第一拖拉机股份有限公司
FIRST TRACTOR COMPANY LIMITED*

(A joint stock company incorporated in
The People's Republic of China with limited liability)

Stock Code: 00038.HK 601038.SH

2026
INTERIM REPORT

* For identification purposes only

IMPORTANT NOTICE

I. The Board of the Company and its Directors and senior management warrant that there are no false information, misleading statements or material omissions contained in this Interim Report, and severally and jointly accept legal responsibility for the truthfulness, accuracy and completeness of the contents herein.

II. All Directors attended the Board meeting.

III. The Interim Report was unaudited.

IV. Zhao Weilin (the person-in-charge of the Company), Liu Bin (the person-in-charge of the accounting function) and Jiang Jingyuan (the person-in-charge of the Accounting Department and the accounting manager) have declared and warranted the truthfulness, accuracy and completeness of the financial statements in the Interim Report.

V. Proposal of profit distribution or proposal of capitalization from capital reserves for the Reporting Period as approved by the Board

The 7th meeting of the tenth session of the Board of the Company approved the interim profit distribution plan of the Company for 2026: based on the total share capital as at the record date for the distribution of equity interests, a cash dividend of RMB0.6962 per 10 shares (inclusive of tax) will be distributed to all shareholders. As of 25 August 2026, the total share capital of the Company was 1,123,645,275 shares, on the basis of which the proposed cash dividend to be distributed is estimated at RMB78,228,200. Where the total share capital of the Company changes prior to the record date for the implementation of the equity distribution, the distribution amount per share will remain unchanged whilst the total profit distribution amount will be adjusted accordingly. This profit distribution does not involve any capitalisation of capital reserves into share capital.

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

Forward-looking statements such as the development strategy and business plan of the Company contained in this report do not constitute any substantial commitment to investors by the Company. Investors are advised to be aware of the risks.

VII. Is there any misappropriation of funds not in the ordinary course of business by the controlling shareholder or other associate(s)

No

VIII. Is there any external guarantee in violation of any established decision-making procedures

No

IX. Whether more than half of the Directors cannot warrant the truthfulness, accuracy and completeness of the Interim Report disclosed by the Company

No

X. Significant risks warning

Please refer to Section III "Management Discussion and Analysis" of this report for details.

CONTENTS

SECTION I DEFINITIONS

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

DEFINITION OF COMMONLY USED TERMS

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
agricultural machinery	various machinery used in crop farming and animal husbandry production, and the primary processing and treatment of agricultural and animal products
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 2026
Board	the board of directors 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 limited liability company incorporated in the PRC and a controlled subsidiary of the 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/equity interest by the Company, or a company de factoly controlled by the Company through agreement and arrangement
crawler tractor	tractor with a crawler as a walking device
CSRC	China Securities Regulatory Commission
Director	the director(s) of the 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 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)
mid-powered wheeled tractor	wheeled tractor with horsepower of 25 (inclusive) to 100
NFRA	National Financial Regulatory Administration
power machinery	internal combustion engine that uses diesel as fuel. The power machinery business of the Company mainly involves the production, manufacture and sale of non-road diesel engine products
power shuttle	the utilisation of hydraulic shift clutches and/or brakes to enable tractors to switch travelling direction whilst under load operation

SECTION I DEFINITIONS (CONTINUED)

power shift	the utilisation of hydraulic shift clutches and/or brakes to enable tractors to shift gears whilst under load operation
PRC	the People's Republic of China
Reporting Period	the period from 1 January 2026 to 30 June 2026
RMB	Renminbi, the lawful currency of the PRC
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (as amended from time to time)
Shanghai Stock Exchange	the Shanghai Stock Exchange
Shareholder	the shareholder(s) of the Company
Shares	share(s) of RMB1.00 each of the Company
SINOMACH	China National Machinery Industry Corporation* (中國機械工業集團有限公司), a limited liability company incorporated in the PRC and the de facto controller of the Company
Sinomach Factoring	Sinomach Commercial Factoring Co., Ltd.* (國機商業保理有限公司), a limited liability company incorporated in the PRC and a controlled subsidiary of SINOMACH
Sinomach Finance	Sinomach Finance Co., Ltd.* (國機財務有限責任公司), a limited liability company incorporated in the PRC and controlled by the de facto controller of the Company, and an investee company in which the Company holds a 14.29% equity interest
Stock Exchange	the Stock Exchange of Hong Kong Limited
Subsidiary	a subsidiary as defined under the Listing Rules of the Stock Exchange
Tractor Research Company	Luoyang Tractor Research Institute Co., Ltd.* (洛陽拖拉機研究所有限公司), a controlled subsidiary of the Company
YTO	YTO Group Corporation* (中國一拖集團有限公司), a limited liability company incorporated in the PRC and the controlling shareholder of the Company
YTO Diesel Engine	YTO (Luoyang) Diesel Engine Co., Ltd.* (一拖(洛陽)柴油機有限公司), a limited liability company incorporated in the PRC and a controlled subsidiary of the Company
YTO International	YTO INTERNATIONAL, LTD.* (一拖國際經濟貿易有限公司), a limited liability company incorporated in the PRC which is a wholly-owned subsidiary of the Company

* *For identification purposes only*

Unless otherwise specified, all amounts stated in this report are denominated in Renminbi.

SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

I. INFORMATION OF THE COMPANY

Chinese name of the Company	第一拖拉機股份有限公司
Abbreviation in Chinese	一拖股份
English name of the Company	First Tractor Company Limited
Abbreviation in English	First Tractor
Legal representative of the Company	Zhao Weilin

II. CONTACT PERSONS AND METHODS

	Secretary to the Board/ Joint Company Secretary	**Joint Company Secretary**	**Representative of Securities Affairs**
Name	Liu Bin	Huang Yating	Zhang Shuang
Contact address	No. 154 Jianshe Road, Luoyang, Henan Province, the PRC	Henley Building, 5 Queen's Road Central, Central, Hong Kong	No. 154 Jianshe Road, Luoyang, Henan Province, the PRC
Telephone	（86 379）64967038	(852) 21865777	（86 379）64967038
E-mail	msc0038@ytogroup.com	msc0038@ytogroup.com	kicyzhang@126.com

III. INTRODUCTION OF CHANGES IN BASIC INFORMATION

Registered address of the Company	No. 154 Jianshe Road, Luoyang, Henan Province, the PRC
Historical changes of registered address of the Company	Nil
Office address of the Company	No. 154 Jianshe Road, Luoyang, Henan Province, the PRC
Postal code of the office address of the Company	471004
Website of the Company	http://www.first-tractor.com.cn
E-mail	msc0038@ytogroup.com
Search index of changes during the Reporting Period	/

SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS (CONTINUED)

IV. INFORMATION DISCLOSURE AND CHANGES IN PLACE FOR DOCUMENTS INSPECTION

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

V. BASIC INFORMATION OF SHARES

Class	Stock exchange for listing	Stock short name	Stock code	Stock short name prior to the change
A Shares	Shanghai Stock Exchange	一拖股份	601038	/
H Shares	Stock Exchange	First Tractor	0038	/

VI. KEY ACCOUNTING DATA AND FINANCIAL INDICATORS OF THE COMPANY

(I) Key Accounting Data

Unit: Yuan Currency: RMB

Key accounting data	For the Reporting Period (January to June)	For the corresponding period of last year	Increase/decrease during the Reporting Period as compared with the corresponding period of last year *(%)*
Operating revenue	7,886,321,202.98	6,927,648,409.53	13.84
Total profit	883,744,705.19	938,757,922.84	–5.86
Net profit attributable to shareholders of the Company	782,287,915.86	769,035,441.61	1.72
Net profit attributable to shareholders of the Company after deduction of non-recurring profit or loss	853,461,451.56	691,682,053.73	23.39
Net cash flows from operating activities	1,060,892,936.74	396,956,691.26	167.26

	As at the end of the Reporting Period	As at the end of last year	Increase/decrease as at the end of the Reporting Period as compared with the end of last year *(%)*
Net assets attributable to shareholders of the Company	8,220,455,700.19	7,660,705,431.31	7.31
Total assets	17,322,980,750.61	15,097,537,416.28	14.74

SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS (CONTINUED)

(II) Key Financial Indicators

Key financial indicators	For the Reporting Period (January to June)	For the corresponding period of last year	Increase/decrease during the Reporting Period as compared with the corresponding period of last year *(%)*
Basic earnings per share (RMB/share)	0.6962	0.6844	1.72
Diluted earnings per share (RMB/share)	0.6962	0.6844	1.72
Basic earnings per share after deduction of non-recurring profit or loss (RMB/share)	0.7595	0.6156	23.38
Weighted average return on equity (%)	9.76	10.14	Decrease of 0.38 percentage points
Weighted average return on equity after deduction of non-recurring profit or loss (%)	10.65	9.12	Increase of 1.53 percentage points

VII. NON-RECURRING PROFIT OR LOSS ITEMS AND AMOUNTS

Unit: Yuan Currency: RMB

Non-recurring profit or loss item	Amount	Note (as applicable)
Profit or loss from disposal of non-current assets (including the write-off of provisions for asset impairment)	138,116.68	
Government subsidies included in the current profits and losses excluding those which are closely related to the Company's normal business operations, in line with national policies and regulations, and granted in accordance with defined criteria, and have a continuous influence on the Company's profits and losses	13,484,809.06	
Profits and losses from changes in fair value of financial assets and financial liabilities held by non-financial enterprises, and profits and losses from disposal of financial assets and financial liabilities except for effective hedging related to normal business operations of the Company	-95,822,244.10	
Other non-operating income and expenses other than the above	983,606.40	
Less: Effect of income tax	-12,588,186.71	
Effect on non-controlling interests (after-tax)	2,546,010.45	
Total	-71,173,535.70	

Reason(s) should be given if the Company identifies an item not listed in the Explanatory Announcement No.1 on Information Disclosure for Companies Offering Securities to the Public – Non-recurring Profit or Loss as a non-recurring profit or loss item with material amount, and for a non-recurring profit or loss item listed in the Explanatory Announcement No.1 on Information Disclosure for Companies Offering Securities to the Public – Non-recurring Profit or Loss being defined as a recurring profit and loss item.

Unit: Yuan Currency: RMB

Item	Amount Involved	Reason
Income from structured deposits	1,588,794.52	Normal fund management of the Company

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

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

(I) Principal Businesses

The Company is a leading agricultural machinery and equipment manufacturing service provider in China, and is committed to strengthening and optimising the agricultural machinery industrial chain and actively exploring the integrated development path of intelligent agricultural machinery technology and smart agricultural technology, thus assisting customers in achieving "increased production, reduced losses, cut costs and enhanced efficiency". The Company focuses on the R&D and manufacturing of medium and largesized tractors and their core components, accelerating the product upgrades towards high-end, intelligent and green technologies. It has continuously improved the intelligent functions such as intelligent cockpits, navigation systems, fully automated field management, precise operation and multi-dimensional operation monitoring and data collection, and has formed a series of core intelligent tractor products. It is committed to providing users with complete intelligent agricultural machinery solutions covering the entire agricultural production process, thus building a competitive advantage in the industry chain.

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

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

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

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

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

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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

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

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

II. DISCUSSION AND ANALYSIS ON THE OPERATIONS

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

(1) Deepening Marketing Empowerment to Consolidate Domestic Market Fundamentals

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

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

Note: Dongfanghong tractors form a matrix to support agricultural development

Note: Dongfanghong diesel engines shone at the Canton Fair

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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

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

Note: YTO made its debut at the Brazil Agricultural Machinery Expo

Note: The first batch of products rolled off the assembly line at the agricultural equipment assembly plant in the Republic of the Congo

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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

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

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

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

Note: Tractors for hilly and mountainous terrain delivered in bulk and put into use in Gansu

Note: Driving industrial chain upgrades through smart manufacturing

(4) **Deepening Corporate Reform to Enhance Endogenous Growth Vitality**

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

BUSINESS OUTLOOK FOR FUTURE DEVELOPMENT OF THE COMPANY

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

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

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

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

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

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

III. ANALYSIS OF CORE COMPETITIVENESS DURING THE REPORTING PERIOD

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

IV. MAIN OPERATING SITUATION DURING THE REPORTING PERIOD

(I) Analysis on Principal Businesses

1. Analysis on changes in items of the financial statements

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the corresponding period of last year	Changes (%)
Operating revenue	**7,886,321,202.98**	6,927,648,409.53	**13.84**
Operating costs	**6,576,742,085.59**	5,817,044,256.05	**13.06**
Selling expenses	**73,981,862.26**	70,827,270.31	**4.45**
Administrative expenses	**144,290,322.60**	150,832,303.15	**-4.34**
Financial expenses	**1,858,500.63**	-1,642,143.99	**N/A**
R&D expenses	**217,845,369.94**	212,973,906.79	**2.29**
Other revenue	**68,182,975.63**	138,177,939.32	**-50.66**
Gains arising from changes in fair value (Losses listed as "-")	**-95,822,244.10**	55,009,583.33	**-274.19**
Loss on impairment of assets (Losses listed as "-")	**6,107,223.18**	2,683,998.32	**127.54**
Gains arising from disposal of assets (Losses listed as "-")	**138,116.68**	691,296.24	**-80.02**
Non-operating income	**2,093,090.47**	18,454,718.57	**-88.66**
Non-operating expenses	**965,484.07**	2,654,232.53	**-63.62**
Net cash flows from operating activities	**1,060,892,936.74**	396,956,691.26	**167.26**
Net cash flow from investing activities	**-1,296,698,233.59**	-771,788,396.48	**N/A**
Net cash flows from financing activities	**-19,442,622.90**	-236,332,649.64	**N/A**

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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

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

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

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

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

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

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

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

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

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

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

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

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

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(II) Analysis of Assets and Liabilities

1. *Assets and Liabilities*

Unit: Yuan Currency: RMB

Item	Balance at the end of the Reporting Period	Balance at the end of the Reporting Period as a percentage of total assets (%)	Balance as at the end of the corresponding period of last year	Balance as at the end of the corresponding period of last year as a percentage of total assets (%)	Change in balance as at the end of the Reporting Period as compared with balance as at the end of the corresponding period of last year (%)	Explanation
Notes receivable	22,312,397.70	0.13	43,549,626.18	0.29	-48.77	During the Reporting Period, notes receivable decreased due to the collection of matured bills receivable and endorsement or discounting.
Accounts receivable	1,908,747,938.10	11.02	326,784,073.62	2.16	484.10	Due to the seasonal nature of agricultural machinery sales, the first half of the year is the peak sales season, and accounts receivable arising from the sale of goods have not yet reached the collection period.
Other receivables	98,973,524.23	0.57	66,734,313.70	0.44	48.31	During the Reporting Period, export tax rebates receivable increased.
Non-current assets due within one year	948,692,582.21	5.48	2,969,552,248.90	19.67	-68.05	During the Reporting Period, large-denomination certificates of deposit held by the Company matured.
Debt investment	6,023,302,640.46	34.77	2,839,788,030.21	18.81	112.10	The amount of time deposits purchased and held during the Reporting Period increased.
Construction in progress	461,259,003.03	2.66	324,531,669.03	2.15	42.13	Investment in construction projects increased during the Reporting Period.
Right-to-use assets	15,509,708.27	0.09	26,810,495.19	0.18	-42.15	Depreciation is provided on right-to-use assets, resulting in a decrease in net value.
Accounts payables	3,130,755,912.05	18.07	1,824,615,662.08	12.09	71.58	During the Reporting Period, procurement volume increased, and accounts payable have not yet reached the payment period.

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
Contract liabilities	175,296,617.30	1.01	566,066,122.26	3.75	-69.03	Certain contract performance obligations were fulfilled.
Other current liabilities	935,595,146.27	5.40	383,903,310.62	2.54	143.71	During the Reporting Period, sales revenue increased, and accrued expenses also increased accordingly.
Long-term loans	563,552,735.92	3.25	424,723,098.79	2.81	32.69	New long-term loans during the Reporting Period.
Lease liabilities	1,411,323.33	0.01	2,547,279.10	0.02	-44.59	Due to the reclassification of rent payable within one year to noncurrent liabilities due within one year.
Long-term employee compensation payable	7,531,421.62	0.04	18,526,825.11	0.12	-59.35	The reclassification of long-term employee salary payable due within one year to employee salary payable.
Other comprehensive income	-10,501,832.89	-0.06	-8,070,289.08	-0.05	N/A	The impact of foreign currency translation differences in financial statements.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

2. *Overseas Assets*

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

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 RMB483.5815 million, including margin for acceptance bill of RMB483.3115 million, and other restricted funds of RMB0.27 million.

4. *Other Explanations*

Analysis of financial position

The Company adheres to a prudent financial strategy and has established a rigorous risk prevention and control system focusing around investment, financing, and cash management, and always maintains a reasonable capital structure and ample liquidity. On the premise of ensuring daily operational funding needs and capital safety, the Company prudently conducts cash management to promote sustainable development for the Company and maximize shareholder value.

(1) Liquidity and capital structure

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

Note:

Gearing ratio = total liabilities/total assets *100.

(2) Borrowings

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

(3) *Foreign Exchange Risk and Relevant Hedge*

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. The finance department of the Company is responsible for monitoring the scale of foreign currency transactions, assets, and liabilities to minimize foreign exchange risk. Meanwhile, the Company may enter into forward foreign exchange contracts or currency swap agreements to mitigate and hedge against exchange rate risks.

(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. Cash and cash equivalents as at 30 June 2026 amounted to approximately RMB1,074 million, which were mainly denominated in RMB.

(5) *Material Assets and Equity Disposals*

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

(6) *Significant Investments Held*

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

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

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

(8) *Charges on Group Assets*

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

(9) *Contingent Liabilities*

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

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(III) Analysis of Investments

1. Overall Analysis of External Equity Investments

On 28 April 2026, the fourth meeting of the tenth session of Board convened by the Company considered and approved the Company's acquisition of a 39% equity interest in Heilongjiang Beidahuang Kenzheng Agricultural Machinery Equipment Co., Ltd.*（黑龍江北大荒墾徵農機裝備有限公司）held by Luoyang Intelligent Agricultural Equipment Research Institute Co., Ltd.*（洛陽智慧農業裝備研究院有限公司）by way of public listing.

On 19 May 2026, the Company entered into the Property Rights Transaction Contract with Luoyang Intelligent Agricultural Equipment Research Institute Co., Ltd.* at a consideration of RMB19,792,461. The Company has paid the consideration in accordance with the terms of the contract, and the transfer of the subject equity interests has been duly completed. Following the transaction, Heilongjiang Beidahuang Kenzheng Agricultural Machinery Equipment Co., Ltd.* has become an associate company of First Tractor.

For details, please refer to the Announcement on Equity Investment and Connected Transaction and Announcement on the Progress of Equity Investment and Connected Transaction published by the Company on the website of the Shanghai Stock Exchange on 29 April 2026 and 19 May 2026.

(1) Material equity investments

Nil

(2) Material non-equity investments

Nil

(3) Financial assets measured at fair value

During the Reporting Period, the Company's financial assets measured at fair value include financial assets at fair value through profit or loss, receivables financing, and investments in other equity instruments. Please refer to Notes 2, 5 and 14 in VI, Section VIII of this report for further details.

Securities Investments

Nil

Derivatives Investments

(1) Derivatives investments for hedging purposes during the Reporting Period

Unit: 0'000 Currency: RMB

Type of derivatives investment	Initial investment amount	Carrying amount at the beginning of the period	Fair value gains/ (losses) for the period	Cumulative changes in fair value recognised in equity	Purchase amount during the period	Sold amount during the period Sold amount during the period	Carrying amount at the end of the period	Carrying amount at the end of the period as a percentage of the Company's net assets at the end of the period *(%)*
Forward foreign exchange contracts	0.00	0.00	-2.22	0.00	2,173.47	0.00	-2.22	0.00
Total	0.00	0.00	-2.22	0.00	2,173.47	0.00	-2.22	0.00

Notes on accounting policies and recognition principles for hedging activities during the Reporting Period, and whether there are any significant changes compared to the previous reporting period	The Company and its subsidiaries account for the forward foreign exchange contracts in accordance with the relevant provisions and guidelines under the Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments and other related standards issued by the Ministry of Finance.
Notes on actual gains/losses during the Reporting Period	The impact of fair value fluctuations in forward foreign exchange on profit or loss amounted to -RMB22,200
Notes on the effectiveness of hedging	All financial derivatives entered into by the Company are based on genuine underlying business orders, which help mitigate the risks of exchange rate fluctuations in its export business and enhance its market competitiveness.
Source of funds for derivatives investments	Self-owned funds

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Type of derivatives investment	Initial investment amount	Carrying amount at the beginning of the period	Fair value gains/ (losses) for the period	Cumulative changes in fair value recognised in equity	Purchase amount during the period	Sold amount during the period Sold amount during the period	Carrying amount at the end of the period	Carrying amount at the end of the period as a percentage of the Company's net assets at the end of the period *(%)*

Risk analysis and control measures for derivative positions during the Reporting Period (including but not limited to market risk, liquidity risk, credit risk, operational risk and legal risk)	All financial derivatives entered into by the Company are based on genuine underlying business orders to mitigate exchange rate risks in its export business, and are not conducted for profit-making purposes. Nevertheless, entering into forward sale and purchase of foreign exchange contracts still entails certain risks, primarily including: 1. Market risk: In the event of significant exchange rate volatility, the forward exchange rate contracted with financial institutions may be less favourable than the actual spot exchange rate at the time of settlement, resulting in exchange losses. 2. Credit risk: Overdue accounts receivable from customers may lead to failure to collect payments within the projected collection period, which could prevent the delivery of derivatives and result in rollover or default risks. 3. Operational risk: Foreign exchange hedging activities are highly specialised and complex, and may give rise to risks due to inadequate internal controls or insufficient expertise of operational personnel. 4. Liquidity risk: The Company projects cash collections based on customer orders. In practice, customers may adjust their orders, leading to insufficient funds for delivery at maturity and consequent default risk. 5. Performance risk: During the contract term, the counterparty financial institutions may encounter operational difficulties, market disruptions or other major uncontrollable circumstances, which could lead to their inability to perform the contracts at maturity.

Type of derivatives investment	Initial investment amount	Carrying amount at the beginning of the period	Fair value gains/ (losses) for the period	Cumulative changes in fair value recognised in equity	Purchase amount during the period	Sold amount during the period Sold amount during the period	Carrying amount at the end of the period	Carrying amount at the end of the period as a percentage of the Company's net assets at the end of the period *(%)*

The Company manages the above risks through the establishment of an efficient financial derivatives management system. The specific measures are as follows:

1. The Company will closely monitor the monetary policy of the People's Bank of China, the balance of payments situation, and the exchange rate policies of major economies. In conjunction with the contract collection cycles, it will assess the impact of unilateral fluctuations or significant volatility of the RMB exchange rate against the USD and EUR on its foreign exchange lock-in operations, and dynamically optimise its exchange rate control measures.

2. The Company will continue to strengthen the management of accounts receivable. Based on customers' collection schedules and in light of its cash positions, the Company will strictly control the scale of forward foreign exchange settlement to prevent contract default risks arising from insufficient capital turnover.

3. Personnel responsible for foreign exchange management will enhance their knowledge of forward foreign exchange transactions, strictly enforce operational procedures, and implement closed-loop management throughout the entire process to ensure compliant conduct of financial derivatives business.

4. The Company will regularly prepare reports on financial derivatives activities and conduct special reviews on the compliance and effectiveness of its internal control mechanisms for derivatives operations, ensuring that approval procedures are compliant and all transaction documents are complete.

5. The Company will select domestic financial institutions with good credit standing and the requisite qualifications for conducting financial derivatives business as counterparties to mitigate counterparty performance risk.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Type of derivatives investment	Initial investment amount	Carrying amount at the beginning of the period	Fair value gains/ (losses) for the period	Cumulative changes in fair value recognised in equity	Purchase amount during the period	Sold amount during the period Sold amount during the period	Carrying amount at the end of the period	Carrying amount at the end of the period as a percentage of the Company's net assets at the end of the period (%)

Market price or fair value changes of the derivatives during the Reporting Period, and the specific method used for the fair value analysis of derivatives, including relevant assumptions and parameter settings	Forward foreign exchange contracts: The banks provide valuation reports based on a comparison between the current market forward prices with the same maturity as of the end of the Reporting Period and the contracted lock-in prices for outstanding positions, thereby providing the fair value of the forward foreign exchange contracts.
Litigation involved (if applicable)	Not applicable
Date of Board announcement on approval of derivatives investments (if any)	7 March 2026
Date of Shareholders' meeting announcement on approval of derivatives investments (if any)	/

(2) Derivatives investments for speculative purposes during the Reporting Period

Nil

(IV) Analysis of Key Equity Holding and Participating Companies

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	Subsidiary	International sales of agricultural machinery	34,600	49,697.84	16,945.79	82,781.21	6,372.83	4,794.44
YTO Diesel Engine	Subsidiary	Engine manufacturing and sales	US$16 million	406,944.88	165,590.03	203,822.74	11,529.67	12,179.98
Tractor Research Company	Subsidiary	Tractor product development and research	44,500	64,484.02	53,152.49	7,581.21	-532.59	-546.76

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

V. IMPLEMENTATION OF THE 2026 "QUALITY ENHANCEMENT, EFFICIENCY IMPROVEMENT AND RETURN ENHANCEMENT" ACTION PLAN

The Company actively responded to the Shanghai Stock Exchange's "Initiative on Launching the 'Quality Enhancement, Efficiency Improvement and Return Enhancement' Action Plan for SSE-listed Companies" and published the 2026 Action Plan for Quality Enhancement, Efficiency Improvement and Return Enhancement of First Tractor Company Limited on 26 March 2026. In line with the Action Plan, the Company has proactively carried out and implemented relevant measures to promote high-quality development and enhance investment value, while safeguarding the legitimate rights and interests of investors. The implementation progress for the first half of 2026 is reported as follows:

(I) Focus on Core Business, Achieving Significant Growth in Operating Results

The Company continued to concentrate on its core business, adhered to a prudent and sustainable development strategy, coordinated both domestic and international markets, continuously optimised its business and product mix, enhanced operational management efficiency, and made every effort to steadily improve operating quality. During the first half of 2026, the Company recorded operating revenue of RMB7,886 million, representing a year-on-year increase of 13.84%; net profit attributable to shareholders of the listed company amounted to RMB782 million, up by 1.72% year-on-year. The consolidated gross profit margin stood at 16.61%, an increase of 0.57 percentage points year-on-year, while the gearing ratio was 49.17%, maintaining a reasonable and prudent level. The Company's core business scale expanded steadily and profitability continued to strengthen, laying a solid foundation for high-quality development in the first year of the 15th Five-Year Plan period. For further details, please refer to "II. DISCUSSION AND ANALYSIS ON THE OPERATIONS" in this section.

(II) Innovation-Driven Empowerment, Advancing Independent Technological Innovation and Industrial Upgrading

The Company adheres to innovation-driven development, regarding technological R&D as the core driver of high-quality corporate growth. It has continued to increase investment in R&D funds and talent, and, while benchmarking against internationally advanced technologies, has been dedicated to developing independent and controllable original technology pathways, thereby enhancing its overall competitiveness in the premium market segment. In the first half of 2026, the Company's R&D expenditure amounted to RMB218 million. Efforts were coordinated across three fronts: product development and maturation of "large and small" products to address gaps, breakthroughs in key technologies, and upgrades of competitive products, achieving a two-way deep empowerment between technological R&D and market expansion.

The Company has fully grasped market demand and the production ramp-up schedule of fixed assets, and has been orderly advancing the intelligent transformation of production lines and digital transformation, thereby reinforcing the resilience of the industrial chain and ensuring production capacity and quality assurance for the mass manufacturing of high-end products.

(III) Emphasis on Investor Returns, Maintaining Stable and Sustained Cash Dividends

The Company has always attached great importance to investor returns, continuously enhancing its capability and level of return to Shareholders. Through a long-term, stable and sustainable dividend policy, it aims to strengthen investors' sense of gains. During the Reporting Period, the Company formulated and implemented the 2025 annual profit distribution, under which a cash dividend of RMB1.9746 per ten shares (tax inclusive) was distributed to all Shareholders, totalling RMB222 million (tax inclusive). The aggregate dividends for 2025 (including the interim dividend) amounted to RMB300 million, representing 36.8% of the Company's net profit attributable to Shareholders of the listed company for 2025. Over the most recent three financial years, the Company's cumulative dividends amounted to RMB994 million, representing 109% of the average annual net profit over the same three-year period.

The Company is committed to normalising interim dividends, sharing operating results with shareholders. In light of its overall operating conditions and financial position, the Company has formulated the 2026 interim profit distribution Plan: a cash dividend of RMB0.6962 per ten shares (tax inclusive) is proposed to be distributed to all shareholders, with the total cash dividend amounting to approximately RMB78,228,200 (tax inclusive).

(IV) Continuous Enhancement of Information Disclosure Quality, Deepening and Substantialising Investor Communications

The Company has further improved its market value management mechanism, implemented the latest regulatory requirements on market value management, and formulated internal policies for market value management. Through standardised information disclosure and proactive investor relations management, it has been coordinating and advancing market value management efforts, with the objective of improving the Company's capital market image and conveying its investment value.

During the first half of 2026, the Company strictly complied with the listing rules of both the Shanghai and Hong Kong stock exchanges, adhering to the disclosure principles of "truthfulness, accuracy, completeness, timeliness and fairness". It completed the disclosure of the 2025 annual report, the 2026 first-quarter report, and various periodic and ad hoc announcements with high quality. While maintaining compliance with disclosure requirements, the Company actively explored the use of visual and graphical presentations to enhance the readability and effectiveness of disclosed information. It also published "performance infographics" via its official WeChat account to help investors understand the Company's operating results more intuitively and clearly.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The Company has continued to engage with investors through multiple channels, including the investor hotline, results briefings, shareholders' meetings, the SSE's "E-Interactive" platform, on-site visits, and broker strategy conferences, ensuring smooth two-way communication with the capital market and fostering long-term, stable and mutually trusting relationships with investors. During the Reporting Period, the Company held its 2025 annual and 2026 first-quarter results briefings in an innovative format combining on-site participation, a live webcast and online Q&A sessions. A total of 36 institutional investors visited the production facilities on-site and had in-depth face-to-face exchanges with the Company's directors and senior management, covering industry trends, strategic planning, financial performance and other topics, enabling them to gain a thorough understanding of the Company's long-term growth logic and investment value. In the first half of the year, the Company organised more than 10 investor communication events, reaching nearly 200 participants.

(V) Commitment to Standardised Operations and Strengthening Key Responsibilities

The Company has continued to refine its modern corporate governance system with Chinese characteristics, fully leveraging the role of each governance body, and further improving a governance mechanism characterised by clearly defined powers and responsibilities, transparency, coordinated operation and effective checks and balances.

During the Reporting Period, in accordance with applicable laws, regulations and regulatory requirements, and taking into account its governance practices, the Company formulated the Remuneration Management System for Directors and Senior Management to standardise the remuneration and performance management of its directors and senior management, establish an incentive and restraint mechanism aligned with their duties and rights, and more closely align management interests with the Company's long-term development.

