net liabilities or assets of other long-term employee welfare. The total net amount shall be included in current profit or loss or relevant asset cost.

24. Estimated liabilities

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

25. Revenue

The Group's operating revenue mainly includes domestic sales revenue, export revenue 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 a liability. Where there is a material financing component in the contract, the Group shall determine the transaction price on the basis of the amount payable in cash, assuming that the customer acquired control of the goods or services. The difference between the transaction price and the contract consideration shall be amortized over the contract period using the effective interest method. At the commencement time of the contract, if the Group expects that the interval between the customer's acquisition of control over goods or services and the payment of the price by the customer will not exceed one year, the material financing component existing in the contract would not be considered.

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

25. Revenue (Continued)

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

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

For performance obligations performed at a certain time point, the Group shall confirm the revenue at the time point when the customer gains control 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

25. Revenue (Continued)

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

1) *Timing of revenue recognition (Continued)*

② Sales revenue from export

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

③ 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

25. Revenue (Continued)

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

2) *Determination of transaction price*

The Group takes the amount of consideration expected to be entitled to receive for the transfer of commodities to customers as the transaction price and determines it according to the terms of the contract and combining past business practices. Some contracts of the Group stipulate that when a customer purchases goods in excess of a certain quantity or the payment method and term are optimized, a certain discount can be enjoyed to directly deduct the amount payable by the customer when purchasing goods in the current or future period. The Group shall make the best estimate of discount based on the most likely amount and include it in the transaction price to the extent that the estimated transaction price after discount does not exceed the amount of accumulative confirmed revenue that will most likely not be materially reversed when the relevant uncertainty is removed. Moreover, the Group shall re-estimate the discount on each balance sheet date.

3) *Measurement quality assurance*

According to the contractual stipulations, legal provisions, etc., the Group provides quality assurance for the goods sold, which belongs to the guarantee quality assurance to assure customers that the goods sold meet the established standards. The Group performs accounting treatment according to 24. Estimated liabilities of Note III.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

26. Contract costs

(1) *Determination method of asset amounts related to contract costs*

The Group's assets related to contract costs include contract performance costs and contract acquisition costs.

If the contract performance cost, namely, the cost incurred by the Group for the performance 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, shall be recognized as an asset. 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), are included in the current profit or loss when it occurs, however, except for costs clearly borne by the customer.

(2) *Amortization of assets related to contract costs*

The assets related to the contract costs of the Group are amortized on the same basis as the recognized sales revenue related to the assets and included in the current profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

26. Contract costs (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, if its carrying amount exceeds the difference between the remaining consideration the Group expects to receive from transferring the goods associated with that asset, and the estimated costs that will be incurred to transfer those goods, an impairment loss shall be recognized for the excess amount and recorded as an impairment loss on assets.

If the factors for impairment in previous periods change after that, so that the aforesaid difference is higher than the carrying amount of the asset, the original provision for 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 subsidies are 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 subsidies and revenue-related government subsidies. The asset-related government subsidies refer to those obtained by the Group and used for the acquisition or construction of long-term assets or the obtainment of such assets in other forms. The revenue-related government subsidies refer to those other than the asset-related government subsidies. If no assistance object is specified in the government documents, the Group shall determine it based on the above identifying principles. For those hard to be identified, classify them totally in the revenue-related government subsidies.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

27. Government subsidies (Continued)

Where a government subsidy related to an asset is recognized as deferred income, it shall be amortized to profit or loss in stage over the useful life of the constructed or purchased asset on a reasonable and systematic basis.

The 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

29. Lease

(1) Identification of lease

On the commencement date of a contract, the Group evaluates whether the contract is a lease or includes a lease. Where a party to a contract transfers the right to control the use of one or more identified assets for a certain period of time in return for 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) The Group 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; and 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-of-use asset. If the ownership of the leased asset can be reasonably confirmed to be acquired at the expiration of the lease term, the depreciation shall be carried out within the remaining useful life of the leased asset; otherwise, the depreciation shall be carried out within the lease term or the remaining useful life of the leased asset, whichever is shorter. The depreciation amount for provision is included in the cost of underlying assets or the current profit or loss according to the use of the right-of-use asset.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

29. Lease (Continued)

(2) *The Group 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 of the options, the Group will re-measure the lease liabilities according to the present value of the lease payment after the change.

2) *Short-term lease and low-value asset lease*

For the short-term lease with a lease term of not more than 12 months and low-value asset lease with a lower value when a single leased asset is brand new, the Group chooses not to recognize the right-of-use asset and lease liabilities. The Group will include the lease payment for short-term lease and low-value asset lease into the related asset cost or current profit or loss by the straight-line method or other systematic and reasonable methods during each lease term.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

29. Lease (Continued)

(3) *The Group 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

30. Non-current assets or disposal group held for sale

Where the Group recovers its carrying amount mainly through the sales (including the exchange of non-monetary assets of commercial nature, similarly hereinafter) other than the continuous use of a non-current asset or disposal group, the non-current asset or disposal group shall be classified as held for sale.

The Group classifies the non-current assets or disposal groups meeting the following conditions as the assets held for sale: (1) The non-current assets or disposal groups can be immediately sold under current conditions pursuant to general terms for selling such assets or disposal groups; (2) The sales are very likely to occur, i.e., a resolution has been taken on a sales plan and a definitive purchase commitment has been obtained, and the sales are expected to be completed within one year. Relevant regulations require that the relevant approval needs to be obtained for those available for sale after approval by the relevant authorities or regulators. Before the non-current assets or disposal groups are classified as held for sale for the first time, the Group shall measure the carrying amount of each asset and liability in the non-current assets or disposal groups in accordance with the relevant accounting standards. When the non-current assets or disposal groups held for sale are measured initially or remeasured on the balance sheet date, if the carrying amount is higher than the net amount obtained by deducting the selling expenses from the fair value, the carrying amount shall be reduced to the net amount obtained by deducting the selling expenses from the fair value, and the write-down amount shall be recognized as the asset impairment losses and shall be included in the current profit or loss and the accrual for provision for impairment of assets held for sale shall be made at the same time.

The Group classifies the non-current assets or disposal groups that are acquired exclusively for resale, meeting the conditions of “the sales are expected to be completed within one year” on the acquisition date and likely to meet other conditions for assets held for sale in a short time (usually 3 months) as the assets held for sale on the acquisition date. In the initial measurement, the initial measurement amount assuming they are not classified as assets held for sale and the net amount obtained by deducting the selling expenses from the fair value are compared, whichever is less. Except for the non-current assets or disposal groups acquired in the business combination, the difference arising from the net amount obtained by deducting the selling expenses from the fair value in the non-current assets or disposal groups as the initial measurement amount shall be included in the current profit or loss.

If the Group loses control over its subsidiaries due to the sales of investment in subsidiaries and other reasons, whether the Group reserves some of its equity investments after the sales or not, when the investment in subsidiaries to be sold meets the conditions for assets held for sale, the investment in subsidiaries will be classified as assets held for sale as a whole in the individual financial statements of the parent company and all the assets and liabilities of subsidiaries will be classified as assets held for sale in the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

30. Non-current assets or disposal group held for sale (Continued)

If the net amount obtained by deducting the selling expenses from the fair value of non-current assets held for sale on the subsequent balance sheet date increases, the previous write-down amount shall be recovered and reversed from the asset impairment losses recognized after being classified as assets held for sale, and the reversed amount shall be included in the current profit or loss. The asset impairment losses recognized before being classified as assets held for sale shall not be reversed.

For the asset impairment losses recognized in the disposal group held for sale, the carrying amount of the goodwill in the disposal group shall be deducted, and then the carrying amount shall be deducted proportionately based on the proportion of the carrying amount of each non-current asset.

If the net amount obtained by deducting the selling expenses from the fair value of disposal groups held for sale on the subsequent balance sheet date increases, the previous write-down amount shall be recovered and reversed from the asset impairment losses recognized in the non-current assets applicable to the relevant measurement rules after being classified as assets held for sale, and the reversed amount shall be included in the current profit or loss. The carrying amount of goodwill deducted and the asset impairment losses recognized in the non-current assets before being classified as assets held for sale shall not be reversed.

For the subsequently reversed amount of asset impairment losses recognized in the disposal group held for sale, the carrying amount shall be increased proportionately based on the proportion of the carrying amount of each non-current asset other than the goodwill in the disposal group.

Non-current assets held for sale or non-current assets in disposal groups are not depreciated or amortized and interest and other expenses on liabilities in disposal groups held for sale continue to be recognized.

When the non-current assets or disposal groups held for sale are not further classified as assets held for sale or the non-current assets are removed from the disposal groups held for sale due to failure to meet the conditions for assets held for sale, the measurement shall be conducted based on the lower of the following two: (1) carrying amount before being classified as assets held for sale, adjusted according to the depreciation, amortization or impairment that should have been recognized if it had not been classified as held for sale; (2) recoverable amount.

When the non-current assets or disposal groups held for sale are derecognized, the unrecognized gains or losses shall be included in the current profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

31. Discontinued operations

Discontinued operations refer to the components of the Group which meet one of the following conditions, which could be separately distinguished, and that such components have been disposed or been classified as the type of held for sale: (1) Such components represent an independent main business or separate main operating areas; (2) Such components are parts of a related plan to dispose of an independent main business or a separate main business area; (3) Such components are subsidiaries specially acquired for resale.

In the Income Statement, the Group added items such as “net profit from continuing operations” and “net profit from discontinued operations” under 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 assumptions 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

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

- (3) Estimated useful life and estimated net residual value of fixed assets. The estimated useful life and estimated net residual value of fixed assets are estimated based on the previous actual useful life and the actual net residual value of fixed assets with similar properties and functions. During the use of fixed assets, the economic environment, technical environment, and other environments may have a great impact on the useful life and estimated net residual value of fixed assets. If the estimated useful life and the net residual value of fixed assets are different from the original estimates, the management will make appropriate adjustments.
- (4) Fair value of financial assets. For financial instruments without an active market, the Group determines their fair value by various valuation techniques, including the discounted 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, the final tax treatment for many transactions and events has uncertainties. When accruing income tax, the Group needs to make material judgments. If there is a difference between the finally recognized outcome for these taxes and the initially received amount, it will have an impact on the above-mentioned taxes in the final recognition period.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

33. Changes in significant accounting policies and accounting estimates

None.

34. Financial statements as at the beginning of the first year of adoption adjusted upon first-time application of new accounting standards or interpretations from 2025

None.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

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% |

Taxpayer's description for the tax rates of different corporate income taxes:

| Name of taxpayer | Income tax rate |
|--|--|
| First Tractor Company Limited | 15% |
| YTO (Luoyang) Diesel Engine Co., Ltd. | 15% |
| YTO (Luoyang) Flag Auto-Body Co., Ltd. | 15% |
| Luoyang Tractor Research Institute Co., Ltd. | 15% |
| YTO (Luoyang) Hydraulic Transmission Co., Ltd. | 15% |
| Other domestic subsidiaries | 25% |
| Overseas subsidiaries | Calculated and paid per local tax policy |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

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 1 January 2021 to 31 December 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

IV. TAXES (CONTINUED)

2. Tax preference (Continued)

(1) Value-added tax (Continued)

Luoyang Tractor Research Institute Co., Ltd., a subsidiary of the Group, is exempted from urban land use tax and property tax on public rental housing and VAT on rental income obtained from the operation of public rental housing according to the Announcement of the Ministry of Finance and the State Taxation Administration on Continuing to Implement the Preferential Tax Policies for Public Rental Housing (Announcement No. 33 [2023] of Ministry of Finance and State Taxation Administration). This policy is effective until 31 December 2025.

Brilliance China Machinery Holdings Ltd., a subsidiary of the Group, is a small-scale taxpayer. According to Article 2 of the Announcement of the Ministry of Finance and the State Taxation Administration on Clarifying the Value-added Tax Reduction and Exemption Policies for Small-scale VAT Taxpayers (Announcement No. 1 [2023] of the Ministry of Finance and the State Taxation Administration), from 1 January 2023 to 31 December 2023, small-scale VAT taxpayers subject to a levy rate of 3% on taxable sales income will enjoy a reduced VAT rate of 1%. According to the Announcement of the Ministry of Finance and the State Taxation Administration on VAT Reduction and Exemption Policies for Small-scale Value-added Taxpayers (Announcement No. 19 [2023] of the Ministry of Finance and the State Taxation Administration), the policy implementation period is extended to 31 December 2027. According to Article 1 of the Announcement of Henan Provincial Department of Finance and Henan Provincial Tax Service, State Taxation Administration on Further Implementing the “Six Taxes and Two Fees” Reduction and Exemption Policies for Micro and Small Enterprises (Announcement No.1 [2022] of Henan Provincial Department of Finance and Henan Provincial Tax Service, State Taxation Administration), from 1 January 2022 to 31 December 2024, small-scale VAT taxpayers, small low-profit enterprises and individual businesses in Henan Province will be subject to a 50% reduction in resource tax (excluding water resources tax), urban maintenance and construction tax, housing property tax, urban land use tax, stamp duty (excluding securities trading stamp duty), farmland occupation tax, education surcharges and local education surcharges. According to the Announcement of the Ministry of Finance and the State Taxation Administration on Relevant Tax Policies for Further Supporting the Development of Small and Micro Enterprises and Individual Industrial and Commercial Households (Announcement No. 12 [2023] of the Ministry of Finance and the State Taxation Administration), the policy implementation period is extended to 31 December 2027.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

IV. TAXES (CONTINUED)

2. Tax preference (Continued)

(1) *Value-added tax (Continued)*

Luoyang Changxing Agricultural Machinery Co., Ltd., a subsidiary of the Group, enjoys the VAT exemption policy for the sales of agricultural machinery in accordance with the Notice of the Ministry of Finance and the State Taxation Administration concerning the Policy of Exemption of Value Added Tax on Agricultural Means of Production (CS [2001] No. 113).

The Group's subsidiaries Yitwo Argo-Industrial and YTO Belarus Technology Co., Ltd. are registered abroad and pay VAT at the local applicable tax rate.

According to the Announcement on the Addition, Credit, and Deduction Policies for Value-added Tax of Advanced Manufacturing Enterprises (Announcement No. 43 [2023] of the Ministry of Finance and State Taxation Administration), from 1 January 2023 to 31 December 2027, the Company and its 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. According to the relevant requirements of Notice on Matters Related to Formulation of List of Advanced Manufacturing Enterprises Enjoying Additional VAT Addition, Credit, and Deduction Policies in 2025, in some cases, the input tax amount obtained shall not be accrued for additional deduction.

(2) *Enterprise income tax*

The Company and its subsidiaries, including YTO (Luoyang) Diesel Engine Co., Ltd., YTO (Luoyang) Flag Auto-Body Co., Ltd., Luoyang Tractor Research Institute Co., Ltd., and YTO (Luoyang) Hydraulic Transmission Co., Ltd., are high-tech enterprises jointly recognized by the Provincial Department of Science and Technology, the Public Finance Department, and the State Taxation Administration and according to Article 28 of the Enterprise Income Tax Law of the People's Republic of China, the income tax rate of 15% is applicable.

The Group's subsidiaries Yitwo Argo-Industrial and YTO Belarus Technology Co., Ltd. are registered abroad and pay income tax at the local applicable tax rate.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS

Unless otherwise stated, among the following disclosed data in the financial statements, “beginning” refers to 1 January 2025; “ending” refers to 31 December 2025; “current year” refers to the period from 1 January to 31 December 2025; “previous year” refers to the period from 1 January to 31 December 2024; and the monetary unit is RMB.

1. Monetary funds

| Item | Ending balance | Beginning balance |
|--|-------------------------|-------------------------|
| Cash on hand | 50,619.11 | 98,797.95 |
| Cash at bank | 80,945,017.06 | 296,161,545.92 |
| Other monetary funds | 161,329,804.40 | 88,707,741.00 |
| Deposits in the Finance Company (Note) | 1,669,218,110.27 | 1,960,076,066.05 |
| Total | 1,911,543,550.84 | 2,345,044,150.92 |
| Including: Total amount deposited overseas | 17,650,295.38 | 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

| Item | Ending balance | Beginning balance |
|-----------------------------|-----------------------|-----------------------|
| Margin for acceptance bills | 577,850,895.83 | 555,439,590.04 |
| Other restricted funds | 200,000.00 | 4,957,024.60 |
| Total | 578,050,895.83 | 560,396,614.64 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

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

2. Financial assets held for trading

| Item | Ending balance | Beginning balance |
|--|-----------------------|-------------------------|
| Financial assets at FVTPL | 946,000,000.00 | 1,378,751,780.82 |
| Including: Debt instrument investments | 0.00 | 502,751,780.82 |
| Equity instrument investments | 946,000,000.00 | 876,000,000.00 |
| Total | 946,000,000.00 | 1,378,751,780.82 |

3. Bills receivable

(1) Bills receivable as per category

| Item | Ending balance | Beginning balance |
|-----------------------------|----------------------|----------------------|
| Bank acceptance bills | 32,918,620.49 | 33,094,217.58 |
| Commercial acceptance bills | 10,631,005.69 | 3,605,374.54 |
| Total | 43,549,626.18 | 36,699,592.12 |

(2) No bills receivable pledged at the end of the year

(3) Bills receivable endorsed or discounted by the Company at the end of the year but not yet expired on the balance sheet date

| Item | Derecognition amount at the end of the year | Non-derecognition amount at the end of the year |
|-----------------------|---|---|
| Bank acceptance bills | 0.00 | 7,788,550.80 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

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

4. Accounts receivable

(1) *Accounts receivable as per ageing*

| Ageing | Ending book value | Beginning book value |
|----------------------------------|-----------------------|-----------------------|
| Within 1 year (including 1 year) | 332,507,663.64 | 305,250,823.09 |
| 1-2 years | 12,874,987.85 | 34,043,696.35 |
| 2-3 years | 30,206,796.91 | 9,146,307.77 |
| Over 3 years | 233,231,805.64 | 235,613,644.16 |
| Subtotal | 608,821,254.04 | 584,054,471.37 |
| Less: Provision for impairment | 282,037,180.42 | 281,784,747.78 |
| Total | 326,784,073.62 | 302,269,723.59 |

(2) *Accounts receivable as per provision for bad debts method*

| Category | Ending balance | | | | Carrying amount | Beginning balance | | | | Carrying amount |
|---|-----------------------|----------------|-------------------------|--------------------------|-----------------------|-----------------------|----------------|-------------------------|--------------------------|-----------------------|
| | Book value | | Provision for bad debts | | | Book value | | Provision for bad debts | | |
| | Amount | Proportion (%) | Amount | Provision proportion (%) | | Amount | Proportion (%) | Amount | Provision proportion (%) | |
| Provision for bad debts accrued by portfolio | 608,821,254.04 | 100.00 | 282,037,180.42 | — | 326,784,073.62 | 584,054,471.37 | 100.00 | 281,784,747.78 | — | 302,269,723.59 |
| Including: Ageing portfolio | 452,464,810.07 | 74.32 | 229,961,894.12 | 50.82 | 222,502,915.95 | 494,737,713.48 | 84.71 | 233,569,131.01 | 47.21 | 261,168,582.47 |
| Collateral and other risk exposure portfolios | 156,356,443.97 | 25.68 | 52,075,286.30 | 33.31 | 104,281,157.67 | 89,316,757.89 | 15.29 | 48,215,616.77 | 53.98 | 41,101,141.12 |
| Total | 608,821,254.04 | 100.00 | 282,037,180.42 | — | 326,784,073.62 | 584,054,471.37 | 100.00 | 281,784,747.78 | — | 302,269,723.59 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

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

4. Accounts receivable (Continued)

(2) Accounts receivable as per provision for bad debts method (Continued)

Provision for bad debts of accounts receivable:

accrued as per portfolio: ageing portfolio

| Ageing | Book value | Ending balance Provision for bad debts | Provision proportion (%) |
|----------------------------------|-----------------------|--|--------------------------------|
| Within 1 year (including 1 year) | 225,322,336.92 | 5,424,818.94 | 2.41 |
| 1-2 years | 1,807,542.55 | 586,778.47 | 32.46 |
| 2-3 years | 21,858,461.91 | 21,302,931.19 | 97.46 |
| Over 3 years | 203,476,468.69 | 202,647,365.52 | 99.59 |
| Total | 452,464,810.07 | 229,961,894.12 | — |

accrued as per portfolio: collateral and other risk exposure portfolios

| Ageing | Book value | Ending balance Provision for bad debts | Provision proportion (%) |
|--|----------------|--|--------------------------------|
| Collateral and other risk exposure portfolios | 156,356,443.97 | 52,075,286.30 | 33.31 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

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

4. Accounts receivable (Continued)

(3) *Movement of bad debt provision made, recovered, or reversed for accounts receivable*

| Category | Beginning balance | Provision accrued | Movements in the current year | | Others (note) | Ending balance |
|---|-----------------------|----------------------|-------------------------------|------------------------|-------------------|-----------------------|
| | | | Recovered or transferred back | Charged or written off | | |
| Ageing portfolio | 233,569,131.01 | 8,662,306.82 | 0.00 | 11,542,503.95 | -727,039.76 | 229,961,894.12 |
| Collateral and other risk exposure portfolios | 48,215,616.77 | 2,302,553.88 | 0.00 | 0.00 | 1,557,115.65 | 52,075,286.30 |
| Total | 281,784,747.78 | 10,964,860.70 | 0.00 | 11,542,503.95 | 830,075.89 | 282,037,180.42 |

Note: Other changes are due to the impact of exchange rate changes.

(4) *Accounts receivable actually written off this year*

| Item | Write-off amount |
|--|------------------|
| Accounts receivable actually written off | 11,542,503.95 |

Significant write-off of accounts receivable

| Company Name | Nature of accounts receivable | Write-off amount | Reason for write-off | Write-off procedures | From connected transactions or not |
|--------------|-------------------------------|----------------------|---|------------------------------------|------------------------------------|
| Customer 4 | Others | 5,000,000.00 | Expect to be unable to recover the amount | Approval by the Board of Directors | No |
| Customer 5 | Payments for goods | 3,695,754.57 | Expect to be unable to recover the amount | Approval by the Board of Directors | No |
| Customer 6 | Payments for goods | 1,501,767.65 | Expect to be unable to recover the amount | Approval by the Board of Directors | No |
| Total | — | 10,197,522.22 | — | — | — |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

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

4. Accounts receivable (Continued)

(5) *Accounts receivable from the top five ending balance collected according to the borrowers*

| Company Name | Ending balance | Ageing | Proportion in total ending balance of accounts receivable (%) | Ending balance of provision for bad debts |
|--------------|-----------------------|-----------------------------|---|---|
| Customer 7 | 61,645,479.33 | Over 5 years | 10.13 | 61,645,479.33 |
| Customer 8 | 47,530,967.73 | Within 1 year | 7.81 | 1,307,101.61 |
| Customer 9 | 28,081,988.21 | Within 1 year | 4.61 | 564,249.28 |
| Customer 10 | 25,071,643.92 | Over 5 years | 4.12 | 25,071,643.92 |
| Customer 11 | 23,205,724.24 | Within 1 year, 2-3 years | 3.81 | 21,207,355.54 |
| Total | 185,535,803.43 | — | 30.48 | 109,795,829.68 |

Note: The Company has no contract assets.

