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: 00038)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2026

FINANCIAL HIGHLIGHTS

Total operating revenue: RMB7,886,321,202.98

Net profit attributable to the equity holders of the Company: RMB782,287,915.86

Earnings per share attributable to the equity holders of the Company: RMB0.6962

The Board of directors (the "**Board**") of First Tractor Company Limited* (the "**Company**") announces the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 30 June 2026 (the "**Reporting Period**" or the "**Period**"), which have been prepared in accordance with the China Accounting Standards for Business Enterprises, together with comparative figures for the same period in 2025, as follows (unless otherwise stated, the figures contained in this announcement are denominated in Renminbi (Unit: Yuan)).

CONSOLIDATED BALANCE SHEET

As at 30 June 2026

Prepared by: First Tractor Company Limited

Unit: Yuan Currency: RMB

Item	*Notes*	**30 June 2026**	31 December 2025
Current assets:			
Monetary funds	*Note 1*	**1,557,576,393.84**	1,911,543,550.84
Loans to banks and other financial institutions		**0.00**	0.00
Financial assets held for trading		**850,203,623.38**	946,000,000.00
Derivative financial assets		**0.00**	0.00
Notes receivable		**22,312,397.70**	43,549,626.18
Accounts receivable	*Note 2*	**1,908,747,938.10**	326,784,073.62
Receivables financing		**167,906,354.99**	168,977,762.41
Prepayments		**200,209,136.93**	255,713,675.86
Other receivables		**98,973,524.23**	66,734,313.70
Including: Interest receivable		**0.00**	0.00
Dividends receivable		**0.00**	0.00
Financial assets purchased with agreement to resale		**0.00**	0.00
Inventories		**998,343,109.63**	1,147,694,571.50
Contract assets		**0.00**	0.00
Assets classified as held for sale		**0.00**	0.00
Non-current assets due within one year		**948,692,582.21**	2,969,552,248.90
Other current assets		**428,247,541.40**	410,852,732.73
Total current assets		**7,181,212,602.41**	8,247,402,555.74

Item	*Notes*	**30 June 2026**	31 December 2025
Non-current assets:			
Loans and advances to customers		**0.00**	0.00
Debt investments		**6,023,302,640.46**	2,839,788,030.21
Other debt investments		**0.00**	0.00
Long-term receivables		**0.00**	0.00
Long-term equity investments		**741,850,614.01**	705,852,151.75
Investment in other equity instruments		**4,716,862.36**	4,716,862.36
Other non-current financial assets		**0.00**	0.00
Investment properties		**0.00**	0.00
Fixed assets		**2,079,157,337.12**	2,129,797,255.04
Construction in progress		**461,259,003.03**	324,531,669.03
Productive biological assets		**0.00**	0.00
Oil and gas assets		**0.00**	0.00
Right-to-use assets		**15,509,708.27**	26,810,495.19
Intangible assets		**621,864,541.53**	633,034,230.85
Development expenditures		**0.00**	0.00
Goodwill		**0.00**	0.00
Long-term unamortised expenses		**43,595,863.46**	44,090,049.49
Deferred income tax assets		**150,511,577.96**	141,514,116.62
Other non-current assets		**0.00**	0.00
Total non-current assets		**10,141,768,148.20**	6,850,134,860.54
Total assets		**17,322,980,750.61**	15,097,537,416.28

Item	*Notes*	**30 June 2026**	31 December 2025
Current liabilities:			
Short-term loans		**0.00**	0.00
Loans from banks and other financial institutions		**0.00**	0.00
Financial liabilities held for trading		**25,867.48**	0.00
Derivative financial liabilities		**0.00**	0.00
Notes payable		**2,472,864,500.24**	2,583,140,189.56
Accounts payable	*Note 3*	**3,130,755,912.05**	1,824,615,662.08
Advances from customers		**77,680.73**	77,051.52
Contract liabilities		**175,296,617.30**	566,066,122.26
Sale of repurchase financial assets		**0.00**	0.00
Absorption of deposits and interbank deposits		**0.00**	0.00
Employee salary payable		**101,408,228.18**	101,139,881.19
Taxes payables		**32,506,245.82**	25,455,101.09
Other payables		**725,381,277.56**	567,807,246.38
Including: Interest payable		**2,396,354.61**	1,922,870.72
Dividends payable		**85,832,080.28**	8,439,607.88
Liabilities classified as held for sale		**0.00**	0.00
Non-current liabilities due within one year		**22,117,491.38**	26,162,069.90
Other current liabilities		**935,595,146.27**	383,903,310.62
Total current liabilities		**7,596,028,967.01**	6,078,366,634.60

Item	*Notes*	**30 June 2026**	31 December 2025
Non-current liabilities:			
Long-term loans		**563,552,735.92**	424,723,098.79
Bonds payable		**0.00**	0.00
Including: Preference shares		**0.00**	0.00
Perpetual bond		**0.00**	0.00
Lease liabilities		**1,411,323.33**	2,547,279.10
Long-term payables		**6,373,417.84**	7,183,513.97
Long-term employee salary payable		**7,531,421.62**	18,526,825.11
Estimated liabilities		**1,962,613.99**	1,962,613.99
Deferred income		**231,170,896.92**	206,209,084.00
Deferred income tax liabilities		**110,235,865.60**	127,194,282.38
Other non-current liabilities		**0.00**	0.00
Total non-current liabilities		**922,238,275.22**	788,346,697.34
Total liabilities		**8,518,267,242.23**	6,866,713,331.94

Item	*Notes*	**30 June 2026**	31 December 2025
Shareholder's equity:			
Share capital		**1,123,645,275.00**	1,123,645,275.00
Other equity instruments		**0.00**	0.00
Including: Preference shares		**0.00**	0.00
Perpetual bond		**0.00**	0.00
Capital reserves		**2,655,849,996.00**	2,655,849,996.00
Less: Treasury shares		**0.00**	0.00
Other comprehensive income		**-10,501,832.89**	-8,070,289.08
Special reserves		**11,999,011.31**	10,230,132.90
Surplus reserves		**849,363,512.81**	849,363,512.81
General risk reserves		**0.00**	0.00
Retained earnings	*Note 4*	**3,590,099,737.96**	3,029,686,803.68
Total equity attributable to shareholders of the parent company		**8,220,455,700.19**	7,660,705,431.31
Minority interests		**584,257,808.19**	570,118,653.03
Total shareholder's equity		**8,804,713,508.38**	8,230,824,084.34
Total liabilities and shareholder's equity		**17,322,980,750.61**	15,097,537,416.28

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2026

Prepared by: First Tractor Company Limited

Unit: Yuan Currency: RMB

Item		*Notes*	**For the six months ended 30 June 2026**	For the six months ended 30 June 2025
I.	**Total operating revenue**		**7,886,321,202.98**	6,927,648,409.53
	Including: Operating revenue		**7,886,321,202.98**	6,927,648,409.53
	Interest income		**0.00**	0.00
	Fees and commission income		**0.00**	0.00
II.	**Total cost of operation**		**7,042,965,364.97**	6,274,121,591.67
	Including: Cost of operation		**6,576,742,085.59**	5,817,044,256.05
	Interest expenses		**0.00**	0.00
	Fees and commission expenses		**0.00**	0.00
	Taxes and surcharges		**28,247,223.95**	24,085,999.36
	Selling expenses		**73,981,862.26**	70,827,270.31
	Administrative expenses		**144,290,322.60**	150,832,303.15
	Research and development expenses		**217,845,369.94**	212,973,906.79
	Financial expenses		**1,858,500.63**	-1,642,143.99
	Add: Other gains		**68,182,975.63**	138,177,939.32
	Investment income		**83,214,895.49**	91,468,121.31
	Gain arising from the changes in fair value		**-95,822,244.10**	55,009,583.33
	Credit impairment loss		**-22,559,706.10**	-18,600,319.58
	Asset impairment loss		**6,107,223.18**	2,683,998.32
	Gain on disposal of assets		**138,116.68**	691,296.24
III.	**Operating profit**		**882,617,098.79**	922,957,436.80
	Add: Non-operating income		**2,093,090.47**	18,454,718.57
	Less: Non-operating expenses		**965,484.07**	2,654,232.53
IV.	**Total profit**		**883,744,705.19**	938,757,922.84
	Less: Income tax expenses	*Note 6*	**84,581,737.12**	105,891,969.15