The Company has dedicated efforts to enhance the compliance awareness and capabilities of its "key minority". It actively organised professional training on corporate governance and ESG management for its directors and senior management, and promptly communicated the latest regulatory requirements and typical cases, thereby reinforcing their awareness of compliance boundaries and bottom lines. It also arranged for independent directors to conduct special research on key matters such as new energy product R&D and the operating performance of equity investment targets, making full use of the professional decision-making support role of directors in strategic decisions and risk control, and contributing insights to the Company's high-quality development. During the Reporting Period, the composition and operating mechanisms of the Board and its special committees remained stable, with three Board meetings and 14 special committee meetings convened, and the scientificity and effectiveness of decision-making continued to improve.

(VI) Practising Sustainable Development Concepts, Fulfilling Social Responsibilities

The Company has persistently promoted the deep integration of ESG with its production and operations, actively responded to the national strategies of agricultural modernisation and the "dual carbon" goals, contributed to rural revitalisation and food security, fulfilled its responsibilities as a central state-owned enterprise, and advanced sustainable development. During the Reporting Period, the Company proactively benchmarked against the SSE's Guidelines on Sustainability Reporting and the new HKEX ESG Code requirements, focusing on its practical achievements in product R&D, climate change response, green manufacturing, and social services, and compiled and published a high-quality 2025 ESG report. The number of disclosed indicators increased by 50% year-on-year, and for the first time, Scope 3 greenhouse gas emission data were disclosed, further enhancing the completeness of ESG information disclosure. The Company's ESG report maintained a Wind AA rating for two consecutive years.

The Company has continued to enhance its ESG management by drawing on best practices from industry peers, identifying weaknesses in its current ESG management, clarifying improvement pathways and targets, and steadily refining its ESG indicator system. These efforts have driven gradual improvements in the Company's ESG management and practices, strengthening its capacity for sustainable development.

In the second half of the year, the Company will continue to implement the "Quality Enhancement, Efficiency Improvement and Return Enhancement" Action Plan, strictly fulfil all its responsibilities and obligations as a listed company, continuously consolidate its operational fundamentals, improve development quality, reward the trust of its shareholders, and uphold its favourable market image.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

VI. OTHER DISCLOSEABLE EVENTS

(I) Potential Risks

1. Market Demand Uncertainty Risk

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

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

2. Raw Material Price Fluctuation Risk

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

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

SECTION IV CORPORATE GOVERNANCE, ENVIRONMENT AND SOCIETY

I. CHANGES IN DIRECTORS AND SENIOR MANAGEMENT

During the Reporting Period, there were no changes in the Directors and senior management of the Company.

II. PROPOSAL OF PROFIT DISTRIBUTION OR CAPITALIZATION FROM CAPITAL RESERVES

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

Whether to distribute profit or capitalize capital reserves	Yes
Number of bonus shares for every 10 shares (share)	0
Dividend for every 10 shares (Yuan) (tax inclusive)	0.6962
Number of conversion shares for every 10 shares (share)	0

Explanation on proposal of profit distribution or capitalization from capital reserves

The interim profit distribution plan of the Company for 2026: based on the total share capital as at the record date for the distribution of equity interests, a cash dividend of RMB0.6962 per 10 shares (inclusive of tax) will be distributed to all shareholders. As of 25 August 2026, the total share capital of the Company was 1,123,645,275 shares, on the basis of which the proposed cash dividend to be distributed is estimated at RMB78,228,200. Where the total share capital of the Company changes prior to the record date for the implementation of the equity distribution, the distribution amount per share will remain unchanged whilst the total profit distribution amount will be adjusted accordingly. This profit distribution does not involve any capitalisation of capital reserve into share capital.

The Company's 2025 Annual General Meeting resolved to authorise the Board to determine and implement the 2026 interim profit distribution plan, and the current profit distribution plan has been considered and approved at the seventh meeting of the tenth session of the Board of the Company.

SECTION IV CORPORATE GOVERNANCE, ENVIRONMENT AND SOCIETY (CONTINUED)

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

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

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

Number of companies included in the list (units)	2

No.	Company Name	Search Index for Environmental Information Disclosure Reports
1	First Tractor Company Limited	Enterprise Environmental Information Statutory Disclosure System (Henan Province) http://222.143.24.250:8249
2	YTO (Luoyang) Flag Auto-Body Co., Ltd.	Enterprise Environmental Information Statutory Disclosure System (Henan Province) http://222.143.24.250:8249

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

During the Reporting Period, the Company diligently implemented the 2026 Central Document No. 1. Leveraging its core advantages in the agricultural machinery sector and taking into account the development plans and local conditions of its paired assistance areas, the Company made concerted efforts across multiple fronts to empower the comprehensive revitalisation of rural areas in these regions.

(1) Focusing on project coordination, translating the assistance blueprint into tangible outcomes. Centred on five key areas – planning enhancement, industrial cultivation, agricultural machinery empowerment, talent development, and the construction of beautiful and harmonious villages – the Company conducted three on-site fact-finding and research trips during the first half of the year. It assisted the paired assistance areas in planning 13 key support projects, strengthened whole-process tracking and supervision, and facilitated the implementation of these projects as scheduled.

(2) Focusing on service upgrading, establishing a modern agricultural social service platform. The Company deepened collaboration with the supply and marketing cooperatives in the paired assistance areas, with the goal of building a provincial-level model county for integrated modern agricultural services and striving for national-level model county status. Efforts were directed towards integrating local agricultural and machinery resources, enhancing the overall efficiency of the county-level agricultural service network, and establishing an agricultural social service system characterised by "farmer-linked, smart-service, and sustainable operations".

(3) Focusing on income generation and household prosperity, opening up two-way distribution channels for consumption-based assistance. Leveraging agricultural and sideline product fairs and exhibitions, the Company mobilised its subsidiaries and staff members to diligently implement consumption-based assistance measures, broaden sales channels for specialty agricultural products, and support stable production and income growth for local residents. During the first half of the year, the Company purchased over RMB1 million worth of agricultural and sideline products through consumption-assistance programmes.

(4) Focusing on care and compassion, continuing to safeguard the healthy growth of left-behind children. The Company organised a "Warm Hearts for June 1st, Protected by Love" micro-wish campaign, collecting and fulfilling 100 micro-wishes of left-behind children. By coordinating internal and external resources, it also sourced over 1,000 books of various kinds to enrich the libraries of schools in the paired assistance villages.

(5) Focusing on fostering new social customs, continuing to promote filial piety, respect for the elderly, and community welfare activities. On International Women's Day, the Company organised a "Women's Brilliance, Beautiful Countryside" fun activity, in which 36 women representatives from various villagers' groups participated. During the Dragon Boat Festival, it organised themed activities including group zongzi making, cultural performances, and a communal banquet, and distributed festive gifts to the elderly. A total of 200 villagers aged 70 and above took part in these activities.

SECTION IV CORPORATE GOVERNANCE, ENVIRONMENT AND SOCIETY (CONTINUED)

VI. SECURITIES TRANSACTIONS BY DIRECTORS

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

VII. CORPORATE GOVERNANCE CODE

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

VIII. OTHER DISCLOSURE

(1) Review by the Audit Committee

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

(2) Employee Remuneration Policy and Training of the Group

As at 30 June 2026, the Company had 6,953 employees. Remunerations for employees during the Reporting Period were RMB580 million. During the Reporting Period, the Company continuously improves its remuneration and performance policies at all levels, strictly implements the principle of "more efforts, more reward; better performance, better pay", and allocates incentive resources to core positions, core talents and high-value output teams. During the Reporting Period, the Company planned multi-tier and cross-system trainings for the staff, in order to improve the abilities and qualities of staff at various levels and functions, according to the need of their posts and the development of the Company, and organised technical, management, skilled operation and other trainings in a timely manner.

(3) Significant Event After the Reporting Period

Save as disclosed in this report, there are no any significant events after the Reporting Period that require disclosure.

SECTION V SIGNIFICANT EVENTS

I. FULFILLMENT OF UNDERTAKINGS

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

Background of undertaking	Type of undertaking	Party making undertaking	Content of undertaking	Time of undertaking	Is there any deadline for performance	Deadline of undertaking	Is the undertaking being fulfilled promptly and rigorously
Undertaking related to the initial public offering	Solutions to horizontal competition	The Company	Commencing from 11 January 2012, YTO (Luoyang) Machinery Equipment Company Limited is no longer engaged in the purchase, assembly and sale of agricultural machinery and equipment products other than the supporting sale of the agricultural machinery and equipment products which have been purchased or ordered. The Company and all of its controlled subsidiaries shall not engage in the processing, production or assembly of agricultural machinery and equipment, except for the supporting sale and relevant procurement.	10 January 2012	No	Long-term	Yes
	Solutions to horizontal competition	YTO	YTO will not engage in and will procure other enterprises controlled by it not to engage in the same or similar business of the Company to avoid direct or indirect competition with the Company's business operation. In addition, where YTO or other enterprises controlled by it may bring unfair impact on the Company in areas including market share, business opportunity and resource allocation, YTO will voluntarily give up and procure other enterprises controlled by it to give up business competition with the Company.	21 December 2010	No	Long-term	Yes

SECTION V SIGNIFICANT EVENTS (CONTINUED)

Background of undertaking	Type of undertaking	Party making undertaking	Content of undertaking	Time of undertaking	Is there any deadline for performance	Deadline of undertaking	Is the undertaking being fulfilled promptly and rigorously
	Solutions to horizontal competition	SINOMACH	SINOMACH will not engage in and will procure other enterprises controlled by it not to engage in the same or similar business of the Company to avoid direct or indirect competition with the Company's business operation. In addition, where SINOMACH or other enterprises controlled by it may bring unfair impact on the Company in areas including market share, business opportunity and resource allocation, SINOMACH will voluntarily give up and procure other enterprises controlled by it to give up business competition with the Company.	21 December 2010	No	Long-term	Yes
Undertakings related to refinancing	Others	YTO	YTO undertakes that it will not act beyond its powers to interfere with the Company's operating and management activities or infringe upon the Company's interests, will effectively promote the Company's effective implementation of the immediate return remedial measures according to the responsibility and authority, and effectively fulfill its undertakings and is willing to compensate the Company or investors in accordance with the law if there is any loss incurred due to breach of such undertakings.	23 April 2020	No	Long-term	Yes
	Others	SINOMACH	SINOMACH undertakes that it will not act beyond its powers to interfere with the Company's operating and management activities or infringe upon the Company's interests, will effectively promote the Company's effective implementation of the immediate return remedial measures according to the responsibility and authority, and effectively fulfill its undertakings and is willing to compensate the Company or investors in accordance with the law if there is any loss incurred due to breach of such undertakings.	23 April 2020	No	Long-term	Yes

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

SECTION V SIGNIFICANT EVENTS (CONTINUED)

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

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

III. IRREGULAR GUARANTEE ARRANGEMENTS

During the Reporting Period, the Company did not have any irregular guarantee arrangements.

IV. MATERIAL LITIGATION AND ARBITRATION

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

V. SUSPECTED NON-COMPLIANCE, PENALTIES AND RECTIFICATION BY THE LISTED COMPANY, ITS DIRECTORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDER AND ULTIMATE CONTROLLING PERSON

During the Reporting Period, there were no cases of non-compliance with laws and regulations, nor any penalties imposed, in respect of the Company, its directors, senior management, controlling shareholder or ultimate controlling person, and no rectification measures were required.

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

During the Reporting Period, the Company, its controlling shareholder and its de facto controller saw no situation of dishonesty of non-performance of court judgment or non-repayment of relatively large amount of debt when due, etc.

VII. MATERIAL CONNECTED TRANSACTIONS

(I) Connected Transactions Relating to Daily Operation

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

Summary	Search Index
The Company's subsidiary, Diesel Engine Company, conducted a public tender for the "Non-road National V Diesel Engine Industrialisation Project – Cylinder Block and Cylinder Head Automated Warehouse, Parts Automated Warehouse, and AGV Conveying System for Machining Lines". The tender was won by Beijing Crane Transport Machinery Design & Research Institute Co., Ltd., a wholly-owned subsidiary of China National Machinery Engineering Corporation (a subsidiary of SINOMACH). The transaction amount is RMB23 million.	First Tractor Announcement on Connected Transactions Arising from Public Tender (Lin 2026-02)
The Company conducted a public tender for the "Body Shop Painting Line Technical Transformation Project". The tender was won by China United Engineering Co., Ltd., a wholly-owned subsidiary of SINOMACH. The transaction amount is RMB71,196,390.	First Tractor Announcement on Connected Transactions Arising from Public Tender (Lin 2026-02)

Note: As the technical solutions involved in the projects require full refinement and confirmation, and certain preparatory work had not yet been completed during the Reporting Period, no transaction amount was incurred during the Reporting Period in respect of the above matters.

SECTION V SIGNIFICANT EVENTS (CONTINUED)

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

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

Unit: 0'000 Currency: RMB

No.	Title of agreement	Counterparty	Connected relationship	Details of the transaction	Pricing principle of the transaction	Estimated cap for transaction amount in 2026	Actual transaction amount from January to June 2026	Percentage of the transaction amount relative to similar transactions *(%)*
1	Material Procurement Agreement	YTO	Controlling shareholder	Purchase of (including, but not limited to) raw materials, other industrial equipment, components, spare parts and other necessities from YTO by the Company	(1) The market price of the independent third party; (2) Transaction prices for the same or similar products between YTO, SINOMACH and their subsidiaries and independent third parties, or transaction prices for the same or similar products between the Group and independent third parties; (3) Price (tax-inclusive) is determined according to the cost-plus method (i.e. price (tax-inclusive) = cost x (1+ markup percentage)), where the markup percentage is not more than 30%.	85,000	27,723	3.84
2	Sales of Goods Agreement	YTO	Controlling shareholder	Sale of (including, but not limited to) raw materials, components, equipment and other necessities by the Company to YTO	(1) The market price of the independent third party; (2) Transaction prices between the Group and independent third parties; (3) Price (tax-inclusive) is determined according to the cost-plus method (i.e. price (tax-inclusive) = cost x (1+ markup percentage)), where the markup percentage is not more than 30%.	36,000	11,973	1.52
3	Composite Services Agreement	YTO	Controlling shareholder	Provision of transportation, transportation ancillary services and processing and contracting services, plant area landscaping services, cleaning services, security services, logistics support services to the Company and its subsidiaries by YTO	(1) The market price of the independent third party; (2) the transaction price between YTO, its controlled companies and their associates with the independent third party; (3) Price (tax-inclusive) is determined according to the cost-plus method (i.e. price (tax-inclusive) = cost x (1+ markup percentage)), where the markup percentage is not more than 10%.	30,500	14,625	89.43

No.	Title of agreement	Counterparty	Connected relationship	Details of the transaction	Pricing principle of the transaction	Estimated cap for transaction amount in 2026	Actual transaction amount from January to June 2026	Percentage of the transaction amount relative to similar transactions (%)
4	Energy Procurement Agreement	YTO	Controlling shareholder	Provision of energy and related services to the Company and its subsidiaries by YTO	(1) Government guidance price; (2) Market price; (3) The transaction price between YTO and the independent third party; (4) Price (tax-inclusive) is determined according to markup percentage (i.e. price = cost x (1+ markup percentage)), where the markup percentage is not more than 16%.	27,000	11,281	98.20
5	Property Lease Agreement	YTO	Controlling shareholder	YTO leases land, buildings, water and electricity facilities, and auxiliary equipment to the Group	(1) Lease transaction prices between the lessor and independent third parties for similar properties at similar locations; (2) If the price is not available or comparable, rates will be negotiated by both parties on a fair basis with reference to market rents for similar properties in nearby areas.	2,600	1,209	81.75
6	Premise Lease Agreement	YTO	Controlling shareholder	YTO leases land, buildings, water and electricity facilities, and auxiliary equipment from the Group	(1) Lease transaction prices between the lessor and independent third parties for similar properties at similar locations; (2) If the price is not available or comparable, rates will be negotiated by both parties on a fair basis with reference to market rents for similar properties in nearby areas.	850	221	41.80
7	Research and Development Services Agreement	YTO, Tractor Research Company	Controlling shareholder and its related subsidiaries	Providing technical research and development, technical consultation, technical services and enterprise product technical inspection and testing related to tractors and other agricultural machinery and diesel engines and other power machinery related products, patent and standardisation technical support services to the Group	(1) Transaction prices for the same business between related parties and independent third parties, and service fees not higher than prices charged to independent third parties for such services (if any); (2) Prices composed of reasonable costs of services provided by related parties plus gross profit of comparable non-related transactions; (3) If the price is not available or applicable, prices will be determined through fair negotiation between both parties.	27,000	8,117	100.00
8	Technology Services Agreement	YTO	Controlling shareholder	The Group provides product research and development, production technology, process technology transformation, product quality improvement services and consultation, trial production of new products and key components, measurement services and measuring instrument testing services to related parties	(1) The transaction price between for the same business between the Group and third parties independent from related parties; (2) The price is determined at a reasonable cost for the services provided by the Grou, plus gross profit from comparable non-connected transactions; (3) If none of the above is available or applicable, the price is determined after arm's length negotiation between the parties.	950	91	14.65

SECTION V SIGNIFICANT EVENTS (CONTINUED)

No.	Title of agreement	Counterparty	Connected relationship	Details of the transaction	Pricing principle of the transaction	Estimated cap for transaction amount in 2026	Actual transaction amount from January to June 2026	Percentage of the transaction amount relative to similar transactions (%)
9	Financial Service Agreement	Sinomach Finance	Subsidiary of the de facto controller	Sinomach Finance provides deposit services to the Company and its subsidiaries in both local and foreign currencies, including but not limited to demand deposits, negotiated deposits, notice deposits, time deposits, etc.	Interest on all types of deposits of the Group with Sinomach Finance shall be calculated and paid on the basis of the benchmark interest rate for deposits of the corresponding terms and brackets and the floating range of interest rates announced by the People's Bank of China from time to time, which shall not be lower than the benchmark interest rate for deposits of the corresponding terms, brackets and types of the main independent commercial banks in the territory where the Group is located, and shall not be lower than the benchmark interest rate for deposits of the corresponding terms, brackets and types offered by Sinomach Finance to other members of the same credit standing, whichever is higher.	250,000	247,103	31.91
				SINOMACH Finance provides credit facilities to the Company and its subsidiaries, including but not limited to liquidity loans, fixed asset loans, buyer's credit, factoring of receivables, acceptance and discounting of bills, and credit facilities such as guarantees, letters of guarantee and letters of credit	In accordance with the relevant requirements of the market interest rate pricing self-regulatory mechanism, the Group shall charge interest on the loans obtained from Sinomach Finance on the basis of the quoted market interest rate for the loans, which shall not be higher than the interest rate for similar loans offered by major independent commercial banks in the territory where the Group is located, and shall not be higher than the interest rate for similar loans offered by Sinomach Finance to other members of the same credit standing, whichever is lower.	300,000	184,196	67.37
				Other financial services provided by Sinomach Finance to the Company and its subsidiaries, including but not limited to settlement and management of funds in local and foreign currencies, entrusted loans, entrusted investments, underwriting of corporate bonds, financial and financing consultancy, credit verification and related advisory and agency services, and other business as approved by the China Banking and Insurance Commission	(1) Sinomach Finance shall be exempt from charging the Group for the remittance of funds for the settlement of funds with Party B; (2) The fees charged by Sinomach Finance for all financial services other than deposits and loans provided by Sinomach Finance to the Group shall comply with the regulations of the People's Bank of China or the CBIRC for such types of services and shall not be higher than the standard of similar fees charged by major independent commercial banks in the territory where the Group is located during the same period, or the standard of similar fees charged by Sinomach Finance to other members of the same credit standing, whichever is lower.	1,000	64	41.78

1. For details of the above items 1-8 related party transactions, please refer to the "YTO Announcement on Continuing Connected Transactions for 2025-2027" and "YTO Announcement on Increasing the Estimated Annual Cap for Continuing Connected Transactions in respect of Research and Development Services Agreement for 2026" published by the Company on the website of the Shanghai Stock Exchange on 30 October 2024 and 29 April 2026 respectively, as well as "Continuing Connected Transactions" and "Revision of Existing Annual Cap of Continuing Connected Transactions for 2026 Under the Research and Development Services Agreement" published by the Company on the website of the Stock Exchange on 29 October 2024 and 28 April 2025 respectively, and related overseas regulatory announcements;

2. For details of the above item 9 related party transaction, please refer to the "YTO Announcement on Entering into Financial Services Agreement with Sinomach Finance Co., Ltd. for 2025-2027 and Connected Transaction" published by the Company on the website of the Shanghai Stock Exchange on 15 November 2024, as well as "Continuing Connected Transactions – Financial Services Agreement" published by the Company on the website of the Stock Exchange on 14 November 2024, and related overseas regulatory announcements.

On 25 August 2026, YTO International, a wholly-owned subsidiary of the Company, entered into the factoring business agreement (the "**Factoring Business Agreement**") with Sinomach Factoring, pursuant to which Sinomach Factoring agreed to provide factoring services to YTO International with respect to certain accounts receivable arising from YTO International's sale of goods to Sinomach Group.

The factoring arrangement is intended to fundamentally improve the cash collection mechanism for future sales, and the reasons are set out below.

From 2025 to now, YTO International has maintained commercial sales relationships with the 11 subsidiaries of Sinomach Group. Prior to entering into the Factoring Business Agreement, YTO International's sales of goods to the 11 subsidiaries of Sinomach Group were primarily settled by cash or bills of exchange. If payment of the purchase price was settled by bills of exchange, YTO International would only receive cash after the bills matured or became due.

Certain subsidiaries of Sinomach Group initiated discussions on an alternative settlement method through the factoring arrangement with the Group, while the other subsidiaries continue to settle their payables using cash or bills of exchange. Pursuant to the arrangement under the Factoring Business Agreement, for future sales of goods by YTO International to these subsidiaries of Sinomach Group, YTO International may assign the accounts receivable to Sinomach Factoring on an order-by-order basis and Sinomach Factoring will purchase those receivables and pay the cash without discount to YTO International upfront. YTO International delivers the goods upon receipt of such payment.

The Debtors will continue to settle the invoices and sign separate agreements with Sinomach Factoring on the terms of repayment, and the payment will be made directly to Sinomach Factoring. YTO International is not required to pay any service fees, financing interest or discount the accounts receivable under the arrangement.

SECTION V SIGNIFICANT EVENTS (CONTINUED)

Any amounts receivable from the Debtors that are not settled through the factoring arrangement will be settled in accordance with the original terms of the relevant underlying transactions.

The Board considers that the transactions contemplated under the Factoring Business Agreement constitute continuing connected transactions of the Company under the Listing Rules and are subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules, based on, among others, the following factors:

(a) in addition to sales of goods contracts, separate Factoring Business Agreement was entered into between YTO International, a wholly-owned subsidiary of the Company, and Sinomach Factoring, a connected person of the Company;

(b) the parties may enter into separate execution contracts for each of the specific transactions contemplated under the Factoring Business Agreement;

(c) the material terms of the Factoring Business Agreement include but not limited to: (i) the term is from 25 August 2026 to 31 December 2026; (ii) no service fees are charged to YTO International; (iii) the financing interest is borne by the Debtors pursuant to separate interest payment agreements; and (iv) the annual cap for the provision of factoring services for the year ending 31 December 2026 is RMB25 million;

(d) Sinomach Factoring is a wholly-owned subsidiary of Sinomach Capital Holdings Co., Ltd., which is in turn a controlled subsidiary of Sinomach. As Sinomach is the de facto controller of the Company, Sinomach Factoring is a connected person of the Company. The transactions contemplated under the Factoring Business Agreement therefore constitute continuing connected transactions of the Company under the Listing Rules; and

(e) The annual cap under the Factoring Business Agreement for the year ending 31 December 2026 is RMB25 million. As one or more applicable percentage ratios in respect of the annual cap are more than 0.1% but less than 5%, the transactions contemplated under the Factoring Business Agreement are subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

SECTION V SIGNIFICANT EVENTS (CONTINUED)

The annual cap under the Factoring Business Agreement has been determined based on, among others, the following factors:

(a) the sales amounts between YTO International and Sinomach Group of approximately RMB110 million in 2025 and approximately RMB69.75 million in the first half of 2026;

(b) the estimated sales volume and receivables amounts of certain subsidiaries of Sinomach Group that may adopt alternative factoring settlement method for 2026; and

(c) the expected sales amounts between YTO International and the two subsidiaries of Sinomach Group participating in the factoring arrangement, with reference to (i) their historical sales amounts (tax inclusive) of RMB36.13 million in 2025 and RMB27.98 million in the first half of 2026; and (ii) the expected sales growth to these two subsidiaries for the full year 2026, given the continued substantial growth of the Company's export business.

For details of such continuing connected transaction, please refer to the announcement of the Company dated 25 August 2026.

SECTION V SIGNIFICANT EVENTS (CONTINUED)

3. *Matters not Disclosed in the Provisional Announcements*

Unit: 0'000 Currency: RMB

Connected counterparty	Connected relationship	Type of the connected transaction	Details of the connected transaction	Pricing principle of the connected transaction	Estimated cap for transaction amount in 2025	Actual transaction amount from January to June 2025	Percentage of the transaction amount relative to similar transactions *(%)*
YTO	Controlling shareholder	Acceptance of the right to use the patent and trademark, etc.	YTO and its subsidiaries are permitted by the Company to use the Dongfanghong trademark and font size	(1) Fees are collected at a rate of 2‰ to 5‰ of the external sales revenue generated by products bearing the trademark; and (2) Fees are calculated based on the external sales revenue of entities using different font sizes, with the maximum charge not exceeding 5‰.	40	0	0
Luoyang Intelligent Agricultural Equipment Research Institute Co., Ltd.* (洛陽智能農業裝備研究院有限公司)	Related legal person	Lease from/to	The Company's controlling subsidiary Tractor Research Company leases powertrain transmission laboratory equipment from the related party	Based on total equipment investment (N) and equipment service life: Annual rent = (N – N × equipment residual value rate × present value factor of compound interest)/present value factor of annuity	376.31	161	92.39
SINOMACH Asset Management Co., Ltd.* (國機資產管理有限公司)	Wholly-owned subsidiary of the ultimate controlling shareholder	Receiving services	Provision of agency services at state-owned property rights exchange institutions and other value-added innovative services to the Company	Service fees are charged at a certain percentage of the transaction amount, varying according to the content of services rendered	60	5	100.00
Total				/	/	166	/
Details on return of large-sum sales					Nil		
Description of connected transactions					According to the relevant provisions of the Listing Rules of the Shanghai Stock Exchange and the Stock Exchange, the above pricing principle of connected transactions complies with the relevant provisions of the Listing Rules, and the amount does not meet the disclosure standards		

(II) Connected Transactions in Relation to Asset or Equity Acquisitions and Disposals

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

Nil

2. Matters Disclosed in the Provisional Announcements, but with Development or Changes in Subsequent Implementation

On 28 April 2026, the fourth meeting of the tenth session of Board convened by the Company considered and approved the Company's acquisition of a 39% equity interest in Heilongjiang Beidahuang Kenzheng Agricultural Machinery Equipment Co., Ltd.*（黑龍江北大荒墾徵農機裝備有限公司）held by Luoyang Intelligent Agricultural Equipment Research Institute Co., Ltd.*（洛陽智慧農業裝備研究院有限公司）by way of public listing. The transfer of the subject equity interests has been duly completed. Heilongjiang Beidahuang Kenzheng Agricultural Machinery Equipment Co., Ltd.* has become an associate company of First Tractor.

For details, please refer to the Announcement on Equity Investment and Connected Transaction and Announcement on the Progress of Equity Investment and Connected Transaction published by the Company on the website of the Shanghai Stock Exchange on 29 April 2026 and 19 May 2026.

3. Matters not Disclosed in the Provisional Announcements

Nil

SECTION V SIGNIFICANT EVENTS (CONTINUED)

(III) Material Connected Transactions for Joint External Investment

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

Summary	Search Index
All shareholders of Sinomach Finance intend to make proportional cash capital increase of RMB600 million, of which the Company will contribute RMB85.716 million. Upon completion of this capital increase, YTO's registered capital contribution to Sinomach Finance will increase from RMB250 million to RMB335.716 million, with shareholding proportion unchanged at 14.29%. The de facto controller of Sinomach Finance is SINOMACH, and other shareholders except the Company are SINOMACH and its subsidiaries. This transaction constitutes a connected transaction.	Announcement on Capital Increase in Sinomach Finance Co., Ltd. and Connected Transaction (Lin 2024-42)

In November 2024, the Company, together with other shareholders, made a pro-rata capital contribution to Sinomach Finance Co., Ltd. (the "Capital Increase") in the amount of RMB85.716 million. Upon completion of the Capital Increase, the Company's shareholding percentage in Sinoamch Finance remained unchanged at 14.29%. (For details, please refer to the Announcement on Capital Increase to Sinomach Finance Co., Ltd. and Connected Transaction published by the Company on the SSE website on 13 November 2024.)

As Sinomach Finance was required to comply with the relevant requirements of the competent financial regulatory authority, it became necessary to return the Capital Increase proceeds to the contributing shareholders. The Company received the refund of the Capital Increase proceeds of RMB85.716 million on 8 April 2026. Subsequently, in accordance with the arrangements for the Capital Increase, the Company re-paid the Capital Increase amount on 25 May 2026. As of the date of this report, the Capital Increase in respect of Sinomach Finance remains subject to the review and approval of the Beijing Regulatory Bureau of the National Financial Regulatory Administration.

2. Matters Disclosed in the Provisional Announcements, but with Development or Changes in Subsequent Implementation

Nil

3. Matters not Disclosed in the Provisional Announcements

Nil

(IV) Connected Debts and Liabilities

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

Nil

2. Matters Disclosed in the Provisional Announcements, but with Development or Changes in Subsequent Implementation

Nil

3. Matters not Disclosed in the Provisional Announcements

Unit: 0'000 Currency: RMB

Related Party	Relationship	Funds Provided to Related Party Beginning balance	Funds Provided to Related Party Amount incurred	Funds Provided to Related Party Ending balance	Funds Provided by Related Party to Listed Company Beginning balance	Funds Provided by Related Party to Listed Company Amount incurred	Funds Provided by Related Party to Listed Company Ending balance
YTO	Controlling shareholder				9,777	1,118	10,895
SINOMACH	De facto controller				20,000		20,000
Total					29,777	1,118	30,895
Reasons for formation of connected debts and liabilities	The Company's controlling shareholder YTO and de facto controller SINOMACH provided the state capital operating budget funds received through entrusted loans to the Company						
Impact of connected debts and liabilities on the operating results and financial position of the Company	/						

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

SECTION V SIGNIFICANT EVENTS (CONTINUED)

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

1. *Deposit Business*

Unit: 0'000 Currency: RMB

Related party	Connected relationship	Daily maximum deposit limit	Range of deposit interest rates	Beginning balance	Amount incurred in the current period: Total deposit amount in the current period	Amount incurred in the current period: Total withdrawal amount in the current period	Ending balance
Sinomach Finance	A company controlled by the de facto controller	25,000.00	0.05%-1.8%	241,921.81	3,863,746.34	3,860,019.54	245,648.62
Total	/	25,000.00	0.05%-1.8%	241,921.81	3,863,746.34	3,860,019.54	245,648.62

Note: The above table does not include the accrued interest receivables recognised during the Reporting Period.