5. Receivables financing

(1) *Receivables financing as per category*

| Item | Ending balance | Beginning balance |
|-----------------------|-----------------------|-----------------------|
| Bank acceptance bills | 168,977,762.41 | 162,000,234.88 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

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

5. Receivables financing (Continued)

(2) *No receivables financing pledged at the end of the year*

(3) *Receivables financing endorsed or discounted but not yet expired on the balance sheet date at the end of the year*

| Item | Derecognition amount at the end of the year | Non-derecognition amount at the end of the year |
|-----------------------|---|---|
| Bank acceptance bills | <u>548,791,909.12</u> | <u>0.00</u> |

6. Prepayments

(1) *Prepayments by ageing*

| Item | Ending balance | | | Beginning balance | | |
|----------------------------------|-----------------------|----------------|-------------------------|-----------------------|----------------|-------------------------|
| | Amount | Proportion (%) | Provision for bad debts | Amount | Proportion (%) | Provision for bad debts |
| Within 1 year (including 1 year) | 240,836,729.85 | 91.33 | 0.00 | 288,523,144.47 | 97.02 | 0.00 |
| 1-2 years | 14,724,741.61 | 5.58 | 0.00 | 756,873.15 | 0.25 | 0.00 |
| 2-3 years | 9,995.15 | 0.01 | 0.00 | 74,380.00 | 0.03 | 0.00 |
| Over 3 years | <u>8,114,889.58</u> | <u>3.08</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>263,686,356.19</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> |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

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

6. Prepayments (Continued)

(2) *Prepayments with the top five ending balance as per the prepaid parties*

| Company name | Ending balance | Ageing | Proportion in total ending balance of prepayments (%) |
|--------------|-----------------------|----------------|---|
| Supplier 2 | 63,872,138.36 | Within 1 year | 24.22 |
| Supplier 3 | 26,913,025.46 | Within 1 year | 10.21 |
| Supplier 4 | 18,364,556.16 | Within 1 year | 6.96 |
| Supplier 5 | 18,120,341.86 | Within 2 years | 6.87 |
| Supplier 6 | 15,573,524.97 | Within 1 year | 5.91 |
| Total | 142,843,586.81 | — | 54.17 |

7. Other receivables

| Item | Ending balance | Beginning balance |
|----------------------|----------------------|----------------------|
| Interest receivable | 0.00 | 0.00 |
| Dividends receivable | 0.00 | 0.00 |
| Other receivables | 66,734,313.70 | 46,387,183.65 |
| Total | 66,734,313.70 | 46,387,183.65 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

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

7. Other receivables (Continued)

7.1 Other receivables

(1) Disclosed as per ageing

| Ageing | Ending book value | Beginning book value |
|----------------------------------|----------------------|-------------------------|
| Within 1 year (including 1 year) | 62,631,215.86 | 40,910,065.92 |
| 1-2 years | 1,774,777.99 | 2,179,534.93 |
| 2-3 years | 1,504,377.46 | 348,121.69 |
| Over 3 years | 29,609,398.83 | 29,413,490.63 |
| Subtotal | 95,519,770.14 | 72,851,213.17 |
| Less: Provision for impairment | 28,785,456.44 | 26,464,029.52 |
| Total | 66,734,313.70 | 46,387,183.65 |

(2) Classified as per nature

| Nature | Ending book value | Beginning book value |
|---|----------------------|-------------------------|
| Export tax refund receivable | 54,589,907.56 | 31,246,426.42 |
| Transaction payments | 27,535,927.15 | 31,777,538.12 |
| Security deposits, pretty cash, margin, etc. | 7,653,617.26 | 7,008,225.34 |
| Others | 5,740,318.17 | 2,819,023.29 |
| Subtotal | 95,519,770.14 | 72,851,213.17 |
| Less: Provision for impairment | 28,785,456.44 | 26,464,029.52 |
| Total | 66,734,313.70 | 46,387,183.65 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

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

7. Other receivables (Continued)

7.1 Other receivables (Continued)

(3) Provision for bad debt

| | Stage I | Stage II | Stage III | |
|--|---------------------|----------------------|----------------|----------------------|
| | Expected | Expected | Expected | |
| | credit losses | credit loss | credit loss | |
| | for the next | within the | within the | |
| | 12 months | whole duration | whole duration | |
| | | (no credit | (credit | |
| | | impairment) | impairment | |
| | | | occurred) | Total |
| Provision for bad debts | | | | |
| Balance as of 1 January 2025 | 5,491,776.61 | 20,972,252.91 | 0.00 | 26,464,029.52 |
| Balance as of 1 January 2025 in the current year | | | | |
| – Be transferred to Stage II | | | | |
| – Be transferred to Stage III | | | | |
| – Be transferred back to Stage II | | | | |
| – Be transferred back to Stage I | | | | |
| Accrual in the current year | 2,338,442.28 | 0.00 | 0.00 | 2,338,442.28 |
| Reversal in the current year | | | | |
| Charge-off in the current year | | | | |
| Write-off in the current year | 25,637.50 | 0.00 | 0.00 | 25,637.50 |
| Others (Note) | 8,622.14 | 0.00 | 0.00 | 8,622.14 |
| Balance on | | | | |
| 31 December 2025 | <u>7,813,203.53</u> | <u>20,972,252.91</u> | <u>0.00</u> | <u>28,785,456.44</u> |

Note: Other changes are due to the impact of exchange rate changes.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

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

7. Other receivables (Continued)

7.1 Other receivables (Continued)

(4) Disclosed as per provision for bad debts accrued

| Category | Book value | | Ending balance | | Carrying amount |
|---|----------------------|----------------|----------------------|--------------------------|----------------------|
| | Amount | Proportion (%) | Amount | Provision proportion (%) | |
| Provision for bad debts accrued | | | | | |
| by portfolio | 95,519,770.14 | 100.00 | 28,785,456.44 | — | 66,734,313.70 |
| Including: Ageing portfolio | 62,602,280.47 | 65.54 | 7,736,667.36 | 12.36 | 54,865,613.11 |
| Low risk portfolio | 7,653,617.26 | 8.01 | 76,536.17 | 1.00 | 7,577,081.09 |
| Collateral and other risk exposure portfolios | 25,263,872.41 | 26.45 | 20,972,252.91 | 83.01 | 4,291,619.50 |
| Total | 95,519,770.14 | 100.00 | 28,785,456.44 | — | 66,734,313.70 |

| Category | Book value | | Beginning balance | | Carrying amount |
|---|----------------------|----------------|----------------------|--------------------------|----------------------|
| | Amount | Proportion (%) | Amount | Provision proportion (%) | |
| Provision for bad debts accrued | | | | | |
| by portfolio | 72,851,213.17 | 100.00 | 26,464,029.52 | — | 46,387,183.65 |
| Including: Ageing portfolio | 37,279,806.74 | 51.17 | 5,388,701.27 | 14.45 | 31,891,105.47 |
| Low risk portfolio | 10,307,534.02 | 14.15 | 103,075.34 | 1.00 | 10,204,458.68 |
| Collateral and other risk exposure portfolios | 25,263,872.41 | 34.68 | 20,972,252.91 | 83.01 | 4,291,619.50 |
| Total | 72,851,213.17 | 100.00 | 26,464,029.52 | — | 46,387,183.65 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

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

7. Other receivables (Continued)

7.1 Other receivables (Continued)

(4) Disclosed as per provision for bad debts accrued (Continued)

- 1) Provision for bad debts of other receivables accrued as per portfolio – ageing portfolio

| Ageing | Book value | Ending balance Provision for bad debts | Provision proportion (%) |
|-------------------------------------|----------------------|--|-----------------------------|
| Within 1 year (including 1 year) | 58,208,117.33 | 3,562,967.86 | 6.12 |
| 1-2 years | 440,927.29 | 220,463.65 | 50.00 |
| 2-3 years | 95,442.76 | 95,442.76 | 100.00 |
| Over 3 years | 3,857,793.09 | 3,857,793.09 | 100.00 |
| Total | 62,602,280.47 | 7,736,667.36 | — |

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

| Ageing | Book value | Ending balance Provision for bad debts | Provision proportion (%) |
|-------------------------------------|---------------------|--|-----------------------------|
| Within 1 year (including 1 year) | 4,423,098.53 | 44,230.99 | 1.00 |
| 1-2 years | 1,333,850.70 | 13,338.50 | 1.00 |
| 2-3 years | 1,408,934.70 | 14,089.35 | 1.00 |
| Over 3 years | 487,733.33 | 4,877.33 | 1.00 |
| Total | 7,653,617.26 | 76,536.17 | — |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

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

7. Other receivables (Continued)

7.1 Other receivables (Continued)

(4) Disclosed as per provision for bad debts accrued (Continued)

3) Provision for bad debts of other receivables accrued as per portfolio – collateral and other risk exposure portfolios

| 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 |

(5) Provision for bad debts

| Category | Beginning balance | Provision accrued | Movements in the current year | | | Ending balance |
|---|----------------------|----------------------|-------------------------------------|---------------------------|----------|-------------------|
| | | | Recovered or transferred back | Charged or written off | Others | |
| Ageing portfolio | 5,388,701.27 | 2,365,280.75 | 0.00 | 25,637.50 | 8,322.84 | 7,736,667.36 |
| Low risk portfolio | 103,075.34 | -26,838.47 | 0.00 | 0.00 | 299.30 | 76,536.17 |
| 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 | 2,338,442.28 | 0.00 | 25,637.50 | 8,622.14 | 28,785,456.44 |

Note: Other changes are due to exchange rate changes.

(6) Other receivables actually written off in the current year

| Item | Write-off amount |
|--|------------------|
| Other receivables actually written off | 25,637.50 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

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

7. Other receivables (Continued)

7.1 Other receivables (Continued)

(7) Other receivables from top five ending balance collected according to the borrowers

| Company name | Nature | Ending balance | Ageing | Proportion in total ending balance of other receivables (%) | Ending balance of provision for bad debts |
|--|-----------------------|----------------------|--------------------------|---|---|
| Municipal Tax Service | Tax refund receivable | 53,218,949.38 | Within 1 year | 55.72 | 3,188,585.20 |
| Cadfund Machinery Pty Ltd | Transaction payments | 18,607,622.41 | Over 5 years | 19.48 | 18,607,622.41 |
| Shanghai Pengpu Machine Building Plant (Group) Co., Ltd. | Transaction payments | 6,490,000.00 | Over 5 years | 6.79 | 2,292,959.42 |
| Shaanxi Heavy Duty Automobile Co., Ltd. | Guarantee deposits | 3,160,095.98 | Within 2 years | 3.31 | 31,600.96 |
| Xuzhou Construction Machinery Group Co., Ltd. | Guarantee deposits | 2,970,000.00 | Within 1 year, 2-3 years | 3.11 | 29,700.00 |
| Total | — | 84,446,667.77 | — | 88.41 | 24,150,467.99 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

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

8. Inventories

(1) Category

| Item | Ending balance | | | Beginning balance | | |
|------------------|-------------------------|--|-------------------------|-------------------------|--|-------------------------|
| | Book value | Provision for inventory impairment/ Provision for impairment of contract performance cost | Carrying amount | Book value | Provision for inventory impairment/ Provision for impairment of contract performance cost | Carrying amount |
| Raw materials | 509,374,815.59 | 58,167,618.30 | 451,207,197.29 | 539,646,735.32 | 66,150,459.02 | 473,496,276.30 |
| Goods in process | 74,830,762.02 | 1,252,895.42 | 73,577,866.60 | 82,355,259.84 | 1,680,681.87 | 80,674,577.97 |
| Goods in stock | 528,356,776.29 | 31,499,820.71 | 496,856,955.58 | 613,260,878.43 | 24,415,640.71 | 588,845,237.72 |
| Goods in transit | 132,318,976.86 | 6,266,424.83 | 126,052,552.03 | 237,361,196.67 | 5,598,440.68 | 231,762,755.99 |
| Total | 1,244,881,330.76 | 97,186,759.26 | 1,147,694,571.50 | 1,472,624,070.26 | 97,845,222.28 | 1,374,778,847.98 |

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

| Item | Beginning balance | Increase in the current year | | Decrease in the current year | | Ending balance |
|------------------|----------------------|------------------------------|------------------|--------------------------------|-------------|----------------------|
| | | Provision accrued | Others (Note 1) | Reversal or write-off (Note 2) | Others | |
| Raw materials | 66,150,459.02 | -4,647,409.22 | 0.00 | 3,335,431.50 | 0.00 | 58,167,618.30 |
| Goods in process | 1,680,681.87 | -427,786.45 | 0.00 | 0.00 | 0.00 | 1,252,895.42 |
| Goods in stock | 24,415,640.71 | 16,777,290.23 | 60,085.48 | 9,753,195.71 | 0.00 | 31,499,820.71 |
| Goods in transit | 5,598,440.68 | 3,301,114.69 | 0.00 | 2,633,130.54 | 0.00 | 6,266,424.83 |
| Total | 97,845,222.28 | 15,003,209.25 | 60,085.48 | 15,721,757.75 | 0.00 | 97,186,759.26 |

Note 1: Other changes are due to the impact of exchange rate changes.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

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

9. Non-current assets due within one year

| Item | Ending balance | Beginning balance |
|---|-------------------------|-------------------|
| Debt investments due within one year | 2,942,714,233.85 | 1,156,800,819.24 |
| Long-term receivables due within one year | 26,838,015.05 | 26,813,861.10 |
| Total | 2,969,552,248.90 | 1,183,614,680.34 |

9.1 Debt investments due within one year

(1) Debt investments due within one year

| Item | Ending balance | | | Beginning balance | | |
|---|-------------------------|--------------------------|-------------------------|-------------------|--------------------------|------------------|
| | Book value | Provision for impairment | Carrying amount | Book value | Provision for impairment | Carrying amount |
| Large-denomination certificate of deposit | 2,942,714,233.85 | 0.00 | 2,942,714,233.85 | 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 year

| 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 | 2,715,000,000.00 | / | / | / | 1,085,000,000.00 | / | / | / |

Note: The Company's debt investments at the end of the year are mainly large certificates of deposit purchased from banks, with a par value of deposit between RMB10 million and RMB100 million.

9.2 Long-term receivables due within one year

| Item | Ending balance | Beginning balance |
|---|-----------------------|-------------------|
| Original value of long-term receivables due within one year | 489,038,697.61 | 483,413,676.53 |
| Less: Unrealized financing income | 58,029,231.51 | 56,564,593.62 |
| Less: Provision for impairment | 404,171,451.05 | 400,035,221.81 |
| Total | 26,838,015.05 | 26,813,861.10 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

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

10. Other current assets

| Item | Ending balance | Beginning balance |
|--------------------------------|-----------------------|-----------------------|
| Time deposits | 249,985,723.82 | 50,058,874.64 |
| VAT to be certified/credited | 101,588,075.33 | 112,858,379.00 |
| Prepaid enterprise income tax | 51,056,571.04 | 139,457,782.21 |
| Other prepaid taxes | 11,458,969.07 | 10,704,409.75 |
| Subtotal | 414,089,339.26 | 313,079,445.60 |
| Less: Provision for impairment | -3,236,606.53 | -7,000,000.00 |
| Total | 410,852,732.73 | 306,079,445.60 |

11. Debt investments

(1) Debt investments

| Item | Ending balance | | | Beginning balance | | |
|--|------------------|--------------------------|------------------|-------------------|--------------------------|------------------|
| | Book value | Provision for impairment | Carrying amount | Book value | Provision for impairment | Carrying amount |
| Large-denomination certificates of deposit and time deposits | 2,839,788,030.21 | 0.00 | 2,839,788,030.21 | 3,261,453,492.49 | 0.00 | 3,261,453,492.49 |

(2) Significant debt investments at the end of the year

| Item | Par value | Ending balance | | Overdue principal | Par value | Beginning balance | | Overdue principal |
|--|------------------|-----------------------|----------------------|-------------------|------------------|-----------------------|----------------------|-------------------|
| | | Nominal interest rate | Actual interest rate | | | Nominal interest rate | Actual interest rate | |
| Large-denomination certificates of deposit and time deposits | 2,815,837,600.00 | / | / | 0.00 | 3,115,000,000.00 | / | / | 0.00 |

Note: The Company's debt investments at the end of the year are mainly large certificates of deposit and fixed-term deposits purchased from financial institutions, with a par value of deposit between RMB837,600 and RMB200 million.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

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

12. Long-term receivables

(1) Long-term receivables

| Item | Ending balance | | | Beginning balance | | | Interval of discount rate |
|---|----------------|-------------------------|-----------------|-------------------|-------------------------|-----------------|---------------------------|
| | Book value | Provision for bad debts | Carrying amount | Book value | Provision for bad debts | Carrying amount | |
| Sales payment receivable | 431,009,466.10 | 404,171,451.05 | 26,838,015.05 | 426,849,082.91 | 400,035,221.81 | 26,813,861.10 | — |
| Less: Long-term receivables due within one year | 431,009,466.10 | 404,171,451.05 | 26,838,015.05 | 426,849,082.91 | 400,035,221.81 | 26,813,861.10 | — |
| Total | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | — |

(2) Long-term receivables with provision for bad debt made according to the general model of expected credit loss

| Provision for bad debts | Stage I | Stage II | Stage III | Total |
|--|---|---|---|-----------------------|
| | Expected credit losses for the next 12 months | Expected credit loss within the whole duration (no credit impairment) | Expected credit loss within the whole duration (credit impairment occurred) | |
| Balance as of 1 January 2025 | 0.00 | 0.00 | 400,035,221.81 | 400,035,221.81 |
| Balance as of 1 January 2025 in the current year | — | — | — | — |
| – Be transferred to Stage II | 0.00 | 0.00 | 0.00 | 0.00 |
| – Be transferred to Stage III | 0.00 | 0.00 | 0.00 | 0.00 |
| – Be transferred back to Stage II | 0.00 | 0.00 | 0.00 | 0.00 |
| – Be transferred back to Stage I | 0.00 | 0.00 | 0.00 | 0.00 |
| Accrual in the current year | 0.00 | 0.00 | 0.00 | 0.00 |
| Reversal in the current year | 0.00 | 0.00 | 0.00 | 0.00 |
| Charge-off in the current year | 0.00 | 0.00 | 0.00 | 0.00 |
| Write-off in the current year | 0.00 | 0.00 | 0.00 | 0.00 |
| Others (Note 1) | 0.00 | 0.00 | 4,136,229.24 | 4,136,229.24 |
| Balance on December 31, 2025 | 0.00 | 0.00 | 404,171,451.05 | 404,171,451.05 |

Note 1: Others 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

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

12. Long-term receivables (Continued)

(3) Provision for bad debts

| Category | Beginning balance | Provision accrued | Movements in the current year | | | Ending balance |
|--------------------------|-------------------|-------------------|-------------------------------|------------------------|--------------|----------------|
| | | | Recovered or transferred back | Charged or written off | Others | |
| Sales payment receivable | 400,035,221.81 | 0.00 | 0.00 | 0.00 | 4,136,229.24 | 404,171,451.05 |

13. Long-term equity investments

| Investee | Beginning balance (Carrying amount) | Beginning balance of provision for impairment | Increase in investment | Decrease in investment | Increase/Decrease for the year | | | | | Ending balance (Carrying amount) | Ending balance of provision for impairment | |
|---|-------------------------------------|---|------------------------|------------------------|--|--|-------------------------|-----------------------------------|-------------------------------------|----------------------------------|--|-------------|
| | | | | | Profit or loss on investments recognized under the equity method | Other comprehensive income adjustments | Other changes in equity | Cash dividends or profit declared | Accrual of provision for impairment | | | Others |
| Associates | | | | | | | | | | | | |
| Sinomach Finance Co., Ltd. | 686,488,201.89 | 0.00 | 0.00 | 0.00 | 27,556,465.28 | -189,530.05 | 0.00 | 8,512,300.00 | 0.00 | 0.00 | 705,342,637.12 | 0.00 |
| Luoyang I&C Technology Consulting Co., Ltd. | 470,888.85 | 0.00 | 0.00 | 0.00 | 96,425.78 | 0.00 | 0.00 | 58,000.00 | 0.00 | 0.00 | 598,314.63 | 0.00 |
| Jiangxi Dongfanghong Agricultural Machinery Co., Ltd. | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total | 686,959,090.74 | 0.00 | 0.00 | 0.00 | 27,652,891.06 | -189,530.05 | 0.00 | 8,570,300.00 | 0.00 | 0.00 | 705,852,151.75 | 0.00 |

14. Other equity instrument investments

| Item | Beginning balance | Increase in investment | Decrease in investment | Increase/Decrease for the year | | | Ending balance | Dividend income recognized this year | Gains accumulated into other comprehensive income at the end of the current year | Losses accumulated into other comprehensive income at the end of the current year | Reasons for being designated at FVTOCI |
|---|-------------------|------------------------|------------------------|--|---|--------|----------------|--------------------------------------|--|---|--|
| | | | | Gains included in other comprehensive income | Loss included in other comprehensive income | Others | | | | | |
| Luoyang Intelligent Agricultural Equipment Research Institute Co., Ltd. | 4,456,280.38 | 0.00 | 0.00 | 260,581.98 | 0.00 | 0.00 | 4,716,862.36 | 0.00 | 0.00 | 122,185.64 | Non-trading |

15. Fixed assets

| Item | Ending balance | Beginning balance |
|--------------|------------------|-------------------|
| Fixed assets | 2,129,797,255.04 | 2,260,822,274.24 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

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

15. Fixed assets (Continued)

(1) Fixed assets

| 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 year | 5,423,468.31 | 148,632,958.10 | 6,980,181.28 | 11,376,453.83 | 7,660.00 | 172,420,721.52 |
| (1) Purchase | 262,769.35 | 13,832,117.86 | 1,882,102.75 | 3,145,268.76 | 7,660.00 | 19,129,918.72 |
| (2) Transfer from construction in progress | 3,795,301.74 | 134,955,655.02 | 4,860,354.37 | 8,106,077.10 | 0.00 | 151,717,388.23 |
| (3) Reclassification of fixed assets | 0.00 | -157,522.12 | 114,159.29 | 43,362.83 | 0.00 | 0.00 |
| (4) Effect of foreign currency translation | 1,365,397.22 | 2,707.34 | 123,564.87 | 81,745.14 | 0.00 | 1,573,414.57 |
| 3. Decrease in the current year | 159,463,220.44 | 125,182,101.08 | 3,522,462.49 | 1,868,399.08 | 0.00 | 290,036,183.09 |
| (1) Disposal or retirement | 3,073,699.60 | 102,396,380.17 | 3,522,462.49 | 1,835,178.57 | 0.00 | 110,827,720.83 |
| (2) Transfer-out of debt restructuring | 156,389,520.84 | 22,785,720.91 | 0.00 | 33,220.51 | 0.00 | 179,208,462.26 |
| 4. Ending balance | 2,127,959,255.67 | 4,539,637,908.71 | 58,623,495.69 | 133,433,023.72 | 28,849.31 | 6,859,682,533.10 |
| 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 year | 59,251,846.41 | 185,540,395.93 | 4,065,368.92 | 5,626,614.41 | 1,430.07 | 254,485,655.74 |
| (1) Charge for the year | 58,777,983.81 | 185,548,008.56 | 3,973,897.40 | 5,571,252.87 | 1,430.07 | 253,872,572.71 |
| (2) Reclassification of details of fixed assets | 0.00 | -9,951.75 | 7,230.09 | 2,721.66 | 0.00 | 0.00 |
| (3) Difference of foreign currency translation | 473,862.60 | 2,339.12 | 84,241.43 | 52,639.88 | 0.00 | 613,083.03 |
| 3. Decrease in the current year | 123,077,243.92 | 108,648,725.14 | 3,350,443.84 | 1,777,583.65 | 0.00 | 236,853,996.55 |
| (1) Disposal or retirement | 1,643,758.55 | 93,052,002.54 | 3,350,443.84 | 1,747,367.37 | 0.00 | 99,793,572.30 |
| (2) Transfer-out of debt restructuring | 121,433,485.37 | 15,596,722.60 | 0.00 | 30,216.28 | 0.00 | 137,060,424.25 |
| 4. Ending balance | 1,215,592,161.31 | 3,271,206,832.36 | 33,375,750.77 | 107,336,451.21 | 16,412.06 | 4,627,527,607.71 |
| 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 year | 1,811,002.42 | 8,829,664.63 | 16,306.12 | 254,456.25 | 0.00 | 10,911,429.42 |
| Provision accrued | 1,811,002.42 | 8,829,664.63 | 16,306.12 | 254,456.25 | 0.00 | 10,911,429.42 |
| 3. Decrease in the current year | 8,760,829.91 | 6,371,357.88 | 0.00 | 1,343.19 | 0.00 | 15,133,530.98 |
| (1) Disposal or retirement | 431,580.89 | 5,829,896.67 | 0.00 | 0.00 | 0.00 | 6,261,477.56 |
| (2) Transfer-out of debt restructuring | 8,329,249.02 | 541,461.21 | 0.00 | 1,343.19 | 0.00 | 8,872,053.42 |
| 4. Ending balance | 10,080,052.02 | 91,817,686.69 | 57,526.24 | 402,405.40 | 0.00 | 102,357,670.35 |
| IV. Carrying amount | | | | | | |
| 1. Carrying amount at the end of the year | 902,287,042.34 | 1,176,613,389.66 | 25,190,218.68 | 25,694,167.11 | 12,437.25 | 2,129,797,255.04 |
| 2. Carrying amount at the beginning of the year | 985,551,569.47 | 1,232,512,510.18 | 22,463,731.09 | 20,288,256.18 | 6,207.32 | 2,260,822,274.24 |

Note: For details of transfer-out of debt restructuring, please refer to Note V. 50. Other income-related disclosures.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

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

15. Fixed assets (Continued)

(2) *Fixed assets leased out under operating leases*

| Item | Carrying amount at the end of the year |
|---|--|
| Houses and buildings | 41,221,199.12 |
| Machinery equipment and other equipment | 15,672,544.12 |
| Total | 56,893,743.24 |

(3) *Fixed assets certificate of titles not settled*

| Item | Carrying amount | Reason(s) for not settling the certificate of title |
|--|-----------------------|---|
| Modern Agricultural Equipment Cab Automation Engineering | 70,375,689.29 | Certificate of title is in process |
| Qingnian Jiayuan | 61,858,998.00 | Certificate of title is in process |
| Large Machine Workshop I | 36,757,981.25 | Certificate of title is in process |
| New Lost Foam Workshop | 15,719,109.33 | Certificate of title is in process |
| Energy-saving and Environment-friendly Diesel Engine Crankshaft Machining Production Line Renovation Project | 13,962,928.46 | Certificate of title is in process |
| Main Workshop for Reclamation of Used Sand | 6,983,238.14 | Certificate of title is in process |
| Heat Treatment Workshop | 4,006,617.43 | Certificate of title is in process |
| Staff Canteen in Industrial Park | 3,840,851.03 | Certificate of title is in process |
| Auxiliary Room of Large Machine Workshop I | 3,282,053.96 | Certificate of title is in process |
| User Training Service Workshop | 2,691,188.86 | Certificate of title is in process |
| New Cooling Passage Workshop for kw Line | 1,652,727.49 | 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 | 1,510,934.57 | Certificate of title is in process |
| Total | 222,642,317.81 | — |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

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

15. Fixed assets (Continued)

(4) Impairment test of fixed assets

The recoverable amount is determined as the fair value less costs of disposal.

| Item | Carrying amount | Recoverable amount | Amount of impairment | Determination method of fair value and disposal expenses | Key indicator | Determination basis of key indicator |
|---------------------------------|----------------------|---------------------|----------------------|--|---------------|---|
| Machinery equipment | 14,486,719.84 | 5,657,055.21 | 8,829,664.63 | Market approach | Market value | Price of waste and old materials equivalent |
| Houses and buildings | 1,894,739.87 | 83,737.45 | 1,811,002.42 | Market approach | Market value | Similar transaction price |
| Office and electronic equipment | 314,062.15 | 59,605.90 | 254,456.25 | Market approach | Market value | Price of waste and old materials equivalent |
| Transportation equipment | 46,153.62 | 29,847.50 | 16,306.12 | Market approach | Market value | Price of waste and old materials equivalent |
| Total | 16,741,675.48 | 5,830,246.06 | 10,911,429.42 | / | / | / |

Other note: The original value of the fixed assets that were fully depreciated but are still in use is RMB2,252,948,614.82. For the details of fixed assets mortgaged at the end of the year, refer to Note V. 22. Assets with ownership or right of use restricted.