Item		Notes	**For the six months ended 30 June 2026**	For the six months ended 30 June 2025
V.	**Net profit**		**799,162,968.07**	832,865,953.69
	Including: Net profit realised by the combined party prior to the business combination under common control		**0.00**	0.00
	(I) Classification according to the continuity of operation		**–**	–
	Net profit from continuing operations		**799,162,968.07**	832,865,953.69
	Net profit from discontinued operations		**0.00**	0.00
	(II) Classification according to ownership		**–**	–
	Net profit attributable to owners of the parent company		**782,287,915.86**	769,035,441.61
	Profit or loss of minority shareholders		**16,875,052.21**	63,830,512.08
VI.	**Net other comprehensive income after tax**		**-3,594,180.04**	2,060,530.01
	Net other comprehensive income after tax attributable to owners of the parent company		**-2,431,543.81**	1,143,662.08
	(I) Other comprehensive income that cannot be reclassified to profit or loss in subsequent periods		**0.00**	562,989.26
	1. Changes arising from the remeasurement of the defined benefit plan		**0.00**	0.00
	2. Other comprehensive income that cannot be reclassified into profit or loss under the equity method		**0.00**	562,989.26
	3. Changes in fair value of investment in other equity instruments		**0.00**	0.00
	4. Changes in fair value of the enterprise's own credit risks		**0.00**	0.00

Item		Notes	**For the six months ended 30 June 2026**	For the six months ended 30 June 2025
	(II) Other comprehensive income that can be reclassified to profit or loss in subsequent periods		**-2,431,543.81**	580,672.82
	1. Other comprehensive income that can be reclassified into profit or loss under the equity method		**0.00**	0.00
	2. Changes in fair value of other debt investments		**0.00**	0.00
	3. The amount of financial assets reclassified into other comprehensive income		**0.00**	0.00
	4. Provision for the credit impairment of other debt investments		**0.00**	0.00
	5. Reserves for cash flows hedges (Effective part of hedging gains and losses from cash flows)		**0.00**	0.00
	6. Differences in translation of foreign currency financial statements		**-2,431,543.81**	580,672.82
	7. Others		**0.00**	0.00
	Net other comprehensive income after tax attributable to minority interests		**-1,162,636.23**	916,867.93
VII.	**Total comprehensive income**		**795,568,788.03**	834,926,483.70
	Total comprehensive income attributable to owners of the parent company		**779,856,372.05**	770,179,103.69
	Total comprehensive income attributable to minority shareholders		**15,712,415.98**	64,747,380.01
VIII.	**Earnings per share:**		**—**	—
	(I) Basic earnings per share		**0.6962**	0.6844
	(II) Diluted earnings per share		**0.6962**	0.6844

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

I. COMPANY INFORMATION

First Tractor Company Limited* is a limited liability company registered and established in the People's Republic of China with its shares listed on the Main Board of The Stock Exchange of Hong Kong Limited and the Shanghai Stock Exchange since 23 June 1997 and 8 August 2012 respectively. The registered office and principal place of business of the Company are located at No. 154 Jianshe Road, Luoyang, Henan Province, the People's Republic of China.

The Company is a company of manufacturing and sales of agricultural machinery and power machinery. In the following, the Company and its subsidiaries are collectively referred to as the Group. During the period, the main business operations of the Group in China are as follows:

- Manufacture and sale of agricultural machinery

- Manufacture and sale of power machinery

The directors of the Company believe that the immediate holding company is YTO Group Corporation and the ultimate holding company is China National Machinery Industry Corporation. Both are companies registered and established in China.

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

III. STATEMENT OF COMPLIANCE OF THE ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

The financial statements of the Company have been prepared in accordance with the Accounting Standards for Business Enterprises ("**ASBEs**"), and present truly and completely the financial position of the Company and the Group and their operating results and cash flows and other related information.

Given the fact that Chinese ASBEs are equivalent to Hong Kong Financial Reporting Standards ("**HKFRSs**"), the Securities and Futures Commission of Hong Kong and the Stock Exchange have both accepted financial reports prepared by Hong Kong listed companies originally from mainland China in accordance with Chinese ASBEs and audited by accounting firms based in mainland China with relevant qualifications. As approved by the second extraordinary shareholders meeting in 2014 held on 31 October 2014, the Group no longer prepared financial reports under both Chinese ASBEs and Hong Kong Accounting Standards ("**HKASs**") from the reporting year of 2014. Financial reports prepared only in accordance with Chinese ASBEs will be provided to A Share holders and H Share holders of the Company.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Accounting period

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

2. Reporting currency

The Group's reporting currency is Renminbi (RMB). Its subsidiaries, joint ventures and associates apply their reporting currency based on the consideration of their main local economics.

3. The Group uses RMB as the reporting currency for the preparation of the financial statements.

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

(1) Multiple transactions are accounted for as a package transaction if the terms, conditions, and economic effects of each transaction in the process of business combination meet one or more of the following conditions

1) These transactions occurred at the same time or after taking into account the impact of each other;

2) The transactions, taken together, produce a complete business result;

3) The occurrence of a transaction depends on the occurrence of at least one other transaction;

4) A transaction alone is not economical, but it is economical when considering together with other transactions.

(2) Business combination under common control

The assets and liabilities acquired by the Company in a business combination shall be measured at the book value of the assets and liabilities of the combined party (including goodwill resulting from the acquisition of the combined party by the party ultimately in control) in the consolidated financial statements of the party ultimately in control. The difference between the net assets book value acquired in the combination and the book value of the combined consideration paid (or the total value of the issued shares) should be used to adjust the equity premium in the capital reserves, and if the equity premium in the capital reserves is insufficient for offsetting, adjust the retained earnings.

If there exists contingent consideration which needs to confirm the estimated liabilities or assets, the difference between the estimated liabilities or the amount of assets and the subsequent contingent consideration settlement price should be used to adjust the capital reserves (capital premium or equity premium), and if the capital reserves are insufficient, adjust the retained earnings.

As for business combination realised by multiple transactions which belong to a package transaction, considering these transactions as a control transaction when carrying out accounting treatment. In the case of non-package transactions, the difference between the initial investment cost of long-term equity investment and the sum of the book value of the long-term equity investment before the combination plus the book value of the new consideration paid for further acquisition of shares on the date of the combination shall be used to adjust the capital reserves on the day of gaining control. If the capital reserves are insufficient for offsetting, adjust the retained earnings. For the equity investment held before the date of business combination, other comprehensive income recognised due to the adoption of equity method or financial instrument recognition and measurement standards will not be subject to accounting treatment temporarily until the investment is disposed of on the same basis as the investee's direct disposal of relevant assets or liabilities. Other changes of owner's equity other than net profit or loss, other comprehensive income and profit distribution in the net assets of the investee recognised by using the equity method shall not be subject to accounting treatment until the investment is disposed of, which will be transferred to the current profit or loss when it is disposed of.

(3) Business combination not under common control

The acquisition date refers to the date that the Company actually obtains the control of the acquiree, that is, the date on which the acquiree's net assets are transferred or the date on which the control of the production and operation decision is transferred to the Company. The Company generally believes that the transfer of control is realised when the following conditions are met:

1) A business combination contract or agreement has been approved by the internal authority of the Company.

2) The business combination which should be approved by the relevant national competent authorities of the state has been approved.

3) The necessary transfer procedures for property rights have been carried out.

4) The Company has paid most of the consolidated price and has the ability and plan to pay the balances.

5) The Company has actually controlled the financial and operating policies of the acquiree and enjoys the corresponding benefits and bears the corresponding risks.

Assets paid for, liabilities incurred or assumed as consideration for a business combination are measured at fair value at the acquisition date, and the difference between the fair value and their book value is included in the current profit and loss.

The Company recognises goodwill for the positive balance between the cost of the combination and the share of the fair value of the identifiable net assets of the acquiree acquired in the combination. The negative balance between the cost of the combination and the share of the fair value of the identifiable net assets of the acquiree acquired in the combination is included in the current profit and loss after review.

(4) Relevant costs incurred from combination

Intermediary costs for audit, legal service, evaluation and consultation, and other direct related expenses, are included in the current profit and loss at the time of occurrence. The transaction costs for the issue of equity securities for a business combination are deducted from equity to the extent that they are directly attributable to the equity transaction.

5. Accounting period

(1) Scope of consolidation

The consolidation scope of the Company's consolidated financial statements is determined on the basis of control, and all subsidiaries (including individual entities controlled by the Company) are included in the consolidated financial statements.

