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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

(Financial Highlights)

Total operating revenue:	**RMB11,904,370,911.94**
Net profit attributable to the equity holders of the parent company:	**RMB922,023,211.45**
Earnings per share attributable to the equity holders of the parent company:	**RMB0.8206**

The board of directors (the "**Board**") of First Tractor Company Limited* (the "**Company**") announces the audited consolidated results of the Company and its subsidiaries for the year ended 31 December 2024, which have been prepared in accordance with the China Accounting Standards for Business Enterprises, together with the comparative figures for the same period in 2023, as follows (unless otherwise stated, the figures contained in this announcement are denominated in Renminbi (Unit: Yuan)

CONSOLIDATED BALANCE SHEET

31 December 2024

Prepared by: First Tractor Company Limited

Unit: Yuan Currency: RMB

Item	Note	31 December 2024	31 December 2023
Current assets:			
Monetary Funds	*Note 1*	**2,345,044,150.92**	2,769,578,885.96
Lending to Banks and Other Financial Institutions		**0.00**	0.00
Trading financial assets		**1,378,751,780.82**	862,909,300.00
Derivative financial assets		**0.00**	0.00
Notes receivable		**36,699,592.12**	62,322,233.91
Accounts receivable	*Note 2*	**302,269,723.59**	331,205,994.88
Accounts receivable financing		**162,000,234.88**	261,430,180.63
Advances to suppliers		**289,422,493.28**	210,734,453.99
Other receivables		**46,387,183.65**	24,672,309.74
Including: Dividend receivable		**0.00**	0.00
Interest receivable		**0.00**	0.00
Buying back the sale of financial assets		**0.00**	0.00
Inventories		**1,374,778,847.98**	1,514,190,377.68
Contract assets		**0.00**	0.00
Assets classified as held for sale		**0.00**	0.00
Non-current assets due within one year		**1,183,614,680.34**	26,733,364.62
Other current assets		**306,079,445.60**	423,894,751.27
Total current assets		**7,425,048,133.18**	**6,487,671,852.68**

Item	*Note*	**31 December 2024**	31 December 2023
Non-current assets:			
Loans and advances to customers		**0.00**	0.00
Debt investment		**3,261,453,492.49**	3,337,100,098.30
Other debt investment		**0.00**	0.00
Long-term receivables		**0.00**	0.00
Long-term equity investments		**686,959,090.74**	664,257,573.38
Other equity instrument investment		**4,456,280.38**	4,188,008.77
Other non-current financial assets		**0.00**	0.00
Investment properties		**0.00**	0.00
Fixed assets		**2,260,822,274.24**	2,268,814,612.75
Construction in progress		**147,682,578.79**	140,038,654.10
Right-to-use assets		**38,468,756.06**	21,834,383.06
Intangible assets		**676,329,157.44**	697,337,769.49
Research and development expenses		**0.00**	0.00
Goodwill		**0.00**	0.00
Long-term deferred expenses		**45,760,654.99**	47,746,656.30
Deferred income tax assets		**144,355,291.66**	148,272,362.96
Other non-current assets		**0.00**	0.00
Total non-current assets		**7,266,287,576.79**	7,329,590,119.11
Total assets		**14,691,335,709.97**	13,817,261,971.79

Item	*Note*	**31 December 2024**	31 December 2023
Current liabilities:			
Short-term loans		**0.00**	0.00
Loans from banks and other financial institutes		**0.00**	0.00
Trading financial liabilities		**0.00**	0.00
Derivative financial liabilities		**0.00**	0.00
Notes payable		**2,537,943,251.97**	2,163,570,194.22
Accounts payable	*Note 3*	**2,157,202,989.34**	2,315,345,789.04
Advance from customers		**0.00**	0.00
Contract liabilities		**555,274,588.76**	500,336,653.14
Sale of repurchase financial assets		**0.00**	0.00
Absorption of deposits and interbank deposits		**0.00**	0.00
Employee salary payable		**103,956,392.97**	116,991,275.94
Taxes payables		**25,961,607.96**	21,912,103.66
Other payables		**493,332,826.35**	469,509,147.78
Including: Interests payable		**39,535,828.27**	39,524,418.05
Dividends payable		**8,439,607.87**	8,439,607.85
Liabilities classified as held for sale		**0.00**	0.00
Non-current liabilities due within one year		**225,596,509.07**	20,969,818.62
Other current liabilities		**398,801,587.69**	435,969,305.17
Total current liabilities		**6,498,069,754.11**	6,044,604,287.57

Item	*Note*	**31 December 2024**	31 December 2023
Non-current liabilities:			
Long-term loans		**65,950,000.00**	200,000,000.00
Bonds payable		**0.00**	0.00
Including: Preference shares		**0.00**	0.00
Perpetual bond		**0.00**	0.00
Lease liabilities		**13,772,820.46**	2,098,999.39
Long-term payables		**7,246,381.79**	8,281,441.87
Long-term employee salary payable		**27,463,638.47**	38,103,687.73
Estimated Liabilities		**1,962,613.99**	1,962,613.99
Deferred income		**174,930,894.21**	181,945,272.97
Deferred income tax liabilities		**123,667,945.42**	120,936,004.89
Other non-current liabilities		**0.00**	0.00
Total non-current liabilities		**414,994,294.34**	553,328,020.84
Total liabilities		**6,913,064,048.45**	6,597,932,308.41