16. Construction in progress

| Item | Ending balance | Beginning balance |
|--------------------------|-----------------------|-----------------------|
| Construction in progress | 324,531,669.03 | 147,682,578.79 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

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

16. Construction in progress (Continued)

(1) Construction in progress

| Item | Ending balance | | | Beginning balance | | |
|---|-----------------------|--------------------------|-----------------------|-----------------------|--------------------------|-----------------------|
| | Book value | Provision for impairment | Carrying amount | Book value | Provision for impairment | Carrying amount |
| Tractor Capacity Improvement Project A | 21,772,974.59 | 0.00 | 21,772,974.59 | 18,571,789.62 | 0.00 | 18,571,789.62 |
| Diesel Engine Industrialization Project A | 147,229,141.01 | 0.00 | 147,229,141.01 | 33,635,370.29 | 0.00 | 33,635,370.29 |
| Diesel Engine Intelligent Manufacturing Project A | 0.00 | 0.00 | 0.00 | 7,117,689.05 | 0.00 | 7,117,689.05 |
| Diesel Engine Industrialization Project B | 14,519,724.35 | 0.00 | 14,519,724.35 | 0.00 | 0.00 | 0.00 |
| Coating Line Technical Transformation Project | 18,960,187.02 | 0.00 | 18,960,187.02 | 0.00 | 0.00 | 0.00 |
| Diesel Engine Intelligent Manufacturing Project B | 0.00 | 0.00 | 0.00 | 1,912,701.05 | 0.00 | 1,912,701.05 |
| Parts Renovation Project | 1,055,174.32 | 0.00 | 1,055,174.32 | 0.00 | 0.00 | 0.00 |
| Tractor Capacity Improvement Project B | 169,811.32 | 0.00 | 169,811.32 | 0.00 | 0.00 | 0.00 |
| Others | 133,779,703.26 | 12,955,046.84 | 120,824,656.42 | 103,971,188.58 | 17,526,159.80 | 86,445,028.78 |
| Total | 337,486,715.87 | 12,955,046.84 | 324,531,669.03 | 165,208,738.59 | 17,526,159.80 | 147,682,578.79 |

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

| Project name | Beginning balance | Increase in the current year | Transferred to fixed assets during the current period | Other decreased amounts during the current period | Ending balance | Budget | Ratio of accumulative investment to budget (%) | Project Schedule (%) | Accumulated amount of capitalization of interest | Including: Amount of capitalized interest in the current year | Capitalization rate of interest in the current year (%) | Source of funds |
|---|----------------------|------------------------------|---|---|-----------------------|-------------------------|--|----------------------|--|---|---|-------------------------------|
| | | | | | | | | | | | | |
| Tractor Capacity Improvement Project A | 18,571,789.62 | 13,121,530.10 | 9,920,345.13 | 0.00 | 21,772,974.59 | 408,800,000.00 | 9.01 | 9.01 | 0.00 | 0.00 | 0.00 | Own funds, government grants |
| Diesel Engine Industrialization Project A | 33,635,370.29 | 113,593,770.72 | 0.00 | 0.00 | 147,229,141.01 | 416,800,000.00 | 39.00 | 40.00 | 147,071.34 | 147,071.34 | 2.24 | Bank borrowings and own funds |
| Diesel Engine Intelligent Manufacturing Project A | 7,117,689.05 | 978,937.13 | 8,096,626.18 | 0.00 | 0.00 | 194,900,000.00 | 96.00 | 100.00 | 733,838.87 | 0.00 | 0.00 | Bank borrowings and own funds |
| Diesel Engine Industrialization Project B | 0.00 | 14,519,724.35 | 0.00 | 0.00 | 14,519,724.35 | 159,200,000.00 | 10.00 | 10.00 | 3,368.79 | 3,368.79 | 2.24 | Bank borrowings and own funds |
| Coating Line Technical Transformation Project | 0.00 | 18,960,187.02 | 0.00 | 0.00 | 18,960,187.02 | 73,500,000.00 | 25.80 | 10.00 | 0.00 | 0.00 | 0.00 | Own funds |
| Diesel Engine Intelligent Manufacturing Project B | 1,912,701.05 | 935,218.08 | 2,847,919.13 | 0.00 | 0.00 | 49,000,000.00 | 98.00 | 100.00 | 0.00 | 0.00 | 0.00 | Own funds |
| Parts Renovation Project | 0.00 | 1,055,174.32 | 0.00 | 0.00 | 1,055,174.32 | 212,200,000.00 | 0.50 | 0.50 | 0.00 | 0.00 | 0.00 | Own funds |
| Tractor Capacity Improvement Project B | 0.00 | 169,811.32 | 0.00 | 0.00 | 169,811.32 | 212,100,000.00 | 0.08 | 0.00 | 0.00 | 0.00 | 0.00 | Own funds |
| Total | 61,237,550.01 | 163,334,353.04 | 20,864,890.44 | 0.00 | 203,707,012.61 | 1,725,500,000.00 | - | - | 884,279.00 | 150,440.13 | - | - |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

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

17. Right-of-use assets

| 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 year | 6,907,110.47 | 1,900,492.71 | 6,432,736.38 | 15,240,339.56 |
| Lease in | 6,907,110.47 | 1,900,492.71 | 6,432,736.38 | 15,240,339.56 |
| 3. Decrease in the current year | 6,902,717.76 | 2,246,978.55 | 0.00 | 9,149,696.31 |
| Decrease due to lease expiration | 6,902,717.76 | 2,246,978.55 | 0.00 | 9,149,696.31 |
| 4. Ending balance | 27,795,795.21 | 14,331,640.26 | 6,435,543.10 | 48,562,978.57 |
| 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 year | 13,546,205.29 | 7,048,179.20 | 3,217,771.56 | 23,812,156.05 |
| Provision accrued | 13,546,205.29 | 7,048,179.20 | 3,217,771.56 | 23,812,156.05 |
| 3. Decrease in the current year | 4,501,943.54 | 1,561,308.39 | 0.00 | 6,063,251.93 |
| Decrease due to lease expiration | 4,501,943.54 | 1,561,308.39 | 0.00 | 6,063,251.93 |
| 4. Ending balance | 12,267,186.81 | 6,267,525.01 | 3,217,771.56 | 21,752,483.38 |
| III. Provision for impairment | | | | |
| 1. Beginning balance | 0.00 | 0.00 | 0.00 | 0.00 |
| 2. Amount increase in the current year | 0.00 | 0.00 | 0.00 | 0.00 |
| 3. Decrease in the current year | 0.00 | 0.00 | 0.00 | 0.00 |
| 4. Ending balance | 0.00 | 0.00 | 0.00 | 0.00 |
| IV. Carrying amount | | | | |
| 1. Carrying amount at the end of the year | 15,528,608.40 | 8,064,115.25 | 3,217,771.54 | 26,810,495.19 |
| 2. Carrying amount at the beginning of the year | 24,568,477.44 | 13,897,471.90 | 2,806.72 | 38,468,756.06 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

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

18. Intangible assets

| 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 year | 262,448.47 | 0.00 | 12,931,677.46 | 0.00 | 13,194,125.93 |
| (1) Purchase | 262,448.47 | 0.00 | 3,410,386.51 | 0.00 | 3,672,834.98 |
| (2) Transfer from construction in progress | 0.00 | 0.00 | 9,501,577.68 | 0.00 | 9,501,577.68 |
| (3) Difference of foreign currency translation | 0.00 | 0.00 | 19,713.27 | 0.00 | 19,713.27 |
| 3. Decrease in the current year | 31,565,462.39 | 0.00 | 0.00 | 0.00 | 31,565,462.39 |
| Transfer-out of debt restructuring | 31,565,462.39 | 0.00 | 0.00 | 0.00 | 31,565,462.39 |
| 4. Ending balance | 835,912,209.71 | 1,456,412.68 | 165,991,518.33 | 59,952,478.55 | 1,063,312,619.27 |
| II. Accumulated 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 year | 22,031,090.71 | 0.00 | 13,941,050.92 | 8,879.47 | 35,981,021.10 |
| (1) Charge for the year | 22,031,090.71 | 0.00 | 13,938,004.16 | 8,879.47 | 35,977,974.34 |
| (2) Difference of foreign currency translation | 0.00 | 0.00 | 3,046.76 | 0.00 | 3,046.76 |
| 3. Decrease in the current year | 11,057,430.97 | 0.00 | 0.00 | 0.00 | 11,057,430.97 |
| Transfer-out of debt restructuring | 11,057,430.97 | 0.00 | 0.00 | 0.00 | 11,057,430.97 |
| 4. Ending balance | 306,580,240.71 | 822,897.35 | 121,346,723.55 | 417,089.26 | 429,166,950.87 |
| 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 year | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 3. Decrease in the current year | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 4. Ending balance | 0.00 | 633,515.33 | 477,922.22 | 0.00 | 1,111,437.55 |
| IV. Carrying amount | | | | | |
| 1. Carrying amount at the end of the year | 529,331,969.00 | 0.00 | 44,166,872.56 | 59,535,389.29 | 633,034,230.85 |
| 2. Carrying amount at the beginning of the year | 571,608,642.66 | 0.00 | 45,176,246.02 | 59,544,268.76 | 676,329,157.44 |

Note: For details of transfer-out of debt restructuring, please refer to Note V. 50. Other income-related disclosures.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

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

19. Goodwill

(1) Original value

| Investee | Beginning balance | Increase in the current year Formed by | | Decrease in the current year | | Ending balance |
|---|-------------------|---|--------|------------------------------|--------|----------------|
| | | 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) Provision for impairment of goodwill

| Name of investee or goodwill | Beginning balance | Increase in the current year | | Decrease in the current year | | 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

| Item | Beginning balance | Increase in the current year | Amortization in the current year | Other decreases in the current year | Ending balance |
|-----------------------------------|----------------------|------------------------------|----------------------------------|-------------------------------------|----------------------|
| | | | | | |
| Amortized mold | 41,172,150.36 | 20,668,628.52 | 21,313,125.27 | 0.00 | 40,527,653.61 |
| Amortized maintenance expenditure | 4,116,436.29 | 255,160.00 | 1,089,210.50 | -7,461.33 | 3,289,847.12 |
| Others | 472,068.34 | 0.00 | 199,519.58 | 0.00 | 272,548.76 |
| Total | 45,760,654.99 | 20,923,788.52 | 22,601,855.35 | -7,461.33 | 44,090,049.49 |

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

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

21. Deferred income tax assets and deferred income tax liabilities

(1) *Deferred income tax assets not offset*

| Item | Ending balance | | Beginning balance | |
|--|---------------------------------|----------------------------|---------------------------------|----------------------------|
| | Deductible temporary difference | Deferred income tax assets | Deductible temporary difference | Deferred income tax assets |
| Wages payable and accrued expenses | 433,470,029.63 | 89,739,550.45 | 452,236,393.15 | 93,103,540.36 |
| Deferred income | 188,578,207.64 | 28,455,036.83 | 161,913,821.36 | 24,287,073.17 |
| Provision for impairment of assets | 95,327,688.80 | 14,453,601.57 | 96,222,098.58 | 14,404,879.12 |
| Dismissal welfare | 31,445,544.03 | 4,770,903.36 | 43,881,681.97 | 6,676,651.57 |
| Deductible difference caused by leasing business | 26,932,852.54 | 4,095,024.41 | 38,457,341.45 | 5,883,147.44 |
| Total | 775,754,322.64 | 141,514,116.62 | 792,711,336.51 | 144,355,291.66 |

(2) *Deferred income tax liabilities not offset*

| Item | Ending balance | | Beginning balance | |
|---|------------------------------|---------------------------------|------------------------------|---------------------------------|
| | Taxable temporary difference | Deferred income tax liabilities | Taxable temporary difference | Deferred income tax liabilities |
| Changes in fair value | 757,870,658.59 | 113,680,598.79 | 687,870,658.59 | 103,180,598.79 |
| Assets evaluation appreciation in the business combination not under the same control | 37,799,528.99 | 9,449,882.24 | 58,440,040.39 | 14,610,010.09 |
| Temporary difference caused by leasing business | 26,710,188.19 | 4,063,801.35 | 38,418,602.07 | 5,877,336.54 |
| Total | 822,380,375.77 | 127,194,282.38 | 784,729,301.05 | 123,667,945.42 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

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

21. Deferred income tax assets and deferred income tax liabilities (Continued)

(3) Breakdown of unrecognized deferred income tax assets

| Item | Ending balance | Beginning balance |
|---------------------------------|-------------------------|-------------------------|
| Deductible temporary difference | 844,467,557.79 | 850,070,539.84 |
| Deductible losses | 652,791,613.28 | 656,446,476.66 |
| Total | 1,497,259,171.07 | 1,506,517,016.50 |

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

| Year | Ending balance | Beginning balance | Remarks |
|--------------|-----------------------|-----------------------|---------|
| 2025 | 0.00 | 17,874,454.31 | — |
| 2026 | 0.00 | 579,948.28 | — |
| 2027 | 9,778,598.52 | 21,738,195.95 | — |
| 2028 | 253,288,781.33 | 261,837,690.41 | — |
| 2029 | 85,488,050.99 | 85,503,431.48 | — |
| 2030 | 12,863,951.15 | 12,863,951.15 | — |
| 2031 | 69,971,467.11 | 69,971,467.11 | — |
| 2032 | 153,926,179.32 | 153,926,179.32 | — |
| 2033 | 1,993,203.23 | 1,993,203.23 | — |
| 2034 | 30,157,955.42 | 30,157,955.42 | — |
| 2035 | 35,323,426.21 | 0.00 | — |
| Total | 652,791,613.28 | 656,446,476.66 | — |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

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

22. Assets with ownership or right of use restricted

| Item | Ending | | | | Beginning | | | |
|---------------------|-----------------------|-----------------------|-----------------|-----------------------------------|-----------------------|-----------------------|-----------------|-----------------------------------|
| | Book value | Carrying amount | Restricted type | Restrictions | Book value | Carrying amount | Restricted type | Restrictions |
| Monetary funds | 578,050,895.83 | 578,050,895.83 | Others | Guarantee deposits of bills, etc. | 560,396,614.64 | 560,396,614.64 | Others | Guarantee deposits of bills, etc. |
| Fixed assets 1 | 0.00 | 0.00 | / | / | 115,522,172.38 | 22,185,016.98 | Mortgage | Loan mortgage |
| Fixed assets 2 | 0.00 | 0.00 | / | / | 40,856,738.46 | 6,858,055.43 | Others | Ruled by court |
| Intangible assets 1 | 0.00 | 0.00 | / | / | 21,518,030.00 | 13,980,454.46 | Mortgage | Loan mortgage |
| Total | 578,050,895.83 | 578,050,895.83 | / | / | 738,293,555.48 | 603,420,141.51 | / | / |

23. Bills payable

| Type | Ending balance | Beginning balance |
|-----------------------|-------------------------|-------------------|
| Bank acceptance bills | 2,583,140,189.56 | 2,537,943,251.97 |

24. Accounts payable

(1) Accounts payable listed as per ageing

| Item | Ending balance | Beginning balance |
|----------------------------------|-------------------------|-------------------|
| Within 1 year (including 1 year) | 1,683,079,324.28 | 1,959,507,179.50 |
| 1-2 years | 43,543,380.71 | 71,709,848.62 |
| 2-3 years | 27,648,210.56 | 37,342,728.77 |
| Over 3 years | 70,344,746.53 | 88,643,232.45 |
| Total | 1,824,615,662.08 | 2,157,202,989.34 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

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

24. Accounts payable (Continued)

(2) *Accounts payable listed as per nature*

| Item | Ending balance | Beginning balance |
|---|-------------------------|-------------------------|
| Procurement payable | 1,637,102,681.91 | 1,920,764,575.69 |
| Service payables | 164,288,264.99 | 162,494,015.09 |
| Engineering equipment purchase payables | 22,539,363.02 | 73,646,836.84 |
| Others | 685,352.16 | 297,561.72 |
| Total | 1,824,615,662.08 | 2,157,202,989.34 |

(3) *Significant payables aged over one year or overdue*

| Company Name | Ending balance | Reasons for not repaying or not transferring |
|--------------|----------------|--|
| Supplier 7 | 26,838,015.05 | Unsettled |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

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

25. Advances from customers

| Item | Ending balance | Beginning balance |
|------------------------------------|----------------|-------------------|
| Lease payments received in advance | 77,051.52 | 0.00 |

26. Contract liabilities

(1) Contract liabilities

| Item | Ending balance | Beginning balance |
|---------------|----------------|-------------------|
| Sales payment | 566,066,122.26 | 555,274,588.76 |

(2) Significant contract liabilities aged over 1 year

| Company Name | Ending balance | Reason for not transferring |
|--------------|----------------|-----------------------------|
| Customer 12 | 11,926,605.50 | Unsettled |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

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

27. Employee salary payable

(1) Employee salary payable

| Item | Beginning balance | Increase in the current year | Decrease in the current year | Ending balance |
|--|-----------------------|------------------------------|------------------------------|-----------------------|
| Short-term remuneration | 79,681,424.77 | 1,009,073,250.39 | 1,007,968,762.54 | 80,785,912.62 |
| Post-employment benefits – defined contribution plan | 4,845,614.59 | 141,110,889.48 | 140,021,986.68 | 5,934,517.39 |
| Dismissal welfare | 19,429,353.61 | 15,441,395.74 | 20,451,298.17 | 14,419,451.18 |
| Total | 103,956,392.97 | 1,165,625,535.61 | 1,168,442,047.39 | 101,139,881.19 |

(2) Short-term remuneration

| Item | Beginning balance | Increase in the current year | Decrease in the current year | Ending balance |
|--|----------------------|------------------------------|------------------------------|----------------------|
| Salary, bonus, allowance and subsidy | 36,638,981.15 | 690,194,312.29 | 690,213,268.49 | 36,620,024.95 |
| Employee benefits | 0.00 | 70,039,543.60 | 70,039,543.60 | 0.00 |
| Social insurance premium | 2,370,123.77 | 57,139,029.85 | 56,595,676.12 | 2,913,477.50 |
| Including: Medical insurance premium and maternity insurance premium | 2,127,501.42 | 51,327,204.39 | 50,840,923.11 | 2,613,782.70 |
| Industrial injury insurance premium | 242,622.35 | 5,811,825.46 | 5,754,753.01 | 299,694.80 |
| Housing provident fund | 1,615,438.00 | 65,899,768.60 | 66,403,463.60 | 1,111,743.00 |
| Labor union funds and employee education funds | 38,523,564.11 | 26,682,894.52 | 25,561,711.15 | 39,644,747.48 |
| Others | 533,317.74 | 99,117,701.53 | 99,155,099.58 | 495,919.69 |
| Total | 79,681,424.77 | 1,009,073,250.39 | 1,007,968,762.54 | 80,785,912.62 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

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

27. Employee salary payable (Continued)

(3) Defined contribution plan

| Item | Beginning balance | Increase in the current year | Decrease in the current year | Ending balance |
|-----------------------------------|---------------------|------------------------------|------------------------------|---------------------|
| Basic endowment insurance premium | 4,586,442.66 | 106,535,579.95 | 105,550,587.01 | 5,571,435.60 |
| Enterprise annuity | 60,543.05 | 29,990,706.03 | 29,932,343.63 | 118,905.45 |
| Unemployment insurance premium | 198,628.88 | 4,584,603.50 | 4,539,056.04 | 244,176.34 |
| Total | 4,845,614.59 | 141,110,889.48 | 140,021,986.68 | 5,934,517.39 |

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 RMB141,110,889.48 (RMB133,716,501.22 in 2024) into the defined contribution plan in the current year. As of 31 December 2025, the Group has a payable contribution of RMB5,934,517.39 (31 December 2024: RMB4,845,614.59) for paying successively after the balance sheet date.

28. Taxes payable

| Item | Ending balance | Beginning balance |
|--|----------------------|-------------------|
| Property tax | 8,609,622.42 | 9,599,175.99 |
| Land use tax | 4,464,365.82 | 4,836,512.49 |
| Value-added tax | 4,407,191.09 | 1,693,703.23 |
| Enterprise income tax | 2,998,008.01 | 4,834,828.67 |
| Individual income tax | 1,828,472.23 | 1,645,667.47 |
| Urban maintenance and construction tax | 236,687.95 | 104,574.50 |
| Educational surcharges | 169,062.85 | 74,696.13 |
| Other taxes and fees | 2,741,690.72 | 3,172,449.48 |
| Total | 25,455,101.09 | 25,961,607.96 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

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

29. Other payables

| Item | Ending balance | Beginning balance |
|-------------------|-----------------------|-----------------------|
| Interests payable | 1,922,870.72 | 39,535,828.27 |
| Dividends payable | 8,439,607.88 | 8,439,607.87 |
| Other payables | 557,444,767.78 | 445,357,390.21 |
| Total | 567,807,246.38 | 493,332,826.35 |

29.1 Interests payable

| Item | Ending balance | Beginning balance |
|----------------------------------|----------------|-------------------|
| Interest payable (<i>Note</i>) | 1,922,870.72 | 39,535,828.27 |

Note: The decrease in interest payable is due to the effect of the Company's subsidiary Changtuo Agricultural Machinery Equipment Group Co., Ltd. (hereinafter referred to as Changtuo Company) paying debts in kind.

29.2 Dividends payable

| Item | Ending balance | Beginning balance |
|--------------------------|----------------|-------------------|
| Ordinary share dividends | 8,439,607.88 | 8,439,607.87 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

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

29. Other payables (Continued)

29.3 Other payables

(1) Other payables as per nature

| Nature | Ending balance | Beginning balance |
|--|-----------------------|-----------------------|
| Guarantee deposit and security deposit | 256,946,480.16 | 99,399,349.60 |
| Transaction payments | 206,932,698.14 | 200,417,606.65 |
| Collection and payment on behalf of others | 34,682,870.26 | 32,216,686.26 |
| Expenses payable | 18,471,802.81 | 18,978,980.76 |
| Lendings to/borrowings from non-related parties (Note) | 9,675,277.67 | 70,000,000.00 |
| Others | 30,735,638.74 | 24,344,766.94 |
| Total | 557,444,767.78 | 445,357,390.21 |

Note: The reduction in lendings to/borrowings from non-related parties is due to the effect of the Company's subsidiary, Changtuo Company, paying debts in kind.