(2) Consolidated procedures

Based on its own financial statements and those of each subsidiary, the Company prepares the consolidated financial statements with reference to other relevant information. The Company considers the entire enterprise group as an accounting entity when preparing the consolidated financial statements. In accordance with the relevant enterprise accounting standards of recognition, measurement and reporting requirements, based on unified accounting policies, the Company reflects the enterprise overall financial status, operating results and cash flow.

The accounting policies and accounting periods adopted by all subsidiaries included in the scope of consolidation of the consolidated financial statements are consistent with those of the Company. If the accounting policies and accounting periods adopted by the subsidiaries are inconsistent with those of the Company, necessary adjustments are made in accordance with those of the Company in the preparation of the consolidated financial statements.

The consolidated financial statements offset the effects of internal transactions between the Company and its subsidiaries and between subsidiaries on the consolidated balance sheet, the consolidated income statement, the consolidated cash flow statement, and the consolidated statement of changes in shareholders' equity. If there is a difference between the recognition of the same transaction from the perspective of the consolidated financial statements of the enterprise group and that of the Company or its subsidiaries as the accounting entity, the transaction is adjusted from the perspective of the enterprise group.

The shares of minority shareholders in the owner's equity, current net profit and loss and current comprehensive income of subsidiaries are separately shown under the owner's equity item of the consolidated balance sheet, the net profit item and the total comprehensive income item of the consolidated income statement respectively. The excess of a subsidiary's minority shareholders' share of losses for the period over minority shareholders' share of the subsidiary's opening owners' equity is used to reduce minority shareholders' equity.

For subsidiaries acquired in a business combination under common control, adjustments to their financial statements are made based on the book value of their assets and liabilities (including goodwill arising from the acquisition of such subsidiaries by the party ultimately in control) in the financial statements of the party ultimately in control.

For subsidiaries acquired in a business combination that is not under common control, adjustments to their financial statements are made based on the fair value of the identifiable net assets at the acquisition date.

6. Segment information

Segment data is presented according to the classification of business based on the major segment reporting mode by the Group. In terms of regional classification, the Group classifies revenue based on the locations of clients, and classifies assets based on the place of location. Since approximately 90% of the Group's revenue is from clients in China, and over 90% of the assets are located in China, regional segment information is no longer presented.

To meet the needs of management, the businesses of the Group are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the business types of the Group represents a strategic business unit that offers products. Each business unit must bear the risks and enjoy the returns that are different from those of the other business segments. The two business segments are stated in summary as follows:

(1) The "agricultural machinery" segment that engages in the research and development, manufacture and sale of tractors and relevant parts and components (excluding diesel engines);

(2) The "power machinery" segment that engages in the research and development, manufacture and sale of diesel engines.

Segment revenue is eliminated on consolidation. Segment sales and transfers are transacted according to the relevant prevailing market prices.

Segment results are presented as profit of operating segments before income tax. Other information of each segment is also disclosed, including depreciation and amortisation, item of income and expenses from headquarters, financial expenses, gain on disposal of subsidiaries, entitled share of profits or losses of associates, and income tax expenses. These are the methods reported to the management, which, together with other reported data, serve to provide better perception to the management, and investors can also evaluate annual segment operating results from such information.

7. Changes in accounting policies

1. Changes in accounting policies

No accounting policies were changed during the Reporting Period.

2. Changes in accounting estimates

No accounting estimates were changed during the Reporting Period.

V. NOTES TO MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Monetary funds

Items	Ending Balance	Beginning Balance
Cash on hand	**101,619.24**	50,619.11
Cash at bank	**115,663,017.76**	80,945,017.06
Other monetary funds	**85,325,604.22**	161,329,804.40
Deposits in financial companies (Note)	**1,356,486,152.62**	1,669,218,110.27
Total	**1,557,576,393.84**	1,911,543,550.84
Including: Total amount deposited overseas	**16,343,795.03**	17,650,295.38

Note: Deposits in financial companies include margin paid to financial companies for handling acceptance bill.

Including: The details of the restricted monetary funds are as follows:

Items	Ending Balance	Beginning Balance
Margin for acceptance bill	**483,311,521.08**	577,850,895.83
Other restricted funds	**270,000.00**	200,000.00
Total	**483,581,521.08**	578,050,895.83

Note 2. Accounts receivables

1. Disclosure of accounts receivable by aging analysis

The table below sets forth an aging analysis of accounts receivable recognised on the date of credit took place:

Aging	Ending Balance	Beginning Balance
Within 1 year (inclusive)	**1,932,033,105.08**	332,507,663.64
1-2 years	**16,728,771.34**	12,874,987.85
2-3 years	**21,575,616.67**	30,206,796.91
Over 3 years	**240,031,005.99**	233,231,805.64
Subtotal	**2,210,368,499.08**	608,821,254.04
Less: Provision for impairment	**301,620,560.98**	282,037,180.42
Total	**1,908,747,938.10**	326,784,073.62

2. *Disclosure by provision for bad debt*

Category	Ending Balance				
	Book balance		Bad debt provision		Book value
	Amount	*Ratio (%)*	*Amount*	*Provision ratio (%)*	
Bad debt provision on a portfolio basis	2,210,368,499.08	100.00	301,620,560.98	–	1,908,747,938.10
Including: Aging portfolio	1,934,294,841.62	87.51	245,988,233.29	12.72	1,688,306,608.33
Collateral and other risk exposure portfolios	276,073,657.46	12.49	55,632,327.69	20.15	220,441,329.77
Total	**2,210,368,499.08**	**100.00**	**301,620,560.98**	**–**	**1,908,747,938.10**

Continued:

Category	Beginning Balance				
	Book balance		Bad debt provision		Book value
	Amount	*Ratio (%)*	*Amount*	*Provision ratio (%)*	
Bad debt provision on a portfolio basis	608,821,254.04	100.00	282,037,180.42	–	326,784,073.62
Including: Aging portfolio	452,464,810.07	74.32	229,961,894.12	50.82	222,502,915.95
Collateral and other risk exposure portfolios	156,356,443.97	25.68	52,075,286.30	33.31	104,281,157.67
Total	**608,821,254.04**	**100.00**	**282,037,180.42**	**–**	**326,784,073.62**

3. *Accounts receivable for which anticipated credit losses were provisioned on a portfolio basis*

(1) Aging portfolio

Aging	Ending Balance		
	Book Balance	Bad debt provision	Provision ratio (%)
Within 1 year (including 1 year)	1,704,600,885.40	20,636,920.13	1.21
1-2 years	5,770,229.94	2,614,279.49	45.31
2-3 years	21,428,394.47	21,273,804.44	99.28
Over 3 years	202,495,331.81	201,463,229.23	99.49
Total	**1,934,294,841.62**	**245,988,233.29**	**–**

(2) Collateral and other risk exposure portfolios

Name of portfolio	Ending Balance	Bad debt provision	Provision ratio (%)
Collateral and other risk exposure portfolios	276,073,657.46	55,632,327.69	20.15

4. Provision for bad debts charged, recovered or reversed in the current period

Category	Beginning Balance	Changes in the current period				Ending Balance
		Provision	Recovery/ Reversal	Resale/ Write-off	Other (Note)	
Aging portfolio	229,961,894.12	17,593,692.17	0.00	0.00	-1,567,353.00	245,988,233.29
Collateral and other risk exposure portfolios	52,075,286.30	3,557,041.39	0.00	0.00	0.00	55,632,327.69
Total	**282,037,180.42**	**21,150,733.56**	**0.00**	**0.00**	**-1,567,353.00**	**301,620,560.98**

Note: Other changes are mainly exchange rate fluctuations.

5. Top Five Accounts Receivable with the Ending Balance Classified by the Borrowers

Company name	Ending Balance	Aging	Percentage of ending balance of accounts receivable (%)	Bad debt provision
Client 1	136,229,384.79	Within 1 year, 2-3 years	6.16	1,897,375.78
Client 2	61,645,479.33	More than 5 years	2.79	61,645,479.33
Client 3	49,068,130.00	Within 1 year	2.22	1,521,112.03
Client 4	47,746,576.80	Within 1 year	2.16	1,480,143.88
Client 5	44,648,700.00	Within 1 year	2.02	740,358.00
Total	**339,338,270.92**	**–**	**15.35**	**67,284,469.02**

6. Actual accounts receivable write-off in current Reporting Period

Nil.

