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**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)

## **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2025**

### **FINANCIAL HIGHLIGHTS**

Total operating revenue: RMB6,927,648,409.53

Net profit attributable to the equity holders of the Company: RMB769,035,441.61

Earnings per share attributable to the equity holders of the Company: RMB0.6844

The Board of directors of First Tractor Company Limited\* announces the audited consolidated results of the Company and its subsidiaries as at 30 June 2025, which have been prepared in accordance with the Chinese Accounting Standards for Business Enterprises, together with comparative figures for the same period in 2024, as follows (unless otherwise stated, the figures contained in this announcement are denominated in Renminbi (Unit: Yuan)).

# CONSOLIDATED BALANCE SHEET

30 June 2025

Prepared by: First Tractor Company Limited

Item	Notes	30 June 2025	31 December 2024
<b>Current assets:</b>			
Monetary funds	<i>Note 1</i>	<b>1,634,253,916.91</b>	2,345,044,150.92
Loans to banks and other financial institutions		<b>0.00</b>	0.00
Financial assets held for trading		<b>931,000,000.00</b>	1,378,751,780.82
Derivative financial assets		<b>0.00</b>	0.00
Notes receivable		<b>15,903,078.98</b>	36,699,592.12
Accounts receivable	<i>Note 2</i>	<b>1,470,108,289.97</b>	302,269,723.59
Receivables financing		<b>135,671,856.45</b>	162,000,234.88
Prepayments		<b>105,038,475.81</b>	289,422,493.28
Other receivables		<b>65,999,989.75</b>	46,387,183.65
Including: Interest receivable		<b>0.00</b>	0.00
Dividends receivable		<b>3,871,472.59</b>	0.00
Financial assets purchased with agreement to resale		<b>0.00</b>	0.00
Inventories		<b>1,030,522,271.26</b>	1,374,778,847.98
Contract assets		<b>0.00</b>	0.00
Assets classified as held for sale		<b>0.00</b>	0.00
Non-current assets due within one year		<b>3,456,594,497.25</b>	1,183,614,680.34
Other current assets		<b>927,587,728.74</b>	306,079,445.60
<b>Total current assets</b>		<b><u>9,772,680,105.12</u></b>	<b><u>7,425,048,133.18</u></b>

<b>Item</b>	<i>Notes</i>	<b>30 June 2025</b>	<b>31 December 2024</b>
<b>Non-current assets:</b>			
Loans and advances to customers		<b>0.00</b>	0.00
Debt investments		<b>1,590,288,663.05</b>	3,261,453,492.49
Other debt investments		<b>0.00</b>	0.00
Long-term receivables		<b>0.00</b>	0.00
Long-term equity investments		<b>702,740,626.72</b>	686,959,090.74
Investment in other equity instruments		<b>4,456,280.38</b>	4,456,280.38
Other non-current financial assets		<b>0.00</b>	0.00
Investment properties		<b>0.00</b>	0.00
Fixed assets		<b>2,163,962,940.66</b>	2,260,822,274.24
Construction in progress		<b>221,234,644.11</b>	147,682,578.79
Productive biological assets		<b>0.00</b>	0.00
Oil and gas assets		<b>0.00</b>	0.00
Right-to-use assets		<b>33,398,685.44</b>	38,468,756.06
Intangible assets		<b>648,031,700.92</b>	676,329,157.44
Development expenditures		<b>0.00</b>	0.00
Goodwill		<b>0.00</b>	0.00
Long-term unamortized expenses		<b>40,032,474.06</b>	45,760,654.99
Deferred income tax assets		<b>138,138,190.46</b>	144,355,291.66
Other non-current assets		<b>0.00</b>	0.00
<b>Total non-current assets</b>		<b><u>5,542,284,205.80</u></b>	<b><u>7,266,287,576.79</u></b>
<b>Total assets</b>		<b><u><u>15,314,964,310.92</u></u></b>	<b><u><u>14,691,335,709.97</u></u></b>

Item	Notes	30 June 2025	31 December 2024
<b>Current liabilities:</b>			
Short-term loans		0.00	0.00
Loans from banks and other financial institutions		0.00	0.00
Financial liabilities held for trading		0.00	0.00
Derivative financial liabilities		0.00	0.00
Notes payable		2,056,659,086.39	2,537,943,251.97
Accounts payable	Note 3	2,564,812,072.69	2,157,202,989.34
Advances from customers		69,072.00	0.00
Contract liabilities		194,001,805.34	555,274,588.76
Sale of repurchase financial assets		0.00	0.00
Absorption of deposits and interbank deposits		0.00	0.00
Employee salary payable		106,627,902.23	103,956,392.97
Taxes payables		30,852,176.40	25,961,607.96
Other payables		738,997,044.49	493,332,826.35
Including: Interest payable		1,438,864.96	39,535,828.27
Dividends payable		125,825,637.85	8,439,607.87
Liabilities classified as held for sale		0.00	0.00
Non-current liabilities due within one year		224,249,004.74	225,596,509.07
Other current liabilities		728,894,821.47	398,801,587.69
<b>Total current liabilities</b>		<b>6,645,162,985.75</b>	<b>6,498,069,754.11</b>