(2) Significant other payables aged over one year or overdue

| Company | Ending balance | Reasons for not repaying or not transferring |
|-----------------------|----------------|--|
| YTO Group Corporation | 191,534,707.59 | Unsettled |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

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

30. Non-current liabilities due within one year

| Item | Ending balance | Beginning balance |
|--|----------------------|-----------------------|
| Lease liabilities due within one year | 24,485,880.44 | 24,735,262.54 |
| Long-term payables due within one year | 756,000.00 | 690,000.00 |
| Long-term borrowings due within one year | 681,965.00 | 200,000,000.00 |
| Interest on long-term borrowings | 238,224.46 | 171,246.53 |
| Total | 26,162,069.90 | 225,596,509.07 |

31. Other current liabilities

| Item | Ending balance | Beginning balance |
|---|-----------------------|-----------------------|
| Discounts | 245,561,534.20 | 245,886,246.92 |
| Sales and warranty service fees for repair, replacement, and refund | 102,648,920.51 | 106,925,851.14 |
| Endorsement of bills without derecognition | 7,788,550.80 | 25,415,913.88 |
| Output VAT to be carried forward | 7,576,255.51 | 7,798,144.08 |
| Intermediary service cost | 2,833,000.00 | 2,529,400.00 |
| Others | 17,495,049.60 | 10,246,031.67 |
| Total | 383,903,310.62 | 398,801,587.69 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

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

32. Long-term borrowings

(1) *Classification*

| Category | Ending balance | Beginning balance |
|--|-----------------------|----------------------|
| Principal of credit loan | 425,405,063.79 | 265,950,000.00 |
| Interests payable | 238,224.46 | 171,246.53 |
| Subtotal | 425,643,288.25 | 266,121,246.53 |
| Less: Long-term borrowings due within one year | 681,965.00 | 200,000,000.00 |
| Less: Interest on long-term borrowings | 238,224.46 | 171,246.53 |
| Total | 424,723,098.79 | 65,950,000.00 |

(2) *Breakdown of maturity dates of long-term borrowings*

| Maturity date | Ending balance | Beginning balance |
|---------------|-----------------------|----------------------|
| 1-2 years | 192,903,098.79 | 0.00 |
| 2-3 years | 231,820,000.00 | 65,950,000.00 |
| Total | 424,723,098.79 | 65,950,000.00 |

33. Lease liabilities

(1) *Presentation of lease liabilities*

| Item | Ending balance | Beginning balance |
|--|---------------------|----------------------|
| Present value of lease liabilities | 27,033,159.54 | 38,508,083.00 |
| Less: Re-classified to non-current liabilities due within one year | 24,485,880.44 | 24,735,262.54 |
| Net amount of lease liabilities | 2,547,279.10 | 13,772,820.46 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

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

33. Lease liabilities (Continued)

(2) *Breakdown of maturity dates of lease liabilities*

The carrying amount of the above lease liabilities shall be repaid in the following periods

| | Amount |
|---|----------------------|
| Within 1 year (including 1 year) | 24,485,880.44 |
| 1-2 years | 2,547,279.10 |
| 2-5 years | 0.00 |
| Over 5 years | 0.00 |
| Total | 27,033,159.54 |
| Less: Lease liabilities due within one year | 24,485,880.44 |
| Lease liabilities disclosed under non-current liabilities | 2,547,279.10 |

34. Long-term payables

| Item | Ending balance | Beginning balance |
|---|---------------------|-------------------|
| Long-term non-financial institution loans | 7,183,513.97 | 7,246,381.79 |

Note: Yitwo Argo Industrial, an overseas subsidiary of the Group, signed a supplementary agreement with the Ivory Coast Government, which stipulated that there was still XOF 690,120,156.00 (equivalent to RMB7,939,513.97 at the end of the year) unpaid on the sub-loan obtained by Yitwo Argo Industrial from the government in 1997, with XOF 60,000,000.00 (equivalent to RMB756,000.00) due within one year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

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

35. Long-term employee salary payable

| Item | Ending balance | Beginning balance |
|--|----------------------|----------------------|
| Long-term dismissal welfare | 32,918,538.29 | 46,865,254.08 |
| Others | 27,738.00 | 27,738.00 |
| Less: Undiscounted long-term employee salary payable due within one year | 14,419,451.18 | 19,429,353.61 |
| Total | 18,526,825.11 | 27,463,638.47 |

36. Estimated liabilities

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

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

37. Deferred income

| Item | Beginning balance | Increase in the current year | Decrease in the current year | Ending balance | Cause |
|-------------------------------------|-----------------------|------------------------------|------------------------------|-----------------------|----------|
| Asset-related government subsidies | 157,750,389.20 | 6,882,700.00 | 21,577,225.95 | 143,055,863.25 | — |
| Income-related government subsidies | 17,180,505.01 | 68,241,300.00 | 22,268,584.26 | 63,153,220.75 | — |
| Total | 174,930,894.21 | 75,124,000.00 | 43,845,810.21 | 206,209,084.00 | — |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

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

38. Share capital

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

39. Capital reserves

| Item | Beginning balance | Increase in the current year | Decrease in the current year | Ending balance |
|------------------------|-------------------------|------------------------------|------------------------------|-------------------------|
| Share premium | 2,408,231,745.23 | 0.00 | 0.00 | 2,408,231,745.23 |
| Other capital reserves | 247,618,250.77 | 0.00 | 0.00 | 247,618,250.77 |
| Total | 2,655,849,996.00 | 0.00 | 0.00 | 2,655,849,996.00 |

40. Other comprehensive income

| Item | Beginning balance | Amount incurred before income tax in the current year | Amount in the current year | | | | | After-tax amount attributable to non-controlling shareholder | 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 | Less: Income tax expenses | After-tax amount attributable to shareholder | After-tax amount attributable to non-controlling shareholder | | |
| I. Other comprehensive income not to be reclassified into profit or loss | -437,249.93 | 71,051.93 | 0.00 | -431,568.50 | 0.00 | -56,633.24 | 127,685.17 | -62,314.67 | |
| Other comprehensive income that cannot be transferred to profit or loss under the equity method | -242,038.45 | -189,530.05 | 0.00 | -431,568.50 | 0.00 | -189,530.05 | 0.00 | 0.00 | |
| Changes in fair value of other equity instrument investments | -195,211.48 | 260,581.98 | 0.00 | 0.00 | 0.00 | 132,896.81 | 127,685.17 | -62,314.67 | |
| II. Other comprehensive income that will be reclassified into profit or loss | -12,713,978.87 | 6,034,109.62 | 0.00 | 0.00 | 0.00 | 4,706,004.46 | 1,328,105.16 | -8,007,974.41 | |
| Differences arising from translation of foreign currency financial statements | -12,713,978.87 | 6,034,109.62 | 0.00 | 0.00 | 0.00 | 4,706,004.46 | 1,328,105.16 | -8,007,974.41 | |
| Total other comprehensive income | -13,151,228.80 | 6,105,161.55 | 0.00 | -431,568.50 | 0.00 | 4,649,371.22 | 1,455,790.33 | -8,070,289.08 | |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

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

41. Special reserves

| Item | Beginning balance | Increase in the current year | Decrease in the current year | Ending balance |
|----------------------|-------------------|------------------------------|------------------------------|----------------|
| Work safety expenses | 9,145,661.53 | 21,218,468.16 | 20,133,996.79 | 10,230,132.90 |

42. Surplus reserves

| Item | Beginning balance | Increase in the current year | Decrease in the current year | Ending balance |
|--------------------------------|-----------------------|------------------------------|------------------------------|-----------------------|
| Statutory surplus reserves | 783,471,448.53 | 65,120,633.28 | 0.00 | 848,592,081.81 |
| Discretionary surplus reserves | 771,431.00 | 0.00 | 0.00 | 771,431.00 |
| Total | 784,242,879.53 | 65,120,633.28 | 0.00 | 849,363,512.81 |

43. Retained earnings

| Item | Current year | Previous year |
|---|-------------------------|-------------------------|
| Retained earnings at the end of the previous year before adjustment | 2,695,974,750.86 | 2,218,749,266.26 |
| Adjustment to the total retained earnings at the beginning of the year (increase +, decrease -) | 0.00 | 0.00 |
| Retained earnings at the beginning of the current year after adjustment | 2,695,974,750.86 | 2,218,749,266.26 |
| Add: Net profit attributable to the owners of the parent in the current year | 811,953,460.29 | 922,023,211.45 |
| Less: Appropriation to statutory surplus reserves | 65,120,633.28 | 84,367,314.93 |
| Dividends payable on ordinary shares | 412,689,205.69 | 360,430,411.92 |
| Others (note) | 431,568.50 | 0.00 |
| Ending balance of the current year | 3,029,686,803.68 | 2,695,974,750.86 |

Note: The Company adopts the equity method for accounting of its associate Sinomach Finance Co., Ltd. Whereas Sinomach Finance Co., Ltd. carries forward other comprehensive income that cannot be recognized as profit or loss to retained earnings, in accordance with relevant provisions of equity method accounting, the Company simultaneously carries forward such other comprehensive income of corresponding share to retained earnings and lists it in "Others" item.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

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

44. Operating revenue and operating costs

(1) Operating revenue and operating costs

| Item | Amount in the current year | | Amount in the previous year | |
|------------------|---------------------------------|--------------------------------|---------------------------------|---------------------------------|
| | Revenue | Costs | Revenue | Costs |
| Main operations | 10,769,831,792.20 | 9,158,070,893.28 | 11,839,240,791.87 | 10,107,480,479.04 |
| Other operations | <u>52,759,386.74</u> | <u>25,099,551.67</u> | <u>65,130,120.07</u> | <u>37,741,274.18</u> |
| Total | <u>10,822,591,178.94</u> | <u>9,183,170,444.95</u> | <u>11,904,370,911.94</u> | <u>10,145,221,753.22</u> |

(2) Breakdown of operating revenue and operating costs

Unit: RMB'000

| Classification of contract | Operating revenue | Operating cost |
|---------------------------------------|----------------------------|--------------------------|
| By business type | | |
| Including: Agricultural machinery | 959,236.09 | 804,139.97 |
| Power machinery | 123,023.03 | 114,177.07 |
| By operating region | | |
| Including: Domestic sales | 963,170.89 | 814,038.61 |
| Overseas sales | 119,088.23 | 104,278.43 |
| By sales channel | | |
| Including: Sales through distributors | 827,486.42 | 698,941.54 |
| Direct sales | <u>254,772.70</u> | <u>219,375.50</u> |
| Total | <u>1,082,259.12</u> | <u>918,317.04</u> |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

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

45. Taxes and surcharges

| Item | Amount in the current year | Amount in the previous year |
|--|----------------------------|-----------------------------|
| Property tax | 21,842,819.25 | 21,743,994.40 |
| Stamp duty | 12,582,276.34 | 13,399,905.61 |
| Land use tax | 6,631,262.17 | 7,873,116.68 |
| Urban maintenance and construction tax | 2,597,572.82 | 2,702,884.49 |
| Educational surcharges | 1,855,452.65 | 1,930,675.03 |
| Vehicle and vessel use tax | 89,713.24 | 86,809.88 |
| Others | 357,608.85 | 969,753.32 |
| Total | 45,956,705.32 | 48,707,139.41 |

46. Selling expenses

| Item | Amount in the current year | Amount in the previous year |
|--|----------------------------|-----------------------------|
| Employee salary | 85,520,638.81 | 92,942,179.17 |
| Advertising expenses | 23,952,208.88 | 16,499,769.91 |
| Business travel expense | 22,986,345.30 | 21,187,002.42 |
| Sales and service fees | 18,161,928.86 | 13,502,014.98 |
| Premium | 4,313,739.56 | 2,760,752.64 |
| Depreciation and amortization expenses | 558,414.61 | 1,011,080.34 |
| Others | 9,126,254.39 | 8,558,429.52 |
| Total | 164,619,530.41 | 156,461,228.98 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

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

47. Administrative expenses

| Item | Amount in the current year | Amount in the previous year |
|---|----------------------------|-----------------------------|
| Employee salary | 192,955,634.94 | 195,052,064.34 |
| Amortization of intangible assets | 32,748,772.78 | 32,914,655.55 |
| Depreciation expenses | 24,616,529.41 | 35,097,585.63 |
| Repair expenses | 21,860,070.36 | 23,026,703.21 |
| Rental expenses | 17,004,274.83 | 15,180,830.67 |
| Business travel expense | 5,321,976.92 | 4,077,163.75 |
| Expenses on employment of intermediary agencies | 3,966,512.66 | 3,751,682.30 |
| Working funds for Party building | 3,678,550.76 | 4,024,577.51 |
| Office expenses | 3,472,957.71 | 4,453,625.59 |
| Business entertainment expenses | 1,216,153.03 | 2,268,475.33 |
| Consulting fees | 1,045,005.93 | 772,592.60 |
| Conference expenses | 641,179.47 | 1,341,420.75 |
| Others | 32,654,710.83 | 32,732,159.18 |
| Total | 341,182,329.63 | 354,693,536.41 |

48. R&D expenses

| Item | Amount in the current year | Amount in the previous year |
|------------------------------|----------------------------|-----------------------------|
| Material expenses | 231,101,964.80 | 238,678,538.05 |
| Employee salary | 209,990,980.68 | 212,136,823.14 |
| Design expenses | 27,040,101.83 | 6,616,602.68 |
| Test and inspection expenses | 6,989,732.60 | 2,544,622.47 |
| Depreciation expenses | 26,967,268.92 | 32,352,112.08 |
| Others | 47,284,670.37 | 24,049,095.75 |
| Total | 549,374,719.20 | 516,377,794.17 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

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

49. Financial expenses

| Item | Amount in the current year | Amount in the previous year |
|-----------------------------------|----------------------------|-----------------------------|
| Interest expenses | 12,735,453.89 | 5,764,579.07 |
| Less: Interest income | 19,746,230.96 | 44,923,332.15 |
| Add: Net exchange gains or losses | 5,481,061.49 | -8,204,429.84 |
| Bank service charges | 3,694,596.02 | 3,506,138.42 |
| Others | -748,402.95 | -211,872.46 |
| Total | 1,416,477.49 | -44,068,916.96 |

50. Other income

| Sources of other income | Amount in the current year | Amount in the previous year |
|---------------------------------------|----------------------------|-----------------------------|
| VAT additional deduction | 73,360,140.13 | 84,997,347.08 |
| Government subsidy | 52,862,681.71 | 66,467,124.07 |
| Income from debt restructuring (Note) | 36,220,759.97 | 0.00 |
| Refund of taxes and fees | 521,071.72 | 456,255.34 |
| Total | 162,964,653.53 | 151,920,726.49 |

Note: The Company's subsidiary, Changtuo Company, recognizes an income from debt restructuring of RMB36,220,759.97 by using its properties, land and machinery equipment to settle debts.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

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

51. Investment income

| Item | Amount in the current year | Amount in the previous year |
|--|----------------------------|-----------------------------|
| Investment income from holding debt investments | 148,267,775.65 | 116,230,154.47 |
| Long-term equity investment income valued at the equity method | 27,652,891.06 | 48,597,463.28 |
| Investment income from disposal of financial assets held for trading | 10,891,731.06 | 10,354,344.96 |
| Dividend income from financial assets held for trading during the holding period | 3,871,472.59 | 0.00 |
| Investment income from disposal of long-term equity investments | 0.00 | -2,166,051.25 |
| Others | -7,994,538.69 | -669,355.54 |
| Total | 182,689,331.67 | 172,346,555.92 |

52. Income from changes in fair value

| Sources of income from changes in fair value | Amount in the current year | Amount in the previous year |
|--|----------------------------|-----------------------------|
| Profit or loss due to changes in fair value of financial assets held for trading | 70,018,569.63 | 27,395,502.26 |

53. Credit impairment losses

| Item | Amount in the current year | Amount in the previous year |
|-------------------------------|----------------------------|-----------------------------|
| Bad debt loss for receivables | -13,303,302.98 | -18,749,875.34 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

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

54. Asset impairment loss

| Item | Amount in the current year | Amount in the previous year |
|---------------------------------|----------------------------|-----------------------------|
| Impairment loss on prepayments | 0.00 | 303.90 |
| Impairment loss of fixed assets | -10,911,429.42 | -10,753,842.98 |
| Inventory impairment loss | -15,003,209.25 | -8,278,068.24 |
| Others | 3,763,393.47 | 0.00 |
| Total | -22,151,245.20 | -19,031,607.32 |

55. Income from assets disposal

| Item | Amount in the current year | Amount in the previous year | Amount included in non-recurring profit or loss in the current year |
|--|----------------------------|-----------------------------|---|
| Gain or loss from disposal of fixed assets | 1,132,780.91 | 1,818,812.86 | 1,132,780.91 |
| Gain or loss from disposal of other non-current assets | 3,678.96 | 0.00 | 3,678.96 |
| Gain or loss from disposal of intangible assets | 0.00 | 3,668,620.22 | 0.00 |
| Total | 1,136,459.87 | 5,487,433.08 | 1,136,459.87 |

56. Non-operating revenue

| Item | Amount in the current year | Amount in the previous year | Amount included in non-recurring profit or loss in the current year |
|--|----------------------------|-----------------------------|---|
| Payables not to be paid | 16,779,107.80 | 3,041,829.35 | 16,779,107.80 |
| Government subsidy unrelated to daily activities | 288,000.00 | 288,000.00 | 288,000.00 |
| Others | 4,169,445.95 | 2,576,285.33 | 4,169,445.95 |
| Total | 21,236,553.75 | 5,906,114.68 | 21,236,553.75 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

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

57. Non-operating expenses

| Item | Amount in the current year | Amount in the previous year | Amount included in non-recurring profit or loss in the current year |
|--|----------------------------|-----------------------------|---|
| Loss of retirement of non-current assets | 1,203,005.09 | 0.00 | 1,203,005.09 |
| Others | 1,976,993.90 | 475,559.14 | 1,976,993.90 |
| Total | 3,179,998.99 | 475,559.14 | 3,179,998.99 |

58. Income tax expenses

(1) Income tax expenses

| Item | Amount in the current year | Amount in the previous year |
|---|----------------------------|-----------------------------|
| Income tax expenses in the current year | 70,075,777.86 | 114,190,940.20 |
| Deferred income tax expenses | 6,367,512.00 | 6,649,011.83 |
| Total | 76,443,289.86 | 120,839,952.03 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

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

58. Income tax expenses (Continued)

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

| Item | Amount in the current year |
|--|----------------------------|
| Consolidated total profit in the current year | 936,281,993.22 |
| Income tax expense calculated in accordance with applicable tax rate | 140,442,298.98 |
| Effect of different tax rates applicable to subsidiaries | 17,673,795.40 |
| Impact of income tax in previous periods before adjustment | -558,427.35 |
| Impact of non-taxable income | -1,857,565.89 |
| Profit or loss attributable to joint ventures and associates | -2,871,088.66 |
| Impact of non-deductible costs, expenses and losses | 4,551,479.96 |
| Effect from deductible temporary balance or deductible losses of deferred income tax assets unrecognized | -9,004,416.30 |
| Weighted deduction of R&D expenses and other expenses | -62,188,213.88 |
| Effect of using deductible losses of unrecognized deferred income tax assets in the previous period | -9,744,572.40 |
| | <hr/> |
| Income tax expenses | <u>76,443,289.86</u> |

59. Other comprehensive income

Refer to Note "V. 40 Other comprehensive income" for details.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

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

60. Items of cash flow statements

(1) Cash flows related to operating activities

1) Other cash received relating to operating activities

| Item | Amount in the current year | Amount in the previous year |
|--|----------------------------|-----------------------------|
| Government subsidies received | 84,428,871.50 | 59,740,745.31 |
| Cash received relating to interest on deposits | 19,746,230.96 | 44,923,332.15 |
| Cash received relating to other transactions | 292,896,984.51 | 180,481,093.34 |
| Total | 397,072,086.97 | 285,145,170.80 |

2) Other cash paid relating to operating activities

| Item | Amount in the current year | Amount in the previous year |
|--|----------------------------|-----------------------------|
| Cash paid for selling, administrative and R&D expenses | 160,041,591.27 | 107,031,577.68 |
| Cash paid related to other transactions | 103,264,898.84 | 81,370,641.90 |
| Cash paid for other operating activities | 35,843,041.12 | 14,028,364.71 |
| Total | 299,149,531.23 | 202,430,584.29 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

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

60. Items of cash flow statements (Continued)

(2) Cash flows relating to investing activities

1) Significant cash received relating to investing activities

| Item | Amount in the current year | Amount in the previous year |
|--|----------------------------|-----------------------------|
| Recovery of large-denomination certificates of deposit | 1,085,000,000.00 | 0.00 |
| Recovery of fixed deposits | 745,924,774.81 | 0.00 |
| Total | 1,830,924,774.81 | 0.00 |

Note: There are no large-denomination certificates of deposit and time deposits with an amount accounting for more than 3.5% of total assets in the previous year.

2) Significant cash paid relating to investing activities

| Item | Amount in the current year | Amount in the previous year |
|--|----------------------------|-----------------------------|
| Purchase of fixed deposits | 3,362,547,389.19 | 0.00 |
| Purchase of large-denomination certificates of deposit | 0.00 | 866,325,373.85 |
| Total | 3,362,547,389.19 | 866,325,373.85 |

Note: There are no time deposits with an amount accounting for more than 3.5% of total assets in the previous year.

3) Other cash received related to investing activities

| Item | Amount in the current year | Amount in the previous year |
|---|----------------------------|-----------------------------|
| Net cash paid for the acquisition of subsidiaries and other business entities | 0.00 | 124,704,059.34 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

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

60. Items of cash flow statements (Continued)

(3) Cash related to financing activities

1) Other cash paid relating to financing activities

| Item | Amount in the current year | Amount in the previous year |
|----------------------------|----------------------------|-----------------------------|
| Payment of rental expenses | 24,843,166.54 | 22,454,151.20 |

2) Change of liabilities arising from financing activities

| Item | Beginning balance | Increase in the current year | | Decrease in the current year | | Ending balance |
|----------------------|-----------------------|------------------------------|-----------------------|------------------------------|----------------------|-----------------------|
| | | Change in cash | Non-cash changes | Change in cash | Non-cash changes | |
| Interests payable | 39,535,828.27 | 0.00 | 960,120.12 | 0.00 | 38,573,077.67 | 1,922,870.72 |
| Dividends payable | 8,439,607.87 | 0.00 | 414,276,663.49 | 414,276,663.48 | 0.00 | 8,439,607.88 |
| Other payables | 70,000,000.00 | 0.00 | 0.00 | 0.00 | 60,324,722.33 | 9,675,277.67 |
| Long-term borrowings | 266,121,246.53 | 359,552,041.79 | 6,536,963.42 | 206,566,963.49 | 0.00 | 425,643,288.25 |
| Lease liabilities | 38,508,083.00 | 0.00 | 13,368,243.08 | 24,843,166.54 | 0.00 | 27,033,159.54 |
| Long-term payables | 7,936,381.79 | 0.00 | 741,132.18 | 738,000.00 | 0.00 | 7,939,513.97 |
| Total | 430,541,147.46 | 359,552,041.79 | 435,883,122.29 | 646,424,793.51 | 98,897,800.00 | 480,653,718.03 |

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

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

60. Items of cash flow statements (Continued)

(4) *Notes for presentation of cash flows on a net basis*

| Item | Relevant facts | Basis of net 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 | -8,250,000,000.00 |
| Cash paid for investments | | | -8,250,000,000.00 |

61. Supplementary information to consolidated cash flow statements

(1) *Supplementary information to cash flow statements*

| Supplementary information | Amount in the current year | Amount in the previous year |
|--|----------------------------|-----------------------------|
| 1. Reconciliation of net profit to cash flows from operating activities: | | |
| Net profit | 859,838,703.36 | 930,937,715.31 |
| Add: Provision for impairment of assets | 22,151,245.20 | 19,031,607.32 |
| Credit impairment losses | 13,303,302.98 | 18,749,875.34 |
| Depreciation of fixed assets | 253,872,572.71 | 254,145,269.40 |
| Depreciation of right-of-use assets | 23,812,156.05 | 19,774,710.40 |
| Amortization of intangible assets | 35,977,974.34 | 35,870,151.91 |
| Amortization of long-term unamortized expenses | 22,601,855.35 | 23,405,066.22 |
| Loss from disposal of fixed assets, intangible assets and other long-term assets (gains to be listed with "-") | -1,136,459.87 | -5,487,433.08 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

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

61. Supplementary information to consolidated cash flow statements (Continued)

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

| Supplementary information | Amount in the current year | Amount in the previous year |
|--|-------------------------------|--------------------------------|
| Losses from retirement of fixed assets (gains to be listed with "-") | 989,944.05 | -4,656.59 |
| Losses from changes in fair value (gains to be listed with "-") | -70,018,569.63 | -27,395,502.26 |
| Financial expenses (gains to be listed with "-") | 12,735,453.89 | 5,764,579.07 |
| Investment losses (gains to be listed with "-") | -182,689,331.67 | -172,346,555.92 |
| Decrease on deferred income tax assets (increase to be listed with "-") | 2,841,175.04 | 3,917,071.30 |
| Increase in deferred income tax liabilities (decrease to be listed with "-") | 3,526,336.96 | 2,731,940.53 |
| Decrease in inventories (increase to be listed with "-") | 212,020,981.75 | 140,541,022.36 |
| Decrease in operating receivables (increase to be listed with "-") | -223,699,536.52 | -104,774,472.61 |
| Increase in operating payables (decrease to be listed with "-") | -70,408,822.06 | 71,255,163.51 |
| Others | 0.00 | 0.00 |
| Net cash flows from operating activities | 915,718,981.93 | 1,216,115,552.21 |
| 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 | 1,333,492,655.01 | 1,784,647,536.28 |
| 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 | <u>-451,154,881.27</u> | <u>-438,563,099.75</u> |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

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

61. Supplementary information to consolidated cash flow statements (Continued)

(2) Composition of cash and cash equivalents

| Item | Ending balance | Beginning balance |
|---|-------------------------|-------------------|
| 1. Cash | 1,333,492,655.01 | 1,784,647,536.28 |
| Including: Cash on hand | 50,619.11 | 98,797.95 |
| Bank deposit available for payments at any time | 1,315,376,585.23 | 1,784,548,675.87 |
| Other monetary funds available for payment at any time | 18,065,450.67 | 62.46 |
| 2. Cash equivalents | 0.00 | 0.00 |
| 3. Ending balance of cash and cash equivalents | 1,333,492,655.01 | 1,784,647,536.28 |
| Including: Restricted cash and cash equivalents used by the parent company or subsidiaries within the group | 0.00 | 0.00 |

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

| Item | Amount in the current year | Amount in the previous year | Reasons for not belonging to cash and cash equivalents |
|-----------------------------|----------------------------|-----------------------------|--|
| Margin for acceptance bills | 577,850,895.83 | 555,439,590.04 | Restricted monetary funds |
| Other restricted funds | 200,000.00 | 4,957,024.60 | Restricted monetary funds |
| Total | 578,050,895.83 | 560,396,614.64 | / |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

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

62. Monetary items in foreign currency

(1) *Monetary items in foreign currency*

| Item | Ending balance in foreign currency | Exchange rate | Ending balance in RMB |
|----------------------------|--|---------------|--------------------------|
| Monetary funds | — | — | 93,963,557.78 |
| Including: USD | 7,357,662.89 | 7.0288 | 51,715,540.92 |
| EUR | 1,122,094.86 | 8.2355 | 9,241,012.22 |
| HKD | 20,012,105.23 | 0.9032 | 18,075,333.69 |
| XOF | 1,176,651,512.00 | 0.0126 | 14,825,809.05 |
| BYN | 44,322.26 | 2.3885 | 105,861.90 |
| Accounts receivable | — | — | 92,074,416.34 |
| Including: USD | 9,609,868.99 | 7.0288 | 67,545,847.16 |
| EUR | 110,277.29 | 8.2355 | 908,188.62 |
| AUD | 416,357.79 | 4.6892 | 1,952,384.95 |
| XOF | 393,609,928.00 | 0.0126 | 4,959,485.09 |
| ZAR | 39,552,387.38 | 0.4224 | 16,708,510.52 |
| Other receivables | — | — | 434,206.94 |
| Including: XOF | 33,261,693.00 | 0.0126 | 419,097.33 |
| BYN | 6,326.09 | 2.3885 | 15,109.61 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