Note 3. Accounts payable

1. Classification disclosure of accounts payable

Item	Ending Balance	Opening Balance
Purchase payment payable	**2,986,483,444.70**	1,637,102,681.91
Service fee payable	**123,227,028.28**	164,288,264.99
Purchase of construction equipment payable	**20,070,047.19**	22,539,363.02
Others	**975,391.88**	685,352.16
Total	**3,130,755,912.05**	1,824,615,662.08

2. Accounts payable presented by aging analysis

The table below sets forth an aging analysis of accounts payable recognised on the date of debt took place:

Item	Ending Balance	Opening Balance
Within 1 year (inclusive)	**2,998,730,577.08**	1,683,079,324.28
1-2 years	**45,761,986.44**	43,543,380.71
2-3 years	**17,249,122.45**	27,648,210.56
More than 3 years	**69,014,226.08**	70,344,746.53
Total	**3,130,755,912.05**	1,824,615,662.08

3. Accounts payable with significant amount aged over 1 year

Company name	Ending Balance	Reason for not paid or carrying forward
Supplier 6	25,855,468.75	Not yet settled

Note 4. Retained earnings

Item	Amount	Withdrawal or distribution ratio (%)
Balance at the end of last period	**3,029,686,803.68**	–
Add: Adjustment amount at the beginning of the period	0.00	–
Balance at the beginning of current period	**3,029,686,803.68**	–
Add: net profit for the current period attributable to owners of the parent company	782,287,915.86	–
Less: Appropriation to statutory surplus reserves	0.00	–
Dividends of ordinary shares payable	221,874,981.58	–
Balance at the end of current period	**3,590,099,737.96**	–

Note 5. Depreciation and amortisation

Item	Amount in this period	Amount in last period
Depreciation of fixed assets	**120,693,208.76**	125,315,160.68
Amortisation of intangible assets	**18,503,528.99**	18,016,130.90
Total	**139,196,737.75**	143,331,291.58

Note 6. Income tax expenses

1. Income tax expenses

Item	Amount in this period	Amount in last period
Current income tax expenses	**110,537,615.24**	93,222,487.14
Deferred income tax expense	**-25,955,878.12**	12,669,482.01
Total	**84,581,737.12**	105,891,969.15

2. The Adjustment Process of Accounting Profit and Income Tax Expenses

Item	Amount in this period
Total consolidated profit of this period	**883,744,705.19**
Income tax expenses at applicable tax rates	**132,561,705.78**
Effect of different tax rates on subsidiaries	**3,801,533.02**
Effect of adjustments to income tax on prior periods	**-4,060.57**
Effect of non-taxable income	**-260,927.12**
Effect of deductible temporary differences or deductible losses from deferred income tax assets not recognised in the current period	**-9,652,514.06**
Additional deductions for research and development expenses and other expenses	**-22,503,531.84**
Effect of utilising deductible losses from deferred income tax assets not recognised in prior periods	**-19,360,468.09**
Income tax expenses	**84,581,737.12**

Note 7. Net current assets

Item	Ending Balance	Opening Balance
Current assets	**7,181,212,602.41**	8,247,402,555.74
Less: current liabilities	**7,596,028,967.01**	6,078,366,634.60
Net current assets	**-414,816,364.60**	2,169,035,921.14

Note 8. Total assets less current liabilities

Item	Ending Balance	Opening Balance
Total assets	**17,322,980,750.61**	15,097,537,416.28
Less: current liabilities	**7,596,028,967.01**	6,078,366,634.60
Total assets less current liabilities	**9,726,951,783.60**	9,019,170,781.68

Note 9. Segment reporting

Item	Agricultural machinery	Power machinery	Elimination	Total
1. Total operating revenue	7,137,782,489.02	2,038,227,351.28	-1,289,688,637.32	7,886,321,202.98
Including: External transaction revenue	6,944,596,201.07	941,725,001.91	0.00	7,886,321,202.98
Intra-segment transaction revenue	193,186,287.95	1,096,502,349.37	-1,289,688,637.32	0.00
Asset impairment loss	6,820,922.15	-720,556.04	6,857.07	6,107,223.18
Credit impairment loss	-31,595,676.14	-9,846,808.63	18,882,778.67	-22,559,706.10
Depreciation and amortisation fees	120,518,906.72	41,156,774.38	1,453,583.66	163,129,264.76
2. Total profit (loss)	746,761,193.99	116,355,141.13	20,628,370.07	883,744,705.19
3. Income tax expenses	90,026,211.01	-5,444,628.90	155.01	84,581,737.12
4. Net profit (loss)	656,734,982.98	121,799,770.03	20,628,215.06	799,162,968.07
5. Total assets	15,404,422,898.43	4,069,448,811.96	-2,150,890,959.78	17,322,980,750.61
6. Total liabilities	7,739,392,185.84	2,413,548,543.68	-1,634,673,487.29	8,518,267,242.23

Note 10. Net asset returns and earnings per share

Items	Current period
Net profit attributable to shareholders of parent company	782,287,915.86
Non-recurring profit and loss attributable to the parent company	-71,173,535.70
Net profit attributable to shareholders of parent company after deducting non-recurring profit and loss	853,461,451.56
Weighted average number of ordinary shares outstanding	1,123,645,275.00
Basic earnings per share (I) (before deducting non-recurring profit and loss)	0.6962
Basic earnings per share (II) (after deducting non-recurring profit and loss)	0.7595
Weighted average return on net assets (I) (before deducting non-recurring profit and loss)	9.76%
Weighted average return on net assets (II) (after deducting non-recurring profit and loss)	10.65%

MANAGEMENT DISCUSSION AND ANALYSIS

I. Business Overview of the Company

(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. It is 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.

During the Reporting Period, there were no significant changes in the Company's principal products and business model.

(II) Situation of the Industry in which the Company Operates during the Reporting Period

According to data from the China Agricultural Machinery Industry Association, sales volume of medium and large tractors reached 177,800 units from January to June 2026, representing a year-on-year increase of 5.5%. Among them, sales of large tractors increased by 5.7% year-on-year, while sales of medium tractors increased by 5.4% year-on-year. The overall characteristics of the agricultural machinery industry in 2026 are as follows:

First, multiple drivers are accelerating the structural upgrade of medium- and large-sized tractors. In 2026, the central government maintain continuous stability for subsidies of agricultural machinery purchase and application. A series of measures focusing on "premium subsidies for premium machinery" have guided user preferences towards high-end intelligent, green and low-carbon equipment. Meanwhile, the national large-scale equipment renewal policy remains in force, explicitly supporting the scrapping and replacement of old agricultural machinery, thereby stimulating demand for renewal and upgrades. With the advancement of land transfer and entrusted management services, large-scale farming operations and the construction of high-standard farmland, the number of new agricultural business entities such as agricultural machinery cooperatives, family farms and large growers are increasing continuously, with constant improvement achieved in development quality, unceasingly releasing the market demand for large-horsepower and intelligent tractors, accelerating the replacement of traditional models, and promoting the upgrade of the agricultural machinery market towards high-end and intelligent directions.

Second, the growth rate of agricultural machinery exports in the first half of the year continued to outpace the domestic market. In regions along the "Belt and Road", including Southeast Asia, Central Asia and Africa, the level of agricultural mechanisation remains relatively low, and demand for agricultural machinery products is strong. Leveraging continuously improving cost-effectiveness and product adaptability, China's agricultural machinery products exports for the first half of the year have maintained the high growth momentum of 2025. According to data released by the General Administration of Customs, from January to June 2026, China's cumulative exports of tractor products reached 104,500 units, representing a year-on-year increase of 16%. For the domestic market, although grain prices have stabilised at low levels, upward momentum is insufficient, and domestic agricultural machinery demand for the first half of the year was still mainly driven by replacement demand. Due to natural disasters in certain parts of China in 2025, users' agricultural machinery replacement plans were forced to be postponed, and pent-up demand for purchasing machinery was released in the first half of the year.

Third, the competitive landscape of the industry is undergoing accelerated restructuring. With the trend of structural upgrading in the agricultural machinery industry gaining momentum as well as further increase in market concentration, the agricultural machinery industry is characterised by a competitive landscape led by top enterprises and intensified differentiation. On one hand, overcapacity in the low-end market has become increasingly prominent, with intensified homogeneous low-price competition continuously squeezing corporate profit margins. Small and medium-sized enterprises lacking capabilities in high-end product development and manufacturing and with limited sales scale are facing mounting survival pressure. On the other hand, competition in the high-end market is becoming increasingly fierce. Leading enterprises are accelerating their presence in the high-end product segment through continuous technological iteration, while cross-industry competitors from construction machinery and new energy sectors are entering the market. Industry competition has shifted from pure price rivalry to a comprehensive contest across multiple dimensions including technology, brand, channels and services, compelling enterprises to continue to consolidate their competitive advantages through technological innovation, product upgrades and differentiated strategies.