2. *Loan Business*

Nil

3. *Grant of credit or other financial business*

Unit: 0'000 Currency: RMB

Related party	Connected relationship	Type of business	Actual amount incurred	Balance at the end of the Reporting Period
Sinomach Finance	A company controlled by the de facto controller	Bills acceptance	184,062.42	184,062.42
Sinomach Finance	A company controlled by the de facto controller	Letter of Guarantee	22.58	133.37

VIII. MATERIAL CONTRACTS AND THE PERFORMANCE THEREOF

(I) Custody, Contracting and Leasing

1. *Custody*

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

Explanation of custody

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

2. *Contracting*

Nil

3. *Leasing*

Nil

SECTION VI CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

I. CHANGES IN SHARE CAPITAL

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

II. SHAREHOLDERS INFORMATION

(I) Total number of shareholders

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

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

Unit: Share

Shareholdings of the top ten Shareholders (excluding Shares lent through refinancing)							
Name of Shareholder (full name)	Increase/decrease during the Reporting Period	Number of shares held as at the end of the Reporting Period	Percentage (%)	Number of Shares held subject to selling restrictions	Pledged, marked or frozen		Nature of Shareholder
					Status of Shares	Number	
YTO Group Corporation	0	548,485,853	48.81	0	Nil	/	State-owned legal person
HKSCC NOMINEES LIMITED *(Note 1)*	73,960	389,582,859	34.67	0	Unknown	/	Overseas Legal Person
Hong Kong Securities Clearing Company Limited *(Note 2)*	1,249,858	5,855,961	0.52	0	Unknown	/	Overseas Legal Person
Industrial and Commercial Bank of China Limited – BOCOM Schroders Trend Priority Mixed Fund	5,476,400	5,476,400	0.49	0	Unknown	/	Others
China Merchants Bank Co., Ltd.- BOCOM Schroders Qichen Mixed Securities Investment Fund	2,434,400	2,434,400	0.22	0	Unknown	/	Others
Industrial and Commercial Bank of China Limited – China Europe Potential Value Flexible Allocation Mixed Securities Investment Fund	2,252,500	2,252,500	0.20	0	Unknown	/	Others

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

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

Name of Shareholder (full name)	Increase/decrease during the Reporting Period	Number of shares held as at the end of the Reporting Period	Percentage (%)	Number of Shares held subject to selling restrictions	Pledged, marked or frozen		Nature of Shareholder
					Status of Shares	Number	
China CITIC Bank Corporation Limited – Bocom Schroder Ruiyuan 3-Year Open-ended Hybrid Securities Investment Fund	2,049,849	2,049,849	0.18	0	Unknown	/	Others
Bank of Communications Co., Ltd. - Lombarda China Jintong Flexible Allocation Mixed Fund	2,000,000	2,000,000	0.18	0	Unknown	/	Others
Bank of China Limited – China Merchants Quantitative Selected Stock Initiated Securities Investment Fund	1,869,700	1,869,700	0.17	0	Unknown	/	Others
Bank of China Limited – China Merchants CSI 1000 Index Enhanced Fund	1,378,100	1,378,100	0.12	0	Unknown	/	Others

Shareholdings of the top ten Shareholders without selling restrictions (excluding Shares lent through refinancing)

Name of Shareholder	Number of Shares that can be traded without selling restrictions	Number and class of Shares: Class	Number
YTO Group Corporation	548,485,853	Ordinary shares denominated in RMB	548,485,853
HKSCC NOMINEES LIMITED *(Note 1)*	38,958,285	Overseas listed foreign shares	38,958,285
Hong Kong Securities Clearing Company Limited *(Note 2)*	5,855,961	Ordinary shares denominated in RMB	5,855,961
Industrial and Commercial Bank of China Limited – BOCOM Schroders Trend Priority Mixed Fund	5,476,400	Ordinary shares denominated in RMB	5,476,400
China Merchants Bank Co., Ltd.– BOCOM Schroders Qichen Mixed Securities Investment Fund	2,434,400	Ordinary shares denominated in RMB	2,434,400
Industrial and Commercial Bank of China Limited – China Europe Potential Value Flexible Allocation Mixed Securities Investment Fund	2,252,500	Ordinary shares denominated in RMB	2,252,500
China CITIC Bank Corporation Limited – Bocom Schroder Ruiyuan 3-Year Open-ended Hybrid Securities Investment Fund	2,049,849	Ordinary shares denominated in RMB	2,049,849
Bank of Communications Co., Ltd. – Lombarda China Jintong Flexible Allocation Mixed Fund	2,000,000	Ordinary shares denominated in RMB	2,000,000
Bank of China Limited – China Merchants Quantitative Selected Stock Initiated Securities Investment Fund	1,869,700	Ordinary shares denominated in RMB	1,869,700
Bank of China Limited – China Merchants CSI 1000 Index Enhanced Fund	1,378,100	Ordinary shares denominated in RMB	1,378,100

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

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

Notes:

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

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

III. CHANGES IN CONTROLLING SHAREHOLDERS OR DE FACTO CONTROLLER

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

IV. INTERESTS AND SHORT POSITIONS OF DIRECTORS AND SENIOR MANAGEMENT

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

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

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

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

VI. INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

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

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

Notes:

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

2. SINOMACH holds 88.22% of the equity interests in YTO and is the controlling shareholder of YTO. Pursuant to the SFO, SINOMACH is deemed to be interested in the same shares of the Company as YTO, being 548,485,853 A Shares.

3. Pandanus Associates Inc. holds 100% equity interest in Pandanus Partners L.P., which in turn holds 48.83% equity interest in FIL Limited. FIL Limited indirectly holds a total of 27,258,000 H shares in the Company through multiple controlled corporations. Pursuant to the SFO, each of Pandanus Associates Inc., Pandanus Partners L.P. and FIL Limited is deemed to be interested in 27,258,000 H Shares.

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

VII. RELEVANT INFORMATION ON PREFERENCE SHARES

Nil

SECTION VII RELEVANT INFORMATION ON BONDS

The Company had no bonds during the Reporting Period.

SECTION VIII FINANCIAL STATEMENTS

1. FINANCIAL STATEMENTS

Consolidated Balance Sheet

30 June 2026

Prepared by: First Tractor Company Limited

Unit: Yuan Currency: RMB

Item	*Note*	30 June 2026	31 December 2025
Current assets:			
Monetary funds	VI. 1	**1,557,576,393.84**	1,911,543,550.84
Clearing settlement funds			
Lendings to banks and other financial institutions			
Financial assets held for trading	VI. 2	**850,203,623.38**	946,000,000.00
Derivative financial assets			
Bills receivable	VI. 3	**22,312,397.70**	43,549,626.18
Accounts receivable	VI. 4	**1,908,747,938.10**	326,784,073.62
Receivables financing	VI. 5	**167,906,354.99**	168,977,762.41
Prepayments	VI. 6	**200,209,136.93**	255,713,675.86
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance contract reserve receivable			
Other receivables	VI. 7	**98,973,524.23**	66,734,313.70
Including: Interest receivable			
Dividends receivable			
Financial assets purchased under agreements to resell			
Inventories	VI. 8	**998,343,109.63**	1,147,694,571.50
Including: Data resources			
Contract assets			
Assets held for sale			
Non-current assets due within one year	VI. 9	**948,692,582.21**	2,969,552,248.90
Other current assets	VI. 10	**428,247,541.40**	410,852,732.73
Total current assets		**7,181,212,602.41**	8,247,402,555.74

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

Consolidated Balance Sheet (Continued)

30 June 2026

Prepared by: First Tractor Company Limited

Unit: Yuan Currency: RMB

Item	*Note*	**30 June 2026**	31 December 2025
Non-current assets:			
Disbursement of loans and advances to customers			
Debt investments	VI. 11	**6,023,302,640.46**	2,839,788,030.21
Other debt investments			
Long-term receivables	VI. 12		
Long-term equity investments	VI. 13	**741,850,614.01**	705,852,151.75
Other equity instrument investments	VI. 14	**4,716,862.36**	4,716,862.36
Other non-current financial assets			
Investment properties			
Fixed assets	VI. 15	**2,079,157,337.12**	2,129,797,255.04
Construction in progress	VI. 16	**461,259,003.03**	324,531,669.03
Productive biological assets			
Oil and gas assets			
Right-of-use assets	VI. 17	**15,509,708.27**	26,810,495.19
Intangible assets	VI. 18	**621,864,541.53**	633,034,230.85
Including: Data resources			
Development expenditures			
Including: Data resources			
Goodwill	VI. 19		
Long-term unamortized expenses	VI. 20	**43,595,863.46**	44,090,049.49
Deferred income tax assets	VI. 21	**150,511,577.96**	141,514,116.62
Other non-current assets			
Total non-current assets		**10,141,768,148.20**	6,850,134,860.54
Total assets		**17,322,980,750.61**	15,097,537,416.28

Consolidated Balance Sheet (Continued)

30 June 2026

Prepared by: First Tractor Company Limited

Unit: Yuan Currency: RMB

Item	*Note*	**30 June 2026**	31 December 2025
Current liabilities:			
Short-term borrowings			
Borrowings from central bank			
Deposits from banks and other financial institutions			
Financial liabilities held for trading	VI. 23	**25,867.48**	
Derivative financial liabilities			
Bills payable	VI. 24	**2,472,864,500.24**	2,583,140,189.56
Accounts payable	VI. 25	**3,130,755,912.05**	1,824,615,662.08
Advances from customers	VI. 26	**77,680.73**	77,051.52
Contract liabilities	VI. 27	**175,296,617.30**	566,066,122.26
Financial assets sold under agreements to repurchase			
Customer deposits and interbank deposits			
Acting trading securities			
Acting underwriting securities			
Employee compensation payable	VI. 28	**101,408,228.18**	101,139,881.19
Taxes payable	VI. 29	**32,506,245.82**	25,455,101.09
Other payables	VI. 30	**725,381,277.56**	567,807,246.38
Including: Interest payable		**2,396,354.61**	1,922,870.72
Dividends payable		**85,832,080.28**	8,439,607.88
Fees and commissions payable			
Reinsurance accounts payable			
Liabilities held for sale			
Non-current liabilities due within one year	VI. 31	**22,117,491.38**	26,162,069.90
Other current liabilities	VI. 32	**935,595,146.27**	383,903,310.62
Total current liabilities		**7,596,028,967.01**	6,078,366,634.60

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

Consolidated Balance Sheet (Continued)

30 June 2026

Prepared by: First Tractor Company Limited

Unit: Yuan Currency: RMB

Item	*Note*	30 June 2026	31 December 2025
Non-current liabilities:			
Long-term borrowings	VI. 33	**563,552,735.92**	424,723,098.79
Bonds payable			
Including: Preference shares			
Perpetual bonds			
Lease liabilities	VI. 34	**1,411,323.33**	2,547,279.10
Long-term payables	VI. 35	**6,373,417.84**	7,183,513.97
Long-term employee compensation payable	VI. 36	**7,531,421.62**	18,526,825.11
Estimated liabilities	VI. 37	**1,962,613.99**	1,962,613.99
Deferred income	VI. 38	**231,170,896.92**	206,209,084.00
Deferred income tax liabilities	VI. 21	**110,235,865.60**	127,194,282.38
Other non-current liabilities			
Total non-current liabilities		**922,238,275.22**	788,346,697.34
Total liabilities		**8,518,267,242.23**	6,866,713,331.94
Owner's equity (or shareholders' equity)			
Paid-up capital (or share capital)	VI. 39	**1,123,645,275.00**	1,123,645,275.00
Other equity instruments			
Including: Preference shares			
Perpetual bonds			
Capital reserve	VI. 40	**2,655,849,996.00**	2,655,849,996.00
Less: Treasury shares			
Other comprehensive income	VI. 41	**-10,501,832.89**	-8,070,289.08
Special reserve	VI. 42	**11,999,011.31**	10,230,132.90
Surplus reserve	VI. 43	**849,363,512.81**	849,363,512.81
General risk reserve			
Retained earnings	VI. 44	**3,590,099,737.96**	3,029,686,803.68
Total equity attributable to owners (or shareholders) of the parent company		**8,220,455,700.19**	7,660,705,431.31
Non-controlling interest		**584,257,808.19**	570,118,653.03
Total owners' equity (or shareholders' equity)		**8,804,713,508.38**	8,230,824,084.34
Total liabilities and owners' equity (or shareholders' equity)		**17,322,980,750.61**	15,097,537,416.28

Legal representative: **Zhao Weilin** *Person in charge of accounting:* **Liu Bin** *Person in charge of the accounting firm:* **Jiang Jingyuan**

Balance Sheet of the Parent Company

30 June 2026

Prepared by: First Tractor Company Limited

Unit: Yuan Currency: RMB

Item	*Note*	**30 June 2026**	31 December 2025
Current assets:			
Monetary funds		**1,125,790,050.34**	339,953,138.89
Financial assets held for trading		**267,100,000.00**	372,000,000.00
Derivative financial assets			
Bills receivable		**4,888,705.10**	5,908,375.69
Accounts receivable	XVII. 1	**468,205,379.90**	193,210,258.22
Receivables financing		**292,425,076.05**	199,709,526.28
Prepayments		**174,156,236.97**	230,638,435.70
Other receivables	XVII. 2	**203,596,490.86**	217,250,365.75
Including: Interest receivable			
Dividends receivable		**76,808,376.96**	76,808,376.96
Inventories		**548,721,928.64**	619,317,922.71
Including: Data resources			
Contract assets			
Assets held for sale			
Non-current assets due within one year		**921,984,939.23**	2,942,714,233.85
Other current assets		**352,520,172.14**	311,711,275.82
Total current assets		**4,359,388,979.23**	5,432,413,532.91

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

Balance Sheet of the Parent Company (Continued)

30 June 2026

Prepared by: First Tractor Company Limited

Unit: Yuan Currency: RMB

Item	*Note*	30 June 2026	31 December 2025
Non-current assets:			
Debt investments		**5,935,892,666.44**	2,752,815,948.43
Other debt investments			
Long-term receivables			
Long-term equity investments	XVII. 3	**2,704,543,416.00**	2,668,790,319.02
Other equity instrument investments			
Other non-current financial assets			
Investment properties			
Fixed assets		**1,120,042,785.53**	1,161,975,036.29
Construction in progress		**230,670,990.04**	120,259,609.97
Productive biological assets			
Oil and gas assets			
Right-of-use assets		**11,003,580.44**	19,539,530.83
Intangible assets		**453,584,196.74**	460,313,467.23
Including: Data resources			
Development expenditures			
Including: Data resources			
Goodwill			
Long-term unamortized expenses		**30,258,575.23**	28,683,552.62
Deferred income tax assets		**57,634,660.50**	57,326,650.99
Other non-current assets			
Total non-current assets		**10,543,630,870.92**	7,269,704,115.38
Total assets		**14,903,019,850.15**	12,702,117,648.29

Balance Sheet of the Parent Company (Continued)

30 June 2026

Prepared by: First Tractor Company Limited

Unit: Yuan Currency: RMB

Item	*Note*	**30 June 2026**	31 December 2025
Current liabilities:			
Short-term borrowings			
Financial liabilities held for trading			
Derivative financial liabilities			
Bills payable		**1,477,967,338.41**	1,147,966,874.18
Accounts payable		**2,033,755,553.44**	1,093,340,951.15
Advances from customers		**77,680.73**	77,051.52
Contract liabilities		**269,227,508.41**	1,054,523,278.04
Employee compensation payable		**71,468,469.48**	70,159,699.75
Taxes payable		**6,975,698.45**	6,030,671.61
Other payables		**2,621,528,614.73**	1,289,026,049.98
Including: Interest payable			
Dividends payable		**77,392,472.40**	
Liabilities held for sale			
Non-current liabilities due within one year		**10,147,859.47**	17,424,809.81
Other current liabilities		**74,018,504.04**	147,874,066.38
Total current liabilities		**6,565,167,227.16**	4,826,423,452.42
Non-current liabilities:			
Long-term borrowings		**320,875,934.50**	265,950,000.00
Bonds payable			
Including: Preference shares			
Perpetual bonds			
Lease liabilities		**1,255,581.31**	2,496,538.55
Long-term payables			
Long-term employee compensation payable		**5,209,333.63**	13,006,799.44
Estimated liabilities		**1,962,613.99**	1,962,613.99
Deferred income		**188,003,095.51**	159,924,490.85
Deferred income tax liabilities		**25,215,537.07**	42,230,929.62
Other non-current liabilities			
Total non-current liabilities		**542,522,096.01**	485,571,372.45
Total liabilities		**7,107,689,323.17**	5,311,994,824.87

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

Balance Sheet of the Parent Company (Continued)

30 June 2026

Prepared by: First Tractor Company Limited

Unit: Yuan Currency: RMB

Item	*Note*	**30 June 2026**	31 December 2025
Owners' equity (or Shareholders' equity)			
Paid-up capital (share capital)		**1,123,645,275.00**	1,123,645,275.00
Other equity instruments			
Including: Preference shares			
Perpetual bonds			
Capital reserve		**2,561,176,415.62**	2,561,176,415.62
Less: Treasury shares			
Other comprehensive income			
Special reserve		**946,915.12**	
Surplus reserve		**774,870,228.98**	774,870,228.98
Retained earnings		**3,334,691,692.26**	2,930,430,903.82
Total owners' equity (or shareholders' equity)		**7,795,330,526.98**	7,390,122,823.42
Total liabilities and owners' equity (or shareholders' equity)		**14,903,019,850.15**	12,702,117,648.29

Legal representative: **Zhao Weilin** *Person in charge of accounting:* **Liu Bin** *Person in charge of the accounting firm:* **Jiang Jingyuan**

Consolidated Income Statement

January to June 2026

Prepared by: First Tractor Company Limited

Unit: Yuan Currency: RMB

Item	*Note*	January to June 2026	January to June 2025
I. Total operating revenue		**7,886,321,202.98**	6,927,648,409.53
Including: Operating revenue	VI. 45	**7,886,321,202.98**	6,927,648,409.53
Interest income			
Premium earned			
Fee and commission income			
II. Total operating costs		**7,042,965,364.97**	6,274,121,591.67
Including: Operating costs	VI. 45	**6,576,742,085.59**	5,817,044,256.05
Interest expenses			
Fee and commission expenses			
Surrenders			
Net claims expense			
Net provisions for insurance liabilities			
Payment of policyholders' dividend			
Reinsurance expense			
Taxes and surcharges	VI. 46	**28,247,223.95**	24,085,999.36
Selling expenses	VI. 47	**73,981,862.26**	70,827,270.31
Administrative expenses	VI. 48	**144,290,322.60**	150,832,303.15
R&D expenses	VI. 49	**217,845,369.94**	212,973,906.79
Financial expenses	VI. 50	**1,858,500.63**	-1,642,143.99
Including: Interest expenses		**4,901,941.58**	4,007,627.99
Interest income		**7,709,596.53**	11,435,625.85
Add: Other income	VI. 51	**68,182,975.63**	138,177,939.32
Investment income (loss to be listed with "-")	VI. 52	**83,214,895.49**	91,468,121.31
Including: Income from investment in associates and joint ventures		**16,269,001.26**	15,276,546.72
Gains from derecognition of financial assets at amortized cost			
Exchange gains (loss to be listed with "-")			
Net exposure hedging income (loss to be listed with "-")			
Income from changes in fair value (loss to be listed with "-")	VI. 53	**-95,822,244.10**	55,009,583.33
Credit impairment losses (loss to be listed with "-")	VI. 54	**-22,559,706.10**	-18,600,319.58
Asset impairment losses (loss to be listed with "-")	VI. 55	**6,107,223.18**	2,683,998.32
Income of assets disposal (loss to be listed with "-")	VI. 56	**138,116.68**	691,296.24

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

Consolidated Income Statement (Continued)

January to June 2026

Prepared by: First Tractor Company Limited

Unit: Yuan Currency: RMB

Item	*Note*	January to June 2026	January to June 2025
III. Operating profit (loss to be listed with "-")		**882,617,098.79**	922,957,436.80
Add: Non-operating revenue	VI. 57	**2,093,090.47**	18,454,718.57
Less: Non-operating expenses	VI. 58	**965,484.07**	2,654,232.53
IV. Total profit (total loss to be listed with "-")		**883,744,705.19**	938,757,922.84
Less: Income tax expense	VI. 59	**84,581,737.12**	105,891,969.15
V. Net profit (net loss to be listed with "-")		**799,162,968.07**	832,865,953.69
(I) Net profit from continuing operations (net loss to be listed with "-")			
1. Net profit from going concern (net loss to be listed with "-")		**799,162,968.07**	832,865,953.69
2. Net profit from discontinued operations (net loss to be listed with "-")			
(II) Net profit from discontinued operations (net loss to be listed with "-")			
1. Net profit attributable to shareholders of the parent company (net loss to be listed with "-")		**782,287,915.86**	769,035,441.61
2. Profit or loss attributable to minority shareholders (net loss to be listed with "-")		**16,875,052.21**	63,830,512.08
VI. Net after-tax amount of other comprehensive income		**-3,594,180.04**	2,060,530.01
(I) Net after-tax amount of other comprehensive income attributable to the owners of the parent company		**-2,431,543.81**	1,143,662.08
1. Other comprehensive income that cannot be reclassified into profit or loss			562,989.26
(1) Changes arising from re-measurement of the defined benefit plan			
(2) Other comprehensive income that cannot be reclassified into profit or loss under the equity method			562,989.26
(3) Changes in fair value of other equity instrument investments			
(4) Changes in fair value of the Company's credit risk			

Consolidated Income Statement (Continued)

January to June 2026

Prepared by: First Tractor Company Limited

Unit: Yuan Currency: RMB

Item	*Note*	**January to June 2026**	January to June 2025
2. Other comprehensive income reclassified into profit or loss		**-2,431,543.81**	580,672.82
(1) Other comprehensive income that can be reclassified into profit or loss under the equity method			
(2) Changes in fair value of other debt investments			
(3) The amount of financial assets reclassified into other comprehensive income			
(4) Provision for credit impairment of other debt investments			
(5) Cash flow hedging reserve (effective portion of profit or loss arising from cash flow hedging)			
(6) Differences in translation of foreign currency financial statements		**-2,431,543.81**	580,672.82
(7) Others			
(II) Net after-tax amount of other comprehensive income attributable to non-controlling interest		**-1,162,636.23**	916,867.93
VII. Total comprehensive income		**795,568,788.03**	834,926,483.70
(I) Total comprehensive income attributable to the owner of the parent company		**779,856,372.05**	770,179,103.69
(II) Total comprehensive income attributable to non-controlling interest		**15,712,415.98**	64,747,380.01
VIII. Earnings per share:			
(I) Basic earnings per share (yuan/share)		**0.6962**	0.6844
(II) Diluted earnings per share (yuan/share)		**0.6962**	0.6844

In an enterprise mergers under the same control in the current period, the net profit of the merged party before the merger is RMB0, and the net profit of the merged party in the previous period is RMB0.

Legal representative: **Zhao Weilin**　*Person in charge of accounting:* **Liu Bin**　*Person in charge of the accounting firm:* **Jiang Jingyuan**

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

Income Statement of the Parent Company

January to June 2026

Prepared by: First Tractor Company Limited

Unit: Yuan Currency: RMB

Item	Note	January to June 2026	January to June 2025
I. Operating revenue	XVII. 4	**6,246,166,395.99**	5,554,071,300.91
Less: Operating costs	XVII. 4	**5,324,936,997.54**	4,841,297,536.36
Taxes and surcharges		**12,077,843.45**	13,586,680.80
Selling expenses		**2,121,844.70**	1,895,982.88
Administrative expenses		**77,789,454.09**	79,620,912.52
R&D expenses		**150,023,545.63**	168,862,744.27
Financial expenses		**6,640,241.35**	6,123,435.57
Including: Interest expenses		**11,242,789.97**	13,772,083.10
Interest income		**5,810,121.16**	8,324,073.36
Add: Other income		**54,774,168.10**	72,356,179.96
Investment income (loss to be listed with "-")	XVII. 5	**85,946,781.74**	92,229,659.47
Including: Income from investment in associates and joint ventures		**15,960,635.98**	15,158,260.78
Gains from derecognition of financial assets at amortized cost			
Net exposure hedging income (loss to be listed with "-")			
Income from changes in fair value (loss to be listed with "-")		**-104,900,000.00**	16,009,583.33
Credit impairment losses (loss to be listed with "-")		**-19,497,939.71**	-5,036,633.68
Asset impairment losses (loss to be listed with "-")		**6,663,613.95**	-539,681.06
Income of assets disposal (loss to be listed with "-")		**165,556.39**	699,975.93
II. Operating profit (loss to be listed with "-")		**695,728,649.70**	618,403,092.46
Add: Non-operating revenue		**428,520.20**	12,114,967.69
Less: Non-operating expenses		**272,271.78**	2,523,634.47
III. Total profit (total loss to be listed with "-")		**695,884,898.12**	627,994,425.68
Less: Income tax expense		**69,749,128.10**	78,613,393.82
IV. Net profit (net loss to be listed with "-")		**626,135,770.02**	549,381,031.86
(I) Net profit from continuing operations (net loss to be listed with "-")		**626,135,770.02**	549,381,031.86
(II) Net profit from discontinued operations (net loss to be listed with "-")			

Income Statement of the Parent Company (Continued)

January to June 2026

Prepared by: First Tractor Company Limited

Unit: Yuan Currency: RMB

Item	*Note*	**January to June 2026**	January to June 2025
V. Net after-tax amount of other comprehensive income			562,989.26
(I) Other comprehensive income that cannot be reclassified into profit or loss			562,989.26
1. Changes arising from re-measurement of the defined benefit plan			
2. Other comprehensive income that cannot be reclassified into profit or loss under the equity method			562,989.26
3. Changes in fair value of other equity instrument investments			
4. Changes in fair value of the Company's credit risk			
(II) Other comprehensive income reclassified into profit or loss			
1. Other comprehensive income that can be reclassified into profit or loss under the equity method			
2. Changes in fair value of other debt investments			
3. The amount of financial assets reclassified into other comprehensive income			
4. Provision for credit impairment of other debt investments			
5. Cash flow hedging reserve (effective portion of profit or loss arising from cash flow hedging)			
6. Differences in translation of foreign currency financial statements			
7. Others			
VI. Total comprehensive income		**626,135,770.02**	549,944,021.12
VII. Earnings per share:			
(I) Basic earnings per share (RMB/share)			
(II) Diluted earnings per share (RMB/share)			

Legal representative:	*Person in charge of accounting:*	*Person in charge of the accounting firm:*
Zhao Weilin	**Liu Bin**	**Jiang Jingyuan**

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

Consolidated Cash Flow Statement

January to June 2026

Prepared by: First Tractor Company Limited

Unit: Yuan Currency: RMB

Item	Note	January to June 2026	January to June 2025
I. Cash flows from operating activities:			
Cash received from sales of goods and provision of services		**6,312,969,294.01**	5,217,451,680.99
Net increase in customer deposit and interbank deposit			
Net increase in borrowings from central bank			
Net increase in loans from other financial institutions			
Cash received from original insurance contract premium			
Net cash received from reinsurance business			
Net increase in deposits and investments from policyholders			
Cash received from interests, fees and commissions			
Net increase in deposits from banks and other financial institutions			
Net increase from repurchasing business funds			
Net cash received from acting trading securities			
Refunds of taxes and surcharges		**105,410,540.54**	186,589,062.85
Other cash received relating to operating activities	VI. 61	**174,612,776.22**	72,141,880.42
Subtotal of cash inflows from operating activities		**6,592,992,610.77**	5,476,182,624.26

Consolidated Cash Flow Statement (Continued)

January to June 2026

Prepared by: First Tractor Company Limited

Unit: Yuan Currency: RMB

Item	*Note*	**January to June 2026**	January to June 2025
Cash paid for purchase of goods and receiving of services		**4,630,928,452.35**	4,268,308,646.87
Net increase in loans and advances to customers			
Net increase in deposits in the central bank and other financial institutions			
Cash paid for compensation under original insurance contract			
Net increase in lendings to banks and other financial institutions			
Cash paid for interests, fees and commissions			
Cash paid for policyholders' dividend			
Cash paid to and on behalf of employees		**579,597,511.54**	564,272,126.08
Payments of taxes and surcharges		**171,382,162.24**	155,203,919.33
Other cash paid relating to operating activities	VI. 61	**150,191,547.90**	91,441,240.72
Subtotal of cash outflows from operating activities		**5,532,099,674.03**	5,079,225,933.00
Net cash flows from operating activities		**1,060,892,936.74**	396,956,691.26

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

Consolidated Cash Flow Statement (Continued)

January to June 2026

Prepared by: First Tractor Company Limited

Unit: Yuan Currency: RMB

Item	*Note*	**January to June 2026**	January to June 2025
II. Cash flows from investing activities:			
Cash received from the return of investments		**2,525,519,368.21**	515,991,435.79
Cash received from acquirement of investment income		**198,854,667.70**	13,981,477.54
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		**27,039,212.55**	1,873,167.54
Net cash received from disposal of subsidiaries and other business units			
Other cash received relating to investing activities			
Subtotal of cash inflows from investing activities		**2,751,413,248.46**	531,846,080.87
Cash paid to acquire fixed assets, intangible assets and other long-term assets		**162,383,183.47**	50,326,930.31
Cash paid to acquire investments		**3,885,728,298.58**	1,253,307,547.04
Net increase in pledged loans			
Net cash paid for the acquisition of subsidiaries and other business entities			
Other cash paid relating to investing activities			
Subtotal of cash outflows from investing activities		**4,048,111,482.05**	1,303,634,477.35
Net cash flows from investing activities		**-1,296,698,233.59**	-771,788,396.48

Consolidated Cash Flow Statement (Continued)

January to June 2026

Prepared by: First Tractor Company Limited

Unit: Yuan Currency: RMB

Item	Note	January to June 2026	January to June 2025
III. Cash flows from financing activities:			
Cash received from absorbing investments			
Including: Cash received by subsidiaries from non-controlling shareholders' investments			
Cash received from borrowings		**143,415,974.83**	
Other cash received relating to financing activities			
Subtotal of cash inflows from financing activities		**143,415,974.83**	
Cash paid for repayment of debts		**516,025.00**	354,000.00
Cash paid for distribution of dividends and profits or payment of interest		**149,957,206.29**	224,027,185.53
Including: Dividends and profits paid by subsidiaries to non-controlling shareholders		**1,646,824.92**	1,570,521.61
Other cash paid relating to financing activities	VI. 61	**12,385,366.44**	11,951,464.11
Subtotal of cash outflows from financing activities		**162,858,597.73**	236,332,649.64
Net cash flows from financing activities		**-19,442,622.90**	-236,332,649.64
IV. Effect of exchange rate changes on cash and cash equivalents		**-4,249,862.50**	1,704,677.20
V. Net increase in cash and cash equivalents	VI. 62	**-259,497,782.25**	-609,459,677.66
Add: Beginning balance of cash and cash equivalents	VI. 62	**1,333,492,655.01**	1,784,647,536.28
VI. Ending balance of cash and cash equivalents	VI. 62	**1,073,994,872.76**	1,175,187,858.62

Legal representative: **Zhao Weilin** *Person in charge of accounting:* **Liu Bin** *Person in charge of the accounting firm:* **Jiang Jingyuan**