Item	Note	31 December 2024	31 December 2023
Shareholder's equity			
Share capital		**1,123,645,275.00**	1,123,645,275.00
Other equity instruments		**0.00**	0.00
Including: Preferred 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		**-13,151,228.80**	-13,923,730.01
Special reserves		**9,145,661.53**	7,494,294.70
Surplus reserves		**784,242,879.53**	699,875,564.60
General risk reserves		**0.00**	0.00
Retained earnings	*Note 4*	**2,695,974,750.86**	2,218,749,266.26
Total equity attributable to shareholders of the parent Company		**7,255,707,334.12**	6,691,690,666.55
Minority interests		**522,564,327.40**	527,638,996.83
Total shareholder's equity		**7,778,271,661.52**	7,219,329,663.38
Total liabilities and shareholder's equity		**14,691,335,709.97**	13,817,261,971.79

CONSOLIDATED INCOME STATEMENT

2024

Prepared by: First Tractor Company Limited

Unit: Yuan Currency: RMB

Item	*Note*	**Amount incurred this year**	Amount incurred last year
1. Total operating revenue		**11,904,370,911.94**	11,533,786,779.44
Including: Operating revenue		**11,904,370,911.94**	11,528,160,755.86
Interest income		**0.00**	5,626,023.58
Fees and commission income		**0.00**	0.00
2. Total cost of operation		**11,177,392,535.23**	10,763,216,167.37
Including: Operating costs		**10,145,221,753.22**	9,783,012,246.50
Interest expenses		**0.00**	99,838.97
Fees and commission expense		**0.00**	60,491.28
Taxes and surcharges		**48,707,139.41**	49,066,163.90
Selling expenses		**156,461,228.98**	154,508,842.48
Administrative expenses		**354,693,536.41**	360,636,115.92
Research and development expenses		**516,377,794.17**	461,344,381.32
Financial expenses		**-44,068,916.96**	-45,511,913.00
Add: Other income		**151,920,726.49**	72,465,499.82
Investment income		**172,346,555.92**	122,157,792.20
Gain arising from the changes in fair value		**27,395,502.26**	47,757,032.42
Loss on impairment of credit		**-18,749,875.34**	-2,350,331.02
Loss on impairment of assets		**-19,031,607.32**	-15,895,859.60
Asset disposal income		**5,487,433.08**	1,561,504.48

Item		Note	**Amount incurred this year**	Amount incurred last year
3.	**Operating profit**		**1,046,347,111.80**	996,266,250.37
	Add: Non-operating income		**5,906,114.68**	8,134,394.76
	Less: Non-operating expenses		**475,559.14**	1,314,671.50
4.	**Total profit**		**1,051,777,667.34**	1,003,085,973.63
	Less: Income tax expenses	*Note 6*	**120,839,952.03**	14,058,675.83
5.	**Net profit**		**930,937,715.31**	989,027,297.80
	Including: Net profit achieved by the merger of the merged party before the merger under the same control		**0.00**	0.00
	(1) Classification according to the continuity of operation		**—**	—
	Continuous operating net profit		**930,937,715.31**	971,616,583.50
	Termination of net profit		**0.00**	17,410,714.30
	(2) Classification of ownership according to ownership		**—**	—
	Net profit attributable to owners of the parent company		**922,023,211.45**	997,022,699.99
	Profit or loss attributable to minority shareholders		**8,914,503.86**	-7,995,402.19
6.	**Net other comprehensive income after tax**		**213,376.72**	-4,032,831.14
	Net other comprehensive income after tax attributable to owners of the parent company		**772,501.21**	-8,070,185.72
	(1) Other comprehensive income that cannot be reclassified to profit and loss in subsequent periods		**193,079.23**	115,426.69
	1. Changes in net liabilities or net assets arising from the re-measurement of defined benefit plans		**0.00**	0.00
	2. Share of other comprehensive income of investee that will not be subsequently reclassified to profit and loss under equity method		**56,260.71**	-228,590.79