II. Discussion and Analysis on the Operations

In the first half of 2026, the Company steadily advanced various strategic deployment at the beginning of the year, and coordinated efforts in market expansion, technological breakthroughs, industrial strengthening, globalisation and deepened reform. The Company made concerted efforts in market expansion, product upgrade, and cost reduction and efficiency enhancement. Overall operations demonstrated steady growth with improvements in both quality and efficiency. During the Reporting Period, the Company recorded revenue of RMB7,886 million, representing a year-on-year increase of 13.84%, and net profit attributable to shareholders of the listed company of RMB782 million, representing a year-on-year increase of 1.72%; recorded net profit attributable to shareholders of the listed company (net of non-recurring profit or loss) of RMB853 million, representing a year-on-year increase of 23.39%.

(1) Deepening Marketing Empowerment to Consolidate Domestic Market Fundamentals

In the first half of 2026, the agricultural machinery industry showed signs of recovery. In response to changes in the market environment, the Company implemented precise measures to expand domestic market share and a quantitative assessment and dynamic management mechanism. The Company continued to pursue its major customer strategy, driving order cooperation through exclusive value-added services. Continuous rectification of weak channels, deepening cooperation with financial institutions, and building a comprehensive digital marketing matrix has effectively boosted product sales. During the Reporting Period, the Company focused on core operating scenarios such as paddy fields, dry fields, cash crops, and hilly and mountainous areas, actively exploring integrated cooperation of "tractors + implements", accelerating the development of the Dongfanghong agricultural equipment product portfolio to raise product competitiveness. During the Reporting Period, the Company sold 50,100 units of tractors, representing a year-on-year increase of 17.05%, which is 11.55 percentage points higher than industry average, with the market share increased by 2.77 percentage points year-on-year.

For power machinery business, the Company developed nearly 500 customised products to meet the supporting needs of external main products manufacturers. The market competition for non-road diesel engines with small and medium horsepower segments has further enhanced, with steady increase in the market share. Multiple breakthroughs were made in supporting markets such as harvesting machinery, construction machinery and marine generator sets. During the first half of the year, the Company sold 112,600 units of diesel engines, of which 65,500 units were exported. The export proportion increased by 5.1 percentage points compared with the same period last year.

(2) Dual Upgrade of Products and Services with Booming International Business

The Company adhered to its international development strategy and focused on five key regions, with particular emphasis on South America and Central Asia. During the Reporting Period, the Company promoted the localisation upgrade of existing overseas assembly plants and strengthened the layout of assembly plants in key markets. Regarding differentiated demands of various regional markets, the Company accelerated product iteration and optimisation, and launched specialised models tailored to distinctive planting scenarios such as coffee, fruit, and tobacco. The Company's overseas service assurance capabilities continued to strengthen, with its brand awareness and market recognition overseas further improving. From January to June, the Company exported 8,006 units, representing a year-on-year increase of 47%. Significant market growth is achieved in Americas and Asia, with certain emerging markets gradually achieved breakthroughs.

(3) Driving Technological Innovation and Digital Transformation and Upgrading to Enhance Overall Competitiveness

The Company continued to strengthen its efforts in the research and development of high-end intelligent tractors, enriching its technology reserves and advancing product upgrades. In the first half of the year, the Company has completed spring plowing operation trials for multiple high-horsepower, high-end intelligent and new energy tractors, and its series of hilly and mountainous products and paddy field products have completed maturation and design finalisation and expanded application scenarios. These initiatives effectively strengthened the product portfolio and laid a solid foundation for market expansion.

The Company vigorously advanced the construction of a modern industrial system, simultaneously driving intelligent manufacturing upgrades and green transformation. During the Reporting Period, Phase I of the Company's intelligent multi-purpose tractor capacity enhancement project and the machining line of the heavy-duty diesel engine production line technical transformation project were completed and put into operation. Several projects, including gear quality capability enhancement, progressed in an orderly manner.

The Company seized the strategic opportunities of "Artificial Intelligence+", continuously strengthened the development of digital platforms and advanced digital transformation. Leveraging its own computing power, the Company built an intelligent maintenance service platform, and accelerated the deep integration of artificial intelligence into its business. In the first half of this year, the Dongfanghong Huinong APP had nearly 30,000 registered users and 33,000 agricultural machines bound to the platform. The dual empowerment of digital manufacturing and smart services continued to deepen.

(4) Deepening Corporate Reform to Enhance Endogenous Growth Vitality

2026 is the first year of the "15th Five-Year Plan", in the first half of the year, the Company strengthened the demonstration and determination of strategic goals such as international operations and digital transformation, and promoted high-quality development under strategic guidance. The Company established a differentiated performance appraisal system with layered classifications and enhanced organisational vitality. The Company strengthened costs management across the entire value chain, enhancing operational efficiency and strengthening corporate value creation capability.

BUSINESS OUTLOOK FOR FUTURE DEVELOPMENT OF THE COMPANY

In the second half of the year, the Company will focus on the principal line of high-quality development, and advance the following key tasks in a coordinated manner:

First, closely monitor the market and go all out for the dual expansion of domestic and international markets. In the domestic market, the Company will seize policy opportunities, implement precise marketing strategies, improve channel operational efficiency, upgrade Dongfanghong's component support and service capabilities, and promote the transformation of business towards integrated solutions. In the international market, the Company will coordinate construction and resource allocation, accelerate the improvement of international operating capabilities, expedite the implementation of overseas localisation and talent acquisition, accelerate the development of differentiated products suitable for different national markets, enrich the product portfolio, promote the export of complete sets of equipment, and continuously enhance the global influence of the YTO brand.

Second, accelerate product innovation and technological breakthroughs to build new competitive advantages in science and technology. The Company will focus on tackling key technologies of core products such as continuously variable transmission tractors, hybrid tractors and power-shift tractors, advance the finalisation and validation of new products, and put them into autumn verification. In line with user demand, the Company will continue to enrich its portfolio of advantageous products, accelerate the pace of new product launches, and provide product support for enhancing market share.

Third, expedite digital and intelligent transformation to strengthen industrial chain resilience. In the second half of the year, the Company will commence Phase II construction of the intelligent multi-purpose tractor project, accelerate the implementation of key projects already approved, including the transformation of the heavy-duty diesel engine production line and the construction of the structural parts centre, and continuously promote the deep integration of AI technology into production and operations, thereby empowering quality and efficiency enhancement across all business segments through digitalisation.

Fourth, deepen cost reduction, efficiency enhancement and internal reform to improve operational quality. The Company will fully into cost-saving potential across the entire value chain, and effectively translating cost reduction results into operating benefits. The Company will strictly implement the layered and classified performance appraisal system and the adjustment mechanism for the lowest performers, thereby achieving better performance, better rewards. Meanwhile, the Company will ensure steady operations through coordinated efforts in risk management, internal control and compliance.

III. Analysis on Principal Business

1. Analysis on changes in items of the financial statement

Unit: Yuan Currency: RMB

Item	**Amount for the current period**	Amount for the corresponding period of last year	**Changes (%)**
Operating revenue	**7,886,321,202.98**	6,927,648,409.53	13.84
Operating costs	**6,576,742,085.59**	5,817,044,256.05	13.06
Selling expenses	**73,981,862.26**	70,827,270.31	4.45
Administrative expenses	**144,290,322.60**	150,832,303.15	-4.34
Financial expenses	**1,858,500.63**	-1,642,143.99	N/A
R&D expenses	**217,845,369.94**	212,973,906.79	2.29
Other revenue	**68,182,975.63**	138,177,939.32	-50.66
Gains arising from changes in fair value (Losses listed as "-")	**-95,822,244.10**	55,009,583.33	-274.19
Loss on impairment of assets (Losses listed as "-")	**6,107,223.18**	2,683,998.32	127.54
Gains arising from disposal of assets (Losses listed as "-")	**138,116.68**	691,296.24	-80.02
Non-operating income	**2,093,090.47**	18,454,718.57	-88.66
Non-operating expenses	**965,484.07**	2,654,232.53	-63.62

Item	**Amount for the current period**	Amount for the corresponding period of last year	**Changes (%)**
Net cash flows from operating activities	**1,060,892,936.74**	396,956,691.26	167.26
Net cash flow from investing activities	**-1,296,698,233.59**	-771,788,396.48	N/A
Net cash flows from financing activities	**-19,442,622.90**	-236,332,649.64	N/A

Reasons for changes in operating revenue and operating cost: Mainly due to the year-on-year increase in sales volume of the Company's leading products during the Reporting Period, resulting in a corresponding increase in operating revenue and operating cost.