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

Cash Flow Statement of the Parent Company

January to June 2026

Unit: Yuan Currency: RMB

Item	*Note*	**January to June 2026**	January to June 2025
I. Cash flows from operating activities:			
Cash received from sales of goods and provision of services		**4,265,039,835.21**	3,767,819,596.32
Refunds of taxes and surcharges		**63,101,369.06**	113,118,360.57
Other cash received relating to operating activities		**1,394,806,382.15**	1,681,610,545.84
Subtotal of cash inflows from operating activities		**5,722,947,586.42**	5,562,548,502.73
Cash paid for purchase of goods and receiving of services		**3,042,415,626.00**	2,971,868,279.63
Cash paid to and on behalf of employees		**343,915,079.53**	336,255,431.78
Payments of taxes and surcharges		**98,502,855.03**	84,949,586.21
Other cash paid relating to operating activities		**112,822,462.48**	332,121,980.56
Subtotal of cash outflows from operating activities		**3,597,656,023.04**	3,725,195,278.18
Net cash flows from operating activities		**2,125,291,563.38**	1,837,353,224.55

Cash Flow Statement of the Parent Company (Continued)

January to June 2026

Unit: Yuan Currency: RMB

Item	Note	January to June 2026	January to June 2025
II. Cash flows from investing activities:			
Cash received from the return of investments		**2,509,346,027.77**	500,365,466.80
Cash received from acquirement of investment income		**199,122,860.26**	13,649,693.85
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		**20,468,298.94**	1,733,611.74
Net cash received from disposal of subsidiaries and other business units			
Other cash received relating to investing activities			
Subtotal of cash inflows from investing activities		**2,728,937,186.97**	515,748,772.39
Cash paid to acquire fixed assets, intangible assets and other long-term assets		**101,989,457.95**	21,906,053.40
Cash paid to acquire investments		**3,869,792,461.00**	1,150,000,000.00
Net cash paid for the acquisition of subsidiaries and other business entities			
Other cash paid relating to investing activities			
Subtotal of cash outflows from investing activities		**3,971,781,918.95**	1,171,906,053.40
Net cash flows from investing activities		**-1,242,844,731.98**	-656,157,281.01

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

Cash Flow Statement of the Parent Company (Continued)

January to June 2026

Unit: Yuan Currency: RMB

Item	Note	January to June 2026	January to June 2025
III. Cash flows from financing activities:			
Cash received from absorbing investments			
Cash received from borrowings		**55,025,066.50**	
Other cash received relating to financing activities			
Subtotal of cash inflows from financing activities		**55,025,066.50**	
Cash paid for repayment of debts			
Cash paid for distribution of dividends and profits or payment of interest		**147,801,647.31**	223,007,997.25
Other cash paid relating to financing activities		**9,445,478.58**	8,870,166.59
Subtotal of cash outflows from financing activities		**157,247,125.89**	231,878,163.84
Net cash flows from financing activities		**-102,222,059.39**	-231,878,163.84
IV. Effect of exchange rate changes on cash and cash equivalents		**71,405.87**	-174.31
V. Net increase in cash and cash equivalents		**780,296,177.88**	949,317,605.39
Add: Beginning balance of cash and cash equivalents		**159,755,961.81**	83,399,540.34
VI. Ending balance of cash and cash equivalents		**940,052,139.69**	1,032,717,145.73

Legal representative: **Zhao Weilin** *Person in charge of accounting:* **Liu Bin** *Person in charge of the accounting firm:* **Jiang Jingyuan**

Consolidated Statement of Changes in Shareholders' Equity

January to June 2026

Prepared by: First Tractor Company Limited

Unit: Yuan Currency: RMB

Item	January to June 2026														
	Equity attributable to shareholders of the parent company														
	Paid-up capital (or share capital)	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk provision	Retained earnings	Others	Subtotal	Non-controlling interest	Total owners' equity
		Preference shares	Perpetual bonds	Others											
I. Ending balance of the previous year	1,123,645,275.00				2,655,849,996.00		-8,070,289.08	10,230,132.90	849,363,512.81		3,029,686,803.68		7,660,705,431.31	570,118,653.03	8,230,824,084.34
Add: Changes in accounting policies															
Correction of prior period errors															
Others															
II. Beginning balance of the current year	1,123,645,275.00				2,655,849,996.00		-8,070,289.08	10,230,132.90	849,363,512.81		3,029,686,803.68		7,660,705,431.31	570,118,653.03	8,230,824,084.34
III. Movements in the current period (decrease to be listed with "-")							-2,431,543.81	1,768,878.41			560,412,934.28		559,750,268.88	14,139,155.16	573,889,424.04
(I) Total comprehensive income							-2,431,543.81				782,287,915.86		779,856,372.05	15,712,415.98	795,568,788.03
(II) Capital invested and decreased by shareholders															
1. Common shares invested by shareholders															
2. Capital contributed by holders of other equity instruments															
3. Amount of share-based payment included in shareholders' equity															
4. Others															
(III) Profit distribution											-221,874,981.58		-221,874,981.58	-1,646,824.92	-223,521,806.50
1. Appropriation to surplus reserve															
2. Appropriation to general risk reserve															
3. Distribution to owners (or shareholders)											-221,874,981.58		-221,874,981.58	-1,646,824.92	-223,521,806.50
4. Others															
(IV) Internal carry-over of shareholders' equity															
1. Capital surplus transferred to share capital (or share capital)															
2. Surplus reserve transferred to share capital (or share capital)															
3. Surplus reserve to recover losses															
4. Retained earnings carried forward from changes in defined benefit plan															
5. Retained earnings carried forward from other comprehensive income															
6. Others															
(V) Special reserve								1,768,878.41					1,768,878.41	73,564.10	1,842,442.51
1. Appropriation in the current period								9,233,592.55					9,233,592.55	808,874.81	10,042,467.36
2. Use in the current period								7,464,714.14					7,464,714.14	735,310.71	8,200,024.85
(VI) Others															
IV. Ending balance of the current period	1,123,645,275.00				2,655,849,996.00		-10,501,832.89	11,999,011.31	849,363,512.81		3,590,099,737.96		8,220,455,700.19	584,257,808.19	8,804,713,508.38

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

Consolidated Statement of Changes in Shareholders' Equity (Continued)

January to June 2026

Unit: Yuan Currency: RMB

Item	January to June 2025														
	Equity attributable to shareholders of the parent company														
	Paid-up capital (or share capital)	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk provision	Retained earnings	Others	Subtotal	Non-controlling interest	Total owners' equity
		Preference shares	Perpetual bonds	Others											
I. Ending balance of the previous year	1,123,645,275.00				2,655,849,996.00		-13,151,228.80	9,145,661.53	784,242,879.53		2,695,974,750.86		7,255,707,334.12	522,564,327.40	7,778,271,661.52
Add: Changes in accounting policies															
Correction of prior period errors															
Others															
II. Beginning balance of the current year	1,123,645,275.00				2,655,849,996.00		-13,151,228.80	9,145,661.53	784,242,879.53		2,695,974,750.86		7,255,707,334.12	522,564,327.40	7,778,271,661.52
III. Movements in the current period (decrease to be listed with "-")							1,143,662.08	3,636,694.95			432,503,681.72		437,284,038.75	63,188,203.45	500,472,242.20
(I) Total comprehensive income							1,143,662.08				769,035,441.61		770,179,103.69	64,747,380.01	834,926,483.70
(II) Capital invested and decreased by shareholders															
1. Common shares invested by shareholders															
2. Capital contributed by holders of other equity instruments															
3. Amount of share-based payment included in shareholders' equity															
4. Others															
(III) Profit distribution											-336,531,759.89		-336,531,759.89	-1,570,521.61	-338,102,281.50
1. Appropriation to surplus reserve															
2. Appropriation to general risk reserve															
3. Distribution to owners (or shareholders)											-336,531,759.89		-336,531,759.89	-1,570,521.61	-338,102,281.50
4. Others															
(IV) Internal carry-over of shareholders' equity															
1. Capital surplus transferred to share capital (or share capital)															
2. Surplus reserve transferred to share capital (or share capital)															
3. Surplus reserve to recover losses															
4. Retained earnings carried forward from changes in defined benefit plan															
5. Retained earnings carried forward from other comprehensive income															
6. Others															
(V) Special reserve								3,636,694.95					3,636,694.95	11,345.05	3,648,040.00
1. Appropriation in the current period								10,211,155.04					10,211,155.04	826,879.39	11,038,034.43
2. Use in the current period								6,574,460.09					6,574,460.09	815,534.34	7,389,994.43
(VI) Others															
IV. Ending balance of the current period	1,123,645,275.00				2,655,849,996.00		-12,007,566.72	12,782,356.48	784,242,879.53		3,128,478,432.58		7,692,991,372.87	585,752,530.85	8,278,743,903.72

Legal representative: **Zhao Weilin**

Person in charge of accounting: **Liu Bin**

Person in charge of the accounting firm: **Jiang Jingyuan**

Statement of Changes in Shareholders' Equity of the Parent Company

January to June 2026

Unit: Yuan Currency: RMB

Item	January to June 2026										
	Paid-up capital (or share capital)	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total owners' equity
		Preference shares	Perpetual bonds	Others							
I. Ending balance of the previous year	1,123,645,275.00				2,561,176,415.62				774,870,228.98	2,930,430,903.82	7,390,122,823.42
Add: Changes in accounting policies											
Correction of prior period errors											
Others											
II. Beginning balance of the current year	1,123,645,275.00				2,561,176,415.62				774,870,228.98	2,930,430,903.82	7,390,122,823.42
III. Movements in the current period (decrease to be listed with "-")								946,915.12		404,260,788.44	405,207,703.56
(I) Total comprehensive income										626,135,770.02	626,135,770.02
(II) Capital invested and decreased by shareholders											
1. Invested capital of shareholders											
2. Capital contributed by holders of other equity instruments											
3. Amount of share-based payment included in shareholders' equity											
4. Others											
(III) Profit distribution										-221,874,981.58	-221,874,981.58
1. Appropriation to surplus reserve											
2. Distribution to owners (or shareholders)										-221,874,981.58	-221,874,981.58
3. Others											
(IV) Internal carry-over of shareholders' equity											
1. Capital surplus transferred to capital (or share capital)											
2. Surplus reserve transferred to capital (or share capital)											
3. Surplus reserve to recover losses											
4. Retained earnings carried forward from changes in defined benefit plan											
5. Retained earnings carried forward from other comprehensive income											
6. Others											
(V) Special reserve								946,915.12			946,915.12
1. Appropriation in the current period								4,688,788.20			4,688,788.20
2. Use in the current period								3,741,873.08			3,741,873.08
(VI) Others											
IV. Ending balance of the current period	1,123,645,275.00				2,561,176,415.62			946,915.12	774,870,228.98	3,334,691,692.26	7,795,330,526.98

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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

January to June 2026

Unit: Yuan Currency: RMB

	January to June 2025										
Item	Paid-up capital (or share capital)	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total owners' equity
		Preference shares	Perpetual bonds	Others							
I. Ending balance of the previous year	1,123,645,275.00				2,561,176,415.62		-242,038.45		709,749,595.70	2,757,465,978.51	7,151,795,226.38
Add: Changes in accounting policies											
Correction of prior period errors											
Others											
II. Beginning balance of the current year	1,123,645,275.00				2,561,176,415.62		-242,038.45		709,749,595.70	2,757,465,978.51	7,151,795,226.38
III. Movements in the current period (decrease to be listed with "-")							562,989.26	2,395,832.58		212,849,271.97	215,808,093.81
(I) Total comprehensive income							562,989.26			549,381,031.86	549,944,021.12
(II) Capital invested and decreased by shareholders											
1. Invested capital of shareholders											
2. Capital contributed by holders of other equity instruments											
3. Amount of share-based payment included in shareholders' equity											
4. Others											
(III) Profit distribution										-336,531,759.89	-336,531,759.89
1. Appropriation to surplus reserve											
2. Distribution to owners (or shareholders)										-336,531,759.89	-336,531,759.89
3. Others											
(IV) Internal carry-over of shareholders' equity											
1. Capital surplus transferred to capital (or share capital)											
2. Surplus reserve transferred to capital (or share capital)											
3. Surplus reserve to recover losses											
4. Retained earnings carried forward from changes in defined benefit plan											
5. Retained earnings carried forward from other comprehensive income											
6. Others											
(V) Special reserve								2,395,832.58			2,395,832.58
1. Appropriation in the current period								4,913,873.13			4,913,873.13
2. Use in the current period								2,518,040.55			2,518,040.55
(VI) Others											
IV. Ending balance of the current period	1,123,645,275.00				2,561,176,415.62		320,950.81	2,395,832.58	709,749,595.70	2,970,315,250.48	7,367,603,320.19

Legal representative: **Zhao Weilin** *Person in charge of accounting:* **Liu Bin** *Person in charge of the accounting firm:* **Jiang Jingyuan**

II. COMPANY PROFILE

First Tractor Company Limited (hereinafter referred to as the Company, including its subsidiaries, collectively referred to as the Group) is a limited liability company established in the People's Republic of China on 8 May 1997. The Company acquired the main tractor manufacturing business and related assets and liabilities of China YTO Group Corporation (hereinafter referred to as China YTO) in accordance with the reorganization plan effective on 31 December 1996. The net asset value is RMB636,346,000.00, which is converted into 450,000,000 state-owned legal person shares. Subsequently, the Company was approved to issue 335,000,000 H shares (par value of RMB1 per share) in Hong Kong, and the registered capital and paid-in capital of the Company were increased to RMB785,000,000.00. The H shares issued by the Company were listed on the Stock Exchange of Hong Kong Limited (Hong Kong Stock Exchange) on 23 June 1997. On 24 October 2007, the Company allotted 60,900,000 H shares at HKD3.95 per share. After the allotment, the registered capital and paid-in capital of the Company increased to RMB845,900,000.00. On 27 July 2012, with the approval of ZJXK [2012] No. 736 Document of China Securities Regulatory Commission, the Company publicly issued not more than 150,000,000 ordinary shares in RMB, and the actual issued shares were 150,000,000 shares at an issue price of RMB5.40 per share. All the issuance funds were in place on 1 August 2012, and the Company was officially listed for trading on Shanghai Stock Exchange on 8 August 2012. The registered capital and paid-in capital of the Company were increased to RMB995,900,000.00.

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

In January 2021, after the Company received the Reply on Approving the Private Placement of Shares by First Tractor Company Limited from China Securities Regulatory Commission, China YTO increased the capital of the Company by RMB694,178,644.67, of which RMB137,795,275.00 was included in the share capital and RMB556,383,369.67 was included in the share premium of the capital reserve.

After the distribution of bonus shares, placement of new shares, conversion to share capital, issuance of new shares, share repurchase, etc., over the years, as of 30 June 2026, the Company has a total share capital of 1,123,645,275 shares and registered capital of RMB1,123,645,275.00.

The Group operates in the agricultural machinery manufacturing industry, and its business scope mainly includes manufacturing and selling agricultural machinery and power machinery.

The parent company of the Company is China YTO, and the ultimate controller is China National Machinery Industry Corporation (hereinafter referred to as Sinomach). Both are registered in China.

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

III. BASIS OF PREPARATION FOR FINANCIAL STATEMENTS

1. Preparation basis

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

2. Going concern

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

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

The financial statements prepared by the Company conform to the requirements of the Accounting Standards for Business Enterprises and truly and completely reflect the Company's and the Group's relevant information, including the financial position as of 30 June 2026, and the operating results and cash flows for January to June 2026.

2. Accounting period

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

3. Business cycle

The business cycle of the Group is 12 months.

4. Bookkeeping currency

YTO Belarus Technology Co., Ltd., a subsidiary of the Company, uses BYN as its bookkeeping currency; Yitwo Argo Industrial uses XOF as its bookkeeping currency. Brilliance China Machinery Holdings Ltd. uses USD as its bookkeeping currency. Except for the above companies, the Company and other subsidiaries use RMB as their bookkeeping currency.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

5. Method and basis for determination of materiality

The Group follows the principle of materiality in preparing and disclosing financial statements. Disclosures in the Notes to the Financial Statements involving the determination of materiality and the method and basis for determination of materiality are as follows:

Disclosures involving the determination of materiality	Method and basis for determination of materiality
Write-off of significant receivables in the current period	Receivables with an amount exceeding RMB1 million
Significant construction in progress	Construction in progress with a single-asset investment budget exceeding RMB40 million
Significant payables aged over one year or overdue	Any payable with an amount accounting for more than 0.5% of the book value of payables and with its book value greater than RMB10 million
Significant contract liabilities aged over one year or overdue	Any contract liabilities with an amount accounting for more than 2% of the book value of contract liabilities and with its book value greater than RMB10 million
Significant overdue unpaid interest	Significant overdue unpaid interest with an amount exceeding RMB5 million
Significant other payables aged over 1 year or overdue	Any other payables with an amount accounting for more than 2% of the book value of other payables and with its book value greater than RMB10 million
Significant cash flows from investing activities	Any investment cash flow of all equity investments or with an amount accounting for over 3.5% of total assets
Significant non-wholly-owned subsidiaries	Any non-wholly-owned subsidiary with its income, net profit, net assets, or total assets accounting for more than 5% of the corresponding items attributable to the shareholder in the consolidated statements of the Group
Significant associates or joint ventures	Any associate or joint venture with investment cost in a single company accounting for more than 1% of its total assets
Significant contingencies/events after the balance sheet date/other significant matters	Significant contingencies/events after the balance sheet date/other significant matters with an amount exceeding RMB2 million

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

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

The assets and liabilities acquired by the Group, as the combining party, from the business combination under common control should be measured based on the carrying amount in the ultimate controller's consolidated statements of the combined party on the combination date. The difference between the carrying amount of the net assets acquired and that of the paid combination consideration shall be used to adjust the capital reserve. Where the capital reserve is insufficient for offsetting, retained earnings shall be adjusted.

The identifiable assets, liabilities and contingent liabilities acquired from the acquiree in the business combination not under common control are measured at fair value on the acquisition date. The combination cost is the sum of fair value of cash or non-cash assets paid, liabilities issued or assumed, equity securities issued, etc. on the acquisition date for obtaining the control of the acquiree and various direct expenses in business combination (in the business combination realized step by step through several transactions, the combination cost is the sum of the cost for each single transaction). The excess of the cost of the combination over the Group's fair value of the identifiable net assets of the acquiree obtained by the Group in the combination shall be recognized as goodwill; if the combination cost is less than the fair value of the identifiable net assets of the acquiree obtained in the combination, the fair value of various identifiable assets, liabilities and contingent liabilities obtained in the combination and the fair value of non-cash assets or equity securities issued in the consideration of combination shall be re-checked first. If the rechecked combination cost is still less than the fair value of identifiable net assets of the acquiree obtained in the combination, the balance shall be included in consolidated current non-operating revenue.

7. Determination of control and preparation of consolidated financial statements

The consolidation scope of the Group's consolidated financial statements is determined on a control basis, including the Company and all subsidiaries under the Company's control, which further includes divisible parts in enterprises and investees, and structured entities under their control. The Group's criterion for identifying control is that the Group has the power over the investee, and can enjoy variable returns through participating in related activities of the investee and is able to influence the amount of return with the power over the investee.

In preparing the consolidated financial statements, where the accounting policy or accounting period adopted by subsidiaries is inconsistent with that adopted by the Company, the financial statements of subsidiaries shall be adjusted according to the accounting policy or accounting period of the Company.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

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

All material internal transactions, balance, and unrealized profits within the scope of consolidation shall be eliminated during the preparation of consolidated financial statements. Shares in owners' equity of subsidiaries but not attributable to the parent company, net profit or loss for the current period, other comprehensive income, and shares attributable to non-controlling interests in total comprehensive income shall be listed in consolidated financial statements as "Non-controlling equity, non-controlling interest, other comprehensive income attributed to non-controlling shareholders and total comprehensive income attributed to non-controlling shareholders" respectively.

For subsidiaries acquired in the business combination under common control, their operating results and cash flows are included in the consolidated financial statements from the beginning of the current period of the combination. During the preparation of comparative consolidated financial statements, relevant items of the financial statements of the previous year shall be adjusted. It shall be deemed that the reporting entity formed after the combination has existed since the beginning of control by the ultimate controller.

Under the circumstance that the equity of the investee is obtained under the common control through multiple transactions step by step, which results in a business combination, supplementary disclosure to treatment methods in consolidated financial statements shall be made in the Reporting Period for acquiring the control. For example, if equity of the investee under the common control is obtained step by step through several transactions, which results in a business combination, such equity shall be adjusted in the preparation of consolidated financial statements as if it might have existed as the current state from the time when the ultimate controller takes control. When preparing comparative accounts, relevant assets and liabilities of the acquiree are included in comparative accounts of consolidated financial statements of the Group according to the restriction that the time above shall be later than the time when the Group and the acquiree are under the common control of the ultimate controller, moreover, increased net assets resulting from the combination are adjusted as relevant items under owners' equity. In order to avoid repeated calculation of value of net assets of the combined party, the long-term equity investments held by the Group before the combination is achieved, the changes in relevant profit or loss, other comprehensive income and other net assets that have been recognized in the period from the later date, when the long-term equity investments are acquired and when the Group and the combined party are under the final control of the same party, to the combination date, shall respectively be applied to write down the beginning retained earnings and current profit or loss during the period of comparative statement.

As for subsidiaries acquired by business combination not under common control, operating results and cash flows shall be incorporated into consolidated financial statements from the date when the Group takes control. In preparing the consolidated financial statements, the financial statements of the subsidiaries are adjusted based on the fair value of all identifiable assets, liabilities, and contingent liabilities recognized on the acquisition date.

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

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

Under the circumstance that the equity of the investee is obtained not under common control through multiple transactions step by step, which results in a business combination, supplementary disclosure to treatment methods in consolidated financial statements shall be made in the Reporting Period for acquiring the control. For instance, under the circumstance that the business combination is realized not under common control through multiple transactions step by step, the equity of the Acquiree obtained before the acquisition date shall be recalculated by the fair value of the equity on the acquisition date when preparing the consolidated financial statements, with the balance between the fair value and its carrying amount included into the current investment income; if relevant equity of the Acquiree held before the acquisition date involves other comprehensive income calculated under the equity method and other change of the owner's equity except for net profits and losses, other comprehensive income and profit allocation, the relevant other comprehensive income and other change of owners' equity shall be transferred into the profit or loss in investment during the period of the acquisition date, except other comprehensive income arising out from that the investee remeasures change of the net liabilities or net assets of the defined benefit plan.

In the situation where the Group partially disposes of long-term equity investments in subsidiaries without losing controls, in the consolidated financial statements, the difference between the disposal price and the share of net assets enjoyed correspondingly in the subsidiaries, measured constantly since the acquisition date or combination date corresponding to the disposed long-term equity investments, shall be adjusted to capital premium or share premium. If the capital reserve is insufficient to offset, the retained earnings shall be adjusted.

Where control over the investee is lost due to the disposal of partial equity investment of the Group or other reasons, the residual equity will be recalculated based on the fair value thereof on the day the control is lost when preparing the consolidated financial statements. The balance between the sum of consideration acquired from disposal of equity interest and the fair value of the residual equity interest and the share of net assets enjoyed correspondingly in the original subsidiaries measured constantly based on the original shareholding proportion from the acquisition date or combination date shall be recognized as the profit or loss on investment of the period at the loss of control and the goodwill shall be offset. Other comprehensive income in connection with equity investment of the original subsidiaries shall be transferred to the profit or loss on investment of the period at the loss of control.

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

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

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

9. Recognition criteria for cash and cash equivalents

Cash shown in the cash flow statement of the Group refers to both cash on hand and the deposit held in bank available for payment at any time. Cash equivalent in the cash flow statement refers to the investment with a term of not more than 3 months and high liquidity, and is easily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

10. Foreign currency transactions and translation of foreign currency statements

(1) Foreign currency transactions

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

(2) Translation of foreign currency financial statements

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

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Financial instruments

(1) Recognition and derecognition of financial instruments

When the Group becomes a party to a financial instrument contract, the Group recognizes a financial asset or a financial liability.

The financial assets (or any part thereof or any part of a group of similar financial assets) are derecognized, i.e., written off from their accounts and balance sheets when 1) the right to receive the cash flow of the financial assets expired; or 2) the right to receive the cash flow of the financial assets has been transferred, or an obligation to pay the collected cash flow to a third party in full and on time has been undertaken under the "passing agreement", in each case almost all risks and rewards related to the ownership of financial assets are substantially transferred, or although almost all risks and rewards related to the ownership are neither transferred nor retained in substance, the control over such financial assets is waived.

If the financial liabilities have been fulfilled, canceled, or expired, the financial liabilities shall be derecognized. If the existing financial liability is replaced by another one with almost completely different terms by the same creditor, or almost all the terms of the existing liability are substantially modified, such replacement or modification shall be treated as derecognition of the original liability and recognition of a new liability, and the difference shall be included in the current profit or loss.

Financial assets sold and purchased conventionally are subject to recognition and derecognition according to accounting on the transaction date.

(2) Classification and measurement of financial assets

At initial recognition, according to the Group's business model of financial assets management and the contractual cash flow characteristics of financial assets, the Group classifies financial assets into financial assets measured at amortized cost, financial assets at FVTOCI, and financial assets at FVTPL. The Group reclassifies all affected financial assets only when changing the business model of financial assets management.

When judging the business model, the Group considers the way the company evaluates and reports to key management personnel the performance of financial assets, the risks affecting the performance of these financial assets and their management methods, as well as the way relevant business management personnel are paid. In evaluating whether its objective is to collect contractual cash flows, the Group needs to analyze and judge the reasons, time, frequency, and value of selling financial assets before the maturity date.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Financial instruments (Continued)

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

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

At the time of initial recognition, financial assets are measured at fair value. However, if the accounts receivable or bills receivable arising from selling goods or providing services do not contain a material financing component or do not consider the financing component of not more than one year, such financial assets are initially measured at transaction price.

For financial assets measured at FVTPL, related transaction expenses shall be directly included in the current profit or loss; the related transaction expenses of other financial assets shall be included in the initial recognition amount.

Subsequent measurement of financial assets depends on their classification:

1) Financial assets measured at amortized cost

Financial assets that meet the following conditions simultaneously are classified as the financial assets measured at amortized cost: (1) the business model of the financial assets management takes the collection of contractual cash flow as the objective. (2) The contract terms of the financial assets stipulate that the cash flow generated on a specific date is only the payment of the principal and the interest based on the outstanding principal amount. The Group's financial assets under this classification mainly include monetary funds, accounts receivable, bills receivable, other receivables, other current assets, and debt investments.

2) Debt instrument investments at FVTOCI

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

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Financial instruments (Continued)

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

3) Equity instrument investments measured at FVTOCI

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

4) Financial assets at FVTPL

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

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

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

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Financial instruments (Continued)

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

Subsequent measurement of financial liabilities depends on their classification:

1) *Financial liabilities measured at amortized cost*

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

2) *Financial liabilities at FVTPL*

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

(4) Impairment of financial instruments

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

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

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Financial instruments (Continued)

(4) Impairment of financial instruments (Continued)

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

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

1) Impairment test method of receivables and contract assets

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

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

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Financial instruments (Continued)

(4) Impairment of financial instruments (Continued)

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

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

Based on the ageing of accounts receivable and contract assets, guarantee, geographical location of the counterparty, nature of payment, credit risk exposure, historical payment collection, and other information, the Group divides the portfolio according to the similarity and correlation of credit risk characteristics. For receivables and contract assets, the Group judges ageing and counterparty relationship as the main influencing factors of their credit risk. Therefore, the Group evaluates its expected credit losses based on ageing portfolio and counterparty relationship.

The Group starts to calculate the ageing of accounts receivable and contract assets according to the time point of revenue recognition.

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

Portfolio according to credit risk characteristics	**Expected loss provision ratio (%)**
Ageing portfolio	Accrual according to the estimated loss rate in the whole duration
Including: Domestic business customers	Loss rate estimated based on ageing credit risk feature portfolio
International business customers	Loss rate estimated based on ageing credit risk feature portfolio, excluding trade receivables covered by guarantees such as Sinosure
Receivables with mortgage and pledge guarantee	The balance after netting of the recoverable value of collateral from the original value is taken as the expected credit loss of risk exposure

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Financial instruments (Continued)

(4) Impairment of financial instruments (Continued)

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

(2) Portfolio category and determination basis of bills receivable

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

(3) Portfolio category and determination basis of other receivables

Other receivables of the Group mainly include deposits and security deposits receivable, and employee pretty cash receivable. According to the nature of receivables and the credit risk characteristics of different counterparties, the Group divides other receivables into 3 portfolios: ageing portfolio, low-risk portfolio, and collateral exposure portfolio. Loss provisions are made based on the expected loss rate in accordance with the Group's accounts receivable policy.

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

The Group adopts the general method (three-phase method) to accrue expected credit loss for financial assets other than those measured by the above-mentioned simplified measurement method, such as other receivables, receivables financing, other current assets, other non-current assets, receivables containing material financing components, debt investments, and other debt investments. The Group evaluates whether the credit risks have increased significantly since the initial recognition on each balance sheet date. If not, it is in Phase I, and the Group shall measure the loss provisions according to the amount equivalent to the expected credit loss in the coming 12 months, and calculate the interest income according to the book value and the actual interest rate; If the credit risks have increased significantly since the initial recognition but no credit impairment has occurred, it is in Phase II, and the Group shall measure the loss provision according to the expected credit loss in the whole duration, and calculate the interest income according to the book value and the actual interest rate; If credit impairment occurs after initial recognition, it is in Phase III, and the Group shall measure the loss provisions according to the amount equivalent to the expected credit loss in the whole duration, and calculate the interest income according to the amortized cost and the actual interest rate. For financial instruments with low credit risk on the balance sheet date, the Group assumes that the credit risk has not increased significantly since the initial recognition.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Financial instruments (Continued)

(4) Impairment of financial instruments (Continued)

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

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

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

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

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

If the entire transfer of the financial assets meets derecognition conditions, the difference between the carrying amount of transferred financial asset on the date of derecognition and the sum of consideration received from the transfer and the amount originally included in other comprehensive income directly and that the accumulative amount of change in fair value corresponds to the derecognized part shall be included in the current profit or loss.

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Financial instruments (Continued)

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

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

In case of further involvement through providing a financial guarantee for transferred financial assets, the assets formed by further involvement shall be recognized by the carrying amount and financial guarantee amount of financial assets, whichever is lower. The amount of financial guarantee refers to the highest amount required to be repaid among the consideration received.

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

The Group distinguishes financial liabilities and equity instruments according to the following principles: 1) If the Group fails to unconditionally perform one contract obligation by delivering cash or other financial assets, the contract obligation satisfies the definition of financial liabilities. While some financial instruments do not expressly include the terms and conditions for the obligation to deliver cash or other financial assets, it is possible to form contract obligations indirectly through other terms and conditions. 2) If one financial instrument must or can be settled by the Group's own equity instruments, the Group's own equity instruments used for settling such instruments shall be considered as a substitute of cash or other financial assets, or as residual equity in the issuer's assets that the instrument holder enjoys after deducting all the liabilities. If it is the former one, this instrument is the financial liabilities of the Issuer. If it is the latter, the instrument is the equity instrument of the Issuer. Under certain circumstances, a financial instrument contract requires that the Group must or may settle the financial instrument with its own equity instruments, where the amount of contract rights or contract obligations is equal to the number of own equity instruments available or to be delivered multiplied by the fair value upon its settlement. In this case, regardless of whether the amount of the contract right or obligation is a fixed value or changes based in whole or in part on changes in variables other than the market price of the Group's own equity instruments, the contract is classified as financial liabilities.