<b>Item</b>	<i>Notes</i>	<b>30 June 2025</b>	<b>31 December 2024</b>
<b>Non-current liabilities:</b>			
Long-term loans		<b>65,950,000.00</b>	65,950,000.00
Bonds payable		<b>0.00</b>	0.00
Including: Preference shares		<b>0.00</b>	0.00
Perpetual bond		<b>0.00</b>	0.00
Lease liabilities		<b>11,647,787.38</b>	13,772,820.46
Long-term payables		<b>7,621,525.98</b>	7,246,381.79
Long-term employee salary payable		<b>12,813,070.98</b>	27,463,638.47
Estimated liabilities		<b>1,962,613.99</b>	1,962,613.99
Deferred income		<b>160,942,096.89</b>	174,930,894.21
Deferred income tax liabilities		<b>130,120,326.23</b>	123,667,945.42
Other non-current liabilities		<b>0.00</b>	0.00
<b>Total non-current liabilities</b>		<b>391,057,421.45</b>	414,994,294.34
<b>Total liabilities</b>		<b>7,036,220,407.20</b>	6,913,064,048.45

Item	Notes	30 June 2025	31 December 2024
<b>Shareholder's equity:</b>			
Share capital		<b>1,123,645,275.00</b>	1,123,645,275.00
Other equity instruments		<b>0.00</b>	0.00
Including: Preference shares		<b>0.00</b>	0.00
Perpetual bond		<b>0.00</b>	0.00
Capital reserves		<b>2,655,849,996.00</b>	2,655,849,996.00
Less: Treasury shares		<b>0.00</b>	0.00
Other comprehensive income		<b>-12,007,566.72</b>	-13,151,228.80
Special reserves		<b>12,782,356.48</b>	9,145,661.53
Surplus reserves		<b>784,242,879.53</b>	784,242,879.53
General risk reserves		<b>0.00</b>	0.00
Retained earnings	<i>Note 4</i>	<b>3,128,478,432.58</b>	2,695,974,750.86
Total equity attributable to shareholders of the parent company		<b>7,692,991,372.87</b>	7,255,707,334.12
Minority interests		<b>585,752,530.85</b>	522,564,327.40
<b>Total shareholder's equity</b>		<b>8,278,743,903.72</b>	7,778,271,661.52
<b>Total liabilities and shareholder's equity</b>		<b>15,314,964,310.92</b>	14,691,335,709.97

# CONSOLIDATED INCOME STATEMENT

January to June 2025

Prepared by: First Tractor Company Limited

Item	Notes	Amount incurred in this period	Amount incurred in last period
<b>I. Total operating revenue</b>		<b>6,927,648,409.53</b>	7,806,619,832.72
Including: Operating revenue		<b>6,927,648,409.53</b>	7,806,619,832.72
Interest income		<b>0.00</b>	0.00
Fees and commission income		<b>0.00</b>	0.00
<b>II. Total cost of operation</b>		<b>6,274,121,591.67</b>	6,924,527,836.30
Including: Cost of operation		<b>5,817,044,256.05</b>	6,496,310,632.70
Interest expenses		<b>0.00</b>	0.00
Fees and commission expenses		<b>0.00</b>	0.00
Taxes and surcharges		<b>24,085,999.36</b>	25,428,062.20
Selling expenses		<b>70,827,270.31</b>	65,441,776.63
Administrative expenses		<b>150,832,303.15</b>	153,165,840.07
Research and development expenses		<b>212,973,906.79</b>	205,286,144.38
Financial expenses		<b>-1,642,143.99</b>	-21,104,619.68
Add: Other gains		<b>138,177,939.32</b>	105,015,445.21
Investment income		<b>91,468,121.31</b>	83,666,081.95
Gain arising from the changes in fair value		<b>55,009,583.33</b>	16,628,351.59
Credit impairment loss		<b>-18,600,319.58</b>	-13,873,717.92
Asset impairment loss		<b>2,683,998.32</b>	2,351,147.49
Gain on disposal of assets		<b>691,296.24</b>	1,427,210.51
<b>III. Operating profit</b>		<b>922,957,436.80</b>	1,077,306,515.25
Add: Non-operating income		<b>18,454,718.57</b>	3,927,298.60
Less: Non-operating expenses		<b>2,654,232.53</b>	242,140.96
<b>IV. Total profit</b>		<b>938,757,922.84</b>	1,080,991,672.89
Less: Income tax expenses	Note 6	<b>105,891,969.15</b>	161,295,913.35