Item	Note	Amount incurred this year	Amount incurred last year
3. Changes in fair value of other equity instrument investments		**136,818.52**	344,017.48
4. Changes in fair value of credit risk due to enterprise itself		**0.00**	0.00
(2) Other comprehensive income that will be subsequently reclassified to profit and loss		**579,421.98**	-8,185,612.41
1. Share of other comprehensive income of investee that will be subsequently reclassified to profit and loss under equity method		**0.00**	0.00
2. Changes in fair value of other debt investments		**0.00**	0.00
3. Financial assets reclassified into other comprehensive income		**0.00**	0.00
4. Provision for credit impairment of other debt investment		**0.00**	0.00
5. Cash flow hedging reserve (Effective part of hedging gains and losses from cash flows)		**0.00**	0.00
6. Exchange differences from translation of foreign currency financial statements		**579,421.98**	-8,185,612.41
7. Others		**0.00**	0.00
Net other comprehensive income after tax attributable to minority shareholders		**-559,124.49**	4,037,354.58
7. Total comprehensive income		**931,151,092.03**	984,994,466.66
Total comprehensive income attributable to owners of the parent company		**922,795,712.66**	988,952,514.27
Total comprehensive income attributable to minority shareholders		**8,355,379.37**	-3,958,047.61
8. Earnings per share:		**—**	—
(1) Basic earnings per share		**0.8206**	0.8873
(2) Diluted earnings per share		**0.8206**	0.8873

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. 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 June 23, 1997 and August 8, 2012 respectively. The registered office and principal place of business of the Company is located at No. 154 Jian She 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 affiliated companies are collectively referred to as the Group. During the year, 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 Limited and the ultimate holding company is China National Machinery Industry Corporation. Both are companies registered and established in China.

2. 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 (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 "IV. Significant Accounting Policies and Accounting Estimates" in this note.

3. STATEMENT OF COMPLIANCE OF 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 financial performance and cash flows and other related information.

Given the fact that Chinese ASBEs are equivalent to Hong Kong Financial Reporting Standards (HKFRSs), the Hong Kong Securities and Futures Commission and the Stock Exchange of Hong Kong have both accepted financial reports prepared by Hong Kong listed companies originally from mainland China in accordance with the 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 prepares financial reports under both Chinese ASBEs and Hong Kong Accounting Standards (HKASs) from the reporting year of 2014. Financial reports prepared only in accordance to the Chinese ASBEs will be provided to A Share holders and H Share holders of the Company.

4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(1) Accounting period

The accounting period is from 1 January to 31 December.

(2) Reporting currency

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

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

(4) Accounting method for Enterprise merger under the common control and not under the common control

1. To take many transactions as a package transaction for accounting treatment, the terms, conditions, and economic effects of each transaction in a step by step process conform to one or more of the following cases:

(1) These transactions are occurred at the same time, or have considered the impact of each other;

(2) All of these transactions as a whole comes to a complete business outcome;

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

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

2. Enterprise merger under common control

The assets and liabilities acquired by the Company during enterprise merger shall be measured according to the book value of the assets and liabilities of the merged party, including the final controlling party's acquisition of the merged party, in the consolidated financial statements of the final controlling party. The difference between the net assets book value acquired in the merger and the book value of the combined consideration value (or the total value of the issued shares) should be adjusted by the equity premium in the capital surplus, if it is not enough, adjust retained earnings.

If there is 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 price should be adjusted through the capital surplus (capital premium or equity premium), and if the capital surplus is insufficient, retained earnings shall be adjusted.

For an enterprise merger realized by multiple transactions which belong to a package transaction, considering these transactions as a control transaction when carrying out accounting method. In the case of non-package transactions, the difference between the initial investment cost of long-term equity investment and the book value of the new payment consideration with the sum of the book value of the new share price before the merger should be adjusted by adjusting capital surplus on the day of gaining control. If the capital stock is not enough to be reduced, the retained earnings will be adjusted. Accounting treatment would not be carried out for equity investment which measured by equity method or identification and measurement criteria for financial instruments before merger until disposing of the investment based on the same assets or liabilities that are directly disposed of with the invested unit. Changes in the owner's equity exclude net profit and loss, other comprehensive income and profit distribution would not be processed until the changes is transferred into the current profits and losses.

3. Enterprise merger not under common control

The purchase date refers to the date that the Company actually obtains the control right of the purchased party, that is, the date on which the purchased party'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 realized when the following conditions are met:

(1) An enterprise merger contract or agreement has been approved by the internal authority of the Company.

(2) The merger of enterprises should be approved by the relevant competent authorities of the state and 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 surplus.

(5) The Company has actually controlled the financial and operating policies of the purchased party and has the corresponding interest and the corresponding risk.

Assets paid and liabilities incurred or assumed as consideration for an enterprise merger are measured at fair value on the purchase date, with the difference between the fair value and their book value recognized in profit or loss for the current period.

When the cost of the merger is larger than the fair value share of the recognizable net assets obtained by the purchased party, the difference between these two is confirmed as the goodwill. When cost of the merger is less than the fair value of the recognizable net assets obtained by the purchase, the difference shall be counted into the profit and loss of the current period after the review.

4. The costs of merger

Intermediary costs and other directly related expenses, such as audit, legal service, evaluation and consultation, and other directly 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 an enterprise merger which could be directly attributable to the rights and interests can be deducted from rights and interests.

(5) Accounting period

1. Scope of the 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. Consolidation procedures

Based on the financial statements of the Company itself and each of its subsidiary, the Company prepares the consolidated financial statements based on 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 accounting standards of measurement and reporting requirements, unified accounting policies reflect the enterprise overall financial status, operating results and cash flow.