When classifying a financial instrument in the consolidated financial statements, the Group takes into consideration all the terms and conditions agreed between members of the Group and holders of financial instruments. If the Group as a whole has assumed the obligation to deliver cash, other financial assets, or settle it by other means of rendering the instrument a financial liability, the instrument should be classified as a financial liability.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Financial instruments (Continued)

(7) Derivative financial instruments

Derivative financial instruments are initially measured at the fair value on the date of signing the derivative transaction contract, and subsequently measured at their fair values. Derivative financial instruments with positive fair value are recognized as an asset, and derivative financial instruments with negative fair value are recognized as a debt.

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

(8) Measurement of fair value

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

If the assets and liabilities are measured or disclosed at fair value in financial statements, the level to which the fair value belongs shall be determined based on the lowest level input that is significant for the whole fair value measurement: the inputs for Level 1 are the unadjusted quotation of identical assets or liabilities in the active market which can be obtained on the measurement date; the inputs for Level 2 are the inputs directly or indirectly observable for relevant assets or liabilities other than those for Level 1; the inputs for Level 3 are the inputs that are unobservable for relevant assets or liabilities.

(9) Offset of financial assets and financial liabilities

Financial assets and financial liabilities of the Group shall be presented separately in the balance sheet and not be mutually offset. However, the net amount is presented in the balance sheet after being offset, when the following conditions are met at the same time: 1) The Group has a legal right to offset the recognized amount and that such legal rights are currently enforceable; 2) The Group plans to settle by the net amount or sell off financial assets and liquidate the financial liabilities at the same time.

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

12. Inventories

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

The purchased and shipped inventories shall be valued according to the predetermined planned cost, and a separate "Material Cost Variance" account shall be set up to carry forward the difference between the actual cost and the planned cost on schedule. The cost of the sent and balanced inventories shall be adjusted to the actual cost by the weighted average method at the end of the period.

For merchandise inventories directly for selling such as finished products, commodities in stocks and materials for selling, the net realizable value shall be recognized at the amount of the estimated selling price less estimated selling expenses and relevant taxes; for material inventories to be processed, the net realizable value shall be recognized at the amount of the estimated selling price of the finished products less estimated cost incurred till completion of production, estimated selling expenses and relevant taxes; for inventories held for implementing sales contract or labor service contract, the net realizable value shall be calculated based on the contract price and if the quantity of inventories held is greater than the ordered quantity of the sales contract, the net realizable value of the excess part shall be calculated based on the general selling price. During the end of the period, provision for inventory impairment is accrued according to individual inventory items; however, for inventories with large quantity and low unit price, provision for inventory impairment shall be accrued according to inventory type; for inventories that are related to product series produced and sold in the same region, have the same or similar end use or purpose, and are difficult to be measured separately from other items, the provision for inventory impairment shall be accrued together. If the influencing factors of the previous write-down of inventory value have disappeared, the write-down amount shall be restored and shall be reversed within the original provision for inventory impairment. And the reversed amount shall be included in the current profit or loss.

Perpetual inventory system is adopted for inventories.

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

13. Contract assets

Contract assets refer to the Group's right to receive consideration for the goods it has transferred to customers, and the right depends on other factors, excluding the passage of time. If the Group sells two clearly distinguishable commodities to the customer, due to the delivery of one of the commodities, it has the right to receive payment, but the collection of such payment shall also depend on the delivery of the other commodity, the Group shall have the right to receive such payment as the contract assets.

For details of the determination method and accounting treatment methods for expected credit loss of contract assets, please refer to the relevant contents of the said Note IV. 11. (4) Impairment of financial instruments.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

14. Long-term equity investments

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

The Group judges the common control based on the point that all the participants or group of participants collectively control the arrangement, and that the policies for the activities related to the arrangement must be agreed upon by participants who collectively control the arrangement.

It is generally considered that the Group, when holding, directly or through subsidiaries, more than 20% but less than 50% of the voting rights of the investee, has a material influence on the investee. The Group, if holding less than 20% of the voting right of the investee, may have a material influence on the investee in consideration of facts and situations that the Group sends representatives to the Board of Directors or similar organs of authorities of the investee, participates in financial and operation policy-making of the investee, has significant transactions with the investee, sends management personnel to the investee, or provides critical technical information for the investee.

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

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

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

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

14. Long-term equity investments (Continued)

As to equity interest of the investee not under common control acquired step-by-step through multiple transactions and a business combination finally completed, the method for handling the cost of long-term equity investments in the financial statements of the parent company shall be complementarily disclosed during the Reporting Period in which the control is obtained. For instance, as to the equity of the investee not under common control acquired step-by-step through multiple transactions and a business combination finally completed, which belongs to a package deal, the Group performs accounting treatment by regarding all transactions as a transaction for acquiring control power. If it is not a package deal, the sum of carrying amount of equity investment originally held and new investment cost is taken as the initial investment amount calculated by the cost method. If the equity interest originally held before the acquisition date is calculated by the equity method, relevant other comprehensive income originally figured out by the equity method is temporarily not adjusted and will be subject to accounting treatment when disposing the investment, on the same basis as that adopted by the investee entity for directly handling related assets or liabilities. If the equity held before the acquisition date is non-trading equity instruments that are designated by the Group to be measured at FVTOCI, the accumulated changes in fair value originally included in other comprehensive income shall not be transferred into current profit or loss.

Apart from aforementioned long-term equity investments acquired through business combination, as to long-term equity investments acquired by cash payment, the actually paid amount is taken as investment cost; as to long-term equity investments acquired through issuing equity securities, the fair value of the issued equity securities is taken as the investment cost; as to long-term equity investments invested by investors, the value specified in investment contract or agreement is taken as the investment cost.

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

For long-term equity investments subsequently calculated by the cost method, when more investments are added, the carrying amount of the long-term equity investment costs is increased based on the fair value of the cost paid for added investments and related transaction expenses. Cash dividend or profit declared by the investee are recognized as current investment income in proportion to the entitled share.

For long-term equity investments subsequently measured by the equity method, the carrying amount of the long-term equity investments shall be accordingly increased or decreased as the owners' equity of the investee changes. Wherein, the Group shall, when recognizing the shares of the net losses of the investee that shall be enjoyed by the Group, calculate the portion attributed to the Group based on the fair value of each identifiable asset of the investee upon acquisition in accordance with the shareholding ratio by offsetting profit or loss of unrealized internal transactions incurred between the joint venture and associate, then recognize the net profits of the investee after adjustment.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

14. Long-term equity investments (Continued)

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

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

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

Various transactions of the Group from step-by-step equity disposal to loss of controlling power do not belong to the package deal, and every transaction is separately subject to accounting treatment. Any transaction categorized as package deal is subject to the accounting treatment oriented for subsidiary disposal and loss of controlling power. However, before the loss of controlling power, the difference between the disposal price and carrying amount of long-term equity investments of the corresponding disposed equity interest for every transaction is recognized as other comprehensive income, which is not transferred into current profit or loss until the controlling power is lost.

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

15. Investment properties

Investment properties of the Group refer to the properties held for earning rents or capital appreciation, or both, including houses and buildings that have already been rented, and these properties are measured by cost model.

The Group's investment properties shall be depreciated or amortized by the straight-line method. The estimated useful life, net residual rate, and annual rate of depreciation (amortization) of various investment properties refer to those of fixed assets.

16. Fixed assets

(1) Confirmation conditions

The economic benefits pertinent to the fixed asset are likely to flow into the enterprise, and the cost of the fixed asset can be measured reliably. Fixed assets of the Group include plant and buildings, machinery equipment, transportation facility, office and electronic equipment.

(2) Depreciation method

Except for the fully depreciated fixed assets that are still in use and the land that is separately valuated and recorded, all the fixed assets of the Group shall be depreciated. Straight line method shall be adopted for calculating depreciation. The category, depreciation life, estimated net residual rate and depreciation rate of the fixed assets of the Group are as follows:

No.	Category	Depreciation method	Depreciable life *(year)*	Estimated residual *(%)*	Annual depreciation *(%)*
1	Land assets	–	Long term	–	–
2	Houses and buildings	Straight-line method	10-30	5-10	3.00-9.50
3	Machinery equipment	Straight-line method	10-14	5-10	6.40-9.50
4	Transportation facilities	Straight-line method	8-12	5-10	7.50-11.90
5	Office and electronic equipment	Straight-line method	5-8	5-10	11.30-19.00
6	Others	Straight-line method	5-14	5-10	6.40-19.00

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

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

17. Construction in progress

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

18. Borrowing costs

The borrowing costs directly belonging to fixed assets, investment properties and inventories that require more than one year of acquisition or construction to be ready for intended use or selling shall be capitalized when the expenditures of the assets and the borrowing costs incurred and acquisition or construction activities necessary for making the assets ready for intended use or selling begin. When the assets meeting the capitalization requirements acquired or constructed are ready for use or selling, the capitalization shall be terminated, and the borrowing costs incurred subsequently shall be included in current profit or loss. If assets eligible for capitalization are suddenly suspended in acquisition or construction or production for more than three months continuously, the capitalization of borrowing costs shall be suspended until the restart of acquisition or construction and production activities of the assets.

The actually incurred interest costs of special borrowings in the current period shall be capitalized after the interest income from unused borrowings deposited in banks or investment income from temporary investment of unused borrowings is deducted. The capitalized amount of general borrowings shall be obtained by multiplying the weighted average of the excess of the accumulated asset expenditures over the asset expenditures of special borrowings by the capitalization rate of general borrowings used. The capitalization rate shall be calculated and determined based on the weighted average interest rate of the general borrowings.

19. Intangible assets

(1) Useful life and the basis for determination, estimation, amortisation method review procedures

The intangible assets of the Group include land use right, patented technology, non-patented technology, software and trademark right, etc., which shall be measured at actual cost when being obtained; wherein, for the intangible assets purchased, price actually paid and related other expenditure shall be deemed as actual cost; for the intangible assets invested by the investor, value agreed in accordance with investment contract or agreement is recognized as actual cost, except value agreed in the contract or agreement is unfair, in such case, the actual cost shall be recognized at fair value.

The land use right shall be averagely amortized according to the transfer period from the start date of transfer. Intangible assets of software and exclusive rights shall be averagely amortized within the period of economic benefits. The amortized amounts shall be included in the relevant asset costs and current profit or loss according to beneficiaries. The estimated useful life and the amortization method of intangible assets with limited useful life shall be reviewed at the end of each year. If a change occurs, it shall be treated as a change in accounting estimates.

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

19. Intangible assets (Continued)

(1) Useful life and the basis for determination, estimation, amortisation method, by review procedures (Continued)

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

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

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

The collection scope of R&D expenses of the Group includes remuneration of R&D personnel, direct investment expenses, depreciation and unamortized expenses, design expenses, equipment commissioning expenses, entrusted external R&D expenses, and other expenses. All R&D expenses of the Group this period are expensed and included in current R&D expenses.

20. Impairment of long-term assets

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

The Group determines whether there is any sign of possible impairment for the long-term assets on the balance sheet date. If there is any sign of possible impairment for the long-term assets, the Company will estimate the recoverable amount on single asset basis. If the recoverable amount of the single asset is hard to estimate, it shall be determined by the asset group to which it belongs.

The recoverable amount of the assets is estimated based on the net amount calculated by deduction of disposal fees from the fair value of the assets, or the present value of expected future cash flow of the assets, whichever is higher. Where the recoverable amount of long-term assets is lower than the carrying amount according to the measurement of recoverable amount, their carrying amount shall be written down to the recoverable amount, and the write-down amount shall be recognized as asset impairment loss and included in current profit or loss. Simultaneously, the provision for impairment of assets shall be drawn accordingly. Once confirmed, the asset impairment loss shall not be reversed in future accounting periods.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

20. Impairment of long-term assets (Continued)

After the asset impairment loss is recognized, the depreciation or amortization charges of the impaired assets shall be adjusted accordingly in the future to enable systematic amortization of the adjusted carrying amount of assets (deducting the expected net residual value) in the remaining useful life.

Impairment tests shall be conducted on goodwill formed in business combination and intangible assets with uncertain useful life every year no matter whether there is any sign of impairment.

In conducting the impairment test for goodwill, the carrying amount of goodwill shall be amortized to the asset portfolio groups or portfolio of asset groups that are expected to benefit from the synergy of business combination. When conducting impairment tests on the related asset groups or portfolios of asset groups that contain goodwill, if there are indications of impairment, test the asset groups or portfolios of asset groups that do not contain goodwill first, calculate the recoverable amount, and compare it with the related carrying amount to confirm the corresponding impairment loss. Then, the asset groups or portfolios of asset groups including goodwill are tested for impairment. Comparing the carrying amount (including the carrying amount of goodwill amortized) of the related asset groups or portfolios of asset groups and their recoverable amounts, where the recoverable amount of relevant asset groups or portfolio of asset groups is lower than its carrying amount, an impairment loss is recognized for goodwill.

21. Long-term unamortized expenses

The Group's long-term unamortized expenses include mold amortization and maintenance expenses. Such expenses shall be equally amortized in the benefit period. If the long-term unamortized expense items will not benefit the future accounting period, the amortized value of unamortized items shall all be transferred to the current profit or loss. The amortization period of molds is 3-10 years, and the amortization period of maintenance expenses is 2-10 years.

22. Contract liabilities

The contract liabilities reflect the Group's obligations to transfer commodities to the customer due to customer consideration received or receivable. If the customer has paid the contract consideration or the Group has obtained the right to receive the contract consideration unconditionally before the transfer of the commodities to the customer, the contract liabilities shall be confirmed according to the amount received or receivable at the earlier time between the customer actually makes the payment and payment due.

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

23. Employee compensation

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

(1) Accounting treatment methods for short-term compensations

Short-term compensations mainly include: salary, bonus, allowances and subsidies; welfare expenses; medical insurance premiums, employment injury insurance premiums, birth insurance premiums and other social insurance premiums; housing provident fund; labor union expenditure and employee education fund; short-term compensated absences; short-term profit sharing plan; non-monetary welfare and other short-term compensations. During the accounting period when employees provide services, the actual short-term compensation is recognized as liabilities and included in the current profit or loss or relevant asset costs according to the beneficiaries.

(2) Accounting treatment methods for post-employment benefits

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

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

23. Employee compensation(Continued)

(3) Accounting treatment methods for dismissal welfare

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

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

Other long-term benefits refer to all employee compensation except for short-term benefits, post-employment benefits, and dismissal welfare, including long-term compensated absences, long-term disability welfare, long-term profit sharing plan, etc. Other long-term employee welfare provided by the Group to employees that meet the conditions of defined contribution plan, the accounting shall be treated by the provisions of the above defined contribution plan. Net liabilities or assets of other long-term employee welfare provided by the Group to employees and satisfying conditions of the defined benefit plan shall be recognized and measured by the provisions of the defined benefit plan. At the end of the Reporting Period, the Group recognizes employee compensation cost generated from other long-term employee welfare as the following components: service cost; net interest amount of net liabilities or assets of other long-term employee welfare; changes generated from remeasurement of net liabilities or assets of other long-term employee welfare. The total net amount shall be included in current profit or loss or relevant asset cost.

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

24. Estimated liabilities

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

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

25. Revenue

The Group's operating revenue mainly includes domestic sales revenue, export revenue and others.

(1) General principles for revenue recognition:

The Group has fulfilled its performance obligations of the contract, meaning it recognizes the revenue when the customer has obtained the control of the relevant commodities or services.

If the contract contains two or more performance obligations, the Group shall, at the beginning of the contract, apportion the transaction price to each performance obligation according to the relative proportion of the individual selling price of the commodities or services promised by each performance obligation, and measure the revenue according to the transaction price apportioned to each performance obligation.

The transaction price is the amount of consideration that the Group is expected to be entitled to receive for the transfer of goods or services to the customer, excluding payments received on behalf of third parties. The transaction price recognized by the Group shall not exceed the amount of accumulative confirmed revenue that will most likely not be materially reversed when the relevant uncertainty is removed. The amount expected to be refunded to the customer shall not be included in the transaction price as a liability. Where there is a material financing component in the contract, the Group shall determine the transaction price on the basis of the amount payable in cash, assuming that the customer acquired control of the goods or services. The difference between the transaction price and the contract consideration shall be amortized over the contract period using the effective interest method. At the commencement time of the contract, if the Group expects that the interval between the customer's acquisition of control over goods or services and the payment of the price by the customer will not exceed one year, the material financing component existing in the contract would not be considered.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

25. Revenue (Continued)

(1) General principles for revenue recognition: (Continued)

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

1) The customer obtains and consumes the economic benefits brought by the Group while performing the contract.

2) The customer can control the goods under construction during the Group's performance.

3) The goods generated during the performance of the Group are irreplaceable, and the Group is entitled to collect the amount for the performance accumulatively completed so far throughout the term of the Contract.

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

For performance obligations performed at a certain time point, the Group shall confirm the revenue at the time point when the customer gains controls of the relevant commodities or services. In determining whether a customer has obtained the controls of the goods or services, the Group shall take the following indications into consideration:

1) The Group enjoys the current collection right in regard to such goods or services.

2) The Group has transferred the legal ownership of such goods to the customer.

3) The Group has transferred the physical goods to the customer.

4) The Group has transferred the main risk and rewards of such goods in terms of ownership to the customer.

5) The customer has accepted such goods or services, etc.

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

25. Revenue (Continued)

(1) General principles for revenue recognition: (Continued)

The right that the Group has the right to collect the consideration because it has transferred such goods or services to the customer shall be presented as the contract asset, and the contract assets take the expected credit loss as the base to make the impairment. The Group's unconditional right to collect consideration from customers shall be presented as receivables. The Group's obligations to transfer goods or services to the customer due to customer consideration received or receivable shall be presented as the contract liabilities.

(2) Specific principles for revenue recognition

1) Timing of revenue recognition

(1) Domestic sales revenue

Domestic sales revenue mainly refers to the revenue obtained from the sales of agricultural machinery and related products by the Group. When the relevant evidence of customer's signature for confirmation is obtained according to the contractual stipulations, the Group completes the contract performance obligation and recognizes the revenue.

(2) Sales revenue from export

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

(3) Trade revenue

The trade business engaged in by the Group is to transfer control of goods to customers after obtaining it from a third party. During the transaction process, the Group assumes the main responsibility for transferring goods to customers, bears inventory risks, and has the right to decide the price of the traded goods independently. The Group's identity in the transaction is the principal responsible person, and it recognizes trade revenue according to the total consideration that the Group is expected to be entitled to receive as agreed in the contract.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

25. Revenue (Continued)

(2) Specific principles for revenue recognition (Continued)

1) Timing of revenue recognition (Continued)

(4) Revenue from abalienating the right to use assets

When the economic benefits related to the transaction are likely to flow into the enterprise, and the amount of revenue can be measured reliably, the amount of revenue from transferring the right to use assets shall be recognized. The Group's revenue from abalienating the right to use assets mainly refers to the revenue from renting sites and houses, which shall be calculated and determined in accordance with the billing period and method specified in relevant contracts or agreements.

2) Determination of transaction price

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

3) Measurement quality assurance

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

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

26. Contract costs

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

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

If the contract performance cost, namely, the cost incurred by the Group for the implementation of the contract, is not in the scope of the accounting standards for other enterprises and simultaneously meets the following conditions, it shall be recognized as an asset as the contract performance cost: the cost is directly related to a current or anticipated contract, including direct labor, direct materials, manufacturing costs (or similar costs), costs clearly borne by the customer, and other costs incurred solely as a result of the contract; the cost increases the Group's resources for future using for performance of obligations; and the cost is expected to be recovered.

Contract acquisition cost, namely, the incremental cost incurred by the Group for the acquisition of the contract and expected to be recovered, shall be recognized as an asset. If the amortization period of the asset does not exceed one year, it is included in the current profit or loss when it occurs. Incremental cost refers to the cost (such as sales commissions) that would not have occurred if the Group had not obtained the contract. Other expenses incurred by the Group for the acquisition of the contract, excluding the incremental costs expected to be recovered (such as the travel expenses incurred regardless of whether or not the contract is obtained), are included in the current profit or loss when it occurs, however, except for costs clearly borne by the customer.

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

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

(3) *Impairment of assets related to contract costs*

When determining the impairment losses of assets related to contract costs, the Group shall first determine the impairment losses of other assets recognized in accordance with the accounting standards of other relevant enterprises and related to the contract; and then, if its carrying amount exceeds the difference between the remaining consideration the Group expects to receive from transferring the goods associated with that asset, and the estimated costs that will be incurred to transfer those goods, an impairment loss shall be recognized for the excess amount and recorded as an impairment loss on assets.

If the factors for impairment in previous periods change after that, so that the aforesaid difference is higher than the carrying amount of the asset, the original provision for bad debts of assets shall be reversed and included in the current profit or loss, but the carrying amount of the asset after reversal shall not exceed the carrying amount of the asset on the reversal date assuming no provision for impairment is made.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

27. Government subsidies

Government subsidies refer to monetary or non-monetary assets acquired by the Group from the government for free. The government subsidies shall be recognized when all the attached conditions can be satisfied and the government subsidies can be received by the Group.

If the government subsidy is a monetary asset, it shall be measured according to the amount actually received. For subsidies appropriated according to fixed quota standards, or when at the end of the period, there is conclusive evidence that the relevant conditions stipulated in the financial support policy can be met and the financial support funds are expected to be received, such government subsidies shall be measured in accordance with the amount receivable; If government subsidies are non-monetary assets, they shall be measured at fair value. If the fair value cannot be obtained reliably, the government subsidies shall be measured according to the nominal amount (RMB1).

Government subsidies of the Group fall into asset-related government subsidies and revenue-related government subsidies. The asset-related government subsidies refer to those obtained by the Group and used for the acquisition or construction of long-term assets or the obtainment of such assets in other forms. The revenue-related government subsidies refer to those other than the asset-related government subsidies. If no assistance object is specified in the government documents, the Group shall determine it based on the above identifying principles. For those hard to be identified, classify them totally in the revenue-related government subsidies.

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

The revenue-related government subsidies shall be recognized as deferred income and included into the current profit or loss when recognizing the related expenses or losses if they are used for compensating the subsequent related expenses or losses of the enterprise; should they be used for compensating the related expenses or losses that have incurred, they shall be directly included into the current profit or loss upon acquisition.

The government subsidies related to the daily activities of the enterprise shall be included in other income; and the government subsidies irrelevant to the daily activities of the enterprise shall be included in non-operating revenue and expense.

Government subsidies related to policy-based preferential loan discount shall offset related borrowing costs; for loans with policy-based preferential interest rate provided by the lending bank, the actually received loan amount shall be taken as the entry value of the loan. When the recognized government subsidies of the relevant loan costs need to be returned according to the loan principal and the policy-based preferential interest rate, the carrying amount of the assets shall be adjusted if the government subsidies are used to offset the carrying amount of the relevant assets at the time of initial recognition; If deferred income is concerned, the government subsidies shall offset against the book value of the deferred income, and the excess shall be included in current profit or loss; If there is no deferred income concerned, they shall be directly included in the current profit or loss.

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

28. Deferred income tax assets/deferred income tax liabilities

Deferred income tax assets and deferred income tax liabilities of the Group shall be recognized by calculating the difference (temporary difference) between the tax base and the carrying amount thereof. For the deductible loss of taxable income that can be deducted in future years as specified by tax laws, corresponding deferred income tax assets shall be recognized. For the temporary difference from the initial recognition of goodwill, relevant deferred income tax liabilities shall not be recognized. For the temporary difference with respect to the initial recognition of assets or liabilities incurred in the transaction which is not a business combination and the occurrence of which has no impact on the accounting profit and the taxable income (or deductible losses), relevant deferred income tax assets and deferred income tax liabilities shall not be recognized. Deferred income tax assets and deferred income tax liabilities shall be measured at the applicable tax rate during the anticipated period for recovering such assets or paying off such liabilities on the balance sheet date.

The deferred income tax assets shall be recognized to the extent of the future taxable income likely to be obtained for deducting deductible temporary difference, deductible loss, and tax deduction by the Group.

29. Lease

(1) Identification of lease

On the commencement date of a contract, the Group evaluates whether the contract is a lease or includes a lease. Where a party to a contract transfers the right to control the use of one or more identified assets for a certain period of time in return for consideration, the contract is a lease or includes a lease. If the contract includes multiple separate leases at the same time, the lessee and the lessor will split the contract and carry out accounting treatment for each separate lease.

(2) The Group as the lessee

1) Recognition of lease

In addition to short-term leases and low-value asset leases, at the commencement date of the lease term, the Group recognizes the right-of-use asset and lease liabilities for the lease.

The right-of-use asset refers to the right of the Group as the lessee to use the leased asset during the lease term and is initially measured at cost. The cost includes: (1) initial measurement amount of lease liabilities; (2) lease payment paid on or before the commencement date of the lease term less the amount related to the enjoyed lease incentive; (3) initial direct cost incurred; and (4) costs expected to be incurred for dismantling and removing the leased asset, restoring the site where the leased asset is located or restoring the leased asset to the state agreed in the leasing terms (except those incurred for the production of inventory). If the Group remeasures the lease liabilities in accordance with the relevant provisions of the leasing standards, the carrying amount of the right-of-use asset shall be adjusted accordingly.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

29. Lease (Continued)

(2) The Group as the lessee (Continued)

1) Recognition of lease (Continued)

The Group depreciates the right-of-use assets by the straight-line method based on the expected consumption mode of economic benefits related to the right-of-use asset. If the ownership of the leased asset can be reasonably confirmed to be acquired at the expiration of the lease term, the depreciation shall be carried out within the remaining useful life of the leased asset; otherwise, the depreciation shall be carried out within the lease term or the remaining useful life of the leased asset, whichever is shorter. The depreciation amount for provision is included in the cost of underlying assets or the current profit or loss according to the use of the right-of-use asset.

The Group initially measures the lease liabilities according to the present value of the lease payment which is not made at the commencement date of the lease term. The lease payment includes: (1) fixed payment and substantial fixed payment, deducting the amount related to lease incentives; (2) variable lease payment depending on index or ratio; (3) exercise price of purchase option when the Group reasonably determines to exercise purchase option; (4) payment made for exercising the option to terminate the lease when the lease term reflects that the Group exercises such option; (5) amount expected to be paid according to the guaranteed residual value provided by the Group.

When calculating the present value of the lease payment, the Group adopts the incremental borrowing rate as the discount rate. The interest expenses of the lease liabilities within each lease term shall be calculated according to the fixed periodic rate, and included in the current profit or loss, except for those that should be capitalized.

When the Group recognizes the interest on the lease liabilities after the commencement date of the lease term, it will increase the book value of the lease liabilities; When making the lease payment, it will reduce the book value of the lease liabilities. If there is any change in the substantially fixed payment, the expected amount payable of the guaranteed residual value, the index or ratio for determination of the lease payment, the evaluation result of the purchase option, renewal option or termination option, or the actual exercise of the options, the Group will re-measure the lease liabilities according to the present value of the lease payment after the change.

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

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

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

29. Lease (Continued)

(3) The Group as the lessor

As the lessor, if a lease substantially transfers almost all risks and rewards related to the ownership of the leased asset, the Group shall classify the lease as a finance lease, and other leases other than the finance leases as operating leases.

1) Finance lease

At the commencement date of the lease term, the Group recognizes the finance lease receivables for the finance lease and derecognizes the finance leasing assets. When the Group initially measures the finance lease receivables, the net investment in a lease is taken as the entry value of the finance lease receivables.

The net investment in a lease is equivalent to the sum of the unguaranteed residual value and the present value of the lease receipts that have not yet been received at the commencement date of the lease term which is discounted at the interest rate implicit in the lease. The Group calculates and recognizes interest income in each lease term at a fixed periodic rate. The variable lease payment obtained by the Group but not included in the measurement of net investment in leases is included in the current profit or loss when it occurs.

2) Operating lease

In each lease term, the Group will recognize the lease amount of operating lease as the rental income by the straight-line method.

The initial direct expenses incurred by the Group relating to the operating lease are capitalized to the cost of the underlying asset of the lease, and shall be included in the current profit or loss in Phases during the lease term according to the same recognition basis as rental income. The Group’s variable lease payment which is related to operating lease and not included in lease receipts is included in the current profit or loss when is actually occurs.

If there is a change in the operating lease, the Group will take it as a new lease from the effective date of change, and the lease receipts received in advance or receivable related to the lease before the change will be regarded as the receipts for the new lease.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

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

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

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

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

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

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

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

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

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

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

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

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

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

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

31. Discontinued operations

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

In the Income Statement, the Group added items such as "net profit from continuing operations" and "net profit from discontinued operations" under the item of "Net Profit" to respectively reflect the profit or loss related to continuing operations and discontinued operations, with the net amount after tax. Profit or loss related to discontinued operations shall be presented as profit or loss from discontinued operations. The presented profit or loss from discontinued operations shall cover the entire Reporting Period, not only the Reporting Period after the operations are recognized as discontinued operations.

32. Other significant accounting policies and accounting estimates

The Group continuously evaluates the significant accounting estimates and key assumptions adopted based on historical experience and other factors, including reasonable expectations for future events. Major changes, if any, in the following significant accounting estimates and key assumptions may cause a material impact on the carrying amount of assets and liabilities in subsequent accounting years:

(1) Impairment for receivables. The management of the Company evaluates credit risk on the basis of relevant asset portfolios and measures the provision for the loss according to the amount of expected credit loss in the whole duration. If the expected figure differs from the original estimates, the related difference will affect the carrying amount of receivables and the impairment charge during the change period of estimates.

(2) Estimate of impairment of inventories. On the balance sheet date, the management of the Company measures the inventories according to the lower of cost and net realizable value, and the net realizable value shall be calculated by utilizing assumptions and estimates. If the management revises the estimated selling price as well as the costs and expenses to be incurred until completion, it will affect the estimates of the net realizable value of inventories, and the difference will affect the provision for inventory impairment accrued.

(3) Estimated useful life and estimated net residual value of fixed assets. The estimated useful life and estimated net residual value of fixed assets are estimated based on the previous actual useful life and the actual net residual value of fixed assets with similar properties and functions. During the use of fixed assets, the economic environment, technical environment, and other environments may have a great impact on the useful life and estimated net residual value of fixed assets. If the estimated useful life and the net residual value of fixed assets are different from the original estimates, the management will make appropriate adjustments.

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

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

(4) Fair value of financial assets. For financial instruments without an active market, the Group determines their fair value by various valuation techniques, including the discounted cash flow method. For financial assets that the Group is expressly restricted by law from disposing of within a specific period, their fair value is adjusted based on the market quotation and the characteristics of the instrument. In valuation, the Group needs to estimate the credit risk, market volatility, and correlation of itself and counterparties, and the changes in assumptions of these relevant factors will have an impact on the fair value of financial instruments.

(5) Deferred income tax assets and deferred income tax liabilities When recognizing the deferred income tax assets, the Group also takes into account the possibility of reversal of deductible temporary differences and deductible losses. The deductible temporary differences mainly include influences of the provision for impairment of assets, the accrued expenses that have not been approved for pre-tax deduction, the offset of internal unrealized profits, etc. Deferred income tax assets are recognized based on the Group's expectation that the deductible temporary differences and deductible losses will be reversed in the foreseeable future through the generation of sufficient taxable income from continuing operations. The Group has accrued the current income tax and deferred income tax based on the current tax laws and regulations and the current best estimates and assumptions. In case of changes due to the tax laws and regulations or relevant circumstances in the future, the Group needs to make adjustments to the current income tax and deferred income tax.