Item	Notes	Amount incurred in this period	Amount incurred in last period
<b>V. Net profit</b>		<b>832,865,953.69</b>	919,695,759.54
Including: Net profit realized by the combined party prior to the business combination under common control		<b>0.00</b>	0.00
(I) Classification according to the continuity of operation		—	—
Continuous operating net profit		<b>832,865,953.69</b>	919,695,759.54
Net profit from discontinued operations		<b>0.00</b>	0.00
(II) Classification according to ownership		—	—
Net profit attributable to owners of the parent company		<b>769,035,441.61</b>	905,349,574.14
Profit or loss of minority shareholders		<b>63,830,512.08</b>	14,346,185.40
<b>VI. Net other comprehensive income after tax</b>		<b>2,060,530.01</b>	222,795.08
Net other comprehensive income after tax attributable to owners of the parent company		<b>1,143,662.08</b>	533,400.46
(I) Other comprehensive income that cannot be reclassified to profit or loss in subsequent periods		<b>562,989.26</b>	64,272.32
1. Changes of remeasurement of defined benefit plans		<b>0.00</b>	0.00
2. Other comprehensive income that cannot be reclassified to profit or loss under the equity method		<b>562,989.26</b>	64,272.32
3. Changes in fair value of investment in other equity instruments		<b>0.00</b>	0.00
4. Changes in fair value of the enterprise's own credit risks		<b>0.00</b>	0.00

Item	Notes	Amount incurred in this period	Amount incurred in last period
(II) Other comprehensive income that can be reclassified to profit or loss in subsequent periods		580,672.82	469,128.14
1. Other comprehensive income that can be reclassified to profit or loss under the equity method		0.00	0.00
2. Changes in fair value of other debt investments		0.00	0.00
3. Amount of financial assets reclassified to other comprehensive income		0.00	0.00
4. Provision for the credit impairment of other debt investments		0.00	0.00
5. Reserves for cash flows hedges (Effective part of hedging gains and losses from cash flows)		0.00	0.00
6. Differences on translation of foreign currency financial statements		580,672.82	469,128.14
7. Others		0.00	0.00
<b>Net other comprehensive income after tax attributable to minority interests</b>		<b>916,867.93</b>	-310,605.38
<b>VII. Total comprehensive income</b>		<b>834,926,483.70</b>	919,918,554.62
Total comprehensive income attributable to owners of the parent company		770,179,103.69	905,882,974.60
Total comprehensive income attributable to minority shareholders		64,747,380.01	14,035,580.02
<b>VIII. Earnings per share:</b>		—	—
(I) Basic earnings per share		0.6844	0.8057
(II) Diluted earnings per share		0.6844	0.8057

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## I. COMPANY INFORMATION

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

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

- Manufacture and sale of agricultural machinery
- Manufacture and sale of power machinery

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

## II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

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

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

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

### **IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES**

#### **1. Accounting period**

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

#### **2. Reporting currency**

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

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

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

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

- 1) These transactions occurred at the same time or after taking into account the impact of each other;
- 2) The transactions, taken together, produce a complete business result;

- 3) The occurrence of a transaction depends on the occurrence of at least one other transaction;
- 4) A transaction alone is not economical, but it is economical when considering together with other transactions.

**(2) *Business combination under common control***

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

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

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

**(3) *Business combination not under common control***

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

- 1) A business combination contract or agreement has been approved by the internal authority of the Company.
- 2) The business combination which should be approved by the relevant national competent authorities of the state has been approved.
- 3) The necessary transfer procedures for property rights have been carried out.
- 4) The Company has paid most of the consolidated price and has the ability and plan to pay the balances.
- 5) The Company has actually controlled the financial and operating policies of the acquiree and enjoys the corresponding benefits and bears the corresponding risks.

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

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

**(4) *Relevant costs incurred from combination***

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

## **5. Accounting period**

### **(1) *Scope of consolidation***

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

### **(2) *Consolidated procedures***

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

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

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

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

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

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

## **6. Segment information**

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

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

- (1) The “agricultural machinery” segment engages in the research and development, manufacture and sale of agricultural machinery, including tractors and relevant components;
- (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 the management, which, together with other reported data, serve to provide better perception to the management, and investors can also evaluate annual segment operating results from such information.

## **7. Changes in accounting policies**

### ***(1) Changes in accounting policies***

No accounting policies were changed during the Reporting Period.

### ***(2) Changes in accounting estimates***

No accounting estimates were changed during the Reporting Period.