The accounting policies and accounting period adopted by all subsidiaries included in the consolidated financial statements are consistent with those adopted by the Company. When the accounting policies adopted by the subsidiaries are inconsistent with those adopted by the Company, the necessary adjustment according to the Company's accounting policies and accounting is needed when preparing consolidated financial statements.

The consolidated financial statements set off the internal transactions between the Company and its subsidiaries which affect the consolidated balance sheet, the consolidated income statement, the consolidated cash flow statement and the consolidated shareholders' equity change statement. When the opinion of the Group's consolidated financial statements and the subsidiaries are different, the transactions should be adjusted from the perspective of enterprise group.

The share of minority shareholders in the subsidiary owner's equity, current net profit and loss and current comprehensive income is separately shown under the owner's equity item of the consolidated balance sheet, the net profit item and the total income of the consolidated income statement and the total income item. The current share losses shared by minority shareholders of the subsidiary exceed the balance formed by the minority shareholders' share in the initial owner's equity, then deduct the difference between these two from minority shareholders' rights and interests.

When the subsidiary was under the same control acquired through enterprise merger, the financial statements should be adjusted based on the book value of its assets and liabilities in the final control party's financial statements (including the goodwill caused by the final controlling party's acquisition of the subsidiary).

When the subsidiary was not under the same control acquired through enterprise merger, the financial statements should be adjusted based on fair value of the identifiable net assets at the purchase date.

(6) Segment information

Segment information 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 resided, and classifies assets based on the place of location. Because over 90% of the revenue of the Group is from the clients in China, and over 90% of the assets located in China, regional segment information is no longer presented.

To meet the needs of the 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 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 engages in the research and development, manufacture and sale of agricultural machinery, including tractors, relevant parts and component；

2. The ‘power machinery’ segment engages in the manufacture and sale of diesel engines, fuel injection pumps and fuel jets.

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 amortization, 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 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

In December 2024, the Ministry of Finance issued the “Accounting Standards for Business Enterprises Interpretation No.18” (hereby referred as “Interpretation 18”) . According to Interpretation 18, when accounting for estimated liabilities arising from warranty-type quality guarantees that do not constitute a separate performance obligation, the determined amount of estimated liabilities should be recorded under “cost of main operations,” “cost of other operations,” and other relevant accounts. This interpretation came into effect from the date of issuance, and is permitted to be implemented in advance of the issuance year. The Company has changed its accounting policy since 1 January 2024, and has retrospectively adjusted the 2023 financial statements. The implementation of Interpretation 18 had no material impact on the Group’s profit.

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

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

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

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

2. Changes in accounting estimates

No accounting estimates were changed during the reporting period.

5. NOTES TO MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Monetary funds

Items	Ending Balance	Beginning Balance
Cash on hand	**98,797.95**	240,002.93
Cash in bank	**296,161,545.92**	800,433,509.37
Other monetary funds	**88,707,741.00**	104,737,932.53
Deposit in financial company (Note)	**1,960,076,066.05**	1,864,167,441.13
Total	**2,345,044,150.92**	2,769,578,885.96
Including：Total amount deposited abroad	**17,982,319.91**	46,561,099.93

Note: Deposits placed with finance companies include deposits paid for acceptance bills processed by finance companies.

Including: Monetary funds restricted for use

Items	Ending Balance	Beginning Balance
Acceptance deposit	**555,439,590.04**	544,771,522.99
Other restricted funds	**4,957,024.60**	1,596,726.94
Total	**560,396,614.64**	546,368,249.93

Note 2. Accounts receivables

1. Age Disclosure of Accounts Receivable

Aging	Ending Balance	Beginning Balance
Within 1 year (Including 1 year)	**305,250,823.09**	343,960,871.88
1-2 years	**34,043,696.35**	10,236,946.74
2-3 years	**9,146,307.77**	3,208,250.11
Over 3 years	**235,613,644.16**	243,768,309.44
Subtotal	**584,054,471.37**	601,174,378.17
Less: Provision for bad debt	**281,784,747.78**	269,968,383.29
Total	**302,269,723.59**	331,205,994.88

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	584,054,471.37	100.00	281,784,747.78	—	302,269,723.59
Including: Aging portfolio	494,737,713.48	84.71	233,569,131.01	47.21	261,168,582.47
Risk exposure portfolio such as collateral	89,316,757.89	15.29	48,215,616.77	53.98	41,101,141.12
Total	584,054,471.37	100.00	281,784,747.78	—	302,269,723.59

Continued:

Category	Beginning Balance				
	Book balance		Bad debt provision		Book value
	Amount	*Ratio (%)*	*Amount*	*Provision ratio (%)*	
Bad debt provision on a portfolio basis	601,174,378.17	100.00	269,968,383.29	—	331,205,994.88
Including: Aging portfolio	529,473,772.44	88.07	224,657,454.31	42.43	304,816,318.13
Risk exposure portfolio such as collateral	71,700,605.73	11.93	45,310,928.98	63.19	26,389,676.75
Total	601,174,378.17	100.00	269,968,383.29	—	331,205,994.88