(6) Income tax. During the normal business activities, the final tax treatment for many transactions and events has uncertainties. When accruing income tax, the Group needs to make material judgments. If there is a difference between the finally recognized outcome for these taxes and the initially received amount, it will have an impact on the above-mentioned taxes in the final recognition period.

33. Changes in significant accounting policies and accounting estimates

(1) Change in significant accounting policies

Nil

(2) Changes in significant accounting estimates

Nil

(3) Adjustments to relevant items in the financial statements at the beginning of the period upon the initial application of the accounting standards interpretation in 2026

Nil

V. TAXES

1. Main taxes and tax rates

Main taxes and tax rates

Tax category	Taxation basis	Tax rate
Value-added tax (VAT)	Domestic sales; provision of processing, repair, maintenance services, etc.	13%
	Providing agricultural machinery sales, tap water, heating, gas, etc.	9%
	Other taxable sales and services	6%, 5%, 3%
Urban maintenance and construction tax	Paid-in VAT	7%
Educational surcharges	Paid-in VAT	3%, 2%
Enterprise income tax	Taxable income	25%, 15%
Property tax	70% (or rental income) of the original value of the property as the tax basis	1.2%, 12%

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

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

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

V. TAXES (CONTINUED)

2. Tax preference

(1) Value-added tax

Pursuant to the relevant provisions of the Notice of the Ministry of Finance, the General Administration of Customs, and the State Taxation Administration Concerning Preferential Import Tax Policies for Supporting Scientific and Technological Innovation During the "15th Five-Year Plan" Period (CGS [2026] No. 7), the Notice of the Ministry of Finance, the Central Publicity Department, the National Development and Reform Commission, the Ministry of Education, the Ministry of Science and Technology, the Ministry of Industry and Information Technology, the Ministry of Civil Affairs, the Ministry of Commerce, the Ministry of Culture and Tourism, the National Health Commission, the General Administration of Customs, and the State Taxation Administration Concerning Measures for Administration of Preferential Import Tax Policies for Supporting Scientific and Technological Innovation During the "15th Five-Year Plan" Period (CGS [2026] No. 8), and the Notice of the Ministry of Finance, the General Administration of Customs, and the State Taxation Administration Concerning Tax Exemption List of Imported Products for Scientific Research, Scientific and Technological Development and Teaching During the "15th Five-Year Plan" Period (CGS [2026] No. 9), Luoyang Tractor Research Institute Co., Ltd., a subsidiary of the Group, as a restructured scientific research institute, is entitled to exemption from import customs duties, import value-added tax ("VAT"), and consumption tax on the importation of scientific research and technological development supplies during the period from 1 January 2026 to 31 December2030, provided that such supplies cannot be produced domestically or their performance is inadequate to meet the requirements.

Pursuant to the relevant provisions of the Announcement of the Ministry of Finance and the State Taxation Administration on Transition of Value-Added Tax (VAT) Preferential Policies After the Implementation of the VAT Law (Announcement No. 10 2026 of Ministry of Finance and State Taxation Administration), Luoyang Tractor Research Institute Co., Ltd., a subsidiary of the Group, is exempt from VAT on technology transfer, technology development, and related technical consulting and technical services provided during the period from 1 January 2026 to 31 December 2027.

Luoyang Tractor Research Institute Co., Ltd., a subsidiary of the Group, is exempted from urban land use tax and property tax on public rental housing and VAT on rental income obtained from the operation of public rental housing according to the Announcement of the Ministry of Finance and the State Taxation Administration on Continuing to Implement the Preferential Tax Policies for Public Rental Housing (Announcement No. 4 2026 of Ministry of Finance and State Taxation Administration). This policy is effective until 31 December 2027.

V. TAXES (CONTINUED)

2. Tax preference (Continued)

(1) Value-added tax (Continued)

Pursuant to the relevant provisions of the Announcement of the Ministry of Finance and the State Taxation Administration on Transition of Value-Added Tax (VAT) Preferential Policies After the Implementation of the VAT Law (Announcement No. 10 2026 of Ministry of Finance and State Taxation Administration), Brilliance China Machinery Holdings Ltd., a subsidiary of the Group and a small-scale VAT taxpayer, is subject to a reduced VAT levy rate of 1% (in lieu of the standard 3% levy rate) on its VAT-taxable transactions, excluding the sale, lease of real estate or transfer of land use rights, for the period from 1 January 2026 to 31 December 2027. According to the Announcement of the Ministry of Finance and the State Taxation Administration on Relevant Tax Policies for Further Supporting the Development of Small and Micro Enterprises and Individual Industrial and Commercial Households (Announcement No. 12 2023 of the Ministry of Finance and the State Taxation Administration), small-scale VAT taxpayers are entitled to a 50% reduction in the following taxes and surcharges during the period from 1 January 2023 to 31 December 2027: resource tax (excluding the water resource tax), urban maintenance and construction tax, property tax, urban land use tax, stamp duty (excluding stamp duty on securities transactions), cultivated land occupation tax, education surcharge and local education surcharge.

Pursuant to the relevant provisions of the Announcement of the Ministry of Finance and the State Taxation Administration on Transition of Value-Added Tax (VAT) Preferential Policies After the Implementation of the VAT Law (Announcement No. 10 2026 of Ministry of Finance and State Taxation Administration), Luoyang Changxing Agricultural Machinery Co., Ltd., a subsidiary of the Group, is subject to the VAT exemption policy for the sales of agricultural machinery from 1 January 2026 to 31 December 2027.

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

According to the Announcement of the Ministry of Finance and the State Taxation Administration on the Addition, Credit, and Deduction Policies for Value-added Tax of Advanced Manufacturing Enterprises (Announcement No. 43 2023 of the Ministry of Finance and State Taxation Administration), from 1 January 2023 to 31 December 2027, the Company and its subsidiary YTO (Luoyang) Diesel Engine Co., Ltd, as advanced manufacturing enterprises, are allowed to offset the VAT payable by a further 5% in addition to the current deductible input tax. According to the relevant requirements of the Notice of General Office of the Ministry of Industry and Information Technology, the General Office of the Ministry of Finance and the State Administration of Taxation on Matters Related to Formulation of List of Advanced Manufacturing Enterprises Enjoying Additional VAT Addition, Credit, and Deduction Policies in 2025 (GXT LCH 2025 No. 217), in some cases, the input tax amount obtained shall not be accrued for additional deduction.

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

V. TAXES (CONTINUED)

2. Tax preference (Continued)

(1) Value-added tax (Continued)

Pursuant to the provisions of the Announcement of the Ministry of Finance, the State Taxation Administration, the Ministry of Human Resources and Social Security, and the Ministry of Agriculture and Rural Affairs on Tax Policies to Further Support Entrepreneurship and Employment of Key Groups (Announcement No. 15 2023 of the Ministry of Finance, State Taxation Administration, Ministry of Human Resources and Social Security and Ministry of Agriculture and Rural Affairs) and the Announcement of the Ministry of Finance, the State Taxation Administration, and the Ministry of Veterans Affairs on Tax Policies to Further Support Employment and Entrepreneurship of Self-Employed Veterans (Announcement No. 14 2023 of the Ministry of Finance, State Taxation Administration and Ministry of Veterans Affairs), the Company and its subsidiary, YTO (Luoyang) Flag Auto-Body Co., Ltd., are entitled, during the period from 1 January 2023 to 31 December 2027, to a fixed tax credit, which shall be deducted sequentially against VAT, urban maintenance and construction tax, education surcharge, local education surcharge, and enterprise income tax, in respect of the recruitment and employment of eligible veterans who are self-employed and individuals who have been lifted out of poverty.

(2) Enterprise income tax

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

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

VI. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT

Unless otherwise stated, among the following disclosed data in the financial statements, “beginning” refers to 1 January 2026; “ending” refers to 30 June 2026; “current period” refers to the period from 1 January to 30 June 2026; “previous period” refers to the period from 1 January to 30 June 2025; and the monetary unit is RMB.

1. Monetary funds

Unit: Yuan Currency: RMB

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

Note: The deposits in the Finance Company include the security deposit paid at the Finance Company for acceptance bills.

Including: monetary funds with restricted right of use:

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Margin for acceptance bills	**483,311,521.08**	577,850,895.83
Others	**270,000.00**	200,000.00
Total	**483,581,521.08**	578,050,895.83

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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

2. Financial assets held for trading

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Financial assets at FVTPL	**850,203,623.38**	946,000,000.00
Including: Debt instrument investments	**0.00**	0.00
Equity instrument investments	**850,200,000.00**	946,000,000.00
Others	**3,623.38**	0.00
Total	**850,203,623.38**	946,000,000.00

Note: Others are changes in the fair value of forward exchange settlement contracts due to exchange rate fluctuations.

3. Bills receivable

(1) Bills receivable by category

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Bank acceptance bills	**20,915,917.09**	32,918,620.49
Commercial acceptance bills	**1,396,480.61**	10,631,005.69
Total	**22,312,397.70**	43,549,626.18

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

3. Bills receivable (Continued)

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

Unit: Yuan Currency: RMB

Item	Derecognition amount at the end of the period	Non-derecognition amount at the end of the period
Bank acceptance bills	0.00	9,090,580.59
Commercial acceptance bills	0.00	200,000.00
Total	0.00	9,290,580.59

4. Accounts receivable

(1) Accounts receivable by ageing

Unit: Yuan Currency: RMB

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

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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

4. Accounts receivable (Continued)

(2) Accounts receivable by bad debt accrual method

Unit: Yuan Currency: RMB

Category	Ending balance Book value Amount	Proportion (%)	Provision for bad debts Amount	Provision proportion (%)	Carrying amount
Provision for bad debts accrued by portfolio	**2,210,368,499.08**	**100.00**	**301,620,560.98**	**–**	**1,908,747,938.10**
Including: Ageing portfolio	**1,934,294,841.62**	**87.51**	**245,988,233.29**	**12.72**	**1,688,306,608.33**
Collateral and other risk exposure portfolios	**276,073,657.46**	**12.49**	**55,632,327.69**	**20.15**	**220,441,329.77**
Total	**2,210,368,499.08**	**100.00**	**301,620,560.98**	**–**	**1,908,747,938.10**

Category	Beginning balance Book value Amount	Proportion (%)	Provision for bad debts Amount	Provision proportion (%)	Carrying amount
Provision for bad debts accrued by portfolio	608,821,254.04	100.00	282,037,180.42	–	326,784,073.62
Including: Ageing portfolio	452,464,810.07	74.32	229,961,894.12	50.82	222,502,915.95
Collateral and other risk exposure portfolios	156,356,443.97	25.68	52,075,286.30	33.31	104,281,157.67
Total	608,821,254.04	100.00	282,037,180.42	–	326,784,073.62

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

4. Accounts receivable (Continued)

(2) Accounts receivable by bad debt accrual method (Continued)

Provision for bad debts accrued by portfolio:

Items accrued by portfolio: ageing portfolio

Unit: Yuan Currency: RMB

Ageing	Book value	Ending balance Provision for bad debts	Provision proportion (%)
Within 1 year (including 1 year)	1,704,600,885.40	20,636,920.13	1.21
1-2 years	5,770,229.94	2,614,279.49	45.31
2-3 years	21,428,394.47	21,273,804.44	99.28
Over 3 years	202,495,331.81	201,463,229.23	99.49
Total	1,934,294,841.62	245,988,233.29	–

Items accrued by portfolio: Collateral and other risk exposure portfolios

Unit: Yuan Currency: RMB

Portfolio	Book value	Ending balance Provision for bad debts	Provision proportion (%)
Collateral and other risk exposure portfolios	276,073,657.46	55,632,327.69	20.15

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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

4. Accounts receivable (Continued)

(3) Provision for bad debts

Unit: Yuan Currency: RMB

Category	Beginning balance	Change of amount in the current period: Provision accrued	Recovered or transferred back	Charged or written off	Other changes (note)	Ending balance
Ageing portfolio	229,961,894.12	17,593,692.17	0.00	0.00	-1,567,353.00	245,988,233.29
Collateral and other risk exposure portfolios	52,075,286.30	3,557,041.39	0.00	0.00	0.00	55,632,327.69
Total	282,037,180.42	21,150,733.56	0.00	0.00	-1,567,353.00	301,620,560.98

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

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

Unit: Yuan Currency: RMB

Company Name	Ending balance	Ageing	Proportion in total ending balance of accounts receivable (%)	Ending balance of provision for bad debts
Customer 1	136,229,384.79	Within 1 year, 2-3 years	6.16	1,897,375.78
Customer 2	61,645,479.33	More than 5 years	2.79	61,645,479.33
Customer 3	49,068,130.00	Within 1 year	2.22	1,521,112.03
Customer 4	47,746,576.80	Within 1 year	2.16	1,480,143.88
Customer 5	44,648,700.00	Within 1 year	2.02	740,358.00
Total	339,338,270.92	—	15.35	67,284,469.02

Note: The Company has no contract assets.

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

5. Receivables financing

(1) Receivables financing by category

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Bank acceptance bills	**167,906,354.99**	168,977,762.41

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

Unit: Yuan Currency: RMB

Item	Derecognition amount at the end of the period	Non-derecognition amount at the end of the period
Bank acceptance bills	**872,658,024.38**	**0.00**

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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

6. Prepayments

(1) Prepayments by ageing

Unit: Yuan Currency: RMB

	Ending balance			Beginning balance		
Item	Amount	Proportion (%)	Provision for bad debts	Amount	Proportion (%)	Provision for bad debts
Within 1 year (including 1 year)	**184,619,166.19**	**88.68**	**0.00**	240,836,729.85	91.33	0.00
1-2 years	**15,363,197.51**	**7.38**	**0.00**	14,724,741.61	5.58	0.00
2-3 years	**83,189.78**	**0.04**	**0.00**	9,995.15	0.01	0.00
Over 3 years	**8,116,264.18**	**3.90**	**7,972,680.73**	8,114,889.58	3.08	7,972,680.33
Total	**208,181,817.66**	**100.00**	**7,972,680.73**	263,686,356.19	100.00	7,972,680.33

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

6. Prepayments (Continued)

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

Unit: Yuan Currency: RMB

Company Name	Ending balance	Ageing	Proportion in total ending balance of prepayments (%)
Supplier 1	81,695,605.46	Within 1 year	39.24
Supplier 2	27,458,347.45	Within 1 year	13.19
Supplier 3	18,120,341.86	Within 2 years	8.70
Supplier 4	11,452,380.00	Within 1 year	5.50
Supplier 5	11,026,480.00	Within 1 year	5.30
Total	149,753,154.77	–	71.93

7. Other receivables

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Interest receivable	0.00	0.00
Dividends receivable	0.00	0.00
Other receivables	98,973,524.23	66,734,313.70
Total	98,973,524.23	66,734,313.70

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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

7. Other receivables (Continued)

7.1 Other receivables

(1) By ageing

Unit: Yuan Currency: RMB

Ageing	Ending book value	Beginning book value
Within 1 year (including 1 year)	**93,885,760.68**	62,631,215.86
1-2 years	**4,131,749.22**	1,774,777.99
2-3 years	**180,994.71**	1,504,377.46
Over 3 years	**30,969,182.51**	29,609,398.83
Subtotal	**129,167,687.12**	95,519,770.14
Less: Provision for impairment	**30,194,162.89**	28,785,456.44
Total	**98,973,524.23**	66,734,313.70

(2) Classified by nature of the amount

Unit: Yuan Currency: RMB

Nature	Ending book value	Beginning book value
Export tax refund receivable	**83,364,202.54**	54,589,907.56
Transaction payments	**27,763,865.80**	27,535,927.15
Security deposits, pretty cash, margin, etc.	**11,799,295.60**	7,653,617.26
Others	**6,240,323.18**	5,740,318.17
Subtotal	**129,167,687.12**	95,519,770.14
Less: Provision for impairment	**30,194,162.89**	28,785,456.44
Total	**98,973,524.23**	66,734,313.70

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

7. Other receivables (Continued)

7.1 Other receivables (Continued)

(3) Provision for bad debt

Unit: Yuan Currency: RMB

Provision for bad debts	Phase I Expected credit losses for the next 12 months	Phase II Expected credit loss within the whole duration (no credit impairment)	Phase III Expected credit loss within the whole duration (credit impairment occurred)	Total
Balance as of 1 January 2026	7,813,203.53	20,972,252.91	0.00	28,785,456.44
Balance as of 1 January 2026 in the current period	0.00	0.00	0.00	0.00
– Transferred to Phase II	0.00	0.00	0.00	0.00
– Transferred to Phase III	0.00	0.00	0.00	0.00
– Transferred back to Phase II	0.00	0.00	0.00	0.00
– Transferred back to Phase I	0.00	0.00	0.00	0.00
Provision in the current period	1,408,972.54	0.00	0.00	1,408,972.54
Reversal in the current period	0.00	0.00	0.00	0.00
Write-off in the current period	0.00	0.00	0.00	0.00
Verification in the current period	0.00	0.00	0.00	0.00
Others (Note)	–266.09	0.00	0.00	–266.09
Balance as of 30 June 2026	9,221,909.98	20,972,252.91	0.00	30,194,162.89

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

(4) Other receivables by bad debt accrual method

Unit: Yuan Currency: RMB

Category	Ending balance Book value Amount	Proportion (%)	Provision for bad debts Amount	Provision proportion (%)	Carrying amount
Provision for bad debts accrued by portfolio	129,167,687.12	100.00	30,194,162.89	–	98,973,524.23
Including: Ageing portfolio	92,104,519.11	71.31	9,103,917.03	9.88	83,000,602.08
Low risk portfolio	11,799,295.60	9.13	117,992.95	1.00	11,681,302.65
Collateral and other risk exposure portfolios	25,263,872.41	19.56	20,972,252.91	83.01	4,291,619.50
Total	129,167,687.12	100.00	30,194,162.89	–	98,973,524.23

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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

7. Other receivables (Continued)

7.1 Other receivables (Continued)

(4) Other receivables by bad debt accrual method (Continued)

Unit: Yuan Currency: RMB

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

1) Provision for bad debts of other receivables accrued by portfolio – ageing portfolio

Unit: Yuan Currency: RMB

	Ending balance		
Ageing	**Book value**	**Provision for bad debts**	**Provision proportion (%)**
Within 1 year (including 1 year)	**85,631,557.02**	**3,876,791.93**	**4.53**
1-2 years	**2,491,673.99**	**1,245,837.00**	**50.00**
2-3 years	**150,994.71**	**150,994.71**	**100.00**
Over 3 years	**3,830,293.39**	**3,830,293.39**	**100.00**
Total	**92,104,519.11**	**9,103,917.03**	**–**

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

7. Other receivables (Continued)

7.1 Other receivables (Continued)

(4) Other receivables by bad debt accrual method (Continued)

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

Unit: Yuan Currency: RMB

Ageing	Ending balance Book value	Provision for bad debts	Provision proportion (%)
Within 1 year (including 1 year)	8,254,203.66	82,542.03	1.00
1-2 years	1,640,075.23	16,400.75	1.00
2-3 years	30,000.00	300.00	1.00
Over 3 years	1,875,016.71	18,750.17	1.00
Total	**11,799,295.60**	**117,992.95**	–

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

Unit: Yuan Currency: RMB

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

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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

7. Other receivables (Continued)

7.1 Other receivables (Continued)

(5) Provision for bad debt

Unit: Yuan Currency: RMB

Category	Beginning balance	Change of amount in the current period Provision accrued	Recovered or transferred back	Charged or written off	Others	Ending balance
Ageing portfolio	7,736,667.36	1,367,249.67	0.00	0.00	0.00	**9,103,917.03**
Low risk portfolio	76,536.17	41,722.87	0.00	0.00	-266.09	**117,992.95**
Collateral and other risk exposure portfolios	20,972,252.91	0.00	0.00	0.00	0.00	**20,972,252.91**
Total	28,785,456.44	1,408,972.54	0.00	0.00	-266.09	**30,194,162.89**

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

Unit: Yuan Currency: RMB

Company Name	Nature	Ending balance	Ageing	Proportion in total ending balance of other receivables (%)	Provision for bad debts Ending balance
Luoyang Jianxi District Tax Bureau, State Taxation Administration	Tax refund receivable	79,424,144.92	Within 1 year	61.49	3,740,081.51
Cadfund Machinery Pty Ltd	Transaction payments	18,607,622.41	More than 5 years	14.41	18,607,622.41
Shanghai Pengpu Machine Building Plant (Group) Co., Ltd.	Transaction payments	6,490,000.00	More than 5 years	5.02	2,292,959.42
State Taxation Administration of Beijing Economic-Technological Development Area	Tax refund receivable	3,940,057.62	Within 1 year	3.05	57,630.49
Shaanxi Heavy Duty Automobile Co., Ltd.	Guarantee deposits	3,105,776.33	Within 2 years	2.40	31,057.76
Total	–	111,567,601.28	–	86.37	24,729,351.59

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

8. Inventories

(1) Category

Unit: Yuan Currency: RMB

Item	Ending balance Book value	Provision for inventory impairment/ Provision for impairment of contract performance cost	Carrying amount
Raw materials	**424,823,780.06**	**50,036,559.10**	**374,787,220.96**
Goods in process	**75,446,929.17**	**1,469,181.45**	**73,977,747.72**
Goods in stock	**457,416,399.96**	**17,789,287.98**	**439,627,111.98**
Goods in transit	**115,309,555.42**	**5,358,526.45**	**109,951,028.97**
Total	**1,072,996,664.61**	**74,653,554.98**	**998,343,109.63**

Item	Beginning balance Book value	Provision for inventory impairment/Provision for impairment of contract performance cost	Carrying amount
Raw materials	509,374,815.59	58,167,618.30	451,207,197.29
Goods in process	74,830,762.02	1,252,895.42	73,577,866.60
Goods in stock	528,356,776.29	31,499,820.71	496,856,955.58
Goods in transit	132,318,976.86	6,266,424.83	126,052,552.03
Total	1,244,881,330.76	97,186,759.26	1,147,694,571.50

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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

8. Inventories

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

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase in the current period: Provision accrued	Increase in the current period: Others (Note 1)	Decrease in the current period: Reversal or write-off	Decrease in the current period: Others	Ending balance
Raw materials	58,167,618.30	-7,941,139.52	0.00	189,919.68	0.00	**50,036,559.10**
Goods in process	1,252,895.42	216,286.03	0.00	0.00	0.00	**1,469,181.45**
Goods in stock	31,499,820.71	-475,064.44	-40,309.70	13,195,158.59	0.00	**17,789,287.98**
Goods in transit	6,266,424.83	2,092,694.35	0.00	3,000,592.73	0.00	**5,358,526.45**
Total	97,186,759.26	-6,107,223.58	-40,309.70	16,385,671.00	0.00	**74,653,554.98**

Note 1: Other changes are mainly due to exchange rate changes.

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

9. Non-current assets due within one year

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Debt investments due within one year	**922,837,113.46**	2,942,714,233.85
Long-term receivables due within one year	**25,855,468.75**	26,838,015.05
Total	**948,692,582.21**	2,969,552,248.90

9.1 Debt investments due within one year

(1) Debt investments due within one year

Unit: Yuan Currency: RMB

Item	Ending balance Book value	Ending balance Provision for impairment	Ending balance Carrying amount	Beginning balance Book value	Beginning balance Provision for impairment	Beginning balance Carrying amount
Large-denomination certificate of deposit and time deposits	**922,837,113.46**	**0.00**	**922,837,113.46**	2,942,714,233.85	0.00	2,942,714,233.85

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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

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

9.1 Debt investments due within one year (Continued)

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

Unit: Yuan Currency: RMB

Item	Ending balance Par value	Ending balance Nominal interest rate	Ending balance Actual interest rate	Ending balance Maturity date	Beginning balance Par value	Beginning balance Nominal interest rate	Beginning balance Actual interest rate	Beginning balance Maturity date
Large-denomination certificate of deposit and time deposits	**860,837,599.99**	**–**	**–**	**–**	2,715,000,000.00	–	–	–

Note: The Company's debt investments due within one year at the end of the period are mainly large certificates of deposit and time deposits purchased from financial institutions, with a par value of deposit between RMB837,600 and RMB150 million.

9.2 Long-term receivables due within one year

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Original value of long-term receivables due within one year	**469,902,875.38**	489,038,697.61
Less: Unrealized financing income	**55,569,160.10**	58,029,231.51
Less: Provision for impairment	**388,478,246.53**	404,171,451.05
Total	**25,855,468.75**	26,838,015.05

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

10. Other current assets

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Time deposits	**298,029,471.09**	249,985,723.82
VAT to be certified/credited	**94,495,903.38**	101,588,075.33
Prepaid enterprise income tax	**28,700,846.39**	51,056,571.04
Other prepaid taxes	**10,257,927.07**	11,458,969.07
Subtotal	**431,484,147.93**	414,089,339.26
Less: Provision for impairment	**3,236,606.53**	3,236,606.53
Total	**428,247,541.40**	410,852,732.73

11. Debt investments

(1) Debt investments

Unit: Yuan Currency: RMB

	Ending balance			Beginning balance		
Item	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount
Large-denomination certificates of deposit and time deposits	**6,023,302,640.46**	**0.00**	**6,023,302,640.46**	2,839,788,030.21	0.00	2,839,788,030.21

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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

11. Debt investments (Continued)

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

Unit: Yuan Currency: RMB

Item	Ending balance Par value	Nominal interest rate	Actual interest rate	Maturity date	Overdue principal	Beginning balance Par value	Nominal interest rate	Actual interest rate	Maturity date	Overdue principal
Large-denomination certificates of deposit and time deposits	5,965,469,999.97	–	–	–	0.00	2,815,837,600.00	–	–	–	0.00

Note: The Company's debt investments at the end of the period are mainly large certificates of deposit and fixed-term deposits purchased from financial institutions, with a par value of deposit between RMB170,000 and RMB300 million.

12. Long-term receivables

(1) *Long-term receivables*

Unit: Yuan Currency: RMB

Item	Ending balance Book value	Ending balance Provision for bad debts	Ending balance Carrying amount	Beginning balance Book value	Beginning balance Provision for bad debts	Beginning balance Carrying amount	Interval of discount rate
Sales payment receivable	414,333,715.28	388,478,246.53	25,855,468.75	431,009,466.10	404,171,451.05	26,838,015.05	–
Less: Long-term receivables due within one year	414,333,715.28	388,478,246.53	25,855,468.75	431,009,466.10	404,171,451.05	26,838,015.05	–
Total	0.00	0.00	0.00	0.00	0.00	0.00	–

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

12. Long-term receivables (Continued)

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

Unit: Yuan Currency: RMB

Provision for bad debts	Phase I Expected credit losses for the next 12 months	Phase II Expected credit loss within the whole duration (no credit impairment)	Phase III Expected credit loss within the whole duration (credit impairment occurred)	Total
Balance as of 1 January 2026	0.00	0.00	404,171,451.05	404,171,451.05
Balance as of 1 January 2026 in the current period	–	–	–	–
– Transferred to Phase II	0.00	0.00	0.00	0.00
– Transferred to Phase III	0.00	0.00	0.00	0.00
– Transferred back to Phase II	0.00	0.00	0.00	0.00
– Transferred back to Phase I	0.00	0.00	0.00	0.00
Provision in the current period	0.00	0.00	0.00	0.00
Reversal in the current period	0.00	0.00	0.00	0.00
Charged in the current period	0.00	0.00	0.00	0.00
Written-off in the current period	0.00	0.00	0.00	0.00
Other changes (Note 1)	0.00	0.00	-15,693,204.52	-15,693,204.52
Balance as of 30 June 2026	0.00	0.00	388,478,246.53	388,478,246.53

Note 1: Others are the exchange rate change of provision for impairment of accounts receivable from Cuba by YTO International Economic and Trade Co., Ltd.

Note 2: The above provision for impairment includes bad debts reclassified to non-current assets due within one year.