## V. NOTES TO MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

### Note 1. Monetary funds

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

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

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

Items	Ending Balance	Beginning Balance
Margin for acceptance bill	458,666,058.29	555,439,590.04
Other restricted funds	400,000.00	4,957,024.60
<b>Total</b>	<b>459,066,058.29</b>	<b>560,396,614.64</b>

### Note 2. Accounts receivables

#### 1. Age Disclosure of Accounts Receivable

Aging	Ending Balance	Beginning Balance
Within 1 year (inclusive)	1,487,177,476.09	305,250,823.09
1-2 years	29,155,458.20	34,043,696.35
2-3 years	13,600,746.94	9,146,307.77
Over 3 years	240,755,609.33	235,613,644.16
<b>Subtotal</b>	<b>1,770,689,290.56</b>	<b>584,054,471.37</b>
Less: Provision for bad debt	300,581,000.59	281,784,747.78
<b>Total</b>	<b>1,470,108,289.97</b>	<b>302,269,723.59</b>

**2. Disclosure by provision for bad debt**

Category	Book balance		Ending Balance		Book value
	Amount	Ratio (%)	Amount	Provision ratio (%)	
Bad debt provision on a portfolio basis	1,770,689,290.56	100.00	300,581,000.59	—	1,470,108,289.97
Including: Aging portfolio	1,572,413,884.17	88.80	250,688,466.24	15.94	1,321,725,417.93
Collateral and other risk exposure portfolios	198,275,406.39	11.20	49,892,534.35	25.16	148,382,872.04
<b>Total</b>	<b>1,770,689,290.56</b>	<b>100.00</b>	<b>300,581,000.59</b>	<b>—</b>	<b>1,470,108,289.97</b>

CONTINUED:

Category	Book balance		Beginning Balance		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
Collateral and other risk exposure portfolios	89,316,757.89	15.29	48,215,616.77	53.98	41,101,141.12
<b>Total</b>	<b>584,054,471.37</b>	<b>100.00</b>	<b>281,784,747.78</b>	<b>—</b>	<b>302,269,723.59</b>

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

*(1) Aging portfolio*

Aging	Book Balance	Ending Balance	Provision ratio (%)
		Bad debt provision	
Within 1 year (inclusive)	1,326,530,021.33	21,186,128.42	1.60
1-2 years	29,008,236.00	14,331,385.34	49.40
2-3 years	1,898,351.90	423,651.01	22.32
Over 3 years	214,977,274.94	214,747,301.47	99.89
<b>Total</b>	<b>1,572,413,884.17</b>	<b>250,688,466.24</b>	<b>—</b>

(2) *Collateral and other risk exposure portfolios*

Name of portfolio	Ending Balance	Bad debt provision	Provision ratio (%)
Collateral and other risk exposure portfolios	198,275,406.39	49,892,534.35	25.16

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

Category	Beginning Balance	Provision	Changes in the current period			Ending Balance
			Recovery/ Reversal	Provision	Other (Note)	
Aging portfolio	233,569,131.01	17,120,193.23	0.00	0.00	-858.00	250,688,466.24
Collateral and other risk exposure portfolios	48,215,616.77	1,676,917.58	0.00	0.00	0.00	49,892,534.35
<b>Total</b>	<b>281,784,747.78</b>	<b>18,797,110.81</b>	<b>0.00</b>	<b>0.00</b>	<b>-858.00</b>	<b>300,581,000.59</b>

Note: Other changes are mainly exchange rate fluctuations.

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

Company name	Ending Balance	Aging	Percentage of ending balance of accounts receivable (%)	Bad debt provision
Urumqi Shifeng Agricultural Machinery Equipment Co., Ltd.	61,702,265.33	More than 5 years	3.48	61,702,265.33
YTO Group Corporation	54,491,582.76	Within 1 year	3.08	2,161,111.55
Kazakhstan ЧК Kazrost Engineering Ltd.	30,802,057.20	Within 1 year	1.74	231,015.43
Cuba TECNOIMPORT	25,534,638.94	More than 5 years	1.44	25,534,638.94
Luoyang intelligent agricultural equipment Research Institute Co., Ltd.	23,831,713.32	Within 2 years	1.35	11,773,554.13
<b>Total</b>	<b>196,362,257.55</b>	<b>—</b>	<b>11.09</b>	<b>101,402,585.38</b>

**Note 3. Accounts payable**

**1. Classification disclosure of accounts payable**

<b>Item</b>	<b>Ending Balance</b>	<b>Opening Balance</b>
Purchase payment payable	<b>2,389,787,499.75</b>	1,920,764,575.69
Service fee payable	<b>137,256,590.52</b>	162,494,015.09
Purchase of construction equipment payable	<b>37,713,024.76</b>	73,646,836.84
Others	<b>54,957.66</b>	297,561.72
<b>Total</b>	<b>2,564,812,072.69</b>	2,157,202,989.34

**2. Accounts payable by aging**

<b>Item</b>	<b>Ending Balance</b>	<b>Opening Balance</b>
Within 1 year (inclusive)	<b>2,408,026,387.06</b>	1,959,507,179.50
1-2 years	<b>52,997,896.56</b>	71,709,848.62
2-3 years	<b>27,015,085.25</b>	37,342,728.77
More than 3 years	<b>76,772,703.82</b>	88,643,232.45
<b>Total</b>	<b>2,564,812,072.69</b>	2,157,202,989.34

**3. Accounts payable with significant amount aged over 1 year**

<b>Company name</b>	<b>Ending Balance</b>	<b>Reason for not paid or carrying forward</b>
LLAF INTERNATIONAL CO., LTD.	27,344,096.35	Not yet settled