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	252,272,347.86	5,906,883.69	2.34
1-2 years	25,663,719.44	12,575,922.20	49.00
2-3 years	1,849,232.83	299,398.80	16.19
Over 3 years	214,952,413.35	214,786,926.32	99.92
Total	494,737,713.48	233,569,131.01	—

(2) Risk exposure portfolio such as collateral

Name of portfolio	Ending Balance	Bad debt provision	Provision ratio (%)
Risk exposure portfolio such as collateral	89,316,757.89	48,215,616.77	53.98

4. Provision for bad debts charged, recovered or returned for the year

Category	Beginning Balance	Changes in the current year Provision	Recovery/ Reversal	Transfer or Write off	Other (Note)	Ending Balance
Aging portfolio	224,657,454.31	9,275,614.64	0.00	1,018,435.40	654,497.46	233,569,131.01
Risk exposure portfolio such as collateral	45,310,928.98	11,118,734.37	0.00	8,214,046.58	0.00	48,215,616.77
Total	269,968,383.29	20,394,349.01	0.00	9,232,481.98	654,497.46	281,784,747.78

Note: Other changes were mainly due to exchange rate changes and the acquisition of YTO (Luoyang) Axle Co., Ltd. (hereinafter referred to as YTO Axle).

5. Actual accounts receivable write-off in current reporting period

Item	Amount of write off
Actual accounts receivable write-off	9,232,481.98

Significant accounts receivables written off:

Company name	Nature of accounts receivable	Write-off amount	Reason for write-off	Write-off procedures adopted	From connected transactions or not
Client 2	Loan	5,482,704.75	Not expected to be recovered	Company internal approval	No
Client 4	Loan	1,697,472.58	Not expected to be recovered	Company internal approval	No
Total	–	7,180,177.33	–	–	–

6. Details of Top Five Accounts Receivable with the Ending Balance Classified by the Borrowers

Company name	Ending Balance	Age	Percentage of ending balance of accounts receivable (%)	Bad debt provision
Urumqi Shifeng Agricultural Machinery Equipment Co., Ltd	61,702,265.33	Over 5 years	10.56	61,702,265.33
YTO Group Corporation*	25,859,807.64	Within 1 year	4.43	308,616.88
Cuba TECNOIMPORT	25,640,935.17	Over 5 years	4.39	25,640,935.17
Luoyang Intelligent Agricultural Equipment Research Institute Co., Ltd.	23,541,300.00	1-2 years	4.03	11,770,650.00
Xuzhou Xugong Materials Supply Co., Ltd.	21,469,102.69	Within 1 year	3.68	764,991.17
Total	158,213,410.83	—	27.09	100,187,458.55

Note 3. Accounts payable

1. Accounts payable presented by nature of items

Item	Ending Balance	Opening Balance
Purchase payment payable	**1,920,764,575.69**	2,082,123,987.38
Purchase of construction equipment payable	**73,646,836.84**	51,076,491.12
Service fee payable	**162,494,015.09**	181,628,924.28
Others	**297,561.72**	516,386.26
Total	**2,157,202,989.34**	2,315,345,789.04

2. Accounts payable presented by aging analysis

Item	Ending Balance	Opening Balance
Within 1 year (Including 1 year)	**1,959,507,179.50**	1,994,438,837.99
1-2 years	**71,709,848.62**	152,098,593.82
2-3 years	**37,342,728.77**	68,114,001.45
Over 3 years	**88,643,232.45**	100,694,355.78
Total	**2,157,202,989.34**	2,315,345,789.04

3. Accounts payable with significant amount aged over 1 year

Company name	Ending Balance	Reason for not paid or carrying forward
LLAF INTERNATIONAL CO., LTD	**26,813,861.10**	Unsettled

Note 4. Retained earnings

Item	**Amount**	**Percentage of appropriation or distribution**
Ending balance last year	2,218,749,266.26	—
Add: Adjusted retained earnings at the beginning of the year	0.00	—
Beginning balance this year	2,218,749,266.26	—
Add: net profit for the current year attributable to owners of the parent company	922,023,211.45	—
Others (Note 1)	0.00	—
Less: Statutory surplus reserves	84,367,314.93	10.00%
Common stock dividends payable	360,430,411.92	—
Ending balance this year	2,695,974,750.86	—

Note 1: The liquidation and cancellation of YTO Finance was carried out last year. The original general risk reserve provided was transferred to retained earnings.