Reasons for the change in selling expenses: Increased by RMB3.15 million compared with the same period last year, primarily attributable to the Company's efforts to expand the market, expand the market share of leading products, and strengthen service assurance, leading to a year-on-year increase in sales service expenses.

Reasons for changes in financial expenses: Increased by RMB3.50 million compared with the same period last year, mainly due to the impact of macro policies in the financial market during the Reporting Period, which led to a decline in deposit interest rates and a year-on-year decrease in interest income.

Reasons for changes in R&D expenses: Increased by RMB4.87 million compared with the same period last year, primarily due to the Company's intensified efforts in the research and development of high-end agricultural machinery equipment technologies, with R&D investment increasing year-on-year in line with project progress during the Reporting Period.

Reasons for changes in other revenue: Decreased by RMB69.99 million compared with the same period last year, mainly because firstly, a subsidiary recognised debt restructuring gains in the same period last year, which did not recur during the Reporting Period; and secondly, the amount of additional VAT input tax deduction enjoyed by advanced manufacturing enterprises decreased year-on-year.

Reasons for changes in gains arising from changes in fair value: Decreased by RMB150.83 million compared with the same period last year, mainly due to the decrease in the fair value of trading financial assets held by the Company during the Reporting Period as compared to the beginning of the year, while the trend during the same period last year was upward.

Reasons for changes in losses on impairment of assets: Losses decreased by RMB3.42 million compared with the same period last year, primarily due to a year-on-year decrease in the provision for inventory write-downs.

Reasons for the changes in gain on disposal of assets: Decreased by RMB0.55 million as compared with the same period last year, primarily due to the decrease in gain on disposal of fixed assets during the current period.

Reasons for the change in non-operating income: Decreased by RMB16.36 million compared with the same period last year, mainly due to a year-on-year decrease in the write-off of payables no longer required to be settled.

Reasons for the change in non-operating expenses: Decreased by RMB1.69 million compared with the same period last year, mainly due to a year-on-year decrease in asset scrapping losses.

Reasons for changes in net cash flow from operating activities: Increased by RMB663.94 million compared with the same period last year, mainly due to the increase in sales volume of the Company's leading products during the Reporting Period, which resulted in higher sales receipts and a year-on-year increase in net operating cash inflows.

Reasons for changes in net cash flow from investing activities: Increased outflow of RMB524.91 million compared with the same period last year, mainly due to a year-on-year increase in net investment in structured deposits and large-denomination certificates of deposit during the Reporting Period.

Reasons for changes in net cash flow from financing activities: Decreased outflow of RMB216.89 million compared with the same period last year, mainly due to the combined effect of a year-on-year increase in net borrowings obtained and a year-on-year decrease in cash dividends paid during the Reporting Period.

IV. Analysis of Assets and Liabilities

1. Assets and Liabilities

Unit: Yuan Currency: RMB

Item	Balance at the end of the Reporting Period	Balance at the end of the Reporting Period as a percentage of total assets (%)	Balance as at the end of the corresponding period of last year	Balance as at the end of the corresponding period of last year as a percentage of total assets (%)	Change in balance as at the end of the Reporting Period as compared with balance as at the end of the corresponding period of last year (%)	Explanation
Notes receivable	22,312,397.70	0.13	43,549,626.18	0.29	-48.77	During the Reporting Period, notes receivable decreased due to the collection of matured bills receivable and endorsement or discounting
Accounts receivable	1,908,747,938.10	11.02	326,784,073.62	2.16	484.10	Due to the seasonal nature of agricultural machinery sales, the first half of the year is the peak sales season, and accounts receivable arising from the sale of goods have not yet reached the collection period.
Other receivables	98,973,524.23	0.57	66,734,313.70	0.44	48.31	During the Reporting Period, export tax rebates receivable increased
Non-current assets due within one year	948,692,582.21	5.48	2,969,552,248.90	19.67	-68.05	During the Reporting Period, large-denomination certificates of deposit held by the Company matured.
Debt investment	6,023,302,640.46	34.77	2,839,788,030.21	18.81	112.10	The amount of time deposits purchased and held during the Reporting Period increased.
Construction in progress	461,259,003.03	2.66	324,531,669.03	2.15	42.13	Investment in construction projects increased during the Reporting Period.
Right-to-use assets	15,509,708.27	0.09	26,810,495.19	0.18	-42.15	Depreciation is provided on right-to-use assets, resulting in a decrease in net value.
Accounts payables	3,130,755,912.05	18.07	1,824,615,662.08	12.09	71.58	During the Reporting Period, procurement volume increased, and accounts payable have not yet reached the payment period.
Contract liabilities	175,296,617.30	1.01	566,066,122.26	3.75	-69.03	Certain contract performance obligations were fulfilled.
Other current liabilities	935,595,146.27	5.40	383,903,310.62	2.54	143.71	During the Reporting Period, sales revenue increased, and accrued expenses also increased accordingly.
Long-term loans	563,552,735.92	3.25	424,723,098.79	2.81	32.69	New long-term loans during the Reporting Period
Lease liabilities	1,411,323.33	0.01	2,547,279.10	0.02	-44.59	Due to the reclassification of rent payable within one year to noncurrent liabilities due within one year.
Long-term employee compensation payable	7,531,421.62	0.04	18,526,825.11	0.12	-59.35	The reclassification of long-term employee salary payable due within one year to employee salary payable.
Other comprehensive income	-10,501,832.89	-0.06	-8,070,289.08	-0.05	N/A	The impact of foreign currency translation differences in financial statements.

2. Overseas Assets

During the Reporting Period, the Company's total assets amounted to RMB17,322.9808 million, of which overseas assets amounting to RMB74.4960 million, accounting for 0.43% of the total assets.

Restrictions on Major Assets as at the end of the Reporting Period

As at the end of the Reporting Period, the Company's monetary funds of restricted ownership amounted to RMB483.8815 million, including margin for acceptance bill of RMB483.3115 million, and other restricted funds of RMB0.27 million.

3. Other Explanations

(1) Key Financial Indicators

Item	As at the end of the Reporting Period	As at the beginning of the year	Change compared to the corresponding period last year
Gearing ratio (%)	49.17	45.48	increased by 3.69 percentage points
Current ratio	0.95	1.36	decreased by 0.41
Quick ratio	0.81	1.17	decreased by 0.36

Note:

Gearing ratio = total liabilities/total assets *100.

(2) Borrowings

Borrowings of the Group are mainly denominated in RMB. As of the end of the Reporting Period, borrowings (principal) of the Company due within one year amounted to RMB5.1213 million, and borrowings (principal) of the Company due over one year amounted to RMB563.5527 million.

(3) Foreign Exchange Risk

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

(4) Principal Sources and Use of Funds

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

(5) Material Assets and Equity Disposals

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

(6) Significant Investments Held

As at 30 June 2026, the Group did not hold any significant investment in equity interest in any other company.

(7) Future Plans for Material Investments and Capital Assets

As at 30 June 2026, the Group did not have plan for material investments and capital assets.

(8) Charges on Group Assets

As at 30 June 2026, the Group did not have charges on its assets.

Analysis of Key Equity Holding and Participating Companies

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

Unit: 0'000 Currency: RMB

Company name	Company type	Principle business	Registered capital	Total asset	Net asset	Operating revenue	Operating profit	Net profit
YTO International Trade	Subsidiary	International sales of agricultural machinery	34,600	49,697.84	16,945.79	82,781.21	6,372.83	4,794.44
YTO Diesel Engine	Subsidiary	Engine manufacturing and sales	USD16 million	406,944.88	165,590.03	203,822.74	11,529.67	12,179.98
Tractor Research Company	Subsidiary	Tractor product development and research	44,500	64,484.02	53,152.49	7,581.21	-532.59	-546.76

V. Other Disclosable Events

(I) Potential Risks

1. Market Demand Uncertainty Risk

At present, the fundamentals of stock competition and differentiated demand structure in the domestic agricultural machinery market remain unchanged. The market for traditional products is approaching saturation, while demand for high-end intelligent and new energy agricultural machinery is growing but market penetration remains limited. Agricultural product prices continue to fluctuate at low levels, grain planting profitability is under pressure, and users are cautious in their purchase decisions. Meanwhile, geopolitical conflicts and trade frictions persist internationally, foreign exchange controls have tightened in key overseas regions, and technical thresholds continue to rise, resulting in considerable uncertainty in the export market.