(3) Movement of bad debt provision made, recovered, or reversed for long-term receivables in the current period

Unit: Yuan Currency: RMB

Category	Beginning balance	Change of amount in the current period: Accrued	Recovered or reversed	Charged or written off	Other changes	Ending balance
Sales payment receivable	404,171,451.05	0.00	0.00	0.00	-15,693,204.52	**388,478,246.53**

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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

13. Long-term equity investments

(1) Long-term equity investments

Unit: Yuan Currency: RMB

Investee	Beginning balance (Carrying amount)	Beginning balance of impairment provision	Increase/decrease in the current period: Increase in investment	Decrease in investment	Profit or loss on investments recognized under the equity method	Other comprehensive income adjustments	Other changes in equity
I. Associates	–	–	–	–	–	–	–
Sinomach Finance Co., Ltd.	705,342,837.12	0.00	0.00	0.00	16,074,838.44	0.00	0.00
Luoyang I&C Technology Consulting Co., Ltd.	509,314.63	0.00	0.00	0.00	308,365.28	0.00	0.00
Heilongjiang Beidahuang Kenzheng Agricultural Machinery Equipment Co., Ltd.	0.00	0.00	19,792,461.00	0.00	-114,202.46	0.00	0.00
Jiangxi Dongfanghong Agricultural Machinery Co., Ltd.	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	705,852,151.75	0.00	19,792,461.00	0.00	16,269,001.26	0.00	0.00

Unit: Yuan Currency: RMB

Investee	Increase/decrease in the current period: Cash dividends or profits declared	Accrual of provision for impairment	Others	Ending balance (Carrying amount)	Ending balance of impairment provision
I. Associates	–	–	–	–	–
Sinomach Finance Co., Ltd.	0.00	0.00	0.00	721,417,675.56	0.00
Luoyang I&C Technology Consulting Co., Ltd.	63,000.00	0.00	0.00	754,679.91	0.00
Heilongjiang Beidahuang Kenzheng Agricultural Machinery Equipment Co., Ltd.	0.00	0.00	0.00	19,678,258.54	0.00
Jiangxi Dongfanghong Agricultural Machinery Co., Ltd.	0.00	0.00	0.00	0.00	0.00
Total	63,000.00	0.00	0.00	741,850,614.01	0.00

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

14. Other equity instrument investments

Unit: Yuan Currency: RMB

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

15. Fixed assets

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Fixed assets	**2,079,152,095.41**	2,129,797,255.04
Disposal of fixed assets	**5,241.71**	0.00
Total	**2,079,157,337.12**	2,129,797,255.04

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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

15. Fixed assets (Continued)

(1) Fixed assets

Unit: Yuan Currency: RMB

Item	Houses and buildings	Machinery equipment	Transportation facilities	Office and electronic equipment	Others	Total
I. Book value						
1. Beginning balance	2,127,959,255.67	4,539,637,908.71	58,623,495.69	133,433,023.72	28,849.31	6,859,682,533.10
2. Amount increase in the current period	-452,441.52	68,075,998.03	1,927,302.62	2,689,464.88	0.00	72,240,324.01
(1) Purchase	37,735.85	1,628,113.57	1,528,318.59	323,841.33	0.00	3,518,009.34
(2) Transfer from construction in progress	0.00	66,449,853.44	461,327.43	2,387,140.30	0.00	69,298,321.17
(3) Reclassification of fixed assets	0.00	0.00	0.00	0.00	0.00	0.00
(4) Effect of foreign currency translation	-490,177.37	-1,968.98	-62,343.40	-21,516.75	0.00	-576,006.50
3. Amount decrease in the current period	6,163,074.74	50,924,495.61	1,399,571.62	767,984.99	0.00	59,255,126.96
(1) Disposal or retirement	6,163,074.74	50,924,495.61	1,399,571.62	767,984.99	0.00	59,255,126.96
4. Ending balance	2,121,343,739.41	4,556,789,411.13	59,151,226.69	135,354,503.61	28,849.31	6,872,667,730.15
II. Accumulated depreciation						
1. Beginning balance	1,215,592,161.31	3,271,206,832.36	33,375,750.77	107,336,451.21	16,412.06	4,627,527,607.71
2. Amount increase in the current period	27,421,910.30	87,910,606.48	2,083,137.79	2,901,897.06	957.60	120,318,509.23
(1) Accrued	27,739,399.24	87,912,460.48	2,121,366.03	2,919,025.41	957.60	120,693,208.76
(2) Reclassification of fixed assets	0.00	0.00	0.00	0.00	0.00	0.00
(3) Effect of foreign currency translation	-317,488.94	-1,854.00	-38,228.24	-17,128.35	0.00	-374,699.53
3. Amount decrease in the current period	4,007,134.74	46,472,449.82	1,297,016.93	726,760.00	0.00	52,503,361.49
(1) Disposal or retirement	4,007,134.74	46,472,449.82	1,297,016.93	726,760.00	0.00	52,503,361.49
4. Ending balance	1,239,006,936.87	3,312,644,989.02	34,161,871.63	109,511,588.27	17,369.66	4,695,342,755.45
III. Provision for impairment						
1. Beginning balance	10,080,052.02	91,817,686.69	57,526.24	402,405.40	0.00	102,357,670.35
2. Amount increase in the current period	0.00	0.00	0.00	0.00	0.00	0.00
(1) Accrued	0.00	0.00	0.00	0.00	0.00	0.00
3. Amount decrease in the current period	1,927,492.10	2,257,298.96	0.00	0.00	0.00	4,184,791.06
(1) Disposal or retirement	1,927,492.10	2,257,298.96	0.00	0.00	0.00	4,184,791.06
4. Ending balance	8,152,559.92	89,560,387.73	57,526.24	402,405.40	0.00	98,172,879.29
IV. Carrying amount						
1. Ending carrying amount	874,184,242.62	1,154,584,034.38	24,931,828.82	25,440,509.94	11,479.65	2,079,152,095.41
2. Beginning carrying amount	902,287,042.34	1,176,613,389.66	25,190,218.68	25,694,167.11	12,437.25	2,129,797,255.04

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

15. Fixed assets (Continued)

(2) Fixed assets leased out under operating leases

Unit: Yuan Currency: RMB

Item	Ending carrying amount
Houses and buildings	65,042,928.78
Machinery equipment and other equipment	7,157,486.06
Total	72,200,414.84

(3) Fixed assets of unsettled title certificates

Unit: Yuan Currency: RMB

Item	Carrying amount	Reason(s) for not settling the certificate of titles
Modern Agricultural Equipment Cab Automation Engineering	68,929,058.44	In process
Qingnian Jiayuan	60,544,641.72	In process
Large Machine Workshop I	35,927,901.10	In process
New Lost Foam Workshop	15,352,754.27	In process
Energy-saving and Environment-friendly Diesel Engine Crankshaft Machining Production Line Renovation Project	13,621,925.94	In process
Main Workshop for Reclamation of Used Sand	6,828,544.92	In process
Heat Treatment Workshop	3,916,563.37	In process
Staff Canteen in Industrial Park	3,627,287.75	In process
Auxiliary Room of Large Machine Workshop I	3,208,005.98	In process
User Training Service Workshop	2,588,316.10	In process
New Cooling Passage Workshop for kw Line	1,614,284.15	The main body of investment in the construction project is inconsistent with that of the construction land, so the real estate ownership certificate cannot be handled temporarily.
Auxiliary Room for Heat Treatment	1,476,974.30	In process
Total	217,636,258.04	–

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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

15. Fixed assets (Continued)

(4) Other notes for fixed assets

The original value of the above-mentioned fixed assets that have been fully depreciated and are still in use is RMB2,257,388,700.15, and there are no mortgaged fixed assets at the end of the period.

(5) Disposal of fixed assets

Unit: Yuan Currency: RMB

Item	**Ending balance**	Beginning balance
Disposal of fixed assets	**5,241.71**	0.00

16. Construction in progress

Unit: Yuan Currency: RMB

Item	**Ending balance**	Beginning balance
Construction in progress	**461,259,003.03**	324,531,669.03

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

16. Construction in progress (Continued)

(1) Construction in progress

Unit: Yuan Currency: RMB

Item	Ending balance Book value	Ending balance Provision for impairment	Ending balance Carrying amount	Beginning balance Book value	Beginning balance Provision for impairment	Beginning balance Carrying amount
Tractor Capacity Improvement Project A	**73,459,195.97**	**0.00**	**73,459,195.97**	21,772,974.59	0.00	21,772,974.59
Diesel Engine Industrialization Project A	**164,143,455.69**	**0.00**	**164,143,455.69**	147,229,141.01	0.00	147,229,141.01
Diesel Engine Industrialization Project B	**41,260,749.97**	**0.00**	**41,260,749.97**	14,519,724.35	0.00	14,519,724.35
Coating Line Technical Transformation Project	**19,483,526.11**	**0.00**	**19,483,526.11**	18,960,187.02	0.00	18,960,187.02
Parts Renovation Project	**8,331,739.36**	**0.00**	**8,331,739.36**	1,055,174.32	0.00	1,055,174.32
Tractor Capacity Improvement Project B	**42,853,079.31**	**0.00**	**42,853,079.31**	169,811.32	0.00	169,811.32
Others	**124,682,303.46**	**12,955,046.84**	**111,727,256.62**	133,779,703.26	12,955,046.84	120,824,656.42
Total	**474,214,049.87**	**12,955,046.84**	**461,259,003.03**	337,486,715.87	12,955,046.84	324,531,669.03

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

Unit: Yuan Currency: RMB

Project name	Beginning balance	Increase in the current period	Decrease in the current period: Transferred to fixed assets	Decrease in the current period: Other decreases	Ending balance	Budget	Ratio of accumulative investment to budget (%)	Project schedule (%)	Accumulated amount of capitalization of interest	Including: Amount of capitalized interest in the current period	Capitalization rate of interest in the current period (%)	Source of funds
Tractor Capacity Improvement Project A	21,772,974.59	52,302,062.08	615,840.70	0.00	73,459,195.97	408,800,000.00	21.80	30.00	88,975.85	88,975.85	2.19	Bank loans, own funds, and government allocations
Diesel Engine Industrialization Project A	147,229,141.01	16,914,314.68	0.00	0.00	164,143,455.69	416,800,000.00	43.76	50.00	914,055.14	766,983.80	2.19-2.24	Bank borrowings and own funds
Diesel Engine Industrialization Project B	14,519,724.35	26,741,025.62	0.00	0.00	41,260,749.97	159,200,000.00	28.96	35.00	77,156.12	73,787.33	2.19-2.24	Bank borrowings and own funds
Coating Line Technical Transformation Project	18,960,187.02	523,339.09	0.00	0.00	19,483,526.11	73,500,000.00	26.51	35.00	0.00	0.00	0.00	Own funds
Parts Renovation Project	1,055,174.32	7,276,565.04	0.00	0.00	8,331,739.36	212,200,000.00	3.93	15.35	0.00	0.00	0.00	Own funds
Tractor Capacity Improvement Project B	169,811.32	42,683,267.99	0.00	0.00	42,853,079.31	212,100,000.00	20.20	35.00	0.00	0.00	0.00	Own funds
Total	203,707,012.61	146,440,574.50	615,840.70	0.00	349,531,746.41	1,482,600,000.00	–	–	1,080,187.11	929,746.98	–	–

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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

17. Right-of-use assets

Unit: Yuan Currency: RMB

Item	Land right of use	Houses and buildings	Machinery equipment	Total
I. Book value				
1. Beginning balance	27,795,795.21	14,331,640.26	6,435,543.10	48,562,978.57
2. Amount increase in the current period	663,614.78	1,011,586.46	0.00	1,675,201.24
Lease in	663,614.78	1,011,586.46	0.00	1,675,201.24
3. Amount decrease in the current period	0.00	0.00	0.00	0.00
Decrease due to lease expiration	0.00	0.00	0.00	0.00
4. Ending balance	28,459,409.99	15,343,226.72	6,435,543.10	50,238,179.81
II. Accumulated depreciation				
1. Beginning balance	12,267,186.81	6,267,525.01	3,217,771.56	21,752,483.38
2. Amount increase in the current period	7,249,170.43	4,117,931.96	1,608,885.77	12,975,988.16
Accrued	7,249,170.43	4,117,931.96	1,608,885.77	12,975,988.16
3. Amount decrease in the current period	0.00	0.00	0.00	0.00
Decrease due to lease expiration	0.00	0.00	0.00	0.00
4. Ending balance	19,516,357.24	10,385,456.97	4,826,657.33	34,728,471.54
III. Provision for impairment				
1. Beginning balance	0.00	0.00	0.00	0.00
2. Amount increase in the current period	0.00	0.00	0.00	0.00
3. Amount decrease in the current period	0.00	0.00	0.00	0.00
4. Ending balance	0.00	0.00	0.00	0.00
IV. Carrying amount				
1. Ending carrying amount	8,943,052.75	4,957,769.75	1,608,885.77	15,509,708.27
2. Beginning carrying amount	15,528,608.40	8,064,115.25	3,217,771.54	26,810,495.19

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

18. Intangible assets

Unit: Yuan Currency: RMB

Item	Land right of use	Patent rights	Software	Trademark right	Total
I. Book value					
1. Beginning balance	835,912,209.71	1,456,412.68	165,991,518.33	59,952,478.55	1,063,312,619.27
2. Amount increase in the current period	0.00	0.00	7,332,128.58	0.00	7,332,128.58
(1) Purchase	0.00	0.00	0.00	0.00	0.00
(2) Transfer from construction in progress	0.00	0.00	7,336,556.36	0.00	7,336,556.36
(3) Effect of foreign currency translation	0.00	0.00	-4,427.78	0.00	-4,427.78
3. Amount decrease in the current period	0.00	0.00	0.00	0.00	0.00
Sales	0.00	0.00	0.00	0.00	0.00
4. Ending balance	835,912,209.71	1,456,412.68	173,323,646.91	59,952,478.55	1,070,644,747.85
II. Accumulated amortization					
1. Beginning balance	306,580,240.71	822,897.35	121,346,723.55	417,089.26	429,166,950.87
2. Amount increase in the current period	10,965,507.01	0.00	7,532,591.04	3,719.85	18,501,817.90
(1) Accured	10,965,507.01	0.00	7,534,302.13	3,719.85	18,503,528.99
(2) Effect of foreign currency translation	0.00	0.00	-1,711.09	0.00	-1,711.09
3. Amount decrease in the current period	0.00	0.00	0.00	0.00	0.00
Sales	0.00	0.00	0.00	0.00	0.00
4. Ending balance	317,545,747.72	822,897.35	128,879,314.59	420,809.11	447,668,768.77
III. Provision for impairment					
1. Beginning balance	0.00	633,515.33	477,922.22	0.00	1,111,437.55
2. Amount increase in the current period	0.00	0.00	0.00	0.00	0.00
3. Amount decrease in the current period	0.00	0.00	0.00	0.00	0.00
4. Ending balance	0.00	633,515.33	477,922.22	0.00	1,111,437.55
IV. Carrying amount					
1. Ending carrying amount	518,366,461.99	0.00	43,966,410.10	59,531,669.44	621,864,541.53
2. Beginning carrying amount	529,331,969.00	0.00	44,166,872.56	59,535,389.29	633,034,230.85

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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

19. Goodwill

(1) *Original book value of goodwill*

Unit: Yuan Currency: RMB

Name of investee or matters forming goodwill	Beginning balance	Increase in the current period		Decrease in the current period		Ending balance
		Formed by business combination	Others	Disposal	Others	
Changtuo Agricultural Machinery Equipment Group Co., Ltd.	14,297,893.81	0.00	0.00	0.00	0.00	**14,297,893.81**

(2) *Impairment of goodwill*

Unit: Yuan Currency: RMB

Name of investee or matters forming goodwill	Beginning balance	Increase in the current period		Decrease in the current period		Ending balance
		Accrued	Others	Disposal	Others	
Changtuo Agricultural Machinery Equipment Group Co., Ltd.	14,297,893.81	0.00	0.00	0.00	0.00	**14,297,893.81**

20. Long-term unamortized expenses

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase in the current period	Amortization in the current period	Other decreases	Ending balance
Amortized mold	40,527,653.61	10,462,641.01	10,496,995.38	0.00	**40,493,299.24**
Amortized maintenance expenditure	3,289,847.12	0.00	365,830.88	5,005.17	**2,919,011.07**
Others	272,548.76	4,716.98	93,712.59	0.00	**183,553.15**
Total	44,090,049.49	10,467,357.99	10,956,538.85	5,005.17	**43,595,863.46**

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

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

21. Deferred income tax assets and deferred income tax liabilities

(1) *Deferred income tax assets not offset*

Unit: Yuan Currency: RMB

Item	Ending balance Deductible temporary difference	Ending balance Deferred income tax assets	Beginning balance Deductible temporary difference	Beginning balance Deferred income tax assets
Wages payable and accrued expenses	**495,373,118.66**	**100,516,721.25**	433,470,029.63	89,739,550.45
Deferred income	**212,835,896.69**	**32,093,690.21**	188,578,207.64	28,455,036.83
Provision for impairment of assets	**72,998,869.72**	**11,659,435.27**	95,327,688.80	14,453,601.57
Dismissal welfare	**23,728,685.26**	**3,600,863.62**	31,445,544.03	4,770,903.36
Deductible difference caused by leasing business	**17,430,489.35**	**2,640,867.61**	26,932,852.54	4,095,024.41
Total	**822,367,059.68**	**150,511,577.96**	775,754,322.64	141,514,116.62

(2) *Deferred income tax liabilities not offset*

Unit: Yuan Currency: RMB

Item	Ending balance Taxable temporary difference	Ending balance Deferred income tax liabilities	Beginning balance Taxable temporary difference	Beginning balance Deferred income tax liabilities
Changes in fair value	**662,070,658.59**	**99,310,598.79**	757,870,658.59	113,680,598.79
Assets evaluation appreciation in the business combination not under the same control	**34,325,834.24**	**8,581,458.55**	37,799,528.99	9,449,882.24
Temporary difference caused by leasing business	**15,434,478.02**	**2,343,808.26**	26,710,188.19	4,063,801.35
Total	**711,830,970.85**	**110,235,865.60**	822,380,375.77	127,194,282.38

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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

21. Deferred income tax assets and deferred income tax liabilities

(3) Breakdown of unrecognized deferred income tax assets

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Deductible temporary difference	**845,396,306.60**	844,467,557.79
Deductible losses	**592,277,877.19**	651,725,922.31
Total	**1,437,674,183.79**	1,496,193,480.10

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

Unit: Yuan Currency: RMB

Year	Ending balance	Beginning balance	Remarks
2026	**0.00**	0.00	—
2027	**1,768,255.62**	9,778,598.52	—
2028	**141,359,529.85**	252,214,600.65	—
2029	**75,277,627.27**	85,482,000.85	—
2030	**12,863,951.15**	12,863,951.15	—
2031	**134,465,387.44**	69,971,467.11	—
2032	**153,926,179.32**	153,926,179.32	—
2033	**1,993,203.23**	1,993,203.23	—
2034	**30,157,955.42**	30,157,955.42	
2035	**35,337,966.06**	35,337,966.06	
2036	**5,127,821.83**	0.00	
Total	**592,277,877.19**	651,725,922.31	—

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

22. Assets with ownership or right of use restricted

Unit: Yuan Currency: RMB

Item	Ending			
	Book value	**Carrying amount**	**Restricted type**	**Restrictions**
Monetary funds	**483,581,521.08**	**483,581,521.08**	**Others**	**Guarantee deposits of bills, etc.**

Item	Beginning			
	Book value	Carrying amount	Restricted type	Restrictions
Monetary funds	578,050,895.83	578,050,895.83	Others	Guarantee deposits of bills, etc.

23. Financial liabilities held for trading

Unit: Yuan Currency: RMB

Item	**Ending balance**	Beginning balance	**Reasons and grounds for designation**
Financial liabilities at FVTPL	**25,867.48**	0.00	/
Including: Others	**25,867.48**	0.00	/
Total	**25,867.48**	0.00	/

Note: Others are changes in the fair value of forward exchange settlement contracts due to exchange rate fluctuations.

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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

24. Bills payable

Unit: Yuan Currency: RMB

Type	Ending balance	Beginning balance
Bank acceptance bills	**2,472,864,500.24**	2,583,140,189.56

25. Accounts payable

(1) Accounts payable

Unit: Yuan Currency: RMB

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

(2) Accounts payable listed by nature

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Procurement payable	**2,986,483,444.70**	1,637,102,681.91
Service payables	**123,227,028.28**	164,288,264.99
Engineering equipment purchase payables	**20,070,047.19**	22,539,363.02
Others	**975,391.88**	685,352.16
Total	**3,130,755,912.05**	1,824,615,662.08

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

25. Accounts payable (Continued)

(3) Significant payables aged over one year or overdue

Unit: Yuan Currency: RMB

Item	Ending balance	Reasons for not repaying or not transferring
Supplier 6	**25,855,468.75**	Unsettled

26. Advances from customers

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Lease payments received in advance	**77,680.73**	77,051.52

27. Contract liabilities

(1) Contract liabilities

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Sales payment	**175,296,617.30**	566,066,122.26

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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

27. Contract liabilities

(2) Significant contract liabilities aged over 1 year

Unit: Yuan Currency: RMB

Item	Ending balance	Reasons for not repaying or not transferring
Customer 6	**11,926,605.50**	Unsettled

28. Employee compensation payable

(1) Employee compensation payable

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
1. Short-term remuneration	80,785,912.62	500,578,997.04	501,669,050.78	**79,695,858.88**
2. Post-employment benefits – defined contribution plan	5,934,517.39	72,056,826.84	73,438,830.69	**4,552,513.54**
3. Dismissal welfare	14,419,451.18	11,320,332.46	8,579,927.88	**17,159,855.76**
Total	101,139,881.19	583,956,156.34	583,687,809.35	**101,408,228.18**

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

28. Employee compensation payable (Continued)

(2) *Short-term remuneration*

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
1. Salary, bonus, allowance and subsidy	36,620,024.95	345,542,293.33	347,958,693.39	**34,203,624.89**
2. Employee benefits	0.00	21,424,447.10	21,424,447.10	**0.00**
3. Social insurance premium	2,913,477.50	28,946,690.11	29,606,452.88	**2,253,714.73**
Including: Medical insurance premiums	2,613,782.70	25,874,512.57	26,465,815.63	**2,022,479.64**
Industrial injury insurance premium	299,694.80	3,072,177.54	3,140,637.25	**231,235.09**
4. Housing provident fund	1,111,743.00	33,797,795.20	33,163,153.20	**1,746,385.00**
5. Labor union funds and employee education funds	39,644,747.48	11,509,485.12	9,931,361.27	**41,222,871.33**
Others	495,919.69	59,358,286.18	59,584,942.94	**269,262.93**
Total	80,785,912.62	500,578,997.04	501,669,050.78	**79,695,858.88**

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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

28. Employee compensation payable (Continued)

(3) Defined contribution plan

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
1. Basic endowment insurance premium	5,571,435.60	54,362,063.39	55,635,649.22	**4,297,849.77**
2. Enterprise annuity	118,905.45	15,353,005.07	15,405,702.92	**66,207.60**
3. Unemployment insurance premium	244,176.34	2,341,758.38	2,397,478.55	**188,456.17**
Total	5,934,517.39	72,056,826.84	73,438,830.69	**4,552,513.54**

Other: Description of defined contribution plan: The Group participates in the enterprise annuity plan and the social insurance plan established by government agencies according to regulations. Under the plan, the Group will contribute to the plan in accordance with the enterprise annuity program and relevant regulations of the local government. Besides the contribution above, the Group will not assume any obligations for payment. Corresponding expenditures shall be counted in current profit or loss or relevant asset costs.

The Group shall pay RMB72,056,826.84 (RMB68,097,555.27 in the same period in 2025) into the defined contribution plan in the current period. As of 30 June 2026, the Group has a payable contribution of RMB4,552,513.54 (31 December 2025: RMB5,934,517.39) to be paid successively after 30 June 2026.

29. Taxes payable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Property tax	**8,612,063.97**	8,609,622.42
Enterprise income tax	**7,811,447.86**	2,998,008.01
Land use tax	**4,464,321.44**	4,464,365.82
Value-added tax (VAT)	**4,012,111.24**	4,407,191.09
Individual income tax	**2,252,102.58**	1,828,472.23
Urban maintenance and construction tax	**317,718.30**	236,687.95
Educational surcharges	**226,941.67**	169,062.85
Other taxes and fees	**4,809,538.76**	2,741,690.72
Total	**32,506,245.82**	25,455,101.09

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

30. Other payables

(1) Presentation of line items

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Interests payable	**2,396,354.61**	1,922,870.72
Dividends payable	**85,832,080.28**	8,439,607.88
Other payables	**637,152,842.67**	557,444,767.78
Total	**725,381,277.56**	567,807,246.38

(2) Interest payable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Interests payable	**2,396,354.61**	1,922,870.72

(3) Dividends payable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Ordinary share dividends	**85,832,080.28**	8,439,607.88

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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

30. Other payables (Continued)

(4) Other payables

Other payables by nature

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Guarantee deposit and security deposit	**322,706,628.51**	256,946,480.16
Transaction payments	**206,646,744.25**	206,932,698.14
Collection and payment on behalf of others	**31,715,409.28**	34,682,870.26
Expenses payable	**18,347,346.69**	18,471,802.81
Lendings to/borrowings from non-related parties	**9,675,277.67**	9,675,277.67
Others	**48,061,436.27**	30,735,638.74
Total	**637,152,842.67**	557,444,767.78

Significant other payables aged over one year or overdue

Unit: Yuan Currency: RMB

Item	Ending balance	Reasons for not repaying or not transferring
YTO Group Corporation	**191,103,137.20**	Unsettled

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

31. Non-current liabilities due within one year

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Lease liabilities due within one year	**16,094,835.21**	24,485,880.44
Long-term borrowings due within one year	**5,121,277.70**	681,965.00
Long-term payables due within one year	**708,000.00**	756,000.00
Interest on long-term borrowings	**193,378.47**	238,224.46
Total	**22,117,491.38**	26,162,069.90

32. Other current liabilities

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Discounts	**796,109,973.82**	245,561,534.20
Sales and warranty service fees for repair, replacement, and refund	**114,637,304.88**	102,648,920.51
Endorsement of bills without derecognition	**9,290,580.59**	7,788,550.80
Output VAT to be carried forward	**5,228,367.79**	7,576,255.51
Intermediary service cost	**18,066.04**	2,833,000.00
Others	**10,310,853.15**	17,495,049.60
Total	**935,595,146.27**	383,903,310.62

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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

33. Long-term borrowings

(1) Classification of long-term borrowings

Unit: Yuan Currency: RMB

Category	Ending balance	Beginning balance
Principal of credit loan	**568,674,013.62**	425,405,063.79
Interests payable	**193,378.47**	238,224.46
Subtotal	**568,867,392.09**	425,643,288.25
Less: Long-term borrowings due within one year	**5,121,277.70**	681,965.00
Less: Interest on long-term borrowings	**193,378.47**	238,224.46
Total	**563,552,735.92**	424,723,098.79

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

Unit: Yuan Currency: RMB

Maturity date	Ending balance	Beginning balance
1-2 years	**320,552,735.92**	192,903,098.79
2-3 years	**243,000,000.00**	231,820,000.00
Total	**563,552,735.92**	424,723,098.79

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

34. Lease liabilities

(1) Presentation of lease liabilities

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Present value of lease liabilities	**17,506,158.54**	27,033,159.54
Less: Re-classified to non-current liabilities due within one year	**16,094,835.21**	24,485,880.44
Net amount of lease liabilities	**1,411,323.33**	2,547,279.10

(2) Breakdown of maturity dates of lease liabilities

Unit: Yuan Currency: RMB

The carrying amount of the above lease liabilities shall be repaid in the following periods	Amount
Within 1 year (including 1 year)	16,094,835.21
1-2 years	1,411,323.33
2-5 years	0.00
Over 5 years	0.00
Total	17,506,158.54
Less: Lease liabilities due within one year	16,094,835.21
Lease liabilities disclosed under non-current liabilities	1,411,323.33

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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

35. Long-term payables

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Long-term non-financial institution loans	**6,373,417.84**	7,183,513.97

Note: Yitwo Argo Industrial, an overseas subsidiary of the Group, signed a supplementary agreement with the Ivory Coast Government, which stipulated that there was still XOF660,120,156.00 (equivalent to RMB7,081,417.84 at the end of the period) unpaid on the sub-loan obtained by Yitwo Argo Industrial from the government in 1997, with XOF60,000,000.00 (equivalent to RMB708,000.00) due within one year.

36. Long-term employee compensation payable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Long-term dismissal welfare	**24,663,539.38**	32,918,538.29
Others	**27,738.00**	27,738.00
Less: Undiscounted long-term employee compensation payable due within one year	**17,159,855.76**	14,419,451.18
Total	**7,531,421.62**	18,526,825.11

37. Estimated liabilities

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance	Reason
Others	**1,962,613.99**	1,962,613.99	Note

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

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

38. Deferred income

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance	Reason
Asset-related government subsidies	143,055,863.25	2,850,000.00	10,324,631.28	135,581,231.97	–
Income-related government subsidies	63,153,220.75	48,698,100.00	16,261,655.80	95,589,664.95	–
Total	206,209,084.00	51,548,100.00	26,586,287.08	231,170,896.92	–

39. Share capital

Unit: Yuan Currency: RMB

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

40. Capital reserve

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
Share premium	2,408,231,745.23	0.00	0.00	2,408,231,745.23
Other capital reserve	247,618,250.77	0.00	0.00	247,618,250.77
Total	2,655,849,996.00	0.00	0.00	2,655,849,996.00

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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

41. Other comprehensive income

Unit: Yuan Currency: RMB

		Amount incurred in the current period						
Item	Beginning balance	Amount incurred before income tax in the current period	Less: Amount included in other comprehensive income in the previous period and transferred to profit or loss in the current period	Less: Amount included in other comprehensive income in the previous period and transferred to retained income in the current period	Less: Income tax expenses	After-tax amount attributable to shareholder	After-tax amount attributable to non-controlling shareholders	Ending balance
I. Other comprehensive income not to be reclassified into profit or loss	-62,314.67	0.00	0.00	0.00	0.00	0.00	0.00	**-62,314.67**
Other comprehensive income that cannot be transferred to profit or loss under the equity method	0.00	0.00	0.00	0.00	0.00	0.00	0.00	**0.00**
Changes in fair value of other equity instrument investments	-62,314.67	0.00	0.00	0.00	0.00	0.00	0.00	**-62,314.67**
II. Other comprehensive income that will be reclassified into profit or loss	-8,007,974.41	-3,594,180.04	0.00	0.00	0.00	-2,431,543.81	-1,162,636.23	**-10,439,518.22**
Differences arising from translation of foreign currency financial statements	-8,007,974.41	-3,594,180.04	0.00	0.00	0.00	-2,431,543.81	-1,162,636.23	**-10,439,518.22**
Total other comprehensive income	-8,070,289.08	-3,594,180.04	0.00	0.00	0.00	-2,431,543.81	-1,162,636.23	**-10,501,832.89**

42. Special reserve

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
Work safety expenses	10,230,132.90	9,233,592.55	7,464,714.14	**11,999,011.31**

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

43. Surplus reserve

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
Statutory surplus reserve	848,592,081.81	0.00	0.00	**848,592,081.81**
Discretionary surplus reserve	771,431.00	0.00	0.00	**771,431.00**
Total	849,363,512.81	0.00	0.00	**849,363,512.81**

44. Retained earnings

Unit: Yuan Currency: RMB

Item	Current period	Previous year
Retained earnings at the end of the previous period before adjustment	**3,029,686,803.68**	2,695,974,750.86
Total retained earnings at the beginning of adjustment (increase +, decrease -)	**0.00**	0.00
Retained earnings at the beginning of the current period after adjustment	**3,029,686,803.68**	2,695,974,750.86
Add: Net profit attributable to owners of parent company in the current period	**782,287,915.86**	811,953,460.29
Less: Appropriation to statutory surplus reserve	**0.00**	65,120,633.28
Dividends payable on ordinary shares	**221,874,981.58**	412,689,205.69
Others (note)	**0.00**	431,568.50
Ending balance in the current period	**3,590,099,737.96**	3,029,686,803.68

Note: The Company adopts the equity method for accounting of its associate Sinomach Finance Co., Ltd. Whereas Sinomach Finance Co., Ltd. carries forward other comprehensive income that cannot be recognized as profit or loss to retained earnings, in accordance with relevant provisions of equity method accounting, the Company simultaneously carries forward such other comprehensive income of corresponding share to retained earnings and lists it in “Others” item.

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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

45. Operating revenue and operating costs

(1) Operating revenue and operating costs

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period		Amount in the previous period	
	Revenue	**Cost**	Revenue	Cost
Main operations	**7,860,892,722.50**	**6,566,369,155.71**	6,902,032,688.27	5,802,216,536.03
Other operations	**25,428,480.48**	**10,372,929.88**	25,615,721.26	14,827,720.02
Total	**7,886,321,202.98**	**6,576,742,085.59**	6,927,648,409.53	5,817,044,256.05

(2) Breakdown of operating revenue and operating costs

Unit: 0,000 Currency: RMB

Classification of contract	Total	
	Operating revenue	Operating cost
By business type		
Including: Agricultural machinery	694,607.02	570,544.24
Power machinery	94,025.10	87,129.97
By operating region		
Including: Domestic	699,887.71	579,425.38
Overseas	88,744.41	78,248.83
By sales channel		
Including: Sales through distributors	630,494.92	525,027.20
Direct sales	158,137.20	132,647.01
Total	788,632.12	657,674.21

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

46. Taxes and surcharges

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount in the previous period
Property tax	**10,258,483.73**	11,111,045.02
Stamp duty	**8,862,226.96**	7,684,336.09
Land use tax	**3,605,292.04**	3,025,881.37
Urban maintenance and construction tax	**3,114,147.16**	1,178,908.70
Educational surcharges	**2,224,412.59**	842,077.61
Vehicle and vessel use tax	**22,098.96**	24,484.64
Others	**160,562.51**	219,265.93
Total	**28,247,223.95**	24,085,999.36

47. Selling expenses

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount in the previous period
Employee compensation	**39,986,293.62**	40,792,838.54
Sales and service fees	**10,647,764.26**	7,030,451.96
Advertising expenses	**9,565,385.66**	9,476,121.11
Business travel expense	**8,567,553.11**	9,045,648.33
Others	**5,214,865.61**	4,482,210.37
Total	**73,981,862.26**	70,827,270.31

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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

48. Administrative expenses

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount in the previous period
Employee compensation	**86,640,615.12**	89,402,082.14
Amortization of intangible assets	**16,561,725.39**	16,460,295.69
Depreciation expenses	**11,338,905.33**	11,081,536.71
Repair expenses	**8,022,263.06**	7,790,779.09
Leasing expenses	**3,126,415.74**	8,948,384.50
Labor cost	**2,661,206.95**	3,458,174.38
Utility bills	**2,356,314.36**	2,243,251.07
Business travel expense	**1,759,499.00**	1,792,550.92
Working funds for Party building	**1,594,972.96**	1,761,980.12
Office expenses	**1,249,239.70**	561,103.42
Business entertainment expenses	**437,194.93**	536,504.24
Others	**8,541,970.06**	6,795,660.87
Total	**144,290,322.60**	150,832,303.15

49. R&D expenses

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount in the previous period
Employee compensation	**98,339,608.49**	95,259,513.01
Material expenses	**86,093,432.48**	76,373,793.53
Depreciation expenses	**12,666,171.14**	14,121,797.79
Design expenses	**5,511,877.85**	9,398,462.16
Test and inspection expenses	**2,302,192.79**	2,566,618.35
Others	**12,932,087.19**	15,253,721.95
Total	**217,845,369.94**	212,973,906.79

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

50. Financial expenses

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount in the previous period
Interest expenses	**4,901,941.58**	4,007,627.99
Less: Interest income	**7,709,596.53**	11,435,625.85
Add: Net exchange gains or losses	**3,273,206.99**	3,461,169.94
Others	**1,392,948.59**	2,324,683.93
Total	**1,858,500.63**	-1,642,143.99

51. Other income

Unit: Yuan Currency: RMB

Sources of other income	Amount incurred in the current period	Amount in the previous period
VAT additional deduction	**41,145,519.33**	70,918,939.41
Government subsidy	**26,539,176.79**	17,431,777.82
Refund of taxes and fees	**478,068.45**	520,902.76
Debt restructuring profit or loss	**0.00**	49,306,319.33
Others	**20,211.06**	0.00
Total	**68,182,975.63**	138,177,939.32

Note: Others are value-added tax deductions arising from policies for individuals lifted out of poverty and retired veterans.