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

62. Monetary items in foreign currency (Continued)

(1) *Monetary items in foreign currency (Continued)*

| Item | Ending balance in foreign currency | Exchange rate | Ending balance in RMB |
|--|--|---------------|--------------------------|
| Non-current assets due within one year | — | — | 489,038,697.61 |
| Including: USD | 47,719,241.77 | 7.0288 | 335,409,006.55 |
| EUR | 18,654,567.55 | 8.2355 | 153,629,691.06 |
| Other current assets | — | — | 15,922,621.65 |
| Including: USD | 2,253,538.23 | 7.0288 | 15,839,669.51 |
| BYN | 34,730.40 | 2.3885 | 82,952.14 |
| Accounts payable | — | — | 34,202,328.60 |
| Including: USD | 3,977,983.89 | 7.0288 | 27,960,453.17 |
| EUR | 746,460.12 | 8.2355 | 6,147,472.32 |
| AUD | 11,794.96 | 4.6892 | 55,308.93 |
| BYN | 16,367.95 | 2.3885 | 39,094.18 |
| Other payables | — | — | 322,308.93 |
| Including: USD | 45,855.47 | 7.0288 | 322,308.93 |
| Employee salary payable | — | — | 112,544.67 |
| Including: BYN | 47,120.20 | 2.3885 | 112,544.67 |
| Non-current liabilities due within one year | — | — | 756,000.00 |
| Including: XOF | 60,000,000.00 | 0.0126 | 756,000.00 |
| Long-term payables | — | — | 7,183,513.97 |
| Including: XOF | 570,120,156.00 | 0.0126 | 7,183,513.97 |

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

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

62. Monetary items in foreign currency (Continued)

(2) Overseas business entities

| Company Name | Overseas business place | Bookkeeping currency | Selection basis of bookkeeping currency |
|---|-------------------------|----------------------|--|
| China Brilliance Machinery Holdings Co., Ltd. | Hong Kong | USD | Operating environment and main settlement currencies |
| Yitwo Argo Industrial | Ivory Coast | XOF | Operating environment and main settlement currencies |
| YTO Belarus Technology Co., Ltd. | Belarus | BYN | Operating environment and main settlement currencies |

63. Lease

(1) As the lessee

| Item | Amount in the current year | Amount in the previous year |
|--|----------------------------|-----------------------------|
| Interest expenses on lease liabilities | 796,202.65 | 538,771.66 |
| Short-term lease expenses included in current profit or loss with simplified treatment | 3,075,414.78 | 1,989,619.08 |
| 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>28,185,136.03</u> | <u>24,624,228.85</u> |

(2) As the lessor

Operating leases in which the Group is the lessor

| Item | Lease income | Including: Income related to variable lease payments that are not included in the lease receipts |
|-------------------------|----------------------|--|
| Operating rental income | <u>13,689,100.90</u> | <u>0.00</u> |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

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

64. Net current assets

| Item | Ending balance | Beginning balance |
|---------------------------|-------------------------|-----------------------|
| Current assets | 8,247,402,555.74 | 7,425,048,133.18 |
| Less: Current liabilities | 6,078,366,634.60 | 6,498,069,754.11 |
| Net current assets | <u>2,169,035,921.14</u> | <u>926,978,379.07</u> |

65. Total assets minus current liabilities

| Item | Ending balance | Beginning balance |
|--|-------------------------|-------------------------|
| Total assets | 15,097,537,416.28 | 14,691,335,709.97 |
| Less: Current liabilities | <u>6,078,366,634.60</u> | <u>6,498,069,754.11</u> |
| Total assets minus current liabilities | <u>9,019,170,781.68</u> | <u>8,193,265,955.86</u> |

66. Borrowings

| Item | Ending balance | Beginning balance |
|---|-----------------------|-----------------------|
| Principal of short-term bank borrowings | 0.00 | 0.00 |
| Principal of long-term borrowings | <u>425,405,063.79</u> | <u>265,950,000.00</u> |
| Total | <u>425,405,063.79</u> | <u>265,950,000.00</u> |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

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

66. Borrowings (Continued)

(1) Analysis

| Item | Ending balance | Beginning balance |
|-------------------------------|-----------------------|-----------------------|
| Bank borrowings | — | — |
| Need to repay within one year | 681,965.00 | 200,000,000.00 |
| Need to repay after one year | 424,723,098.79 | 65,950,000.00 |
| Total | 425,405,063.79 | 265,950,000.00 |

(2) Breakdown of maturity date

| Item | Ending balance | Beginning balance |
|----------------------------------|-----------------------|-----------------------|
| Bank borrowings | — | — |
| Within 1 year (including 1 year) | 681,965.00 | 200,000,000.00 |
| 1-2 years | 192,903,098.79 | 0.00 |
| 2-5 years | 231,820,000.00 | 65,950,000.00 |
| Total | 425,405,063.79 | 265,950,000.00 |

67. Depreciation and amortization

| Item | Amount in the current year | Amount in the previous year |
|-----------------------------------|----------------------------|-----------------------------|
| Depreciation of fixed assets | 253,872,572.71 | 254,145,269.40 |
| Amortization of intangible assets | 35,977,974.34 | 35,870,151.91 |
| Total | 289,850,547.05 | 290,015,421.31 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

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

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 December 31, 2025, is RMB3,029,686,803.68, and the share premium of the capital reserves is RMB2,408,231,745.23.

VI. R&D EXPENDITURES

| Item | Amount in the current year | Amount in the previous year |
|--|----------------------------|-----------------------------|
| R&D of tractor products | 338,891,695.95 | 285,843,144.40 |
| R&D of power machinery products | 115,919,292.76 | 105,980,553.91 |
| Component optimization and R&D of other machinery products | 45,870,326.56 | 55,703,610.10 |
| Process R&D | 35,316,444.76 | 44,379,186.93 |
| Basic research | 13,376,959.17 | 24,471,298.83 |
| Total | 549,374,719.20 | 516,377,794.17 |
| Including: Expense account-based R&D expenses | 549,374,719.20 | 516,377,794.17 |
| Capitalized R&D expenses | 0.00 | 0.00 |

VII CHANGES IN CONSOLIDATION SCOPE

None.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

VIII EQUITY IN OTHER ENTITIES

1. Equity in subsidiaries

(1) Composition of the Group

| 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. <i>(Note)</i> | 282,000,000.00 | China | China | Tractor manufacturing | 33.33 | 0.00 | Business combination not under common control |
| Luoyang Tractor Research Institute Co., Ltd. | 445,000,000.00 | China | China | Development and research of tractor products | 51.00 | 0.00 | Business combination under common control |
| YTO International Economic and Trade Co., Ltd. | 66,000,000.00 | China | China | Agricultural machinery sales | 100.00 | 0.00 | Business combination under common control |
| YTO (Luoyang) Flag Auto-Body Co., Ltd. | 68,000,000.00 | China | China | Tractor manufacturing | 100.00 | 0.00 | Business combination under common control |
| YTO (Luoyang) Hydraulic Transmission Co., Ltd. | 161,915,000.00 | China | China | Power machinery manufacturing | 66.60 | 22.83 | Business combination under common control |
| China Brilliance Machinery Holdings Co., Ltd. | 99,588.00 | China | Bermuda Islands | Investment holding | 90.10 | 0.00 | Establishment |
| Luoyang Changxing Agricultural Machinery Co., Ltd. | 3,000,000.00 | China | China | Agricultural machinery sales | 100.00 | 0.00 | Establishment |
| YTO (Luoyang) Diesel Engine Co., Ltd. | 112,948,185.67 | China | China | Power machinery manufacturing | 67.94 | 19.45 | Business combination under common control |
| YTO (Luoyang) Casting and Forging Co., Ltd. | 248,830,000.00 | China | China | Tractor manufacturing | 100.00 | 0.00 | Business combination under common control |
| YTO Belarus Technology Co., Ltd. | 52,551,587.88 | Belarus | Belarus | R&D | 100.00 | 0.00 | Business combination under common control |
| YTO (Luoyang) Axle Co., Ltd. | 283,000,000.00 | China | China | Tractor manufacturing | 100.00 | 0.00 | Business combination not under common control |

Note: According to the resolution of the first meeting of the sixth board of directors of the Company in 2012, the Company increased its capital by RMB94.25 million to Changtuo Company based on the net asset appraisal value of Changtuo Company on 31 March 2012, and held 33.33% of the equity of Changtuo Company after the capital increase. According to the agreement between the Company and Sinomach, Sinomach entrusts the Company to independently exercise its voting rights, supervision and management rights, and other rights corresponding to 33.33% of the equity held by it in Changtuo Company, and the custody period ends on the date when Sinomach transfers the aforementioned rights to an irrelevant third party. During the custody period, Sinomach shall not unilaterally revoke the custody authorization. If Sinomach transfers its equity to a third party, it shall obtain written consent from the Company, and the Company shall have the preemptive right. Therefore, the Company obtained 66.66% of the voting rights and actual control rights of Changtuo Company.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

VIII EQUITY IN OTHER ENTITIES (CONTINUED)

1. Equity in subsidiaries (Continued)

(2) Significant non-wholly-owned subsidiaries

| Name of subsidiary | Shareholding proportion of non-controlling shareholders (%) | Profit or loss attributable to non-controlling shareholders in the current year | Dividends announced and distributed to non-controlling shareholders in the current year | Balance of non-controlling interest at the end of the year |
|---|---|---|---|--|
| Luoyang Tractor Research Institute Co., Ltd. | 49.00 | 1,788,576.23 | 1,570,521.61 | 264,736,067.07 |
| YTO (Luoyang) Diesel Engine Co., Ltd. | 14.53 | 14,745,194.15 | 0.00 | 203,075,556.69 |
| Changtuo Agricultural Machinery Equipment Group Co., Ltd. | 66.67 | 27,143,719.31 | 0.00 | -41,444,721.05 |

Explanation of the fact that the shareholding ratio of the non-controlling shareholder in subsidiaries is different from the voting rights ratio: The shareholding ratio of the non-controlling shareholder in Changtuo Company is different from the voting rights ratio. For details, please refer to VIII.1.(1) Composition of the Group.

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

| Name of subsidiary | Ending balance | | | Beginning balance | | | Current | | | Non-current | | | Total | | |
|---|------------------|--------------------|------------------|---------------------|-------------------------|-------------------|------------------|--------------------|------------------|---------------------|-------------------------|-------------------|----------------|--------------------|--------------|
| | Current assets | Non-current assets | Total assets | Current liabilities | Non-current liabilities | Total liabilities | Current assets | Non-current assets | Total assets | Current liabilities | Non-current liabilities | Total liabilities | Current assets | Non-current assets | Total assets |
| Luoyang Tractor Research Institute Co., Ltd. | 292,166,306.87 | 359,535,265.85 | 651,693,572.72 | 52,090,950.87 | 59,324,933.95 | 111,415,884.82 | 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. | 2,432,916,131.80 | 947,810,389.97 | 3,380,726,521.77 | 1,613,535,495.00 | 233,456,382.41 | 1,846,991,877.41 | 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 | | | |
| Changtuo Agricultural Machinery Equipment Group Co., Ltd. | 391,270.00 | 5,182,872.37 | 5,574,142.37 | 66,630,707.51 | 1,110,485.35 | 67,741,192.86 | 6,395,246.17 | 78,673,283.43 | 85,068,529.60 | 183,276,576.67 | 4,674,562.03 | 187,951,138.70 | | | |

| Name of subsidiary | Amount in the current year | | | | Amount in the previous year | | | |
|---|----------------------------|---------------|----------------------------|-------------------------------------|-----------------------------|----------------|----------------------------|-------------------------------------|
| | Operating revenue | Net profit | Total comprehensive income | Cash flow from operating activities | Operating revenue | Net profit | Total comprehensive income | Cash flow from operating activities |
| Luoyang Tractor Research Institute Co., Ltd. | 191,941,485.18 | 3,650,155.58 | 3,910,737.56 | 35,659,336.49 | 182,826,707.60 | 3,561,273.50 | 3,829,545.11 | 28,392,541.41 |
| YTO (Luoyang) Diesel Engine Co., Ltd. | 2,614,978,748.23 | 99,088,151.49 | 99,088,151.49 | -428,796,920.45 | 2,928,532,728.67 | 79,209,238.37 | 79,209,238.37 | 41,724,643.49 |
| Changtuo Agricultural Machinery Equipment Group Co., Ltd. | 682,160.72 | 40,715,558.61 | 40,715,558.61 | 212,177.59 | 306,935.80 | -11,108,423.03 | -11,108,423.03 | -111,394.51 |

(4) Material limitations on the use of enterprise group assets and payment of enterprise group debts

None.

(5) Financial support or other support provided to the structural body within the consolidated financial statement

None.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

VIII EQUITY IN OTHER ENTITIES (CONTINUED)

2. Transactions resulting in changes in ownership interests in subsidiaries while retaining control of subsidiaries

None.

3. Interests in joint ventures or associates

(1) Significant joint ventures or associates

| Name | 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 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

VIII EQUITY IN OTHER ENTITIES (CONTINUED)

3. Interests in joint ventures or associates (Continued)

(2) Main financial information for significant associates

| Item | Ending balance/ Amount in the current year Sinomach Finance Co., Ltd. | Beginning balance/ Amount in the previous year Sinomach Finance Co., Ltd. |
|--|---|---|
| Current assets | 44,357,817,581.29 | 45,109,238,600.28 |
| Non-current assets | 8,493,673,149.96 | 10,660,356,566.30 |
| Total assets | 52,851,490,731.25 | 55,769,595,166.58 |
| Current liabilities | 47,309,740,048.07 | 50,286,141,764.40 |
| Non-current liabilities | 1,152,527,194.48 | 1,226,212,492.04 |
| Total liabilities | 48,462,267,242.55 | 51,512,354,256.44 |
| Non-controlling interests | 0.00 | 0.00 |
| Shareholders' equity attributable to the parent company | 4,389,223,488.70 | 4,257,240,910.14 |
| Shares of net assets calculated according to the shareholding proportion | 627,031,299.93 | 608,176,664.70 |
| Adjustments | 78,311,537.19 | 78,311,537.19 |
| – Goodwill | 0.00 | 0.00 |
| – Unrealized profit of internal transaction | 0.00 | 0.00 |
| – Others | 78,311,537.19 | 78,311,537.19 |
| Carrying amount of equity investments in associates | 705,342,837.12 | 686,488,201.89 |
| Fair value of equity investments in associates with a public offer | 0.00 | 0.00 |
| Operating revenue | 862,204,943.58 | 1,131,089,125.00 |
| Financial expenses | 0.00 | 0.00 |
| Income tax expenses | 53,980,464.96 | 78,095,803.83 |
| Net profit | 193,246,475.04 | 258,923,325.42 |
| Net profit from discontinued operations | 0.00 | 0.00 |
| Other comprehensive income | 42,734.55 | -56,081.36 |
| Total comprehensive income | 193,289,209.59 | 258,867,244.06 |
| Dividends received from associates in the current year | 8,512,300.00 | 14,526,000.00 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

VIII EQUITY IN OTHER ENTITIES (CONTINUED)

3. Interests in joint ventures or associates (Continued)

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

| Item | Ending balance/ Amount in the current year | Beginning balance/ Amount in the previous year |
|---|--|--|
| Associates | | |
| Total carrying amount of investment | 509,314.63 | 470,888.85 |
| Total amount of the following items at the shareholding percentage | | |
| – Net profit | -4,130,894.27 | 6,025.30 |
| – Other comprehensive income | 0.00 | 0.00 |
| – Total comprehensive income | -4,130,894.27 | 6,025.30 |

(4) *Excess losses incurred by joint ventures or associates*

| Name of joint venture or associate | Accumulated unrecognized losses of the previous year | Unrecognized losses in the current year (or share of net profit for the current period) | Accumulated unrecognized losses at the end of the current year |
|--|---|--|--|
| Jiangxi Dongfanghong Agricultural Machinery Co., Ltd. | 1,837,203.05 | 4,227,320.05 | 6,064,523.10 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

IX. GOVERNMENT SUBSIDIES

1. Government subsidies receivable at the end of the reporting period

None.

2. Liability items involved with government subsidies

| Item | Beginning balance | Amount of new subsidies received in the current year | Amount | | Others | Ending balance | Asset-related/ Revenue-related |
|-----------------|-----------------------|--|---|---|-------------|-----------------------|--------------------------------|
| | | | included in non-operating revenue of the current year | transferred to other income in the current year | | | |
| Deferred income | 157,750,389.20 | 6,882,700.00 | 288,000.00 | 21,289,225.95 | 0.00 | 143,055,863.25 | Asset-related |
| Deferred income | 17,180,505.01 | 68,241,300.00 | 0.00 | 22,268,584.26 | 0.00 | 63,153,220.75 | Revenue-related |
| Total | 174,930,894.21 | 75,124,000.00 | 288,000.00 | 43,557,810.21 | 0.00 | 206,209,084.00 | — |

3. Government subsidies included in current profit or loss

| Item | Amount in the current year | Amount in the previous year |
|-----------------|----------------------------|-----------------------------|
| Asset-related | 21,945,975.95 | 19,810,479.97 |
| Revenue-related | 31,204,705.76 | 46,944,644.10 |
| Total | 53,150,681.71 | 66,755,124.07 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

X. RISKS RELATED TO 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 within a limited scope.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

X. RISKS RELATED TO 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 mitigate 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 31 December 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 bills receivable. It is the Group's policy that all customers trading on credit terms must pass the credit review process. The Group evaluates clients' credit rating and sets the credit period based on their financial conditions, possibility of obtaining security from third party, credit record and other factors, such as current market situation. The Group will monitor the credit record of the customer periodically. For customers with poor credit record, measures such as written collection, shortening credit period or canceling the credit period will be adopted by the Group, to ensure the overall credit risk being in the controllable scope. The Group continuously monitors receivable balances and the board of directors believes that adequate provision has been made in the financial statements for uncollected receivables. In this regard, the board of directors believes that credit risk has been substantially reduced.

The monetary funds held by the Group are mainly deposited in financial institutions such as state-owned holding banks and other large and medium-sized commercial banks. The Management believes that these commercial banks have high credit standing and asset status without material credit risks and will not cause any material losses due to the default of the other unit. The debtors of accounts receivable are a great many customers distributed in different industries and geographical areas. The Group continuously performs credit assessments on the accounts receivable of the debtors and purchases credit guarantee insurance when necessary. Because the counterparties of monetary funds and derivative financial instruments are banks with good reputations and high credit ratings, the credit risk of these financial instruments is low. As of 31 December 2025, the accounts receivable of the Group's top five customers accounted for 30.48% (2024: 27.09%) 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

X. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

1. Risk management objectives and policies (Continued)

(1) Credit risk (Continued)

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.

Evidence for credit-impaired financial assets includes the following observable information: The debtor has material financial difficulties; the debtor has violated the terms of the contract, such as default or overdue payment of interest or principal; due to economic or contractual considerations relating to the financial difficulties of the debtor, the Group makes concessions to the debtor which will never be made under any other circumstances; the debtor is likely to suffer bankruptcy or undergo other financial restructuring; the financial difficulties of the debtor cause the disappearance of the active market of the financial asset.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

X. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

1. Risk management objectives and policies (Continued)

(2) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations on the due date. The Group manages liquidity risk by ensuring that there is sufficient liquidity to meet due debts without causing unacceptable losses or damage to the reputation of the enterprise. The Group regularly analyzes the liability structure and term to ensure sufficient funds. The Management of the Group monitors the use of bank borrowings and ensures compliance with loan agreements. At the same time, financing consultations are conducted with financial institutions to maintain a certain credit line and reduce liquidity risks.

The financial liabilities held by the Group are listed as follows according to the maturity of the undiscounted remaining contractual obligations:

Amount as of 31 December 2025

| Item | Book amount | 31 December 2025 | | | |
|--|-------------------------|-------------------------|-----------------------|-----------------------|---------------------|
| | | Within 1 year | 1-2 years | 2-5 years | Over 5 years |
| Non-derivative financial liabilities: | — | — | — | — | — |
| Bills payable | 2,583,140,189.56 | 2,583,140,189.56 | 0.00 | 0.00 | 0.00 |
| Accounts payable | 1,824,615,662.08 | 1,824,615,662.08 | 0.00 | 0.00 | 0.00 |
| Other payables | 567,807,246.38 | 567,807,246.38 | 0.00 | 0.00 | 0.00 |
| Other current liabilities | 383,903,310.62 | 383,903,310.62 | 0.00 | 0.00 | 0.00 |
| Long-term borrowings | 424,723,098.79 | 0.00 | 192,903,098.79 | 231,820,000.00 | 0.00 |
| Non-current liabilities due within one year | 26,162,069.90 | 26,162,069.90 | 0.00 | 0.00 | 0.00 |
| Long-term payables | 7,183,513.97 | 0.00 | 756,000.00 | 2,268,000.00 | 4,159,513.97 |
| Total financial liabilities | 5,817,535,091.30 | 5,385,628,478.54 | 193,659,098.79 | 234,088,000.00 | 4,159,513.97 |

(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, AUD, XOF, and ZAR) still have exchange rate risks. The finance department of the Group is responsible for monitoring the Company's foreign currency transactions and the scale of foreign currency assets and liabilities to reduce the exchange rate risks to the greatest extent. For this reason, the Group may avoid exchange rate risks by signing forward foreign exchange agreements or currency swap agreements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

X. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

1. Risk management objectives and policies (Continued)

(3) Market risk (Continued)

1) Exchange rate risk (Continued)

As of 31 December 2025, the amount of foreign currency financial assets and foreign currency financial liabilities held by the Group converted into RMB is listed as follows:

| Item | Ending balance | | Beginning balance | |
|---|-------------------|-------------------|-------------------|-------------------|
| | Original currency | Equivalent to RMB | Original currency | Equivalent to RMB |
| Monetary funds | — | 93,963,557.78 | — | 107,078,813.07 |
| USD | 7,357,662.89 | 51,715,540.92 | 11,919,656.85 | 85,683,261.30 |
| EUR | 1,122,094.86 | 9,241,012.22 | 786,033.06 | 5,915,449.00 |
| HKD | 20,012,105.23 | 18,075,333.69 | 11,008.32 | 10,193.70 |
| XOF | 1,176,651,512.00 | 14,825,809.05 | 1,324,194,084.00 | 15,228,231.97 |
| BYN | 44,322.26 | 105,861.90 | 110,028.27 | 241,677.10 |
| Accounts receivable | — | 92,074,416.34 | — | 100,328,029.83 |
| USD | 9,609,868.99 | 67,545,847.16 | 10,869,853.23 | 78,136,852.96 |
| EUR | 110,277.29 | 908,188.62 | 110,277.29 | 829,913.80 |
| AUD | 416,357.79 | 1,952,384.95 | 416,357.79 | 1,876,524.56 |
| XOF | 393,609,928.00 | 4,959,485.09 | 372,243,548.00 | 4,280,800.80 |
| ZAR | 39,552,387.38 | 16,708,510.52 | 39,552,387.38 | 15,203,937.71 |
| Other receivables | — | 434,206.94 | — | 511,150.65 |
| XOF | 33,261,693.00 | 419,097.33 | 35,342,710.50 | 406,441.17 |
| BYN | 6,326.09 | 15,109.61 | 47,671.06 | 104,709.48 |
| Non-current assets due within one year | — | 489,038,697.61 | — | 483,413,676.55 |
| USD | 47,719,241.77 | 335,409,006.55 | 47,719,241.77 | 343,024,997.54 |
| EUR | 18,654,567.55 | 153,629,691.06 | 18,654,567.55 | 140,388,679.01 |
| Other current assets | — | 15,922,621.65 | — | 15,675,982.44 |
| USD | 2,253,538.23 | 15,839,669.51 | 2,170,404.83 | 15,601,738.08 |
| BYN | 34,730.40 | 82,952.14 | 33,801.21 | 74,244.36 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

X. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

1. Risk management objectives and policies (Continued)

(3) Market risk (Continued)

1) Exchange rate risk (Continued)

| Item | Ending balance | | Beginning balance | |
|--|----------------------|----------------------|----------------------|----------------------|
| | Original currency | Equivalent to RMB | Original currency | Equivalent to RMB |
| Accounts payable | — | 34,202,328.60 | — | 34,353,206.23 |
| USD | 3,977,983.89 | 27,960,453.17 | 4,018,133.89 | 28,883,953.65 |
| EUR | 746,460.12 | 6,147,472.32 | 706,460.12 | 5,316,606.93 |
| AUD | 11,794.96 | 55,308.93 | 11,794.96 | 53,159.88 |
| BYN | 16,367.95 | 39,094.18 | 45,292.86 | 99,485.77 |
| Other payables | — | 322,308.93 | — | 33,546.82 |
| USD | 45,855.47 | 322,308.93 | 4,126.00 | 29,659.34 |
| BYN | 0.00 | 0.00 | 1,769.85 | 3,887.48 |
| Employee salary payable | — | 112,544.67 | — | 122,019.75 |
| BYN | 47,120.20 | 112,544.67 | 55,551.90 | 122,019.75 |
| Other current liabilities | — | 0.00 | — | 1,605,041.32 |
| USD | 0.00 | 0.00 | 164,969.44 | 1,185,866.32 |
| XOF | 0.00 | 0.00 | 36,450,000.00 | 419,175.00 |
| Non-current liabilities due within one year | — | 756,000.00 | — | 690,000.00 |
| XOF | 60,000,000.00 | 756,000.00 | 60,000,000.00 | 690,000.00 |
| Long-term payables | — | 7,183,513.97 | — | 7,246,381.79 |
| XOF | 570,120,156.00 | 7,183,513.97 | 630,120,156.00 | 7,246,381.79 |

Note: The above assets are presented at original value.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

X. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

1. Risk management objectives and policies (Continued)

(3) Market risk (Continued)

2) Interest rate risk

Interest rate risks faced by the Group are mainly incurred from borrowings. 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 the interest rate 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 conditions. These adjustments may reduce interest rate risk via an interest rate swap.