Note 5. Depreciation and amortization

Item	**Amount incurred this year**	Amount incurred last year
Depreciation of fixed assets	**254,145,269.40**	261,282,013.99
Amortization of intangible assets	**35,870,151.91**	33,999,864.03
Total	**290,015,421.31**	295,281,878.02

Note 6. Income tax expenses

1. Income tax expenses

Item	**Amount incurred this year**	Amount incurred last year
Current income tax expenses	**114,190,940.20**	23,542,140.23
Deferred income tax expense	**6,649,011.83**	-9,483,464.40
Total	**120,839,952.03**	14,058,675.83

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

Item	Amount incurred this year
Total consolidated profit of this year	**1,051,777,667.34**
Income tax expenses at applicable tax rates	**157,766,650.10**
The impact of different tax rates on subsidiaries	**7,492,963.27**
The impact of income tax on the period before adjustment	**0.00**
Loss and profit attributable to joint ventures and associates	**-7,289,619.49**
Non-deductible cost, expenses and loss impact	**591,282.52**
The impact of deductible temporary differences or deductible losses on deferred income tax assets not recognized in the current year	**-8,572,664.04**
Extra deductions for research and development expenses	**-19,967,559.00**
The impact of using deductible losses of unrecognized deferred income tax assets in the previous period	**-9,181,101.33**
Income tax expenses	**120,839,952.03**

Note 7. Net current assets

Item	Ending Balance	Opening Balance
Current assets	**7,425,048,133.18**	6,487,671,852.68
Less: Current liabilities	**6,498,069,754.11**	6,044,604,287.57
Net current assets	**926,978,379.07**	443,067,565.11

Note 8. Total assets minus current liabilities

Item	Ending Balance	Opening Balance
Total assets	**14,691,335,709.97**	13,817,261,971.79
Less: current liabilities	**6,498,069,754.11**	6,044,604,287.57
Total assets minus current liabilities	**8,193,265,955.86**	7,772,657,684.22

Note 9. Segment information

Unit: yuan Currency: RMB

Item	Agricultural machinery	Power machinery	Elimination	Total
1. Total operating revenue	10,957,455,117.74	2,928,532,728.67	-1,981,616,934.47	11,904,370,911.94
Including: External transaction revenue	10,597,063,387.42	1,307,307,524.52	0.00	11,904,370,911.94
Revenue between segments	360,391,730.32	1,621,225,204.15	-1,981,616,934.47	0.00
Loss on impairment of asset	-7,939,507.42	-11,110,898.87	18,798.97	-19,031,607.32
Loss on impairment of credit	35,513,968.98	-2,232,681.40	-52,031,162.92	-18,749,875.34
Depreciation and amortization fee	259,729,303.04	73,465,894.89	0.00	333,195,197.93
2. Total profit (loss)	1,039,588,766.81	79,340,139.75	-67,151,239.22	1,051,777,667.34
3. Income tax expenses	120,706,230.80	130,901.38	2,819.85	120,839,952.03
4. Net profit (loss)	918,882,536.01	79,209,238.37	-67,154,059.07	930,937,715.31
5. Total assets	12,607,184,229.18	3,225,115,078.16	-1,140,963,597.37	14,691,335,709.97
6. Total liabilities	5,746,496,624.29	1,789,979,822.20	-623,412,398.04	6,913,064,048.45

Note 10. Net asset returns and Earnings per share

Items	Current year
Net profit attributable to shareholders of parent company	922,023,211.45
Non-recurring profit and loss attributable to the parent company	55,146,131.09
Net profit attributable to shareholders of parent company after deducting non-recurring profit and loss	866,877,080.36
Weighted average number of common shares outstanding	1,123,645,275.00
Basic earnings per share (I) (before deducting non earnings)	0.8206
Basic earnings per share (II) (after deducting non earnings)	0.7715
Weighted average of net assets attributable to shareholders of parent company	6,973,699,000.34
Weighted average return on net assets (I) (before deducting non earnings)	13.22%
Weighted average return on net assets (II) (after deducting non earnings)	12.43%

Note 11. Dividends

The 2024 profit distribution plan: Based on the Company's fixed-increased total share capital of 1,123,645,275 Shares as the base, a cash dividend of RMB0.2995 per share (tax included) will be distributed to all shareholders, totaling RMB336.53 million. The above-mentioned profit distribution plan has been reviewed and approved at the thirty-third meeting of the ninth session of the Board of directors of the Company, and must be reviewed and approved at the Company's shareholders meeting before implementation. Save for the above, the Group does not have other discloseable material matter that was not disclosed under the post-balance sheet events.

THE BOARD'S DISCUSSION AND ANALYSIS ON THE COMPANY'S OPERATION PERFORMANCE DURING THE REPORTING PERIOD

I. DESCRIPTION OF THE COMPANY'S PRINCIPAL BUSINESSES AND OPERATING MODELS PERFORMANCE DURING THE REPORTING PERIOD

(I) Principal Businesses

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

1. Tractor products

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

2. Diesel engine products

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

3. Component products

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

(II) Key Operation Modes

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

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

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

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

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

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

II. ANALYSIS OF CORE COMPETITIVENESS DURING THE REPORTING PERIOD

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

1. Leading product technology R&D capabilities

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

2. Excellent industrial chain control and intelligent manufacturing capabilities

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

3. Strong brand influence and complete channel service network

The "Dongfanghong" brand has profound historical heritage and widespread market recognition in the agricultural machinery industry. With a nationwide marketing channel and service network, the Company is able to swiftly respond to market demands and provide customers with quality products and services. During the Reporting Period, the Company continuously optimized channel development, successfully launching and transitioning the Dongfanghong service cloud platform for both main engines and diesel engines, significantly strengthening its service support capabilities. In 2024, the "Dongfanghong" brand was rated as "First Batch of Outstanding Achievements in Central State-owned Enterprise Brand Leading Action," and its wheeled tractors and crawler tractors won the 16th National Agricultural Machinery User Satisfaction Brand, further enhancing the brand's influence in domestic and international markets.