The Company will closely monitor changes in industry policies, continue to deepen market analysis, accurately capture regional demand differences and replacement cycles, and dynamically optimise product structure and sales policies. The Company will focus on high-end intelligent and large-horsepower tractors as the main replacement models, accelerate product technology upgrades and iterations, and enhance product added value and core competitiveness. The Company will also continue to strengthen the penetration of marketing channels and the construction of after-sales service networks, thereby enhancing customer stickiness and brand loyalty through quality services. In terms of international business, the Company will actively expand potential markets on the basis of consolidating mature markets, establish a diversified export structure to reduce reliance on a single regional market, strengthen industrial support, improve localisation capabilities, and enhance market responsiveness and risk resistance. The Company will also dynamically track international trade policies and flexibly adjust export strategies.

2. Raw Material Price Fluctuation Risk

Influenced by multiple factors including global economic conditions, market supply and demand dynamics, and volatility in international commodity markets, the overall trend of commodity and raw material prices from January to June 2026 showed a fluctuating upward trajectory compared with the beginning of the year. Pig iron, scrap steel and rubber are among the major basic raw materials required for the Company's production, and their price increases may adversely affect the Company's cost management and profitability.

The Company will continue to monitor commodity price trends and supply-demand changes, enhance the forward-looking nature and accuracy of price trend analysis, and dynamically optimise procurement strategies. Measures such as centralised procurement, locked-in pricing and timely stockpiling will be adopted to mitigate the impact of price fluctuations on production costs. The Company will further advance lean production and penetrating cost control, continuously optimise production processes, and promote internal energy conservation and consumption reduction, thereby offsetting part of the cost pressure arising from price increases.

VI. Analysis of Core Competitiveness during the Reporting Period

The Company has been deeply involved in the agricultural equipment sector for a long term, building the most complete high-end manufacturing system nationwide, from core components to complete machines. It possesses in-house capability to manufacture core components such as body, castings and forgings, engines, axles, and gears, and actively promotes intelligent manufacturing upgrades and green transformation, accelerating the application of cutting-edge technologies such as 5G, IoT, big data analysis, strengthening the industrial foundation with new quality productivity. Meanwhile, the Company possesses core technologies with proprietary intellectual property rights, including power shift, continuously variable transmission, intelligent driving, and electronic control for complete machines and components. Its product performance and reliability have reached international advanced levels, forming industry-leading strength in green energy saving, intelligent control, and adaptability to complex working conditions. In terms of quality, the Company adheres to the principle of "quality first", benchmarking against world-class standards to promote comprehensive quality management. Product reliability has steadily improved, and the Company has continuously won quality awards from central enterprises and Henan Province, playing a leading role in the industry. In terms of the market, relying on the advantages of the "Dongfanghong" national brand and its nationwide marketing and service network, the Company has built an intelligent customer relationship management platform integrating marketing, service and management, rapidly responding to market demands, and continuously improving customer satisfaction and brand influence.

OTHER INFORMATION

1. Appointment or Dismissal of Accounting Firm

As considered and approved at the 2025 annual general meeting, the Company continued to appoint ShineWing Certified Public Accountants LLP as the Auditor of the Company's financial reports and the internal control auditor of the Company for the year 2026. The remuneration of the Auditor comprises an annual audit fee of RMB2.21 million, an interim financial report review fee of RMB0.3 million, and an internal control audit fee of RMB0.35 million.

2. Material Litigation and Arbitration

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

3. Proposal of Profit Distribution or Capitalisation from Capital Reserves

In accordance with the profit distribution policy of the articles of association of the Company, the Board agrees the following profit distribution proposal for the Reporting Period: Based on the total share capital as at the record date for the distribution of rights and interests, a cash dividend of RMB0.6962 (tax inclusive) for every 10 shares will be distributed to all Shareholders. As of 25 August 2026, the Company's existing total share capital was 1,123,645,275 shares. In the event that the Company's total share capital changes before the record date for the implementation of the distribution of rights and interests, the distribution amount per share will remain unchanged and the total profit distribution amount will be adjusted accordingly. The Company expects to pay the dividend on or before 30 November 2026.

4. Employee Remuneration Policy and Training of the Group

As at 30 June 2026, the Company had 6,953 employees. During the Reporting Period, the Company continuously improves its remuneration and performance policies at all levels, strictly implements the principle of "more efforts, more reward; better performance, better pay", and allocates incentive resources to core positions, core talents and high-value output teams. During the Reporting Period, the Company planned multi-tier and cross-system trainings for the staff, in order to improve the abilities and qualities of staff at various levels and functions, according to the need of their posts and the development of the Company, and organised technical, management, skilled operation and other trainings in a timely manner.

5. Contingent Liabilities

As at 30 June 2026, the Company had no other material contingent liabilities.

6. Corporate Governance Code

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

7. Review by the Audit Committee

The 2026 interim results have been reviewed by the audit committee of the Company.

8. Securities Transactions by Directors

During the Reporting Period, the Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard set out in the model code (the "**Model Code**") as set out in Appendix C3 to the Listing Rules. Having made specific enquiry of all Directors, the Company confirmed that, during the Reporting Period, each of the Directors has complied with the required standard set out in the Model Code regarding securities transactions by the Directors.

9. Changes in Shares and Information on Shareholders

1. Changes in share capital

During the Reporting Period, there was no change in the share capital of the Company.

2. Shareholders information

(1) Total number of shareholders

Total number of ordinary shareholders as at the end of the Reporting Period (shareholder)	28,135 Including 27,866 holders of A Shares and 269 holders of H Shares
Total number of preference shareholders with voting rights restored as at the end of the Reporting Period (shareholder)	/

(2) 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

Shareholdings of the top ten Shareholders (excluding Shares lent through refinancing)

Name of Shareholder (full name)	Increase/ decrease during the Reporting Period	Number of shares held as at the end of the Reporting Period	Percentage (%)	Number of Shares held subject to selling restrictions	Pledged, marked or frozen		Nature of Shareholder
					Status of Shares	Number	
YTO Group Corporation	0	548,485,853	48.81	0	Nil	/	State-owned legal person
HKSCC NOMINEES LIMITED *(Note 1)*	73,960	389,582,859	34.67	0	Unknown	/	Overseas Legal Person
Hong Kong Securities Clearing Company Limited *(Note 2)*	1,249,858	5,855,961	0.52	0	Unknown	/	Overseas Legal Person
Industrial and Commercial Bank of China Limited – BOCOM Schroders Trend Priority Mixed Fund	5,476,400	5,476,400	0.49	0	Unknown	/	Others
China Merchants Bank Co., Ltd.- BOCOM Schroders Qichen Mixed Securities Investment Fund	2,434,400	2,434,400	0.22	0	Unknown	/	Others
Industrial and Commercial Bank of China Limited – China Europe Potential Value Flexible Allocation Mixed Securities Investment Fund	2,252,500	2,252,500	0.20	0	Unknown	/	Others
China CITIC Bank Corporation Limited – Bocom Schroder Ruiyuan 3-Year Open-ended Hybrid Securities Investment Fund	2,049,849	2,049,849	0.18	0	Unknown	/	Others
Bank of Communications Co., Ltd. - Lombarda China Jintong Flexible Allocation Mixed Fund	2,000,000	2,000,000	0.18	0	Unknown	/	Others
Bank of China Limited – China Merchants Quantitative Selected Stock Initiated Securities Investment Fund	1,869,700	1,869,700	0.17	0	Unknown	/	Others
Bank of China Limited – China Merchants CSI 1000 Index Enhanced Fund	1,378,100	1,378,100	0.12	0	Unknown	/	Others

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)*	38,958,285	Overseas listed foreign shares	38,958,285
Hong Kong Securities Clearing Company Limited *(Note 2)*	5,855,961	Ordinary shares denominated in RMB	5,855,961
Industrial and Commercial Bank of China Limited – BOCOM Schroders Trend Priority Mixed Fund	5,476,400	Ordinary shares denominated in RMB	5,476,400
China Merchants Bank Co., Ltd.- BOCOM Schroders Qichen Mixed Securities Investment Fund	2,434,400	Ordinary shares denominated in RMB	2,434,400
Industrial and Commercial Bank of China Limited – China Europe Potential Value Flexible Allocation Mixed Securities Investment Fund	2,252,500	Ordinary shares denominated in RMB	2,252,500
China CITIC Bank Corporation Limited – Bocom Schroder Ruiyuan 3-Year Open-ended Hybrid Securities Investment Fund	2,049,849	Ordinary shares denominated in RMB	2,049,849
Bank of Communications Co., Ltd. - Lombarda China Jintong Flexible Allocation Mixed Fund	2,000,000	Ordinary shares denominated in RMB	2,000,000
Bank of China Limited – China Merchants Quantitative Selected Stock Initiated Securities Investment Fund	1,869,700	Ordinary shares denominated in RMB	1,869,700
Bank of China Limited – China Merchants CSI 1000 Index Enhanced Fund	1,378,100	Ordinary shares denominated in RMB	1,378,100

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

Notes:

1. The overseas listed foreign shares held by HKSCC NOMINEES LIMITED are held on behalf of various customers.

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.