**Note 4. Retained earnings**

<b>Item</b>	<b>Amount</b>	<b>Withdrawal or distribution ratio (%)</b>
<b>Balance at the end of last period</b>	<b>2,695,974,750.86</b>	—
Add: Adjustment amount at the beginning of the period	0.00	—
<b>Balance at the beginning of current period</b>	<b>2,695,974,750.86</b>	—
Add: net profit for the current period attributable to owners of the parent company	769,035,441.61	—
Less: Appropriation to statutory surplus reserves	0.00	—
Dividends of ordinary shares payable	336,531,759.89	—
<b>Balance at the end of current period</b>	<b>3,128,478,432.58</b>	—

**Note 5. Depreciation and amortization**

<b>Item</b>	<b>Amount in this period</b>	<b>Amount in last period</b>
Depreciation of fixed assets	<b>125,315,160.68</b>	126,480,689.57
Amortization of intangible assets	<b>18,016,130.90</b>	17,961,331.56
<b>Total</b>	<b>143,331,291.58</b>	144,442,021.13

**Note 6. Income tax expenses**

**1. Income tax expenses**

<b>Item</b>	<b>Amount in this period</b>	<b>Amount in last period</b>
Current income tax expenses	<b>93,222,487.14</b>	155,143,830.93
Deferred income tax expense	<b>12,669,482.01</b>	6,152,082.42
<b>Total</b>	<b>105,891,969.15</b>	161,295,913.35

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

<b>Item</b>	<b>Amount in this period</b>
Total consolidated profit of this period	<b>938,757,922.84</b>
Income tax expenses at applicable tax rates	<b>140,813,688.43</b>
Effect of different tax rates on subsidiaries	<b>13,015,761.10</b>
Effect of adjustments to income tax on prior periods	<b>0.00</b>
Loss and profit attributable to joint ventures and associates	<b>-2,291,482.01</b>
Effect of deductible temporary differences or deductible losses from deferred income tax assets not recognized in the current period	<b>16,060,040.88</b>
Additional deductions for research and development expenses and other expenses	<b>-25,329,411.64</b>
Effect of utilizing deductible losses from deferred income tax assets not recognized in prior periods	<b>-36,376,627.61</b>
Income tax expenses	<b>105,891,969.15</b>

**Note 7. Net current assets**

Item	Ending Balance	Opening Balance
Current assets	<b>9,772,680,105.12</b>	7,425,048,133.18
Less: Current liabilities	<b>6,645,162,985.75</b>	6,498,069,754.11
Net current assets	<b>3,127,517,119.37</b>	926,978,379.07

**Note 8. Total assets minus current liabilities**

Item	Ending Balance	Opening Balance
Total assets	<b>15,314,964,310.92</b>	14,691,335,709.97
Less: current liabilities	<b>6,645,162,985.75</b>	6,498,069,754.11
Total assets minus current liabilities	<b>8,669,801,325.17</b>	8,193,265,955.86

**Note 9. Segment reporting**

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

**Note 10. Net asset returns and earnings per share**

<b>Items</b>	<b>Current period</b>
Net profit attributable to shareholders of parent company	769,035,441.61
Non-recurring profit and loss attributable to the parent company	77,353,387.88
Net profit attributable to shareholders of parent company after deducting non-recurring profit and loss	691,682,053.73
Weighted average number of ordinary shares outstanding	1,123,645,275.00
Basic earnings per share (I) (before deducting non-recurring profit and loss)	0.6844
Basic earnings per share (II) (after deducting non-recurring profit and loss)	0.6156
Weighted average return on net assets (I) (before deducting non-recurring profit and loss)	10.14%
Weighted average return on net assets (II) (after deducting non-recurring profit and loss)	9.12%

## MANAGEMENT DISCUSSION AND ANALYSIS

### I. Discussion and Analysis on the Operations

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## II. Analysis on Principal Business

### 1. Analysis on changes in items of the financial statement

Unit: Yuan Currency: RMB

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### III. Analysis of Assets and Liabilities