3) Price risk

Price risk refers to the risk of fluctuations due to changes in market prices other than exchange rate risk and interest rate risk, mainly arising from changes in commodity prices, stock market indexes, equity instrument prices, and other risk variables.

2. Analysis of sensitivity

The Group adopts a 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 a 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

X. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

2. Analysis of sensitivity (Continued)

(1) Foreign exchange risk sensitivity analysis

Sensitivity analysis of foreign exchange risk assumes that all overseas net operating investment hedges and cash flow hedges are highly effective.

On the basis of the above assumptions, under the condition that other variables remain unchanged, the after-tax impact of possible reasonable changes in exchange rate on current profit or loss and equity is as follows:

As of 31 December 2025, for various financial assets and financial liabilities in USD and EUR, if RMB appreciates or depreciates by 10% against USD and EUR and other factors remain unchanged, the Group will gain or lose about RMB64,961,280.42 (about RMB66,295,745.66 in 2024). The amount of provision for impairment is not considered in the above sensitivity analysis.

3. Transfer of financial assets

(1) Classification of transfer modes

| Transfer mode | Nature of transferred financial assets | Amount of transferred financial assets | Derecognition | Judgment basis for derecognition |
|---------------------------------------|--|--|------------------|---|
| Bill endorsement/ bill discounting | Bills receivable | 7,788,550.80 | Not derecognized | Having retained almost all of its risks and rewards, including the related default risk |
| Bill endorsement/ bill discounting | Receivables financing | 548,791,909.12 | Derecognized | Having transferred almost all of its risks and rewards |
| Discounted | Accounts receivable | 336,288,853.66 | Derecognized | Having transferred almost all of its risks and rewards |
| Total | — | 892,869,313.58 | — | — |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

X. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

3. Transfer of financial assets (Continued)

(2) Financial assets derecognized due to transfer

| Item | Transfer method of financial assets | Amount of financial assets derecognized | Gains or losses related to derecognition |
|-----------------------|-------------------------------------|---|--|
| Receivables financing | Bill endorsement/bill discounting | 548,791,909.12 | -1,283,315.82 |
| Accounts receivable | Discounted | 336,288,853.66 | -6,755,148.85 |
| Total | / | 885,080,762.78 | -8,038,464.67 |

As of 31 December 2025, the carrying amount of bank acceptance bills endorsed by the Group to suppliers for settlement or discount to banks was RMB7,788,550.80. 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

XI. DISCLOSURE OF FAIR VALUE

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

| Item | Ending fair value | | | Total |
|--|---|---|---|------------------|
| | Level 1 measurement at fair value | Level 2 measurement at fair value | Level 3 measurement at fair value | |
| I. Continuous measurement at fair value | — | — | — | — |
| (I) Financial assets held for trading | 0.00 | 0.00 | 946,000,000.00 | 946,000,000.00 |
| 1. Financial assets at FVTPL | 0.00 | 0.00 | 946,000,000.00 | 946,000,000.00 |
| (1) Debt instrument investments | 0.00 | 0.00 | 0.00 | 0.00 |
| (2) Equity instruments | 0.00 | 0.00 | 946,000,000.00 | 946,000,000.00 |
| (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 | 4,716,862.36 | 4,716,862.36 |
| (III) Receivables financing | 0.00 | 0.00 | 168,977,762.41 | 168,977,762.41 |
| Total assets continuously measured at fair value | 0.00 | 0.00 | 1,119,694,624.77 | 1,119,694,624.77 |

2. Basis for determination of market prices for items subject to continuous and non-continuous level I measurement at fair value

Financial instruments traded in an active market are stated at quoted market prices at the date of the financial statements. Quoted prices are considered active when they are available in real time or periodically from stock exchanges, dealers, economic, industry, pricing service providers, or regulatory agents, and they represent actual and regular market transactions on an arm's length basis.

3. Valuation techniques and qualitative and quantitative information about significant indicators of items subject to continuous and non-continuous Level 2 measurement at fair value

The fair value of financial instruments not traded in an active market (e.g., OTC derivatives) is determined using valuation techniques. Valuation techniques use observable market data as much as possible and rely as little as possible on entity-specific estimates. A financial instrument is classified in Level 2 if all material inputs required to calculate its fair value are observable.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

XI. DISCLOSURE OF FAIR VALUE (CONTINUED)

4. Valuation techniques and qualitative and quantitative information about significant indicators of items subject to continuous and non-continuous Level 3 measurement at fair value

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 financial instruments. For the equity instruments of financial assets held for trading held by the Company, the Company hired an asset 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 measurement at fair value and sensitivity analysis of non-observable parameters

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

6. Conversion between levels this year for items subject to continuous measurement at fair value

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

7. Change of valuation techniques in the current year and the reasons thereof

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

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

None.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

XII. RELATED PARTIES AND CONNECTED TRANSACTIONS

(I) Related party relationships

1. Parent company

| Name of parent company | Registration place | Business nature | Registered capital (RMB10,000) | Shareholding proportion (%) to the Group | Proportion (%) of voting right to the Company |
|------------------------|------------------------------|--|--------------------------------|--|---|
| YTO Group Corporation | Luoyang City, Henan Province | Production and sales of various large, medium, and small tractors, engineering machinery, diesel engines, etc. | 310,619.38 | 48.81 | 48.81 |

The ultimate controlling party of the Company is China National Machinery Industry Corporation, registered and operated in Beijing with a registered capital of RMB26 billion.

2. Subsidiaries

For details of subsidiaries, refer to Note “VIII. 1. (1) Composition of the Group”.

3. Joint ventures and associates

For details of significant joint ventures or associates of the Company, please refer to Note “VIII. 3. (1) Significant joint ventures or associates”.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

(I) Related party relationships (Continued)

3. Joint ventures and associates (Continued)

The information of other joint ventures or associates that produced a balance for conducting connected transactions with the Group in this year or in the earlier period is shown as follows:

| Name | 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 |
| YTO (Luoyang) Axle Co., Ltd. | Former associate of the Company | Note 2 |
| Sinomach Finance Co., Ltd. | Associate of the Company | Controlled by the same controlling party |
| Luoyang Intelligent Agricultural Equipment Research Institute Co., Ltd. | Associate of the controlling shareholder | — |
| Luoyang Dongfang Printing Co., Ltd. | Associate of the controlling shareholder | — |
| YTO (Luoyang) Like Automobile Co., Ltd. | Associate of the controlling shareholder | — |
| Luoyang Saida Environmental Protection Technology Co., Ltd. | Joint venture of the controlling shareholder | — |
| Luoyang I&C Technology Consulting Co., Ltd. | Associate of the subsidiary 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 13 September 2024, the Company has completed the asset delivery of ZF Axle Company and the reorganization of the Board of Directors, acquired actual control rights and incorporated it into the consolidation scope. On 24 September 2024, ZF Axle Company completed the industrial and commercial registration of the above-mentioned equity transfer and changed its name to YTO (Luoyang) Axle Co., Ltd. Therefore, the connected transaction of this year does not involve YTO (Luoyang) Axle Co., Ltd. The connected transactions of last year include the transaction amount of YTO (Luoyang) Axle Co., Ltd. from January to August 2024.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

(I) Related party relationships (Continued)

4. Other related parties

| Name | Relationship between other related party and the Company |
|---|--|
| Beijing Materials Handling Research Institute Co., Ltd. | Controlled by the same ultimate controlling party |
| Beijing Sinomach Lianchuang Exhibition Technology Service 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-HE 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 |
| Sinomach Digital Technology 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 |
| The Fourth Institute of Project Planning & Research of Machinery Industry | Controlled by the same ultimate controlling party |
| The Fifth Institute of Project Planning & Research of Machinery Industry | Controlled by the same ultimate controlling party |
| Kinte Materials Science and Technology Co., Ltd. | Controlled by the same ultimate controlling party |
| Xi'an Heavy Machinery Research Institute Co., Ltd. | Controlled by the same ultimate controlling party |
| Changsha Qidian Automotive Parts Co., Ltd. | Controlled by the same ultimate controlling party |
| Deyang Wanlu Transportation Service Co., Ltd. of China National Erzhong Group Co., Ltd. | Controlled by the same ultimate controlling party |
| China National Electric Apparatus Research Institute Co., Ltd. | Controlled by the same ultimate controlling party |
| Automotive Engineering Corporation | Controlled by the same ultimate controlling party |
| Zhongqi Shengjia (Tianjin) Property Management Co., Ltd. | Controlled by the same ultimate controlling party |
| Safety Sliding Contact Line Factory of the Fourth Design and Research Institute of the SCIVIC | Controlled by the same ultimate controlling party |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

(I) Related party relationships (Continued)

4. Other related parties (Continued)

| Name | Relationship between other related party and the Company |
|--|--|
| China National Machine Tool Sales and Technical Service Corporation | Controlled by the same ultimate controlling party |
| Beijing Tsun Greatwall Hydraulic R&D Co., Ltd. | Controlled by the same ultimate controlling party |
| Sumec International Technology Co., Ltd. | Controlled by the same ultimate controlling party |
| Sinomach Hainan Development Co., Ltd. | Controlled by the same ultimate controlling party |
| Guangzhou Qingtian Industrial Co., Ltd. | Controlled by the same ultimate controlling party |
| Jiangsu 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 |
| Luoyang Bearing Research Institute Co., Ltd. | Controlled by the same ultimate controlling party |
| Beijing Unite-Idea Advertising Co., Ltd. | Controlled by the same ultimate controlling party |
| Jinggong Ruiyi Technology (Henan) Co., Ltd. | Controlled by the same ultimate controlling party |
| CHINA AUT CAIEC LTD. | Controlled by the same ultimate controlling party |
| Linhai Co., Ltd. | Controlled by the same ultimate controlling party |
| Jiangsu Sumec Technology Equipment Co., Ltd. | Controlled by the same ultimate controlling party |
| Sinomach Precision Industry Co., Ltd. | Controlled by the same ultimate controlling party |
| Sinomach Finance Co., Ltd. Henan Branch | Controlled by the same ultimate controlling party |
| BMHRI Equipment Manufacturing (Beijing) Co., Ltd. | Controlled by the same ultimate controlling party |
| China National Construction & Agricultural Machinery Import & Export Corporation | Controlled by the same ultimate controlling party |
| CMEC International Exhibition Co., Ltd. | Controlled by the same ultimate controlling party |
| Beijing Prominion Publishing Co., Ltd. | Controlled by the same ultimate controlling party |
| China Machinery International Engineering Design & Research Institute Co., Ltd. | Controlled by the same ultimate controlling party |
| Guangzhou Mechanical Engineering Research Institute Co., Ltd. | Controlled by the same ultimate controlling party |
| Sinomach Capital Management Corporation | Controlled by the same ultimate controlling party |
| SIPPR Engineering Group Co., Ltd. | Controlled by the same ultimate controlling party |
| China United Engineering Corporation | Controlled by the same ultimate controlling party |
| Chinese Academy of Agricultural Mechanization Sciences Group Co., Ltd. | Controlled by the same ultimate controlling party |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

(I) Related party relationships (Continued)

4. Other related parties (Continued)

| Name | Relationship between other related party and the Company |
|--|--|
| JFMMRI Inspection & Testing Technology Co., Ltd. | Controlled by the same ultimate controlling party |
| Jiangsu Sumec Eton Kidd Brand Management Co., Ltd. | Controlled by the same ultimate controlling party |
| Jiangsu Sumec Eton Kidd Management Consulting Co., Ltd. | Controlled by the same ultimate controlling party |
| SUMEC Machinery & Electric Technology Co., Ltd. | Controlled by the same ultimate controlling party |
| Guangzhou Kinte Electric Industrial Co., Ltd. | Controlled by the same ultimate controlling party |
| Jiangsu SUMEC Hardware & Tools Co., Ltd. | Controlled by the same ultimate controlling party |
| CAMCE Logistics Co., Ltd. | Controlled by the same ultimate controlling party |
| China National Heavy Machinery Corporation | Controlled by the same ultimate controlling party |
| China Automotive Construction Engineering (Luoyang) Testing Co., Ltd. | Controlled by the same ultimate controlling party |
| China Automotive Changxing (Luoyang) Mechanical and Electrical Equipment Engineering Co., Ltd. | Controlled by the same ultimate controlling party |
| Xinjiang Zhongshou Agriculture & Animal Husbandry Machinery Co., Ltd. | Controlled by the same ultimate controlling party |
| CMEC General Machinery Import & Export Co., Ltd. | Controlled by the same ultimate controlling party |
| SCIVIC Engineering Corporation | Controlled by the same ultimate controlling party |
| China-East Resources Import & Export Co., Ltd. | Controlled by the same ultimate controlling party |
| Erzhong (Deyang) Heavy Equipment Co., Ltd. | Controlled by the same ultimate controlling party |
| Menoble Technology Co., Ltd. Gu'an Branch | Controlled by the same ultimate controlling party |
| Machinery Industry Planning Institute Co., Ltd. | Controlled by the same ultimate controlling party |
| CMCU Engineering Co., Ltd. | Controlled by the same ultimate controlling party |
| Sino-Machinery Agro-Development Investment Co., Ltd. | Controlled by the same ultimate controlling party |
| CGE Group Wuxi Drill Tools Co., Ltd. | Controlled by the same ultimate controlling party |
| New Dayang Shipbuilding Co., Ltd. | Controlled by the same ultimate controlling party |
| ZFJ Textile Machinery Co., Ltd. | Controlled by the same ultimate controlling party |
| Menoble Technology Co., Ltd. | Controlled by the same ultimate controlling party |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

(I) Related party relationships (Continued)

4. Other related parties (Continued)

| Name | Relationship between other related party and the Company |
|--|--|
| Guangzhou Kinte Intelligent Equipment Technology 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 |
| Cadfund Machinery Pty Ltd | The former subsidiary of the Company due to bankruptcy liquidation is not included in the scope of consolidation |
| YTO (Luoyang) Standard Parts Co., Ltd. | Others (revoked) |
| Luoyang YTO Light Vehicle Co., Ltd. | Others (cancelled) |
| YTO (Luoyang) Zhongcheng Machinery Co., Ltd. | Others |
| 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 Sinomach, so the subsidiaries controlled by Sinomach 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 associated enterprises that have been bankrupt and liquidated.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

(II) Connected transactions

1. Material transactions between the Group and Sinomach and its subsidiaries

| Item | Amount in the current year | Amount in the previous year |
|-------------------------------------|-------------------------------|--------------------------------|
| Sales of raw materials and parts | 113,411,982.80 | 33,877,443.79 |
| Purchase of raw materials and parts | 64,129,746.77 | 36,245,355.46 |
| Interest income | 15,286,266.52 | 24,210,293.07 |
| Interest expenses | 4,451,777.78 | 5,083,333.34 |
| Expenditure of service charges | 1,615,402.56 | 1,967,659.95 |
| Total | 198,895,176.43 | 101,384,085.61 |

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

| Item | Amount in the current year | Amount in the previous year |
|---|-------------------------------|--------------------------------|
| Purchase of raw materials and parts | 425,383,662.70 | 475,126,286.35 |
| Comprehensive service and transportation costs paid and payable | 228,018,466.09 | 229,084,168.53 |
| Power cost paid and payable | 197,883,160.95 | 194,351,897.02 |
| Sales of raw materials and parts | 146,403,101.63 | 187,842,346.50 |
| Payment of R&D expenses | 25,281,254.44 | 27,145,594.37 |
| Purchase of plant and equipment | 18,403,764.88 | 9,209,718.28 |
| Land rent paid and payable | 14,588,773.53 | 12,454,116.58 |
| Houses and buildings rent paid and payable | 8,498,622.62 | 8,239,089.97 |
| Revenue from houses and buildings and machinery equipment rent | 4,220,534.67 | 4,552,394.60 |
| R&D revenue | 2,830,188.68 | 4,796,226.41 |
| Interest expenses | 2,085,185.64 | 433,889.66 |
| Provision of technical and testing services | 858,904.05 | 620,788.94 |
| Revenue from land lease | 112,032.00 | 354,813.58 |
| Revenue from trademark use | 95,943.39 | 59,716.97 |
| Machinery equipment rent paid and payable | 50,480.00 | 1,124,851.03 |
| Total | 1,074,714,075.27 | 1,155,395,898.79 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

(II) Connected transactions (Continued)

3. *Connected transactions between the Group and joint ventures and associates (including joint ventures and associates of Sinomach and YTO Group Corporation)*

| Item | Amount in the current year | Amount in the previous year |
|---|----------------------------|-----------------------------|
| Payment of R&D expenses | 191,827,568.57 | 155,635,347.30 |
| Purchase of raw materials and parts | 67,327,773.26 | 253,756,590.41 |
| Sales of raw materials and parts | 18,585,965.50 | 47,020,309.78 |
| Rent paid and payable | 3,330,184.07 | 259,872.12 |
| R&D revenue | 1,717,315.10 | 877,468.62 |
| Provision of technical and testing services | 461,996.28 | 627,297.70 |
| Power cost paid and payable | 224,057.34 | 463,668.96 |
| Comprehensive service fees paid and payable | 78,860.36 | 381,059.66 |
| Revenue from trademark use | 2,277.74 | 2,452.83 |
| Lease income | 0.00 | 2,608,258.00 |
| Revenue from technology license fees | 0.00 | 579,346.27 |
| Purchase of plant and equipment | 0.00 | 353,982.30 |
| Total | 283,555,998.22 | 462,565,653.95 |

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

(II) Connected transactions (Continued)

4. Related party capital lending

| Name of related party | Lending amount | Starting date | Maturity date | Remarks |
|--|------------------------------|---------------|---------------|----------------------------|
| Loans from related parties (principal) | — | — | — | — |
| YTO Group Corporation | 65,950,000.00 | 2024-12-31 | 2027-12-31 | Entrusted loan |
| YTO Group Corporation | 31,820,000.00 | 2025-7-3 | 2028-7-3 | Entrusted loan |
| China National Machinery Industry Corporation | <u>200,000,000.00</u> | 2025-12-9 | 2028-12-9 | Entrusted loan |
| Subtotal | <u><u>297,770,000.00</u></u> | — | — | — |
| Loans from related parties (interest payable) | — | — | — | — |
| China National Machinery Industry Corporation | 156,000.00 | — | — | Interest of entrusted loan |
| YTO Group Corporation | <u>82,224.46</u> | — | — | Interest of entrusted loan |
| Subtotal | <u><u>238,224.46</u></u> | — | — | — |

Note: The interest expense of the Group's related party capital lending this year is RMB6,536,963.42 in total.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

(II) Connected transactions (Continued)

5. Related party leases

(1) As Lessor

| Name of lessee | Type of asset leased | Lease income recognized in the current year | Lease income recognized in the previous year |
|---|----------------------|---|--|
| Luoyang Xiyuan Vehicle and Power Inspection Institute Co., Ltd. | Land and buildings | 1,438,070.04 | 1,438,070.04 |
| YTO Group Corporation | Land and buildings | 1,389,452.00 | 1,380,683.78 |
| YTO (Luoyang) Axle Co., Ltd. | Land and buildings | 0.00 | 2,608,258.00 |
| YTO (Luoyang) Materials and Equipment Co., Ltd. | Land and buildings | 0.00 | 790,163.74 |
| Luoyang Xiyuan Vehicle and Power Inspection Institute Co., Ltd. | Machinery equipment | 1,462,280.63 | 1,235,691.57 |
| YTO Group Corporation | Machinery equipment | 42,764.00 | 32,650.75 |
| YTO (Luoyang) Materials and Equipment Co., Ltd. | Machinery equipment | 0.00 | 28,482.80 |
| YTO (Luoyang) Logistics Co., Ltd. | Machinery equipment | 0.00 | 1,465.50 |
| Total | — | 4,332,566.67 | 7,515,466.18 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

(II) Connected transactions (Continued)

5. Related party leases (Continued)

(2) As Lessee

| Name of lessor | Type of asset leased | Rental expenses for simplified leases and low-value asset leases | Variable lease payments not included in the measurement of lease liabilities (if applicable) | Rents paid | Increased right-of-use assets |
|---|----------------------|--|--|----------------------|-------------------------------|
| YTO Group Corporation and its subsidiaries | — | — | — | — | — |
| YTO Group Corporation | Land and buildings | 2,112,357.85 | 0.00 | 24,532,462.43 | 8,807,603.18 |
| YTO Group Corporation | Machinery equipment | 44,770.12 | 0.00 | 52,208.40 | 0.00 |
| YTO (Luoyang) Logistics Co., Ltd. | Land and buildings | 609,027.52 | 0.00 | 663,840.00 | 0.00 |
| YTO (Luoyang) Logistics Co., Ltd. | Machinery equipment | 4,277.88 | 0.00 | 4,834.00 | 0.00 |
| Subtotal | — | <u>2,770,433.37</u> | <u>0.00</u> | <u>25,253,344.83</u> | <u>8,807,603.18</u> |
| Joint ventures and associates | — | — | — | — | — |
| Luoyang Intelligent Agricultural Equipment Research Institute Co., Ltd. | Machinery equipment | 0.00 | 0.00 | 3,763,108.00 | 6,432,736.38 |
| Subtotal | — | <u>0.00</u> | <u>0.00</u> | <u>3,763,108.00</u> | <u>6,432,736.38</u> |
| Total | — | <u>2,770,433.37</u> | <u>0.00</u> | <u>29,016,452.83</u> | <u>15,240,339.56</u> |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

(II) Connected transactions (Continued)

6. Remuneration of key management

Unit: '0,000 Currency: RMB

| Item name | Amount in the current year |
|--------------------------------|----------------------------|
| Remuneration of key management | <u>395.85</u> |

(1) Compensation of key management:

Unit: '0,000 Currency: RMB

| Personnel and position | Emoluments | Amount in the current year | | Total |
|--|------------|-----------------------------|--------------------------------------|-------|
| | | 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 | 47.22 | 6.84 | 54.06 |
| Non-executive Directors | | | | |
| Fang Xianfa | 0.00 | 0.00 | 0.00 | 0.00 |
| Yang Jianhui | 1.20 | 0.00 | 0.00 | 1.20 |
| Sun Feng | 0.00 | 0.00 | 0.00 | 0.00 |
| Independent Non-executive Directors | | | | |
| Wang Shumao | 9.40 | 0.00 | 0.00 | 9.40 |
| Xu Liyou | 0.00 | 0.00 | 0.00 | 0.00 |
| Huang Qiwen | 9.50 | 0.00 | 0.00 | 9.50 |
| Employee Director | | | | |
| Li Peng | 0.00 | 15.83 | 6.84 | 22.67 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

(II) Connected transactions (Continued)

6. Remuneration of key management (Continued)

(1) Compensation of key management: (Continued)

| Personnel and position | Emoluments | Amount in the current year | | Total |
|---|--------------|-----------------------------|--------------------------------------|---------------|
| | | Salaries and other benefits | Contribution to retirement fund plan | |
| Senior Management | | | | |
| Su Wensheng (Deputy General Manager) | 0.00 | 38.64 | 6.84 | 45.48 |
| Liu Bin (CFO and Secretary of the Board of Directors) | 0.00 | 38.64 | 6.84 | 45.48 |
| Zhao Qingliang (Deputy General Manager) | 0.00 | 38.66 | 12.48 | 51.14 |
| Yang Guangjun (Deputy General Manager) | 0.00 | 38.64 | 6.84 | 45.48 |
| Other personnel | | | | |
| Li Xiaoyu (former Executive Director and Chairman) | 0.00 | 0.00 | 0.00 | 0.00 |
| Miao Yu (former Non-executive Director) | 0.00 | 0.00 | 0.00 | 0.00 |
| Xue Lipin (former Independent Non-Executive Director) | 2.50 | 0.00 | 0.00 | 2.50 |
| Yang Yu (former Chairman of the Supervisory Board) | 0.00 | 0.00 | 0.00 | 0.00 |
| Gu Aiqin (former Supervisor) | 0.00 | 0.00 | 0.00 | 0.00 |
| Xiao Bin (former Supervisor) | 0.00 | 17.77 | 6.84 | 24.61 |
| Yang Kun (former Employee Supervisor) | 0.00 | 16.34 | 6.84 | 23.18 |
| Yu Lina (former Deputy General Manager & Secretary of the Board of Directors) | 0.00 | 32.24 | 5.69 | 37.93 |
| Xue Wenpu (former Deputy General Manager) | 0.00 | 19.53 | 3.69 | 23.22 |
| Total | 22.60 | 303.51 | 69.74 | 395.85 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

(II) Connected transactions (Continued)

6. Remuneration of key management (Continued)

(1) Compensation of key management: (Continued)

Unit: '0,000 Currency: RMB

| Personnel and position | Emoluments | Amount in the previous year | | Total |
|--|------------|-----------------------------|--------------------------------------|--------|
| | | 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 | 168.07 | 6.57 | 174.64 |
| Non-executive Directors | | | | |
| Yang Jianhui | 1.00 | 0.00 | 0.00 | 1.00 |
| Fang Xianfa | 0.00 | 0.00 | 0.00 | 0.00 |
| Miao Yu | 0.00 | 0.00 | 0.00 | 0.00 |
| Independent Non-executive Directors | | | | |
| Xue Lipin | 10.20 | 0.00 | 0.00 | 10.20 |
| Wang Shumao | 9.70 | 0.00 | 0.00 | 9.70 |
| Xu Liyou | 0.00 | 0.00 | 0.00 | 0.00 |
| Wong Yee Man | 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 | 42.49 | 6.57 | 49.06 |
| Li Peng | 0.00 | 120.73 | 6.57 | 127.30 |
| Yang Kun | 0.00 | 93.27 | 6.57 | 99.84 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

(II) Connected transactions (Continued)

6. Remuneration of key management (Continued)

(1) Compensation of key management: (Continued)

| Personnel and position | Emoluments | Amount in the previous year Salaries and other benefits | Contribution to retirement fund plan | Total |
|---|--------------|---|--|-----------------|
| Senior Management | | | | |
| Su Wensheng (<i>Deputy General Manager</i>) | 0.00 | 143.36 | 6.57 | 149.93 |
| Yu Lina (<i>Deputy General Manager & Secretary of the Board of Directors</i>) | 0.00 | 142.46 | 6.57 | 149.03 |
| Xue Wenpu (<i>Deputy General Manager</i>) | 0.00 | 143.16 | 6.57 | 149.73 |
| Liu Bin (<i>Chief Financial Officer</i>) | 0.00 | 11.98 | 0.00 | 11.98 |
| Zhao Qingliang (<i>Deputy General Manager</i>) | 0.00 | 139.55 | 11.54 | 151.09 |
| Yang Guangjun (<i>Deputy General Manager</i>) | 0.00 | 142.55 | 6.57 | 149.12 |
| Other personnel | | | | |
| Li Xiaoyu (<i>former Executive Director and Chairman</i>) | 0.00 | 0.00 | 0.00 | 0.00 |
| Liu Jiguo (<i>former Executive Director and Chairman</i>) | 0.00 | 0.00 | 1.06 | 1.06 |
| Zhang Zhiyu (<i>former Director</i>) | 0.80 | 0.00 | 0.00 | 0.80 |
| Zhang Bin (<i>former Director</i>) | 0.00 | 0.00 | 0.00 | 0.00 |
| Kang Zhifeng (<i>former CFO</i>) | 0.00 | 131.02 | 12.10 | 143.12 |
| Total | 21.70 | 1,278.64 | 77.26 | 1,377.60 |

Note 1: The final remuneration amounts of Key Management Personnel for the year 2025 are still in the process of being confirmed. The 2025 remuneration amounts disclosed in the above table represent the pre-tax remuneration accrued and paid during the reporting period.