III. DISCUSSION AND ANALYSIS ON THE OPERATIONS

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

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

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

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

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

Meanwhile, the Company quickly responded to policy and market changes, fully promoting the upgrade of existing products, completing all preparation work for power shuttle products before launching; implementing comfort system upgrades for complete machines, optimizing users' driving experience, and ensuring the market advantages of the Company's products.

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

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

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

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

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

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

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

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

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

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

(I) Industry Landscape and Trends

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

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

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

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

(II) Development Strategy of the Company

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

(III) Operation Plan

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

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

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

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

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

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

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

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

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

(IV) Potential Risks

1. *Risks of technology upgrades*

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

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

2. *Risk of Escalating Market Competition*

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

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

3. *Risk of Expanding International Markets*

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

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

V. KEY OPERATIONAL PERFORMANCE DURING THE REPORTING PERIOD

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

Unit: Yuan Currency: RMB

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2. Income and cost analysis

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

Unit: 0'000 Currency: RMB

Principal 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	1,190,437	1,014,522	14.78	3.26	3.70	Decreased by 0.36 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	1,095,746	946,980	13.58	3.74	4.60	Decreased by 0.71 percentage points
Power machinery	292,853	260,751	10.96	-1.68	-2.93	Increased by 1.15 percentage point
Inter-segment elimination	-198,162	-193,209	–	–	–	–
Total	1,190,437	1,014,522	14.78	3.26	3.70	Decreased by 0.36 percentage point

Principal businesses by region

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

Principal businesses by sales model

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

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

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

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

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

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

(2). Operating revenue

During the Reporting Period, the Company achieved operating revenue, representing an increase of 3.26% compared to the same period last year, which was mainly due to a year-on-year increase in the sales of the Company's leading products during the Reporting Period.

(3). Cost analysis

Unit: 0'000 Currency: RMB

By industry

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

By 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	Material	856,586	90.45	820,622	90.64	4.38
Agricultural machinery	Labour	35,757	3.78	32,281	3.57	10.77
Agricultural machinery	Production costs	54,637	5.77	52,455	5.79	4.16
Power machinery	Material	238,706	91.54	246,141	91.63	-3.02
Power machinery	Labour	8,235	3.16	8,678	3.23	-5.10
Power machinery	Production costs	13,810	5.30	13,816	5.14	-0.04

Note: This table shows data before inter-segment eliminations

Explanation on other situations on cost analysis:

During the Reporting Period, the proportion of labor and manufacturing costs increased compared with the same period last year. On one hand, it was the rigid increase in labor costs caused by wage growth. On the other hand, the Company launched the pension plan in July 2023. The enterprise pension increased in 2024 compared with 2023.

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	**156,461,228.98**	154,508,842.48	1,952,386.50	1.26
Administrative expenses	**354,693,536.41**	360,636,115.92	-5,942,579.51	-1.65
Research and development expenses	**516,377,794.17**	461,344,381.32	55,033,412.85	11.93
Financial expenses	**-44,068,916.96**	-45,511,913.00	1,442,996.04	-3.17
Total	**983,463,642.60**	930,977,426.72	52,486,215.88	5.64

4. Research and development investment

Unit: Yuan Currency: RMB

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

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	**1,216,115,552.21**	1,056,261,600.78	159,853,951.43	15.13
Net cash flow generated from investing activities	**-1,323,432,942.95**	-2,009,731,546.47	686,298,603.52	N/A
Net cash flow generated from financing activities	**-336,173,576.74**	-346,343,393.83	10,169,817.09	N/A

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

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

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

6. Analysis on Assets and liabilities situation

Unit: Yuan Currency: RMB

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

(1) Key financial ratios

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

(2) Loans

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

RESTRICTIONS ON MAIN ASSETS AS OF THE END OF THE REPORTING PERIOD

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

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

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.

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.

REMUNERATION POLICY

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

CORPORATE GOVERNANCE REPORT

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

The Board of the Company consists of experienced and talented members who meet regularly to discuss matters affecting the operation of the Company. Through the functioning of the Board, it is sufficient to ensure a balance of rights and powers.

REQUIREMENTS OF THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

In 2024, the Company prepared the Environmental, Social and Governance Report in accordance with the requirements of the Environmental, Social and Governance Reporting Guide of the Stock Exchange. The Company's Environmental, Social and Governance Report for 2024 will be published on the websites of the Company and the Stock Exchange in April 2025.