#### 1. Assets and Liabilities

Unit: Yuan    Currency: RMB

Item	Balance at the end of the Reporting Period	Balance at the end of the Reporting Period as a percentage of total assets (%)	Balance as at the end of the corresponding period of last year	Balance as at the end of the corresponding period of last year as a percentage of total assets (%)	Change in balance as at the end of the Reporting Period as compared with balance as at the end of the corresponding period of last year (%)	Explanation
Monetary Funds	1,634,253,916.91	10.67	2,345,044,150.92	15.96	-30.31	New time deposits purchased during the Reporting Period are accounted for in debt investment and other current assets according to the deposit term.
Trading financial assets	931,000,000.00	6.08	1,378,751,780.82	9.38	-32.48	The impact of the maturity of structured deposits during the Reporting Period.
Notes receivable	15,903,078.98	0.10	36,699,592.12	0.25	-56.67	During the Reporting Period, accounts receivable decreased due to the collection of matured bills receivable and endorsement or discounting.
Accounts receivable	1,470,108,289.97	9.60	302,269,723.59	2.06	386.36	Due to the seasonality of agricultural machinery sales, an increase in credit sales, and the accounts receivable generated from sales of goods have not yet reached the repayment period.
Prepayments	105,038,475.81	0.69	289,422,493.28	1.97	-63.71	Advance payments were made at the end of last year, and goods were received gradually during the current period.
Other receivables	65,999,989.75	0.43	46,387,183.65	0.32	42.28	During the Reporting Period, export credit sales increased and export tax rebates receivable increased.
Non-current assets due within one year	3,456,594,497.25	22.57	1,183,614,680.34	8.06	192.04	Reclassify large-denomination certificates of deposit maturing within one year based on their maturity dates.
Other current assets	927,587,728.74	6.06	306,079,445.60	2.08	203.05	The amount of time deposits purchased and held during the Reporting Period increased.
Debt investment	1,590,288,663.05	10.38	3,261,453,492.49	22.20	-51.24	Reclassify large-denomination certificates of deposit maturing within one year as non-current assets based on their maturity dates.

Item	Balance at the end of the Reporting Period	Balance at the end of the Reporting Period as a percentage of total assets (%)	Balance as at the end of the corresponding period of last year	Balance as at the end of the corresponding period of last year as a percentage of total assets (%)	Change in balance as at the end of the Reporting Period as compared with balance as at the end of the corresponding period of last year (%)	Explanation
Construction in progress	221,234,644.11	1.44	147,682,578.79	1.01	49.80	Investment in construction projects increased during the Reporting Period.
Contract liabilities	194,001,805.34	1.27	555,274,588.76	3.78	-65.06	Part of the contractual obligations have been fulfilled.
Other payables	738,997,044.49	4.83	493,332,826.35	3.36	49.80	Dividends declared but not yet paid during the Reporting Period.
Other current liabilities	728,894,821.47	4.76	398,801,587.69	2.71	82.77	Provision for accrued expenses increased during the Reporting Period.
Long-term employee compensation payable	12,813,070.98	0.08	27,463,638.47	0.19	-53.35	Reclassify long-term employee compensation payable due within one year to employee compensation payable.
Special reserves	12,782,356.48	0.08	9,145,661.53	0.06	39.76	The provision for safety production expenses increased during the Reporting Period.

## 2. Overseas Assets

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

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

As at the end of the Reporting Period, the Company's monetary funds of restricted ownership amounted to RMB459.0661 million, including margin for acceptance bill of RMB458.6661 million, and other restricted funds of RMB0.4 million.

#### **4. Other Explanations**

##### **(1) Key financial indicators**

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

*Note:*

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

##### **(2) Borrowings**

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

(3) *Foreign exchange risk*

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

(4) *Principal sources and use of funds*

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

(5) *Material Assets and Equity Disposals*

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

(6) *Significant Investments Held*

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

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

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

(8) *Charges on Group Assets*

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

## Analysis of Key Equity Holding and Participating Companies

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

*Unit: 0'000 Currency: RMB*

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

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

## IV. Other Disclosable Events

### *(I) Potential Risks*

#### *1. Market competition and demand fluctuation risks*

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

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

#### *2. Risks of product technology upgrades*

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

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

## **V. Business Overview of the Company**

### ***(I) Explanation on the Principal Businesses of the Company***

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

#### ***1. Agricultural machinery business***

##### **(1) Tractor products**

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

(2) Component products

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

2. *Power machinery business*

(1) Diesel engine products

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

***(II) Explanation on the Industry Circumstance of the Company***

For details of the industry circumstance during the Reporting Period, please refer to "DISCUSSION AND ANALYSIS ON THE OPERATIONS" of this announcement.

**VI. Analysis of Core Competitiveness during the Reporting Period**

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

## **OTHER INFORMATION**

### **1. Appointment or Dismissal of Accounting Firm**

As considered and approved at the 2024 annual general meeting, the Company continued to appoint ShineWing Certified Public Accountants (Special General Partnership) as the financial auditor and the internal control auditor of the Company for the year 2025. The remuneration of the auditor comprises an annual audit fee of RMB2.20 million, an interim review fee of RMB0.3 million, and an internal control audit fee of RMB0.35 million.

### **2. Material Litigation and Arbitration**

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

### **3. Proposal of Profit Distribution or Capitalization from Capital Reserves**

In accordance with the profit distribution policy of the Articles of Association of the Company, the Board agrees the following profit distribution proposal for six months ended 30 June 2025: Based on the total share capital as at the record date for the distribution of rights and interests, a cash dividend of RMB0.6844 (tax inclusive) for every 10 shares will be distributed to all Shareholders. As of 28 August 2025, the Company's existing total share capital was 1,123,645,275 shares. In the event that the Company's total share capital changes before the record date for the implementation of the distribution of rights and interests, the distribution amount per share will remain unchanged and the total profit distribution amount will be adjusted accordingly. The Company expects to pay the dividend on or before 30 November 2025.