10. Details of Preference Shares

The Company had no preference shares during the Reporting Period.

11. Repurchase, Sale or Redemption of Listed Securities of the Company

Neither the Company nor its subsidiaries had repurchased, sold or redeemed any of the Company's listed shares (including sales of treasury shares (as defined in the Listing Rules of the Stock Exchange)) during the Reporting Period. As of 30 June 2026, the Company did not hold any treasury shares.

12. Interests and short positions of Directors or chief executive in the Shares and underlying Shares or debentures

As at 30 June 2026, based on the information available to the Company and to the best knowledge of the Directors, none of the Directors and the chief executive of the Company, or their associates held any Shares, underlying shares, or debentures of the Company or its associated corporations (as defined in Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**") (including any interests or short positions (a) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (including interests and short positions which they are deemed or taken to have under such provisions of the Securities and Futures Ordinance); or (b) any interests or short positions required to be recorded in the register referred to in Section 352 of the SFO; or (c) any interests or short positions required to be notified to the Company and the Stock Exchange.

13. Substantial shareholders' interests in securities

As at 30 June 2026, to the best knowledge of the Directors, the following persons (other than Directors, or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, were as follows:

Name	Capacity	Nature of interests	Number of Shares held	Number of underlying shares held under equity derivatives	Total number of Shares interested/	Percentage of the relevant class of issued share capital (%)[1]	Percentage of the total issued share capital (%)[1]	Class of Share
YTO[2]	Beneficial owner	Long position	548,485,853	/	548,485,853	74.96	48.81	A Share
SINOMACH[2]	Interests in controlled corporation	Long position	548,485,853	/	548,485,853	74.96	48.81	A Share
Pandanus Associates Inc.[3]	Interests in controlled corporation	Long position	27,258,000	/	27,258,000	6.95	2.43	H Share
Pandanus Partners L.P.[3]	Interests in controlled corporation	Long position	27,258,000	/	27,258,000	6.95	2.43	H Share
FIL Limited[3]	Interests in controlled corporation	Long position	27,258,000	/	27,258,000	6.95	2.43	H Share

Notes:

1. The percentage is calculated by dividing the number of relevant class of Shares in issue as of 30 June 2026 by the total number of Shares.

2. SINOMACH holds 88.22% of the equity interests 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.

3. Pandanus Associates Inc. holds 100% equity interest in Pandanus Partners L.P., which in turn holds 48.83% equity interest in FIL Limited. FIL Limited indirectly holds a total of 27,258,000 H shares in the Company through multiple 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 27,258,000 H Shares.

Save as disclosed above, as at 30 June 2026, no person (other than Directors or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or which were notified to the Company.

14. Events after the Reporting Period

To provide the Directors with greater flexibility in repurchasing H Shares, a special resolution has been proposed and duly passed by way of poll at the 2026 first extraordinary general meeting (the "**EGM**"), the 2026 first class meeting for holders of A Shares (the "**Class Meeting for Holders of A Shares**"), and the 2026 first class meeting for holders of H Shares (the "**Class Meeting for Holders of H Shares**", and together with the Class Meeting for Holders of A Shares, collectively referred to as the "**Class Meetings**") held on Tuesday, 4 August 2026 to grant the Board the H Shares Repurchase General Mandate (the "**H Shares Repurchase General Mandate**").

Pursuant to the H Shares Repurchase General Mandate, the H Shares which may be repurchased shall not exceed 10% of the total number of H Shares in issue (excluding any treasury shares) of the Company as at the date of passing of the H Shares Repurchase General Mandate Resolution.

The H Shares Repurchase General Mandate will lapse at the earliest of:

(i) the conclusion of the next annual general meeting of the Company following the passing of the H Shares Repurchase General Mandate Resolution at the EGM and the Class Meetings; or

(ii) the date on which the authority conferred to the Board by the H Shares Repurchase General Mandate Resolution is revoked or varied by a special resolution of Shareholders at a general meeting, or a special resolution of Shareholders at their respective class meetings.

For details, please refer to the circular of the Company dated 15 July 2026 and the announcements of the Company dated 15 July 2026 and 4 August 2026, respectively.

Save for the above, no important events affecting the Group occurred since 30 June 2026 and up to the date of this announcement.

15. Publication of Interim Report

The interim report for the six months ended 30 June 2026 of the Company will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (http://www.first-tractor.com.cn).

DEFINITIONS

Unless the context otherwise requires, the following terms should have the following meanings in the announcement:

"A Share(s)"	the domestic ordinary share(s) of RMB1.00 each in the share capital of the Company, which are listed on the Shanghai Stock Exchange and subscribed for and traded in RMB
"Auditor"	the auditor of the Company
"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)
"Board"	the board of Director of our Company
"Company"	First Tractor Company Limited* (第一拖拉機股份有限公司), a joint stock company with limited liability incorporated in the PRC, the H Shares and A Shares of which are listed on the main board of the Stock Exchange (stock code: 00038) and the Shanghai Stock Exchange (stock code: 601038), respectively
"controlled subsidiary"	a company held as to more than 50% shares or equity interest by the Company, or a company actually controlled by the Company through agreement and arrangement
"crawler tractor"	tractor with a crawler as a walking device
"CSRC"	China Securities Regulatory Commission

"Director(s)"	the directors of the Company, including the independent non-executive director
"Group"	the Company and its subsidiaries
"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
"H Share(s)"	the overseas listed foreign share(s) having a nominal value of RMB1.00 each in the share capital of the Company, which are subscribed for and traded in Hong Kong dollars, all of which are listed on the Stock Exchange
"hi-powered wheeled tractor"	wheeled tractor with horsepower of 100 (inclusive) or above
"Listing Rules of the Shanghai Stock Exchange"	the Rules Governing the Listing of Stocks on Shanghai Stock Exchange
"Listing Rules of the Stock Exchange"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"mid-powered wheeled tractor"	wheeled tractor with horsepower of 25 (inclusive) to 100
"SFO"	The Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, modified or supplemented from time to time
"Shanghai Stock Exchange"	the Shanghai Stock Exchange

"Share(s)"	share(s) of RMB1.00 each of the Company
"Shareholder(s)"	shareholder(s) 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
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Tractors Research Company"	Luoyang Tractors Research Institute Company Limited (洛陽拖拉機研究所有限公司), a controlled subsidiary of the Company
"YTO"	YTO Group Corporation* (中國一拖集團有限公司), a limited liability company incorporated in the PRC and the controlling Shareholder, holding approximately 48.81% equity interest in 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
"YTO International Trade"	YTO International Economy and Trade Company Limited (一拖國際經濟貿易有限公司), a wholly-owned subsidiary of the Company
"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

"%"	per cent

By Order of the Board
FIRST TRACTOR COMPANY LIMITED*
Liu Bin
Joint Company Secretary

Luoyang, the PRC
25 August 2026

As at the date of this announcement, the Board comprises Mr. Zhao Weilin (Chairman) and Mr. Wei Tao as executive Directors; Mr. Fang Xianfa, Mr. Yang Jianhui and Mr. Sun Feng as non-executive Directors; and Mr. Wang Shumao, Mr. Xu Liyou and Ms. Wong Yee Man as independent non-executive Directors; and Mr. Li Peng as employee representative Director.

* *For identification purposes only*