Note 2: The final remuneration amounts of Key Management Personnel for the year 2024 have been reviewed and confirmed by the Remuneration Committee of the Board of Directors. The 2024 remuneration amounts disclosed in the above table represent the total final pre-tax remuneration attributable to such year for the Key Management Personnel.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

(II) Connected transactions (Continued)

6. Remuneration of key management (Continued)

(2) Individuals with the top five compensation

During the reporting period, the final remuneration of the highest paid individual is still under confirmation. Based on the pre-tax remuneration accrued and paid and attributable to the reporting period, one of the top five highest paid individuals in 2025 was a director. The remuneration of such director is set out in note "XII.6.(1)" and has been reflected in the remuneration of key management personnel.

Compensation of the rest of the five individuals with the top five compensation:

Unit: '0,000 Currency: RMB

| Item | Amount in the current year |
|--------------------------------------|----------------------------|
| Emoluments | 0.00 |
| Salaries and other benefits | 154.58 |
| Contribution to retirement fund plan | 33.00 |
| Total | 187.58 |

Remuneration range:

| Item | Number of person(s) in the current year |
|--------------------------------|---|
| Within HKD 1,000,000 | 4 |
| HKD 1,000,001 to HKD 1,500,000 | 0 |
| HKD 1,500,001 to HKD 2,000,000 | 0 |
| HKD 2,000,001 to HKD 2,500,000 | 0 |

During the track record period, there has been no director who has given up or agreed to give up any compensation. During the track record period, the Company has not paid any compensation to any director, supervisor, or five individuals with the top five compensation as a reward for attracting them to join the Company or reward for them when joining in, or as a separation allowance.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

(II) Connected transactions (Continued)

7. Other connected transactions

| Name of related party | Content | Amount in the current year | Amount in the previous year |
|----------------------------|--------------------|----------------------------|-----------------------------|
| Sinomach Finance Co., Ltd. | Equity investments | <u>0.00</u> | <u>85,716,000.00</u> |

(III) Balance of receivables and payables by related parties

1. Bank deposit

| Related Party | Ending book value | Beginning book value |
|--|-------------------------|-------------------------|
| Sinomach and its subsidiaries (excluding YTO Group Corporation and its subsidiaries) | — | — |
| Sinomach Finance Co., Ltd. | <u>1,669,218,110.27</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 year is RMB1,669,218,110.27, including current deposits of RMB1,234,431,568.17 and bank acceptance bill deposits of RMB434,786,542.10. The interest income settled this year is RMB15,286,266.52.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

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

2. Receivables

(1) Bills receivable and receivables financing

| Related party | Ending book value | Beginning book value |
|---|----------------------|----------------------|
| Sinomach and its subsidiaries (excluding YTO Group Corporation and its subsidiaries) | — | — |
| Jiangsu SUMEC Machinery & Electric Co., Ltd. | 2,663,879.95 | 598,417.50 |
| China National Heavy Machinery Research Institute Co., Ltd. | 378,836.51 | 1,007,342.04 |
| China National Electric Apparatus Research Institute Co., Ltd. | 207,401.00 | 50,000.00 |
| CGE Group Wuxi Drill Tools Co., Ltd. | 100,000.00 | 0.00 |
| Guangzhou Qingtian Industrial Co., Ltd. | 70,000.00 | 115,577.37 |
| New Dayang Shipbuilding Co., Ltd. | 31,536.00 | 0.00 |
| ZFJ Textile Machinery Co., Ltd. | 31,160.00 | 0.00 |
| Menoble Technology Co., Ltd. | 20,714.70 | 0.00 |
| Guangzhou Kinte Intelligent Equipment Technology Co., Ltd. | 20,000.00 | 0.00 |
| Jinggong Ruiyi Technology (Henan) Co., Ltd. | 0.00 | 29,420.00 |
| Subtotal | 3,523,528.16 | 1,800,756.91 |
| Controlling shareholder | — | — |
| YTO Group Corporation | 13,679,938.76 | 4,117,873.69 |
| Subtotal | 13,679,938.76 | 4,117,873.69 |
| Subsidiaries of YTO Group Corporation | — | — |
| YTO (Luoyang) Logistics Co., Ltd. | 244,368.87 | 2,243,146.86 |
| Subtotal | 244,368.87 | 2,243,146.86 |
| Total | 17,447,835.79 | 8,161,777.46 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

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

2. Receivables (Continued)

(2) Accounts receivable

| Related party | Ending balance | | Beginning balance | |
|---|---------------------|-------------------------|----------------------|-------------------------|
| | Book value | Provision for bad debts | Book value | Provision for bad debts |
| Sinomach and its subsidiaries (excluding YTO Group Corporation and its subsidiaries) | — | — | — | — |
| China CAMC Engineering Co., Ltd. | 1,107,885.10 | 166,182.77 | 0.00 | 0.00 |
| China National Machinery Industry Corporation | 22,641.51 | 226.42 | 0.00 | 0.00 |
| Luoyang Bearing Research Institute Co., Ltd. | 5,128.00 | 51.28 | 7,122.00 | 71.22 |
| Beijing Materials Handling Research Institute Co., Ltd. | 0.00 | 0.00 | 156,058.00 | 3,121.16 |
| Subtotal | 1,135,654.61 | 166,460.47 | 163,180.00 | 3,192.38 |
| Controlling shareholder | — | — | — | — |
| YTO Group Corporation | 2,795,064.20 | 83,992.35 | 25,859,807.64 | 308,616.88 |
| Subtotal | 2,795,064.20 | 83,992.35 | 25,859,807.64 | 308,616.88 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

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

2. Receivables (Continued)

(2) Accounts receivable (Continued)

| Related party | Ending balance | | Beginning balance | |
|---|----------------------|-------------------------|----------------------|-------------------------|
| | Book value | Provision for bad debts | Book value | Provision for bad debts |
| Subsidiaries of YTO Group Corporation | — | — | — | — |
| YTO (Luoyang) Materials and Equipment Co., Ltd. | 18,092,668.41 | 180,926.68 | 8,916,371.75 | 89,163.71 |
| YTO (Luoyang) Logistics Co., Ltd. | 2,997,860.62 | 29,978.61 | 9,116,041.18 | 91,160.41 |
| YTO (Luoyang) Win Tools & Equipment Co., Ltd. | 1,332,672.55 | 13,326.73 | 3,403,442.63 | 34,034.43 |
| YTO (Heilongjiang) Dongfanghong Industry Park Co., Ltd. | 256,905.95 | 256,905.95 | 256,905.95 | 256,905.95 |
| Subtotal | 22,680,107.53 | 481,137.97 | 21,692,761.51 | 471,264.50 |
| Joint ventures and associates | — | — | — | — |
| Luoyang Intelligent Agricultural Equipment Research Institute Co., Ltd. | 23,205,724.24 | 21,207,355.54 | 23,541,300.00 | 11,770,650.00 |
| Subtotal | 23,205,724.24 | 21,207,355.54 | 23,541,300.00 | 11,770,650.00 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

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

2. Receivables (Continued)

(2) Accounts receivable (Continued)

| Related party | Ending balance | | Beginning balance | |
|--|----------------------|-------------------------|----------------------|-------------------------|
| | Book value | Provision for bad debts | Book value | Provision for bad debts |
| Former subsidiaries not included in consolidation | — | — | — | — |
| Cadfund Machinery Pty Ltd | 16,706,928.43 | 16,706,928.43 | 15,203,937.71 | 15,203,937.71 |
| Subtotal | 16,706,928.43 | 16,706,928.43 | 15,203,937.71 | 15,203,937.71 |
| Others | — | — | — | — |
| YTO (Luoyang) Zhongcheng Machinery Co., Ltd. | 79,439.00 | 79,439.00 | 80,000.00 | 80,000.00 |
| Subtotal | 79,439.00 | 79,439.00 | 80,000.00 | 80,000.00 |
| Total | 66,602,918.01 | 38,725,313.76 | 86,540,986.86 | 27,837,661.47 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

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

2. Receivables (Continued)

(3) Prepayments

| Related party | Ending balance | | Beginning balance | |
|---|-------------------|-------------------------|---------------------|-------------------------|
| | Book value | Provision for bad debts | Book value | Provision for bad debts |
| Sinomach and its subsidiaries (excluding YTO Group Corporation and its subsidiaries) | — | — | — | — |
| Beijing Sinomach Lianchuang Exhibition Technology Service Co., Ltd. | 350,000.00 | 0.00 | 0.00 | 0.00 |
| Beijing Tsun Greatwall Hydraulic R&D Co., Ltd. | 0.00 | 0.00 | 1,195,400.00 | 0.00 |
| Subtotal | 350,000.00 | 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 | — | — | — | — |
| YTO (Luoyang) Win Tools & Equipment Co., Ltd. | 154,434.00 | 0.00 | 0.00 | 0.00 |
| Luoyang Xiyuan Vehicle and Power Inspection Institute Co., Ltd. | 154,000.00 | 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. | 41,400.00 | 0.00 | 41,400.00 | 0.00 |
| Subtotal | 375,584.00 | 0.00 | 41,400.00 | 0.00 |
| Total | 725,584.00 | 0.00 | 4,211,030.00 | 0.00 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

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

2. Receivables (Continued)

(4) Other receivables

| Related party | Ending balance | | Beginning balance | |
|---|-------------------|-------------------------|---------------------|-------------------------|
| | Book value | Provision for bad debts | Book value | Provision for bad debts |
| Sinomach and its subsidiaries (excluding YTO Group Corporation and its subsidiaries) | — | — | — | — |
| 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 | 272,904.74 | 157,074.74 | 118,400.00 | 1,184.00 |
| Subtotal | 272,904.74 | 157,074.74 | 118,400.00 | 1,184.00 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

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

2. Receivables (Continued)

(4) Other receivables (Continued)

| 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. | <u>369,977.20</u> | <u>3,699.77</u> | <u>369,977.20</u> | <u>3,699.77</u> |
| Subtotal | <u>369,977.20</u> | <u>3,699.77</u> | <u>369,977.20</u> | <u>3,699.77</u> |
| Former subsidiaries not included in consolidation | — | — | — | — |
| Cadfund Machinery Pty Ltd | <u>18,607,622.41</u> | <u>18,607,622.41</u> | <u>18,607,622.41</u> | <u>18,607,622.41</u> |
| Subtotal | <u>18,607,622.41</u> | <u>18,607,622.41</u> | <u>18,607,622.41</u> | <u>18,607,622.41</u> |
| Total | <u>19,250,504.35</u> | <u>18,768,396.92</u> | <u>22,396,918.30</u> | <u>18,645,506.18</u> |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

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

2. Receivables (Continued)

(5) Other current assets

| Related party | Ending balance | | Beginning balance | |
|--|----------------|-------------------------|-------------------|-------------------------|
| | Book value | Provision for bad debts | Book value | Provision for bad debts |
| Sinomach and its subsidiaries (excluding YTO Group Corporation and its subsidiaries) | — | — | — | — |
| Sinomach Finance Co., Ltd. | 201,283,055.54 | 0.00 | 0.00 | 0.00 |

Note: The above table includes the receivables and interest accrued for deposit products handled by Sinomach Finance Co., Ltd.

(6) Debt investments

| 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 Finance Co., Ltd. | 552,361,666.68 | 0.00 |

Note: The table includes the interest receivable accrued for deposit products handled by Sinomach Finance Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

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

2. Receivables (Continued)

(7) Right-of-use assets

| Related party | Ending book value | Beginning book value |
|--|-----------------------------|-----------------------------|
| Controlling shareholder | — | — |
| YTO Group Corporation | <u>23,594,127.01</u> | <u>37,820,787.20</u> |
| Joint ventures and associates | — | — |
| Luoyang Intelligent Agricultural Equipment Research Institute Co., Ltd. | <u>3,216,368.18</u> | <u>0.00</u> |
| Total | <u><u>26,810,495.19</u></u> | <u><u>37,820,787.20</u></u> |

3. Payables

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

| Related party | Ending book value | Beginning book value |
|---|------------------------------|------------------------------|
| Sinomach and its subsidiaries (excluding YTO Group Corporation and its subsidiaries) | — | — |
| China National Machinery Industry Corporation | <u>200,000,000.00</u> | <u>200,000,000.00</u> |
| Controlling shareholder | — | — |
| YTO Group Corporation | <u>97,770,000.00</u> | <u>65,950,000.00</u> |
| Total | <u><u>297,770,000.00</u></u> | <u><u>265,950,000.00</u></u> |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

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

3. Payables (Continued)

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

| Related Party | Ending book value | Beginning book value |
|---|--------------------------|--------------------------|
| Sinomach and its subsidiaries (excluding YTO Group Corporation and its subsidiaries) | — | — |
| China National Machinery Industry Corporation | <u>156,000.00</u> | <u>166,666.67</u> |
| Controlling shareholder | — | — |
| YTO Group Corporation | <u>82,224.46</u> | <u>4,579.86</u> |
| Total | <u><u>238,224.46</u></u> | <u><u>171,246.53</u></u> |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

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

3. Payables (Continued)

(3) Accounts payable

| Related party | Ending book value | Beginning book value |
|---|----------------------|----------------------|
| Sinomach and its subsidiaries (excluding YTO Group Corporation and its subsidiaries) | — | — |
| Sinomach Digital Technology Co., Ltd. | 10,119,852.53 | 0.00 |
| Kinte Materials Science and Technology Co., Ltd. | 1,040,102.76 | 139,153.52 |
| Sinomach Heavy Industry (Changzhou) Excavator Co., Ltd. | 335,888.70 | 728,630.46 |
| Sumec International Technology Co., Ltd. | 214,428.00 | 0.00 |
| SCIVIC Engineering Corporation | 170,630.00 | 350,630.00 |
| China National Machine Tool Sales and Technical Service Corporation | 99,492.94 | 99,492.94 |
| Guangzhou Sinomach Lubrication Technology Co., Ltd. | 37,573.51 | 773.51 |
| Zhongqi Shengjia (Tianjin) Property Management Co., Ltd. | 10,148.84 | 10,148.84 |
| Changsha Qidian Automotive Parts Co., Ltd. | 6,585.24 | 5,245.54 |
| Automotive Engineering Corporation | 170.00 | 170.00 |
| Tianjin Research Institute of Construction Machinery Co., Ltd. | 0.00 | 220,800.00 |
| The Fifth Institute of Project Planning & Research of Machinery Industry | 0.00 | 161,600.04 |
| Deyang Wanlu Transportation Service Co., Ltd. of China National Erzhong Group Co., Ltd. | 0.00 | 100,000.00 |
| Safety Sliding Contact Line Factory of the Fourth Design and Research Institute of the SCIVIC | 0.00 | 13,383.50 |
| Xi'an Heavy Machinery Research Institute Co., Ltd. | 0.00 | 0.75 |
| Subtotal | 12,034,872.52 | 1,830,029.10 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

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

3. Payables (Continued)

(3) Accounts payable (Continued)

| Related party | Ending book value | Beginning book value |
|---|-----------------------------|----------------------|
| Controlling shareholder | — | — |
| YTO Group Corporation | <u>34,859,152.97</u> | <u>2,394,421.15</u> |
| Subsidiaries of YTO Group Corporation | — | — |
| YTO (Luoyang) Logistics Co., Ltd. | <u>23,457,867.37</u> | 25,424,126.72 |
| YTO (Luoyang) Materials and Equipment Co., Ltd. | <u>13,362,114.18</u> | 461,950.57 |
| Luoyang Xiyuan Vehicle and Power Inspection Institute Co., Ltd. | <u>4,997,600.00</u> | 3,687,082.00 |
| YTO (Luoyang) Win Tools & Equipment Co., Ltd. | <u>1,972,920.00</u> | 3,308,778.86 |
| Luoyang Tianhui Energy Engineering Co., Ltd. | <u>2,486,050.50</u> | 2,786,082.33 |
| Dongfanghong (Luoyang) Modern Life Service Co., Ltd. | <u>322,541.36</u> | 402,387.20 |
| Luoyang Fossett Environmental Protection Technology Co., Ltd. | <u>94,800.00</u> | 134,440.00 |
| Dongfanghong Agricultural Service Technology (Guangxi) Co., Ltd. | <u>0.00</u> | 140,560.00 |
| Subtotal | <u>46,693,893.41</u> | <u>36,345,407.68</u> |
| Joint ventures and associates | — | — |
| Luoyang Intelligent Agricultural Equipment Research Institute Co., Ltd. | <u>277,815.69</u> | 1,443,969.99 |
| Luoyang Dongfang Printing Co., Ltd. | <u>283,368.03</u> | 367,745.96 |
| Subtotal | <u>561,183.72</u> | <u>1,811,715.95</u> |
| Others | — | — |
| YTO (Luoyang) Kaichuang Equipment Technology Co., Ltd. | <u>0.00</u> | 3,627,008.65 |
| YTO (Luoyang) Standard Parts Co., Ltd. | <u>0.00</u> | 4,263.96 |
| Subtotal | <u>0.00</u> | <u>3,631,272.61</u> |
| Total | <u>94,149,102.62</u> | <u>46,012,846.49</u> |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

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

3. Payables (Continued)

(4) Contract liabilities

| Related party | Ending book value | Beginning book value |
|---|----------------------|----------------------|
| Sinomach and its subsidiaries (excluding YTO Group Corporation and its subsidiaries) | — | — |
| China National Machinery Industry Corporation | 9,811,320.76 | 7,452,830.19 |
| Sinomach Hainan Development Co., Ltd. | 1,515,184.40 | 0.00 |
| Sinomach-HE International Equipment Co., Ltd. | 889,919.17 | 866,309.73 |
| China CAMC Engineering Co., Ltd. | 0.00 | 4,065,633.39 |
| Huiyi Leasing (Tianjin) Co., Ltd. | 0.00 | 98,199.82 |
| Belarus Haihong Medical Technology Co., Ltd. | 0.00 | 918.69 |
| Subtotal | 12,216,424.33 | 12,483,891.82 |
| Subsidiaries of YTO Group Corporation | — | — |
| Dongfanghong Agricultural Service Technology (Guangxi) Co., Ltd. | 0.00 | 6.84 |
| Others | — | — |
| Luoyang YTO Light Vehicle Co., Ltd. | 12,831.86 | 12,831.86 |
| Total | 12,229,256.19 | 12,496,730.52 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

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

3. Payables (Continued)

(5) Other payables

| Related party | Ending book value | Beginning book value |
|---|---------------------|----------------------|
| Sinomach and its subsidiaries (excluding YTO Group Corporation and its subsidiaries) | — | — |
| Chinese Academy of Agricultural Mechanization Sciences Group Co., Ltd. | 1,070,000.00 | 0.00 |
| Hainan Sumec Supply Chain Co., Ltd. | 20,000.00 | 20,000.00 |
| Kinte Materials Science and Technology Co., Ltd. | 0.00 | 200,000.00 |
| Sinomach Heavy Industry (Changzhou) Excavator Co., Ltd. | 0.00 | 100,000.00 |
| Guangzhou Sinomach Lubrication Technology Co., Ltd. | 0.00 | 30,000.00 |
| Belarus Haihong Medical Technology Co., Ltd. | 0.00 | 3,887.48 |
| Subtotal | 1,090,000.00 | 353,887.48 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

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

3. Payables (Continued)

(5) Other payables (Continued)

| Related party | Ending book value | Beginning book value |
|---|------------------------------|------------------------------|
| Controlling shareholder | — | — |
| YTO Group Corporation | <u>191,690,612.33</u> | <u>191,582,949.98</u> |
| Subsidiaries of YTO Group Corporation | — | — |
| YTO (Luoyang) Logistics Co., Ltd. | 610,000.00 | 610,000.00 |
| YTO (Luoyang) Materials and Equipment Co., Ltd. | 3,380.00 | 30,000.00 |
| Dongfanghong Agricultural Service Technology (Guangxi) Co., Ltd. | 2,108.01 | 2,108.01 |
| Dongfanghong (Luoyang) Modern Life Service Co., Ltd. | <u>0.00</u> | <u>1,885.00</u> |
| Subtotal | <u>615,488.01</u> | <u>643,993.01</u> |
| Joint ventures and associates | — | — |
| Luoyang Dongfang Printing Co., Ltd. | 15,000.00 | 5,000.00 |
| Luoyang Intelligent Agricultural Equipment Research Institute Co., Ltd. | <u>0.00</u> | <u>200,000.00</u> |
| Subtotal | <u>15,000.00</u> | <u>205,000.00</u> |
| Total | <u><u>193,411,100.34</u></u> | <u><u>192,785,830.47</u></u> |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

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

3. Payables (Continued)

(6) Non-current liabilities due within one year

| Related party | Ending book value | Beginning book value |
|---|-----------------------------|------------------------------|
| Sinomach and its subsidiaries (excluding YTO Group Corporation and its subsidiaries) | — | — |
| China National Machinery Industry Corporation | <u>156,000.00</u> | <u>200,166,666.67</u> |
| Controlling shareholder | — | — |
| YTO Group Corporation | <u>21,314,383.29</u> | <u>24,069,085.04</u> |
| Joint ventures and associates | — | — |
| Luoyang Intelligent Agricultural Equipment Research Institute Co., Ltd. | <u>3,253,721.61</u> | <u>0.00</u> |
| Total | <u><u>24,724,104.90</u></u> | <u><u>224,235,751.71</u></u> |

(7) Lease liabilities

| Related Party | Ending book value | Beginning book value |
|--------------------------------|---------------------|----------------------|
| Controlling shareholder | — | — |
| YTO Group Corporation | <u>2,547,279.10</u> | <u>13,772,820.46</u> |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

XIII. COMMITMENTS AND CONTINGENCIES

(I) Significant commitments

1. *Foreign investment contracts entered into that have not been performed or fully performed, and related financial expenditures*

None.

2. *Signed large contracting contracts being performed or to be performed, and financial influence*

None.

3. *Signed leasing contract being performed or to be performed, and its financial influence*

- (1) As of 31 December 2025, the minimum rent payable in the future by the Group as the lessee for the irrevocable operating lease of plant & buildings and machinery equipment in the following periods is as follows:

| Period | Amount in the current year | Amount in the previous year |
|----------------------------------|----------------------------|-----------------------------|
| Within 1 year (including 1 year) | 24,938,724.55 | 25,369,466.02 |
| 1-2 years | 2,570,005.56 | 13,934,967.08 |
| 2-3 years | 0.00 | 0.00 |
| Over 3 years | 0.00 | 0.00 |
| Total | 27,508,730.11 | 39,304,433.10 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

XIII. COMMITMENTS AND CONTINGENCIES (CONTINUED)

I. Significant commitments (Continued)

3. Signed leasing contract being performed or to be performed, and its financial influence (Continued)

- (2) As of 31 December 2025, the minimum rent receivable in the future by the Group as the lessor for the irrevocable operating lease of plant & buildings and machinery equipment is as follows:

| Period | Amount in the current year | Amount in the previous year |
|----------------------------------|----------------------------|-----------------------------|
| Within 1 year (including 1 year) | 2,961,235.71 | 3,111,481.97 |
| 1-2 years | 2,683,052.90 | 798,643.15 |
| 2-3 years | 1,761,452.29 | 789,293.94 |
| Over 3 years | 3,610,650.08 | 2,565,205.32 |
| Total | 11,016,390.98 | 7,264,624.38 |

As of 31 December 2025, the Group has no other material commitment events that shall be disclosed but not yet disclosed except for the above-mentioned ones.

II. Contingencies

None.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

XIV. EVENTS AFTER BALANCE SHEET DATE

1. Profit distribution

Unit: '0,000 Currency: RMB

| | |
|--|-----------|
| Profit or dividend to be distributed | 22,187.50 |
| Profit or dividends declared and distributed after review and approval | 22,187.50 |

Profit Distribution Plan for 2025: A cash dividend of RMB1.9746 (tax inclusive) per 10 shares is proposed to be distributed to all shareholders based on the total share capital recorded on the record date for the equity distribution. As of 31 December 2025, the Company had a total share capital of 1,123,645,275 shares, based on which the proposed total cash dividend amounted to RMB221,875,000 (tax inclusive).