### **4. Employee Remuneration Policy and Training of the Group**

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

## **5. Contingent Liabilities**

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

## **6. Corporate Governance Code**

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

## **7. Review by the Audit Committee**

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

## **8. Securities Transactions by Directors and Supervisors**

The Company has strictly adopted the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix C3 to the Listing Rules of the Stock Exchange as its own code of conduct regarding securities transactions by the Directors. For the purpose of preparing this announcement, specific enquiries have been made to all the Directors and Supervisors of the Company, who have confirmed to the Company that they had fully complied with the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix C3 to the Listing Rules of the Stock Exchange during the Reporting Period.

## **9. Changes in Shares and Information on Shareholders**

### **1. *Changes in share capital***

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

### **2. *Shareholders information***

#### **(1) *Total number of shareholders***

Total number of ordinary shareholders as at the end of the Reporting Period (shareholder)	36,631 Including 36,346 holders of A Shares and 285 holders of H Shares
Total number of preference shareholders with voting rights restored as at the end of the Reporting Period (shareholder)	/

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

*Unit: Share*

Shareholdings of the top ten shareholders (excluding shares lent through refinancing)							
Name of shareholder (full name)	Increase/ decrease during the Reporting Period	Number of shares held as at the end of the period	Percentage	Number of shares held subject to selling restrictions	Pledged, marked or frozen		
					Status of shares	Number	Nature of shareholder
YTO Group Corporation	0	548,485,853	48.81%	0	Nil	/	State-owned legal person Overseas
HKSCC NOMINEES LIMITED (Note 1)	389,590	389,422,899	34.66%	0	Unknown	/	Legal Person Overseas
Hong Kong Securities Clearing Company Limited (Note 2)	-185,085	3,763,500	0.33%	0	Unknown	/	Legal Person
China Merchants Bank Co., Ltd.-Southern CSI 1000 Exchange Traded Open Ended Index Securities Investment Fund (南方中證1000交易型開放式指數 證券投資基金)	207,600	2,023,393	0.18%	0	Unknown	/	Others
China Merchants Bank Co., Ltd.- Huaxia CSI 1000 Exchange Traded Open Ended Index Securities Investment Fund (華夏中證1000交易型開放式指數 證券投資基金)	222,500	1,193,537	0.11%	0	Unknown	/	Others State-owned
China Life Reinsurance Company Ltd	1,060,400	1,060,400	0.09%	0	Unknown	/	legal person
Industrial and Commercial Bank of China Limited – Guangfa CSI 1000 Exchange Traded Open Ended Index Securities Investment Fund (廣發中證1000交易型 開放式指數證券投資基金)	216,000	963,200	0.09%	0	Unknown	/	Others Domestic natural
Deng Shuhua	310,100	920,200	0.08%	0	Unknown	/	person Domestic natural
Zhao Feng	500,000	900,000	0.08%	0	Unknown	/	person Domestic natural
Zhang Jing Bing	876,000	876,000	0.08%	0	Unknown	/	person

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

Name of shareholder	Number of shares that can be traded without selling restrictions	Number and class of shares	
		Class	Number
YTO Group Corporation	548,485,853	Ordinary shares denominated in RMB	548,485,853
HKSCC NOMINEES LIMITED ( <i>Note 1</i> )	389,422,899	Overseas listed foreign shares	389,422,899
Hong Kong Securities Clearing Company Limited ( <i>Note 2</i> )	3,763,500	Ordinary shares denominated in RMB	3,763,500
China Merchants Bank Co., Ltd.-Southern CSI 1000 Exchange Traded Open Ended Index Securities Investment Fund (南方中證1000 交易型開放式指數證券投資基金)	2,023,393	Ordinary shares denominated in RMB	2,023,393
China Merchants Bank Co., Ltd.- Huaxia CSI 1000 Exchange Traded Open Ended Index Securities Investment Fund (華夏中證1000 交易型開放式指數證券投資基金)	1,193,537	Ordinary shares denominated in RMB	1,193,537
China Life Reinsurance Company Ltd	1,060,400	Ordinary shares denominated in RMB	1,060,400
Industrial and Commercial Bank of China Limited – Guangfa CSI 1000 Exchange Traded Open Ended Index Securities Investment Fund (廣發中證1000交易型 開放式指數證券投資基金)	963,200	Ordinary shares denominated in RMB	963,200
Deng Shuhua	920,200	Ordinary shares denominated in RMB	920,200
Zhao Feng	900,000	Ordinary shares denominated in RMB	900,000
Zhang Jing Bing	876,000	Ordinary shares denominated in RMB	876,000