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.

CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

DIVIDEND

In accordance with the profit distribution policy of the Articles of Association of the Company, the Board recommends the following profit distribution proposal for 2024: a cash dividend of RMB2.995 (tax inclusive) per 10 Shares to all Shareholders on the basis of the total share capital of 1,123,645,275 Shares of the Company as of 31 December 2024, totaling RMB336.53 million of cash dividend distribution. There will be no capitalization from capital reserves for the year. The proposal is still subject to the approval of the shareholders at the 2024 annual general meeting of the Company. Subject to the aforementioned approval, the Company expects to pay the dividend on or before 29 August 2025.

REVIEW OF PRELIMINARY RESULTS ANNOUNCEMENT

As at the date of this announcement, the Audit Committee under the ninth session of the Board of the Company has reviewed the Company's 2024 financial report prepared in accordance with the China Accounting Standards for Business Enterprises and the Company's 2024 internal control assessment report, in accordance with the requirements of the Stock Exchange and the Shanghai Stock Exchange.

The auditor of the Company, ShineWing Certified Public Accountants LLP (Special General Partnership), agreed with the figures in this preliminary results announcement of the Group for the year ended 31 December 2024, which are consistent with the amounts that will be contained in the 2024 Annual Report of the Company. The unqualified auditor's report will also be included in the 2024 Annual Report of the Company.

DEFINITIONS

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

Company	First Tractor Company Limited*（第一拖拉機股份有限公司）
Group	the Company and its controlled subsidiaries
controlled subsidiary	a company held as to more than 50% shares or equity interest by the Company, or a company actually controlled by the Company through agreement and arrangement
subsidiary(ies)	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 Flag	YTO (Luoyang) Flag Auto-Body Co., Ltd.(一拖(洛陽)福萊格車身有限公司), a wholly-owned subsidiary of the Company
YTO Finance	China YTO Group Finance Company Limited(中國一拖集團財務有限責任公司)(deregistered)
YTO Diesel Engine	YTO (Luoyang) Diesel Engine Co., Ltd. (一拖(洛陽)柴油機有限公司), a controlled subsidiary of the Company
Tractor Research Company	Luoyang Tractor Research Institute Co., Ltd.(洛陽拖拉機研究所有限公司), a controlled subsidiary of the Company
Changtuo Company	Changtuo Agricultural Machinery Equipment Group Co., Ltd.(長拖農業機械裝備集團有限公司), a controlled subsidiary of the Company
YTO Axle	YTO (Luoyang) Axle Co., Ltd. (一拖(洛陽)車橋有限公司), a wholly-owned subsidiary of the Company, formerly known as ZF YTO (Luoyang) Axle Co., Ltd.(採埃孚一拖(洛陽)車橋有限公司), with the name changed during the Reporting Period
SINOMACH Finance	SINOMACH Finance Co., Ltd.* (國機財務有限責任公司), a controlled company of the de facto controller of the Company
Zhongyuan Bank	Zhongyuan Bank Co., Ltd.
Auditor or Accountant	the financial report auditor appointed by the Company, ShineWing Certified Public Accountants LLP (Special General Partnership) as the Company's auditor for the year of 2024

CSRC	China Securities Regulatory Commission
Shanghai Stock Exchange	the Shanghai Stock Exchange
Stock Exchange	The Stock Exchange of Hong Kong Limited
Listing Rules of the Shanghai Stock Exchange	the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange (as amended from time to time)
Listing Rules of the Stock Exchange	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
A Share(s)	ordinary share(s) as approved by the CSRC which are issued to domestic investors and qualified foreign investors, listed 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, manufacturing and sales of tractor products and their components (excluding diesel engine)
power machinery	internal combustion engine that uses diesel as fuel. The power machinery business of the Company mainly involves the production, manufacturing and sales of off-road diesel engine products
hi-powered wheeled tractor	wheeled tractor with horsepower of 100 (inclusive) or above

mid-powered wheeled tractor	wheeled tractor with a power of 25 (inclusive) to 100
crawler tractor	tractor with crawler as walking device
National IV	The National Phase IV Motor Vehicle Pollutant Emission Standards, starting from 1 December 2022, all non-road mobile machinery below 560kW produced, imported and sold and the diesel engines used in them must comply with the "National IV" standards
Non-public Issuance, 2020 Non-public Issuance	the non-public issuance of A Shares by the Company in 2020
material asset disposal	Transfer by YTO Diesel Engine of its 0.8827% equity interest in Zhongyuan Bank through a public listing on the China Beijing Equity Exchange

By Order of the Board
FIRST TRACTOR COMPANY LIMITED*
YU Lina
Company Secretary

Luoyang, the PRC
27 March 2025

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. Miao Yu as non-executive Directors; and Mr. Edmund Sit, Mr. Wang Shumao, Mr. Xu Liyou and Ms. Wong Yee Man as independent non-executive Directors.

* *For identification purposes only*