The Company had already implemented the 2025 semi-annual cash dividend in September 2025, under which a cash dividend of RMB0.6844 (tax inclusive) per 10 shares was distributed to all shareholders based on the total share capital of 1,123,645,275 shares, resulting in a total interim cash dividend of RMB76,902,300 (tax inclusive). Including the interim cash dividend already distributed, the total cash dividend expected to be distributed for the year is RMB298,777,300 (tax inclusive). The Company will not capitalize any capital reserve into share capital for the year.

The above profit distribution plan was reviewed and approved at the 3rd Session of the 10th Board Meeting of the Company and shall be implemented after being reviewed and approved at the General Meeting of Shareholders of the Company. Except for the above matters, the Group has no other material events after the balance sheet date that require disclosure but have not been disclosed.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

XV. OTHER SIGNIFICANT EVENTS

1. Major Debt Restructuring

| Item | Debt restructuring method | Carrying amount of original restructured debts | Recognized gains from debt restructuring | Increase in equity resulting from the conversion of debts into capital | Increase in investment resulting from the conversion of debts into shares | Proportion of the investment to debtor's total shares (%) | Contingent payable | Determination method and basis of fair value in debt restructuring |
|-----------------------------------|--|--|--|--|---|---|--------------------|--|
| Debt restructuring profit or loss | Repayment of debts with non-financial assets | 98,897,800.00 | 36,220,759.97 | 0.00 | 0.00 | 0.00 | 0.00 | / |

Note: See Note V 50. Other income for details.

2. Segment information

The Group determines the operating segments based on 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.

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%:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

XV. OTHER SIGNIFICANT EVENTS (CONTINUED)

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

- 1) The operating segment that the management believes is useful for users of accounting information to disclose the information of the operating segment is determined as a reportable segment;
- 2) The operating segment is consolidated with one or more other operating segments that have similar economic characteristics and meet the conditions for consolidation of operating segments as a reportable segment.

The inter-segment transfer price is determined with reference to the market price, and the assets used jointly with each segment and related expenses are distributed among different segments based on the revenue proportion.

Factors considered by the Group in determining reportable segments and types of products and services of reportable segments.

The reportable segments of the Group are business units that provide different products and services. Since various businesses require different technologies and market strategies, the Group independently manages the production and operation activities of reportable segments and evaluates their operating results separately to decide to allocate resources to them and evaluate their performance.

The Group has two reportable segments: agricultural machinery segment, and power machinery segment. The agricultural machinery segment is responsible for the production and sales of agricultural tractors and harvesters. The power machinery segment is mainly responsible for the production and sales of diesel engines.

- (3) Financial information of reportable segments in the current year

| Item | Agricultural machinery | Power machinery | Offset | Total |
|---|------------------------|------------------|-------------------|-------------------|
| I. Operating revenue | 9,892,712,595.58 | 2,614,978,748.23 | -1,685,100,164.87 | 10,822,591,178.94 |
| Including: External transaction revenue | 9,592,360,897.56 | 1,230,230,281.38 | 0.00 | 10,822,591,178.94 |
| Intra-segment transaction revenue | 300,351,698.02 | 1,384,748,466.85 | -1,685,100,164.87 | 0.00 |
| Asset impairment loss | -10,214,420.60 | -11,661,683.89 | -275,140.71 | -22,151,245.20 |
| Credit impairment losses | 3,064,789.20 | -5,734,479.56 | -10,633,612.62 | -13,303,302.98 |
| Depreciation and amortization expenses | 249,133,174.72 | 84,240,391.98 | 2,890,991.75 | 336,264,558.45 |
| II. Total profit (loss) | 827,129,043.61 | 109,080,603.88 | 72,345.73 | 936,281,993.22 |
| III. Income tax expenses | 66,493,153.93 | 9,992,452.39 | -42,316.46 | 76,443,289.86 |
| IV. Net profit (loss) | 760,635,889.68 | 99,088,151.49 | 114,662.19 | 859,838,703.36 |
| V. Total assets | 12,264,688,038.20 | 3,380,726,521.77 | -547,877,143.69 | 15,097,537,416.28 |
| VI. Total liabilities | 6,151,433,035.55 | 1,846,991,877.41 | -1,131,711,581.02 | 6,866,713,331.94 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

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

1. Accounts receivable

(1) Disclosed as per ageing

| Ageing | Ending book value | Beginning book value |
|----------------------------------|-----------------------|-----------------------|
| Within 1 year (including 1 year) | 195,671,008.46 | 482,497,282.62 |
| 1-2 years | 237,099.71 | 12,973,468.54 |
| 2-3 years | 12,838,065.85 | 3,476,114.78 |
| Over 3 years | 26,245,932.20 | 46,800,500.03 |
| Subtotal | 234,992,106.22 | 545,747,365.97 |
| Less: Provision for impairment | 41,781,848.00 | 79,649,490.16 |
| Total | 193,210,258.22 | 466,097,875.81 |

(2) Disclosed as per provision for bad debts

| Category | Book value | | Ending balance Provision for bad debts | | Carrying amount | Book value | | Beginning balance Provision for bad debts | | Carrying amount |
|---|-----------------------|----------------|---|--------------------------|-----------------------|-----------------------|----------------|--|--------------------------|-----------------------|
| | Amount | Proportion (%) | Amount | Provision proportion (%) | | Amount | Proportion (%) | Amount | Provision proportion (%) | |
| Provision for bad debts accrued by portfolio | 234,992,106.22 | 100.00 | 41,781,848.00 | - | 193,210,258.22 | 545,747,365.97 | 100.00 | 79,649,490.16 | - | 466,097,875.81 |
| Including: Ageing portfolio | 223,290,272.18 | 95.02 | 30,080,013.96 | 13.47 | 193,210,258.22 | 534,044,970.93 | 97.86 | 67,947,095.12 | 12.72 | 466,097,875.81 |
| Collateral and other risk exposure portfolios | 11,701,834.04 | 4.98 | 11,701,834.04 | 100.00 | 0.00 | 11,702,395.04 | 2.14 | 11,702,395.04 | 100.00 | 0.00 |
| Total | 234,992,106.22 | 100.00 | 41,781,848.00 | - | 193,210,258.22 | 545,747,365.97 | 100.00 | 79,649,490.16 | - | 466,097,875.81 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

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

1. Accounts receivable (Continued)

(2) Disclosed as per provision for bad debts (Continued)

1) Accrued as per portfolio – ageing portfolio

| Ageing | Book value | Ending balance Provision for bad debts | Provision proportion (%) |
|-------------------------------------|-----------------------|--|-----------------------------|
| Within 1 year (including 1 year) | 195,671,008.46 | 2,579,300.09 | 1.32 |
| 1-2 years | 237,099.71 | 118,549.86 | 50.00 |
| 2-3 years | 4,489,730.85 | 4,489,730.85 | 100.00 |
| Over 3 years | <u>22,892,433.16</u> | <u>22,892,433.16</u> | <u>100.00</u> |
| Total | <u>223,290,272.18</u> | <u>30,080,013.96</u> | <u>—</u> |

2) Accrued as per portfolio – collateral and other risk exposure portfolios

| Name of portfolio | Book value | Ending balance Provision for bad debts | Provision proportion (%) |
|--|----------------------|--|-----------------------------|
| Collateral and other risk exposure portfolios | <u>11,701,834.04</u> | <u>11,701,834.04</u> | <u>100.00</u> |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

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

1. Accounts receivable (Continued)

(3) Provision for bad debts

| Category | Beginning balance | Provision accrued | Movements in the current year | | Others | Ending balance |
|---|----------------------|-----------------------|-------------------------------|------------------------|-------------|----------------------|
| | | | Recovered or transferred back | Charged or written off | | |
| Ageing portfolio | 67,947,095.12 | -32,867,081.16 | 0.00 | 5,000,000.00 | 0.00 | 30,080,013.96 |
| Collateral and other risk exposure portfolios | 11,702,395.04 | -561.00 | 0.00 | 0.00 | 0.00 | 11,701,834.04 |
| Total | 79,649,490.16 | -32,867,642.16 | 0.00 | 5,000,000.00 | 0.00 | 41,781,848.00 |

(4) Accounts receivable actually written off this year

| Item | Write-off amount |
|--|------------------|
| Accounts receivable actually written off | 5,000,000.00 |

Significant actual write-off of accounts receivable:

| Company Name | Nature | Write-off amount | Reason for write-off | Write-off procedures | From connected transactions or not |
|--------------|-------------------------------|------------------|---|------------------------------------|------------------------------------|
| Customer 4 | Payment for sales of products | 5,000,000.00 | Expect to be unable to recover the amount | Approval by the Board of Directors | No |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

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

1. Accounts receivable (Continued)

(5) *Accounts receivable and contract assets from the top five ending balance collected according to the borrowers*

| Company Name | Ending balance | Ageing | Proportion in total ending balance of accounts receivable (%) | Provision for bad debts Ending balance |
|---|-----------------------|---------------|---|--|
| YTO International Economic and Trade Co., Ltd. | 65,067,767.40 | Within 1 year | 27.69 | 650,677.68 |
| YTO (Luoyang) Diesel Engine Co., Ltd. | 47,283,403.82 | Within 1 year | 20.12 | 555,391.08 |
| YTO (Luoyang) Materials and Equipment Co., Ltd. | 18,092,668.41 | Within 1 year | 7.70 | 180,926.68 |
| Changtuo Agricultural Machinery Equipment Group Co., Ltd. | 12,528,897.50 | Over 3 years | 5.33 | 12,528,897.50 |
| Jiangxi Dongfanghong Agricultural Machinery Co., Ltd. | 11,622,395.04 | 2-4 years | 4.95 | 11,622,395.04 |
| Total | 154,595,132.17 | — | 65.79 | 25,538,287.98 |

2. Other receivables

| Item | Ending balance | Beginning balance |
|----------------------|-----------------------|-----------------------|
| Interest receivable | 0.00 | 0.00 |
| Dividends receivable | 76,808,376.96 | 76,808,376.96 |
| Other receivables | 140,441,988.79 | 178,888,298.01 |
| Total | 217,250,365.75 | 255,696,674.97 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

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

2. Other receivables (Continued)

2.1 Interest receivable

(1) Classification of interest receivables

| Item | Ending balance | Beginning balance |
|--------------------------------|----------------|-------------------|
| Interest of entrusted loan | 11,210,159.58 | 9,487,232.95 |
| Less: Provision for impairment | 11,210,159.58 | 9,487,232.95 |
| Total | 0.00 | 0.00 |

(2) Significant overdue interest

| Borrower | Ending balance | Overdue time | Overdue reason | Whether impairment has occurred and its judgment basis |
|---|----------------|--------------|-----------------|--|
| Changtuo Agricultural Machinery Equipment Group Co., Ltd. | 11,210,159.58 | Over 3 years | Unable to repay | Yes |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

XVI. NOTES TO THE MAIN ITEMS IN THE 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

| 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) | Stage III Expected credit loss within the whole duration (credit impairment occurred) | Total |
|--|--|---|--|---------------|
| Balance as of 1 January 2025 | 0.00 | 0.00 | 9,487,232.95 | 9,487,232.95 |
| Book value of interest receivable as of 1 January 2025 in the current year | — | — | — | — |
| – Be transferred to Stage II | 0.00 | 0.00 | 0.00 | 0.00 |
| – Be transferred to Stage III | 0.00 | 0.00 | 0.00 | 0.00 |
| – Be transferred back to Stage II | 0.00 | 0.00 | 0.00 | 0.00 |
| – Be transferred back to Stage I | 0.00 | 0.00 | 0.00 | 0.00 |
| Accrual in the current year | 0.00 | 0.00 | 1,722,926.63 | 1,722,926.63 |
| Reversal in the current year | 0.00 | 0.00 | 0.00 | 0.00 |
| Charge-off in the current year | 0.00 | 0.00 | 0.00 | 0.00 |
| Write-off in the current year | 0.00 | 0.00 | 0.00 | 0.00 |
| Others | 0.00 | 0.00 | 0.00 | 0.00 |
| Balance on 31 December 2025 | 0.00 | 0.00 | 11,210,159.58 | 11,210,159.58 |

(4) Bad debt provision of interest receivable

| Category | Beginning balance | Provision accrued | Movements in the current year | | | Ending balance |
|-------------------------|-------------------|-------------------|-------------------------------|------------------------|--------|----------------|
| | | | Recovered or transferred back | Charged or written off | Others | |
| Provision for bad debts | 9,487,232.95 | 1,722,926.63 | 0.00 | 0.00 | 0.00 | 11,210,159.58 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

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

2. Other receivables (Continued)

2.2 Dividends receivable

(1) Dividends receivables

| Project (or investee) | Ending balance | Beginning balance |
|---|----------------------|----------------------|
| China Brilliance Machinery Holdings Co., Ltd. | <u>76,808,376.96</u> | <u>76,808,376.96</u> |

(2) Significant dividends receivable aged over 1 year

| Project (or investee) | Ending balance | Ageing | Reason for non-recovery | Whether impairment has occurred and its judgment basis |
|---|----------------------|---------------------|---------------------------------------|--|
| China Brilliance Machinery Holdings Co., Ltd. | <u>76,808,376.96</u> | <u>Over 3 years</u> | <u>Payment procedures in progress</u> | <u>No</u> |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

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

2. Other receivables (Continued)

2.3 Other receivables

(1) As per ageing

| Ageing | Ending book value | Beginning book value |
|----------------------------------|-----------------------|-----------------------|
| Within 1 year (including 1 year) | 44,464,443.50 | 119,435,729.15 |
| 1-2 years | 41,947,034.17 | 124,604.44 |
| 2-3 years | 38,701.01 | 83,449,375.81 |
| Over 3 years | 64,779,983.16 | 3,000,285.42 |
| Subtotal | 151,230,161.84 | 206,009,994.82 |
| Less: Provision for impairment | 10,788,173.05 | 27,121,696.81 |
| Total | 140,441,988.79 | 178,888,298.01 |

(2) Classified as per nature

| Nature | Ending book value | Beginning book value |
|---|-----------------------|-----------------------|
| Transaction payments | 144,777,342.17 | 201,378,376.78 |
| Security deposits, pretty cash, margin, etc. | 411,369.18 | 451,558.18 |
| Others | 6,041,450.49 | 4,180,059.86 |
| Subtotal | 151,230,161.84 | 206,009,994.82 |
| Less: Provision for impairment | 10,788,173.05 | 27,121,696.81 |
| Total | 140,441,988.79 | 178,888,298.01 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

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

2. Other receivables (Continued)

2.3 Other receivables (Continued)

(3) 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 |
|--|--|--|--|----------------|
| Provision for bad debts | | | | |
| Balance as of 1 January 2025 | 27,121,696.81 | 0.00 | 0.00 | 27,121,696.81 |
| Balance as of 1 January 2025 in the current year | — | — | — | — |
| – Be transferred to Stage II | 0.00 | 0.00 | 0.00 | 0.00 |
| – Be transferred to Stage III | 0.00 | 0.00 | 0.00 | 0.00 |
| – Be transferred back to Stage II | 0.00 | 0.00 | 0.00 | 0.00 |
| – Be transferred back to Stage I | 0.00 | 0.00 | 0.00 | 0.00 |
| Accrual in the current year | -16,327,708.76 | 0.00 | 0.00 | -16,327,708.76 |
| Reversal in the current year | 0.00 | 0.00 | 0.00 | 0.00 |
| Charge-off in the current year | 0.00 | 0.00 | 0.00 | 0.00 |
| Write-off in the current year | 5,815.00 | 0.00 | 0.00 | 5,815.00 |
| Other changes | 0.00 | 0.00 | 0.00 | 0.00 |
| Balance on 31 December 2025 | 10,788,173.05 | 0.00 | 0.00 | 10,788,173.05 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

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

2. Other receivables (Continued)

2.3 Other receivables (Continued)

(4) Disclosed as per provision for bad debts

| Category | Book value | | Ending balance Provision for bad debts | | Carrying amount |
|--|-----------------------|----------------|---|--------------------------|-----------------------|
| | Amount | Proportion (%) | Amount | Provision proportion (%) | |
| Provision for bad debts accrued by portfolio | 151,230,161.84 | 100.00 | 10,788,173.05 | — | 140,441,988.79 |
| Including: Ageing portfolio | 47,604,950.84 | 31.48 | 9,751,920.94 | 20.49 | 37,853,029.90 |
| Low risk portfolio | 103,625,211.00 | 68.52 | 1,036,252.11 | 1.00 | 102,588,958.89 |
| Total | 151,230,161.84 | 100.00 | 10,788,173.05 | — | 140,441,988.79 |

| 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 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

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

2. Other receivables (Continued)

2.3 Other receivables (Continued)

(4) Disclosed as per provision for bad debts (Continued)

- 1) Provision for bad debts of other receivables accrued as per portfolio – ageing portfolio

| Ageing | Book value | Ending balance Provision for bad debts | Provision proportion (%) |
|-------------------------------------|----------------------|--|--------------------------------|
| Within 1 year (including 1 year) | 44,305,832.50 | 6,508,519.68 | 14.69 |
| 1-2 years | 111,434.17 | 55,717.09 | 50.00 |
| 2-3 years | 37,701.01 | 37,701.01 | 100.00 |
| Over 3 years | 3,149,983.16 | 3,149,983.16 | 100.00 |
| Total | 47,604,950.84 | 9,751,920.94 | — |

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

| Ageing | Book value | Ending balance Provision for bad debts | Provision proportion (%) |
|-------------------------------------|-----------------------|--|--------------------------------|
| Within 1 year (including 1 year) | 158,611.00 | 1,586.11 | 1.00 |
| Over 1 year | 103,466,600.00 | 1,034,666.00 | 1.00 |
| Total | 103,625,211.00 | 1,036,252.11 | — |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

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

2. Other receivables (Continued)

2.3 Other receivables (Continued)

(5) Provision for bad debts

| Category | Beginning balance | Provision accrued | Movements in the current year | | Others | Ending balance |
|--------------------|----------------------|-----------------------|-------------------------------|------------------------|-------------|----------------------|
| | | | Recovered or transferred back | Charged or written off | | |
| Ageing portfolio | 26,085,242.81 | -16,327,506.87 | 0.00 | 5,815.00 | 0.00 | 9,751,920.94 |
| Low risk portfolio | 1,036,454.00 | -201.89 | 0.00 | 0.00 | 0.00 | 1,036,252.11 |
| Total | 27,121,696.81 | -16,327,708.76 | 0.00 | 5,815.00 | 0.00 | 10,788,173.05 |

(6) Other receivables actually written off in the current year

| Item | Write-off amount |
|--|------------------|
| Other receivables actually written off | 5,815.00 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

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

2. Other receivables (Continued)

2.3 Other receivables (Continued)

(7) Other receivables from top five ending balance collected according to the borrowers

| Company Name | Payment Nature | Ending balance | Ageing | Proportion in total ending balance of other receivables (%) | Provision for bad debts Ending balance |
|--|----------------------|-----------------------|------------------------------|---|--|
| YTO (Luoyang) Diesel Engine Co., Ltd. | Transaction payments | 144,542,237.43 | Within 2 years, over 3 years | 95.58 | 7,201,135.61 |
| Luoyang Anchi Automobile Transportation Co., Ltd. | Transaction payments | 2,203,200.00 | Within 1 year | 1.46 | 305,694.00 |
| YTO Group Corporation Yousheng Kindergarten, Xigong District, Luoyang City | Transaction payments | 261,504.74 | Within 1 year, over 5 years | 0.17 | 156,960.74 |
| Shijiazhuang Aircraft Industry Co., Ltd. | Transaction payments | 188,417.95 | Within 1 year | 0.12 | 4,667.24 |
| | | 99,200.00 | Over 5 years | 0.07 | 99,200.00 |
| Total | — | 147,294,560.12 | — | 97.40 | 7,767,657.59 |

3. Long-term equity investments

| Item | Ending balance | | | Beginning balance | | |
|---|-------------------------|--------------------------|-------------------------|-------------------------|--------------------------|-------------------------|
| | Book value | Provision for impairment | Carrying amount | Book value | Provision for impairment | Carrying amount |
| Investment in subsidiaries | 2,060,697,481.90 | 97,250,000.00 | 1,963,447,481.90 | 1,780,697,481.90 | 97,250,000.00 | 1,683,447,481.90 |
| Investment in associates and joint ventures | 705,342,837.12 | 0.00 | 705,342,837.12 | 686,488,201.89 | 0.00 | 686,488,201.89 |
| Total | 2,766,040,319.02 | 97,250,000.00 | 2,668,790,319.02 | 2,467,185,683.79 | 97,250,000.00 | 2,369,935,683.79 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

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

3. Long-term equity investments (Continued)

(1) Investments in subsidiaries

| Investee | Beginning balance (Carrying amount) | Beginning balance of provision for impairment | Increase/Decrease for the year | | | | Others | Ending balance (Carrying amount) | Ending balance of provision for impairment |
|---|--|---|--------------------------------|---------------------------|---|-------------|-------------------------|-------------------------------------|--|
| | | | Increase in investment | Decrease in investment | Accrual of provision for impairment | | | | |
| 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 | 280,000,000.00 | 0.00 | 0.00 | 0.00 | 355,668,335.13 | 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 | 280,000,000.00 | 0.00 | 0.00 | 0.00 | 1,963,447,481.90 | 97,250,000.00 | |

(2) Investments in associates and joint ventures

| Investee | Beginning balance (Carrying amount) | Increase/Decrease for the year | | | | Cash dividends or profits declared | Accrual of provision for impairment | Others (note) | Ending balance (Carrying amount) | Ending balance of provision for impairment |
|---|--|--------------------------------|---------------------------|--|---|--|---|------------------|-------------------------------------|--|
| | | Increase in investment | Decrease in investment | Profit or loss on investments recognized under the equity method | Other comprehensive income adjustments | | | | | |
| Associates | | | | | | | | | | |
| Sinomach Finance Co., Ltd. | 686,488,201.89 | 0.00 | 0.00 | 27,556,465.28 | -189,530.05 | 0.00 | 8,512,300.00 | 0.00 | 705,342,837.12 | 0.00 |
| Jiangxi Dongfanghong Agricultural Machinery Co., Ltd. | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| Total | 686,488,201.89 | 0.00 | 0.00 | 27,556,465.28 | -189,530.05 | 0.00 | 8,512,300.00 | 0.00 | 705,342,837.12 | 0.00 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

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

4. Operating revenue and operating costs

| Item | Amount in the current year | | Amount in the previous year | |
|------------------|----------------------------|-------------------------|-----------------------------|-------------------------|
| | Revenue | Costs | Revenue | Costs |
| Main operations | 8,489,643,743.24 | 7,519,683,971.52 | 9,367,053,329.83 | 8,215,987,875.41 |
| Other operations | 45,509,072.45 | 11,227,437.42 | 68,439,200.40 | 15,072,826.00 |
| Total | 8,535,152,815.69 | 7,530,911,408.94 | 9,435,492,530.23 | 8,231,060,701.41 |

5. Investment income

| Item | Amount in the current year | Amount in the previous year |
|--|----------------------------|-----------------------------|
| Investment income from holding debt investments | 144,253,926.09 | 114,828,839.58 |
| Long-term equity investment income valued at the equity method | 27,556,465.28 | 48,489,509.41 |
| Investment income from disposal of financial assets held for trading | 10,891,731.06 | 10,354,344.96 |
| Long-term equity investment income calculated with the cost method | 1,663,877.94 | 14,278,022.95 |
| Others | -366,197.12 | 279,038.67 |
| Total | 183,999,803.25 | 188,229,755.57 |

XVII. APPROVAL OF FINANCIAL REPORT

The financial report is released after being approved by the Board of Directors of the Company on 26 March 2026.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

XVIII. SUPPLEMENTARY INFORMATION

1. Breakdown of non-recurring profit or loss in current year

| Item | Amount in the current year | Notes |
|---|----------------------------|-------|
| Gain or loss from disposal of non-current assets | 1,136,459.87 | |
| 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) | 31,390,820.45 | |
| 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 | 70,000,000.00 | |
| Debt restructuring profit or loss | 36,220,759.97 | |
| Other non-operating income and expenses other than the above | 17,768,554.76 | |
| Other losses or profits conforming to the definition of non-recurring gain or loss | 43,925.98 | |
| Subtotal | 156,560,521.03 | |
| Less: Effect of income tax | 13,941,044.95 | |
| Effect on non-controlling interests (after-tax) | 38,340,550.15 | |
| Total | 104,278,925.93 | |

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 a material amount, and defines the listed extraordinary profit or loss as a recurring item

| Item | Amount | Reason |
|--------------------------|---------------|--------------------------------|
| Structured deposit yield | 10,910,300.69 | Fund management of the Company |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

From 1 January 2025 to 31 December 2025 (Amounts in these notes are presented in RMB unless otherwise stated)

XVIII. SUPPLEMENTARY INFORMATION (CONTINUED)

2. Return on net assets and earnings per share

| Profit during the Reporting Period | Weighted average return on equity (%) | Earnings per share | |
|---|---------------------------------------|--------------------------|----------------------------|
| | | Basic earnings per share | Diluted earnings per share |
| Net profit attributable to common shareholders of the Company | 10.86 | 0.7226 | 0.7226 |
| Net profit attributable to common shareholders of the Company after deduction of non-recurring profit or loss | 9.46 | 0.6298 | 0.6298 |

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: Zhao Weilin

Date of Approval from the Board: March 26, 2026