Explanation of special repurchase accounts of top ten shareholders	N/A
Explanation of the voting rights entrusted by or to, or waived by the aforesaid shareholders	Among the top ten shareholders and top ten shareholders without selling restrictions, YTO, the controlling shareholder of the Company, does not have entrusted voting rights or trustee voting rights, nor has it waived its voting rights. The Company is unaware of whether other shareholders have entrusted voting rights, trustee voting rights, or have waived their voting rights.
Explanation of connected relationship or acting in concert among the aforesaid shareholders	Among the top ten shareholders and top ten shareholders without selling restrictions, YTO, the controlling shareholder of the Company, has no connected relationship with, nor is it a party acting in concert as defined in the Administrative Measures on Acquisitions by Listed Companies with, any other shareholders. The Company is not aware of any connected relationship among other shareholders, nor aware of any parties acting in concert among them as defined in the Administrative Measures on Acquisitions by Listed Companies.
Explanation of the redeemable preferred shareholders with restored voting rights and their shareholding numbers	N/A

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

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

## **10. Details of Preference Shares**

The Company had no preference shares during the Reporting Period.

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

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

## **12. Interests of Directors, Supervisors, and Senior Management**

As at 30 June 2025, none of the directors, supervisors, senior management of the Company, or their associates held any Shares, underlying shares, or bonds in the Company or its associated corporations (as defined in Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”) (including any interests or short positions (a) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (including interests and short positions which any such director, chief executive or supervisor is deemed or taken to have under such provisions of the Securities and Futures Ordinance); or (b) any interests or short positions required to be recorded in the register referred to in Section 352 of the SFO; or (c) any interests or short positions required to be notified to the Company and the Stock Exchange.

### 13. Interests of Substantial Shareholders and Other Persons

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

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

*Note 1:* SINOMACH holds 88.22% of the equity interests in YTO, making it the controlling shareholder of YTO. SINOMACH is deemed to have the same interest in the Company as those owned by YTO by virtue of the SFO.

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

Save as disclosed above, as at 30 June 2025, no person (other than Directors, Supervisors or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or which were notified to the Company.

### 14. Events after the Reporting Period

As at the date of this announcement, there were no material subsequent events undertaken by the Company or by the Group after 30 June 2025.

## DEFINITIONS

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

A Share(s)	ordinary share(s) as approved by the CSRC which is(are) issued to domestic investors and qualified foreign investors, traded on the PRC domestic stock exchange, denominated, subscribed for and traded in RMB
auditor, accountant	the financial statement auditor, ShineWing Certified Public Accountants (Special General Partnership), appointed by the Company as the Company's auditor for the year 2025
agricultural machinery	various machinery used in crop farming and animal husbandry production, and the primary processing and treatment of agricultural and animal products
Board	the board of Director of our Company
Company	First Tractor Company Limited* (第一拖拉機股份有限公司)
controlled subsidiary	a company held as to more than 50% shares or equity interest by the Company, or a company actually controlled by the Company through agreement and arrangement
crawler tractor	tractor with a crawler as a walking device
CSRC	China Securities Regulatory Commission
diesel engine	internal combustion engine that uses diesel as fuel
Director	the director(s) of our Company
Group	the Company and its controlled subsidiaries

H Share(s)	ordinary share(s) as approved by the CSRC which is(are) issued to foreign investors, and listed with the approval of the Stock Exchange, denominated in RMB, subscribed for and traded in Hong Kong dollars
hi-powered wheeled tractor	wheeled tractor with horsepower of 100 (inclusive) or above
Listing Rules of the Shanghai Stock Exchange	the Rules Governing the Listing of Stocks on Shanghai Stock Exchange (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)
mid-powered wheeled tractor	wheeled tractor with horsepower of 25 (inclusive) to 100
power machinery	products including diesel engines and fuel injection pump
Shanghai Stock Exchange	the Shanghai Stock Exchange
SINOMACH	China National Machinery Industry Corporation* (中國機械工業集團有限公司), the de facto controller of the Company
Stock Exchange	The Stock Exchange of Hong Kong Limited
subsidiary	a subsidiary as defined under the Listing Rules of the Stock Exchange
Tractors Research Company	Luoyang Tractors Research Institute Company Limited (洛陽拖拉機研究所有限公司), a controlled subsidiary of the Company
YTO	YTO Group Corporation* (中國一拖集團有限公司), the controlling shareholder of the Company

YTO Diesel Engine	YTO (Luoyang) Diesel Engine Co., Ltd. (一拖(洛陽)柴油機有限公司), a controlled subsidiary of the Company
YTO International Trade	YTO International Economy and Trade Company Limited (一拖國際經濟貿易有限公司), a wholly-owned subsidiary of the Company
Power shuttle	the utilisation of hydraulic shift clutches and/or brakes to enable tractors to switch travelling direction whilst under load operation
Power shift	the utilisation of hydraulic shift clutches and/or brakes to enable tractors to shift gears whilst under load operation

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

Luoyang, the PRC

28 August 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. Wang Shumao, Mr. Xu Liyou and Ms. Wong Yee Man as independent non-executive Directors.*

\* *For identification purposes only*