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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

52. Investment income

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount in the previous period
Investment income from holding debt investments	**68,516,864.29**	67,975,642.29
Long-term equity investment income valued at the equity method	**16,269,001.26**	15,276,546.72
Investment income from disposal of financial assets held for trading	**1,588,794.52**	9,250,507.33
Dividend income from financial assets held for trading during the holding period	**0.00**	3,871,472.59
Others	**-3,159,764.58**	-4,906,047.62
Total	**83,214,895.49**	91,468,121.31

53. Income from changes in fair value

Unit: Yuan Currency: RMB

Sources of income from changes in fair value	Amount incurred in the current period	Amount in the previous period
Profit or loss due to changes in fair value of financial assets held for trading	**-95,796,376.62**	55,009,583.33
Profit or loss due to changes in fair value of financial liabilities held for trading	**-25,867.48**	0.00
Total	**-95,822,244.10**	55,009,583.33

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

54. Credit impairment losses

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount in the previous period
Bad debt loss for receivables	**-22,559,706.10**	-18,600,319.58

55. Asset impairment loss

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount in the previous period
Inventory impairment loss	**6,107,223.58**	525,974.77
Impairment loss on prepayments	**-0.40**	0.00
Impairment loss of other current assets	**0.00**	2,158,023.55
Total	**6,107,223.18**	2,683,998.32

56. Income from asset disposal

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount in the previous period	Amount included in non-recurring profit or loss in the current period
Gain or loss from disposal of fixed assets	**138,116.68**	691,296.24	138,116.68

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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

57. Non-operating revenue

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount in the previous period	Amount included in non-recurring profit or loss in the current period
Payables not to be paid	**42,908.61**	16,308,451.28	42,908.61
Government subsidy unrelated to daily activities	**144,000.00**	144,000.00	144,000.00
Others	**1,906,181.86**	2,002,267.29	1,906,181.86
Total	**2,093,090.47**	18,454,718.57	2,093,090.47

58. Non-operating expenses

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount in the previous period	Amount included in non-recurring profit or loss in the current period
Loss of retirement of non-current assets	**181,428.39**	1,202,899.96	181,428.39
Others	**784,055.68**	1,451,332.57	784,055.68
Total	**965,484.07**	2,654,232.53	965,484.07

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

59. Income tax expenses

(1) Table of income tax expenses

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount in the previous period
Income tax expenses in the current period	110,537,615.24	93,222,487.14
Deferred income tax expenses	-25,955,878.12	12,669,482.01
Total	84,581,737.12	105,891,969.15

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

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period
Consolidated total profits in the current period	883,744,705.19
Income tax expense calculated in accordance with applicable tax rate	132,561,705.78
Effect of different tax rates applicable to subsidiaries	3,801,533.02
Effect of income tax in previous periods before adjustment	-4,060.57
Impact of non-taxable income	-260,927.12
Effect from deductible temporary balance or deductible losses of deferred income tax assets unrecognized	-9,652,514.06
Weighted deduction of R&D expenses and other expenses	-22,503,531.84
Effect of using deductible losses of unrecognized deferred income tax assets in the previous period	-19,360,468.09
Income tax expenses	84,581,737.12

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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

60. Other comprehensive income

Refer to Note “VI. 41 Other comprehensive income” for details.

61. Items of cash flow statements

(1) Cash flows related to operating activities

1) Other cash received relating to operating activities

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount in the previous period
Cash received relating to interest on deposits	**7,709,596.53**	11,435,625.85
Government subsidies received	**51,644,989.71**	3,586,980.50
Cash received relating to other transactions	**115,258,189.98**	57,119,274.07
Total	**174,612,776.22**	72,141,880.42

2) Other cash paid relating to operating activities

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount in the previous period
Cash paid for selling, administrative and R&D expenses	**47,957,003.40**	54,772,772.20
Cash paid related to other transactions	**102,234,544.50**	36,668,468.52
Total	**150,191,547.90**	91,441,240.72

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

61. Items of cash flow statements (Continued)

(2) Cash flows relating to investing activities

1) Significant cash received relating to investing activities

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount in the previous period
Recovery of large-denomination certificates of deposit	**2,109,346,027.77**	0.00

2) Significant cash paid relating to investing activities

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount in the previous period
Purchase of fixed deposits	**3,865,935,837.58**	1,253,307,547.04
Payment of equity transfer (Note)	**19,792,461.00**	0.00
Total	**3,885,728,298.58**	1,253,307,547.04

Note: The Company acquired 39% of the equity of Heilongjiang Beidahuang Kenzheng Agricultural Machinery Equipment Co., Ltd. held by Luoyang Intelligent Agricultural Equipment Research Institute Co., Ltd. through public delisting, and paid a transaction price of RMB19,792,461.00 according to the contract agreement.

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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

61. Items of cash flow statements (Continued)

(3) Cash related to financing activities

1) Other cash paid relating to financing activities

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount in the previous period
Payment of rental expenses	**12,385,366.44**	11,828,092.39
Others	**0.00**	123,371.72
Total	**12,385,366.44**	11,951,464.11

2) Change in liabilities arising from financing activities

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase in the current period: Change in cash	Increase in the current period: Non-cash changes	Decrease in the current period: Change in cash	Decrease in the current period: Non-cash changes	Ending balance
Interests payable	1,922,870.72	0.00	473,483.89	0.00	0.00	**2,396,354.61**
Dividends payable	8,439,607.88	0.00	223,521,806.50	146,129,334.10	0.00	**85,832,080.28**
Other payables	9,675,277.67	0.00	0.00	0.00	0.00	**9,675,277.67**
Long-term borrowings	425,643,288.25	143,415,974.83	3,783,026.20	3,974,897.19	0.00	**568,867,392.09**
Lease liabilities	27,033,159.54	0.00	2,858,365.44	12,385,366.44	0.00	**17,506,158.54**
Long-term payables	7,939,513.97	0.00	0.00	369,000.00	489,096.13	**7,081,417.84**
Total	480,653,718.03	143,415,974.83	230,636,682.03	162,858,597.73	489,096.13	**691,358,681.03**

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

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

61. Items of cash flow statements (Continued)

(4) Notes for presentation of cash flows on a net basis

Unit: Yuan Currency: RMB

Item	Relevant facts	Basis of net presentation	Financial impact
Cash received from the return of investments	Purchase and redemption of structured deposits are presented on a net basis	Cash inflows and outflows for fast-turnover, high-value and short-duration projects	-1,000,000,000.00
Cash paid for investments			-1,000,000,000.00

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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

62. Supplementary information to cash flow statements

(1) Supplementary information to cash flow statements

Unit: Yuan Currency: RMB

Supplementary information	Amount in the current period	Amount in the previous period
1. Reconciliation of net profit to cash flows from operating activities:		
Net profit	**799,162,968.07**	832,865,953.69
Add: Provision for impairment of assets	**-6,107,223.18**	-2,683,998.32
Credit impairment losses	**22,559,706.10**	18,600,319.58
Depreciation of fixed assets	**120,693,208.76**	125,315,160.68
Depreciation of right-of-use assets	**12,975,988.16**	12,553,122.56
Amortization of intangible assets	**18,503,528.99**	18,016,130.90
Amortization of long-term unamortized expenses	**10,956,538.85**	11,205,791.74
Loss from disposal of fixed assets, intangible assets and other long-term assets (gains to be listed with "-")	**-138,116.68**	-49,997,615.57
Losses from retirement of fixed assets (gains to be listed with "-")	**181,428.39**	1,202,899.96
Losses from changes in fair value (gains to be listed with "-")	**95,822,244.10**	-55,009,583.33
Financial expenses (gains to be listed with "-")	**4,901,941.58**	4,007,627.99
Investment losses (gains to be listed with "-")	**-83,214,895.49**	-91,468,121.31
Decrease in deferred income tax assets (increase to be listed with "-")	**-8,997,461.34**	6,217,101.20
Increase in deferred income tax liabilities (decrease to be listed with "-")	**-16,958,416.78**	6,452,380.81
Decrease in inventories (increase to be listed with "-")	**155,498,995.15**	344,736,354.99
Decrease in operating receivables (increase to be listed with "-")	**-1,517,424,554.46**	-929,227,495.62
Increase in operating payables (decrease to be listed with "-")	**1,452,477,056.52**	144,170,661.31
Others	**0.00**	0.00
Net cash flows from operating activities	**1,060,892,936.74**	396,956,691.26

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

62. Supplementary information to cash flow statements (Continued)

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

Unit: Yuan Currency: RMB

Supplementary information	Amount in the current period	Amount in the previous period
2. Material investment and financing activities that do not involve cash receipts and payments:		
Conversion of debt into capital	**0.00**	0.00
Convertible corporate bonds due within one year	**0.00**	0.00
Fixed assets acquired under financial leases	**0.00**	0.00
3. Movements in net cash and cash equivalents:		
Ending balance of cash	**1,073,994,872.76**	1,175,187,858.62
Less: Beginning balance of cash	**1,333,492,655.01**	1,784,647,536.28
Add: Ending balance of cash equivalents	**0.00**	0.00
Less: Beginning balance of cash equivalents	**0.00**	0.00
Net increase in cash and cash equivalents	**-259,497,782.25**	-609,459,677.66

(2) Formation of cash and cash equivalents

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
1. Cash	**1,073,994,872.76**	1,333,492,655.01
Including: Cash on hand	**101,619.24**	50,619.11
Bank deposit available for payments at any time	**1,073,892,680.06**	1,315,376,585.23
Other monetary funds available for payment at any time	**573.46**	18,065,450.67
2. Cash equivalents	**0.00**	0.00
3. Balance of cash and cash equivalents at the end of the period	**1,073,994,872.76**	1,333,492,655.01
Including: Restricted cash and cash equivalents used by the parent company or subsidiaries within the group	**0.00**	0.00

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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

62. Supplementary information to cash flow statements (Continued)

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

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance	Reasons
Margin for acceptance bills	**483,311,521.08**	577,850,895.83	Restricted monetary funds
Other restricted cash	**270,000.00**	200,000.00	Restricted monetary funds
Total	**483,581,521.08**	578,050,895.83	—

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

63. Monetary items in foreign currency

(1) Monetary items in foreign currency

Unit: Yuan

Item	Ending balance in foreign currency	Exchange rate	Ending balance in RMB
Monetary funds	—	—	61,220,061.55
Including: USD	5,533,016.28	6.8109	37,684,820.58
EUR	1,207,634.48	7.7671	9,379,817.77
HKD	11,625.00	0.8686	10,096.89
XOF	1,194,745,068.00	0.0118	14,097,991.80
BYN	20,107.16	2.3536	47,323.21
UZS	20,000.00	0.0006	11.30
Accounts receivable	—	—	128,259,791.14
Including: USD	14,497,459.60	6.8109	98,740,747.59
EUR	110,277.29	7.7671	856,534.74
AUD	416,357.79	4.6804	1,948,721.00
XOF	783,803,597.50	0.0118	9,248,882.45
JPY	25,741,100.00	0.0420	1,082,284.55
ZAR	39,533,351.38	0.4144	16,382,620.81
Other receivables	—	—	407,373.90
Including: XOF	33,261,693.00	0.0118	392,487.98
BYN	6,324.88	2.3536	14,885.92
Non-current assets due within one year	—	—	469,902,875.39
Including: USD	47,719,241.77	6.8109	325,010,983.77
EUR	18,654,567.55	7.7671	144,891,891.62
Other current assets	—	—	15,142,041.18
Including: USD	2,210,899.78	6.8109	15,058,217.31
BYN	35,615.93	2.3536	83,823.87
Accounts payable	—	—	32,678,466.55
Including: USD	3,977,983.89	6.8109	27,093,650.48
EUR	706,460.12	7.7671	5,487,146.40
AUD	11,794.96	4.6804	55,205.13
BYN	18,042.76	2.3536	42,464.54

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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

63. Monetary items in foreign currency (Continued)

(1) Monetary items in foreign currency (Continued)

Unit: Yuan

Item	Ending balance in foreign currency	Exchange rate	Ending balance in RMB
Other payables	—	—	312,317.02
Including: USD	45,855.47	6.8109	312,317.02
Employee compensation payable	—	—	147,087.25
Including: BYN	62,495.91	2.3536	147,087.25
Other current liabilities	—	—	5,900.00
Including: XOF	500,000.00	0.0118	5,900.00
Non-current liabilities due within one year	—	—	708,000.00
Including: XOF	60,000,000.00	0.0118	708,000.00
Long-term payables	—	—	6,373,417.84
Including: XOF	540,120,156.00	0.0118	6,373,417.84

Note: The above assets are presented at original value.

(2) Overseas business entities

Company Name	Overseas business place	Bookkeeping currency	Selection basis of bookkeeping currency
Brilliance China Machinery Holdings Ltd.	Hong Kong	USD	Operating environment and main settlement currencies
Yitwo Argo Industrial	Ivory Coast	XOF	Operating environment and main settlement currencies
YTO Belarus Technology Co., Ltd.	Belarus	BYN	Operating environment and main settlement currencies

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

64. Leases

(1) As the lessee

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount in the previous period
Interest expenses on lease liabilities	**249,968.38**	129,568.21
Short-term lease expenses included in current profit or loss with simplified treatment	**1,614,351.51**	1,212,905.96
Lease expenses of low-value assets (except short-term leases) included in current profit or loss with simplified treatment	**0.00**	0.00
Variable lease payments not included in the measurement of lease liabilities	**0.00**	0.00
Total cash outflows related to leases	**14,117,731.17**	13,150,354.21

(2) As the lessor

1) Operating leases as the lessor

Unit: Yuan Currency: RMB

Item	Lease income	Including: Income related to variable lease payments that are not included in the lease receipts
Operating rental income	5,346,220.60	0.00

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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

65. Net current assets

Unit: Yuan Currency: RMB

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

66. Total assets less current liabilities

Unit: Yuan Currency: RMB

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

67. Borrowings

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Principal of short-term bank borrowings	**0.00**	0.00
Principal of long-term borrowings	**568,674,013.62**	425,405,063.79
Total	**568,674,013.62**	425,405,063.79

(1) Analysis of borrowings

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Bank borrowings	**—**	—
Need to repay within one year	**5,121,277.70**	681,965.00
Need to repay after one year	**563,552,735.92**	424,723,098.79
Total	**568,674,013.62**	425,405,063.79

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

67. Borrowings (Continued)

(2) Breakdown of maturity date

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Bank borrowings	—	—
Within 1 year (including 1 year)	**5,121,277.70**	681,965.00
1-2 years	**320,552,735.92**	192,903,098.79
2-5 years	**243,000,000.00**	231,820,000.00
Total	**568,674,013.62**	425,405,063.79

68. Depreciation and amortization

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount in the previous period
Depreciation of fixed assets	**120,693,208.76**	125,315,160.68
Amortization of intangible assets	**18,503,528.99**	18,016,130.90
Total	**139,196,737.75**	143,331,291.58

69. Reserve

According to the applicable laws of the People's Republic of China (the establishment place of the Group), the Group's available-for-distribution reserve on 30 June 2026, is RMB3,590,099,737.96, and the share premium of the capital reserves is RMB2,408,231,745.23.

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

VII. R&D EXPENDITURES

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount in the previous period
R&D of tractor products	**123,733,265.76**	116,923,002.77
R&D of power machinery products	**56,291,273.01**	50,363,481.94
Component optimization and R&D of other machinery products	**14,855,153.25**	21,563,182.84
Process R&D	**18,752,840.86**	18,453,985.40
Basic research	**4,212,837.06**	5,670,253.84
Total	**217,845,369.94**	212,973,906.79
Including: Expense account-based R&D expenses	**217,845,369.94**	212,973,906.79
Capitalized R&D expenses	**0.00**	0.00

VIII. CHANGES IN CONSOLIDATION SCOPE

Nil

IX. INTEREST IN OTHER ENTITIES

1. Interest in subsidiaries

(1) Composition of the Enterprise Group

Unit: Yuan Currency: RMB

Name of subsidiary	Registered capital	Principal place of business	Registration place	Business Nature	Shareholding proportion (%) Direct	Indirect	Way of acquisition	Enterprise Type
China-Africa Heavy Industry Investment Co., Ltd.	100,040,000.00	China	China	Agricultural machinery sales	55.00	0.00	Establishment	Limit Liability Company
Changtuo Agricultural Machinery Equipment Group Co., Ltd. (Note)	282,000,000.00	China	China	Tractor manufacturing	33.33	0.00	Business combination not under common control	Limit Liability Company
Luoyang Tractor Research Institute Co., Ltd.	445,000,000.00	China	China	Development and research of tractor products	51.00	0.00	Business combination under common control	Limit Liability Company
YTO International Economic and Trade Co., Ltd.	346,000,000.00	China	China	Agricultural machinery sales	100.00	0.00	Business combination under common control	Limit Liability Company
YTO (Luoyang) Flag Auto-Body Co., Ltd.	68,000,000.00	China	China	Tractor manufacturing	100.00	0.00	Business combination under common control	Limit Liability Company
YTO (Luoyang) Hydraulic Transmission Co., Ltd.	161,915,000.00	China	China	Power machinery manufacturing	66.60	22.83	Business combination under common control	Limit Liability Company
Brilliance China Machinery Holdings Ltd.	99,588.00	China	Bermuda Islands	Investment holding	90.10	0.00	Establishment	/
Luoyang Changxing Agricultural Machinery Co., Ltd.	3,000,000.00	China	China	Agricultural machinery sales	100.00	0.00	Establishment	Limit Liability Company
YTO (Luoyang) Diesel Engine Co., Ltd.	112,948,185.67	China	China	Power machinery manufacturing	67.94	19.45	Business combination under common control	Limit Liability Company
YTO (Luoyang) Casting and Forging Co., Ltd.	248,830,000.00	China	China	Tractor manufacturing	100.00	0.00	Business combination under common control	Limit Liability Company
YTO Belarus Technology Co., Ltd.	52,551,587.88	Belarus	Belarus	R&D	100.00	0.00	Business combination under common control	/
YTO (Luoyang) Axle Co., Ltd.	283,000,000.00	China	China	Tractor manufacturing	100.00	0.00	Business combination not under common control	Limit Liability Company

Notes: According to the resolution of the first meeting of the sixth Board of Directors of the Company in 2012, the Company increased its capital by RMB94.25 million to Changtuo Company based on the net asset appraisal value of Changtuo Agricultural Machinery Equipment Group Co., Ltd. (hereinafter referred to as Changtuo Company) on 31 March 2012, and held 33.33% of the equity of Changtuo Company after the capital increase. According to the agreement between the Company and Sinomach, Sinomach entrusts the Company to independently exercise its voting rights, supervision and management rights, and other rights corresponding to 33.33% of the equity held by it in Changtuo Company, and the custody year ends on the date when Sinomach transfers the aforementioned rights to an irrelevant third party. During the custody year, Sinomach shall not unilaterally revoke the custody authorization. If Sinomach transfers its equity to a third party, it shall obtain written consent from the Company, and the Company shall have the preemptive right. Therefore, the Company obtained 66.66% of the voting rights and actual control of Changtuo Company.

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

IX. INTEREST IN OTHER ENTITIES (CONTINUED)

1. Interest in subsidiaries (Continued)

(2) Significant non-wholly-owned subsidiaries

Unit: Yuan Currency: RMB

Name of subsidiary	Shareholding proportion of non-controlling shareholders (%)	Profit or loss attributable to non-controlling shareholders in the current period	Dividends announced and distributed to non-controlling shareholders in the current period	Balance of non-controlling interests at the end of the period
Luoyang Tractor Research Institute Co., Ltd.	49.00	-2,679,141.75	1,609,718.61	260,447,206.71
YTO (Luoyang) Diesel Engine Co., Ltd.	14.53	17,491,917.86	0.00	220,635,342.48

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

Unit: Yuan Currency: RMB

	Ending balance						Beginning balance					
Name of subsidiary	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Luoyang Tractor Research Institute Co., Ltd.	293,672,357.32	351,167,875.40	644,840,232.72	46,872,530.35	66,442,790.72	113,315,321.07	292,168,306.87	359,525,265.85	651,693,572.72	52,090,950.87	59,324,933.95	111,415,884.82
YTO (Luoyang) Diesel Engine Co., Ltd.	3,095,994,612.88	973,454,199.08	4,069,448,811.96	2,106,047,865.74	307,500,677.94	2,413,548,543.68	2,432,916,131.80	947,810,389.97	3,380,726,521.77	1,613,535,495.00	233,456,382.41	1,846,991,877.41

	Amount incurred in the current period				Amount in the previous period			
Name of subsidiary	Operating revenue	Net profit	Total comprehensive income	Cash flow from operating activities	Operating revenue	Net profit	Total comprehensive income	Cash flow from operating activities
Luoyang Tractor Research Institute Co., Ltd.	75,812,083.00	-5,467,636.23	-5,467,636.23	-284,163,380.55	97,505,223.47	20,052,377.73	20,052,377.73	-220,660,622.46
YTO (Luoyang) Diesel Engine Co., Ltd.	2,038,227,351.28	121,799,770.03	121,799,770.03	-152,465,895.02	1,531,274,321.66	117,731,954.46	117,731,954.46	-642,265,702.45

IX. INTEREST IN OTHER ENTITIES (CONTINUED)

1. Interest in subsidiaries (Continued)

(4) Material limitations on the use of enterprise group assets and payment of enterprise group debts

Nil

(5) Financial support or other support provided to the structural body within the consolidated financial statement

Nil

2. Conditions of the owner's equity portion variation in the subsidiaries and the subsidiaries still being under control

Nil

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

IX. INTEREST IN OTHER ENTITIES (CONTINUED)

3. Interests in joint ventures or associates

(1) Significant joint ventures or associates

Unit: Yuan Currency: RMB

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

(2) Main financial information for significant associates

Unit: Yuan Currency: RMB

Item	**Ending balance/ Amount incurred in the current period Sinomach Finance Co., Ltd.**	Beginning balance/ Amount incurred in the current period Sinomach Finance Co., Ltd.
Current assets	**46,425,434,383.84**	44,357,817,581.29
Non-current assets	**7,388,742,747.14**	8,493,673,149.96
Total assets	**53,814,177,130.98**	52,851,490,731.25
Current liabilities	**48,013,135,228.20**	47,309,740,048.07
Non-current liabilities	**1,299,294,432.43**	1,152,527,194.48
Total liabilities	**49,312,429,660.63**	48,462,267,242.55
Non-controlling interest	**0.00**	0.00
Equity attributable to shareholders of the parent company	**4,501,747,470.35**	4,389,223,488.70
Shares of net assets calculated according to the shareholding proportion	**643,106,138.37**	627,031,299.93
Adjustments	**78,311,537.19**	78,311,537.19
– Goodwill	**0.00**	0.00
– Unrealized profit of internal transaction	**0.00**	0.00
– Others	**78,311,537.19**	78,311,537.19
Carrying amount of equity investments in associates	**721,417,675.56**	705,342,837.12
Fair value of equity investments in associates with a public offer	**0.00**	0.00

IX. INTEREST IN OTHER ENTITIES (CONTINUED)

3. Interests in joint ventures or associates (Continued)

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

Unit: Yuan Currency: RMB

Item	**Ending balance/ Amount incurred in the current period Sinomach Finance Co., Ltd.**	Beginning balance/ Amount incurred in the current period Sinomach Finance Co., Ltd.
Operating revenue	**494,407,182.72**	567,011,313.43
Financial expenses	**0.00**	0.00
Income tax expenses	**39,911,262.55**	36,265,238.19
Net profit	**114,115,328.21**	111,469,904.07
Net profit from discontinued operations	**0.00**	0.00
Other comprehensive income	**0.00**	5,310,375.00
Total comprehensive income	**114,115,328.21**	116,780,279.07
Dividends received from associates in the current year	**0.00**	0.00

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

IX. INTEREST IN OTHER ENTITIES (CONTINUED)

3. Interests in joint ventures or associates (Continued)

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

Unit: Yuan Currency: RMB

Item	Ending balance/ Amount incurred in the current period	Beginning balance/ Amount incurred in the previous period
Associates:		
Total carrying amount of investment	**20,432,938.45**	509,314.63
Total amount of the following items at the shareholding percentage		
– Net profit	**114,130.75**	75,534.10
– Other comprehensive income	**0.00**	0.00
– Total comprehensive income	**114,130.75**	75,534.10

(4) *Excess losses incurred by joint ventures or associates*

Unit: Yuan Currency: RMB

Name of joint venture or associate	Accumulated unrecognized losses of the previous period	Unrecognized losses in the current period	Accumulated unrecognized losses at the end of the current period
Jiangxi Dongfanghong Agricultural Machinery Co., Ltd.	6,064,523.10	80,032.07	6,144,555.17

X. GOVERNMENT SUBSIDIES

1. Government subsidies recognized by amount receivable at the end of the period

Nil

2. Liability items involved with government subsidies

Unit: Yuan Currency: RMB

Item	Beginning balance	Amount of new subsidies in the current period	Amount included in non-operating revenue of the current period	Amount transferred to other gains in the current period	Others	Ending balance	Asset-related/ Revenue-related
Deferred income	143,055,863.25	2,850,000.00	144,000.00	10,180,631.28	0.00	**135,581,231.97**	Asset-related
Deferred income	63,153,220.75	48,698,100.00	0.00	16,261,655.80	0.00	**95,589,664.95**	Revenue-related
Total	206,209,084.00	51,548,100.00	144,000.00	26,442,287.08	0.00	**231,170,896.92**	/

3. Government subsidies included in current profit or loss

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount in the previous period
Asset-related	**10,324,631.28**	10,486,282.78
Revenue-related	**16,358,545.51**	7,089,495.04
Total	**26,683,176.79**	17,575,777.82

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

XI. RISKS RELATED TO FINANCIAL INSTRUMENTS

1. The risks of financial instruments

The Group faces various financial instrument risks in its daily activities, mainly including credit risk, liquidity risk, and market risk (including exchange rate risk, interest rate risk, and commodity price risk). The main financial instruments of the Group include monetary funds, equity investments, debt investments, loans, accounts receivable, and accounts payable. The risks concerning these financial instruments, as well as the risk management measures applied to mitigate these risks, are stated as follows:

The Board of Directors is responsible for the planning and establishment of the Group's risk management structure, the development of the Group's risk management policies and guidelines, and the monitoring of the implementation of risk management measures. The Group has developed risk management policies to identify and analyze the risks faced by the Group. These risk management policies specify specific risks, covering many aspects of market risk, credit risk, and liquidity risk management. The Group regularly evaluates the market environment and changes in the Group's operating activities to determine whether the risk management policies and systems are updated. The Group diversifies the risk of financial instruments through appropriate diversified investments and business combinations and reduces the risk of focusing on any single industry, specific region, or specific counterparty by developing appropriate risk management policies.

1. Risk management objectives and policies

The Group's risk management aims to achieve a proper balance between risk and benefit, to minimize the negative effect of risks on the business performance of the Group, and to maximize the interest of shareholders and other equity investors. Based on the objective of risk management, the basic strategy of the Group's risk management is to determine and analyze all risks faced by the Group, to set up an appropriate bottom line of risk standing and to manage risks, as well as to supervise all risks in a timely and reliable manner and control the risk within a limited scope.

XI. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

1. The risks of financial instruments (Continued)

1. Risk management objectives and policies (Continued)

(1) Credit risk

A credit risk is the risk of financial loss of the Group caused by the counterparty's failure to meet its obligations in the contract. The Group adopts the policy to trade with the counterparty with good credit and request securities when necessary, so as to mitigate the financial loss when the counterparty is unable to fulfill its own obligation. The Group only trades with entities that are assessed to be investment grade or above. Rating information is provided by independent rating agencies, and if such information is not available, the Group will use other publicly available financial information and its own transaction records to rate key customers. The Group continuously monitors the exposure to risks and the credit ratings of many counterparties and continuously monitors the exposure to these credit risks. As of 30 June 2026, the maximum credit exposure to risks that may cause the Group's financial loss mainly comes from the risk of failure of customers or counterparties to perform on the maturity date. Specifically, it includes receivables and bills receivable. It is the Group's policy that all customers trading on credit terms must pass the credit review process. The Group evaluates clients' credit rating and sets the credit period based on their financial conditions, possibility of obtaining security from third party, credit record and other factors, such as current market situation. The Group will monitor the credit record of the customer periodically. For customers with poor credit record, measures such as written collection, shortening credit period or canceling the credit period will be adopted by the Group, to ensure the overall credit risk being in the controllable scope. The Group continuously monitors receivable balances and the Board of Directors believes that adequate provision has been made in the financial statements for uncollected receivables. In this regard, the Board of Directors believes that credit risk has been substantially reduced.

The monetary funds held by the Group are mainly deposited in financial institutions such as state-owned holding banks and other large and medium-sized commercial banks. The Management believes that these commercial banks have high credit standing and asset status without material credit risks and will not cause any material losses due to the default of the other unit. The debtors of accounts receivable are a great many customers distributed in different industries and geographical areas. The Group continuously performs credit assessments on the accounts receivable of the debtors and purchases credit guarantee insurance when necessary. Because the counterparties of monetary funds and derivative financial instruments are banks with good reputations and high credit ratings, the credit risk of these financial instruments is low. As of 30 June 2026, the accounts receivable of the Group's top five customers accounted for 15.35% (30 June 2025: 11.09%) of the Group's total accounts receivable, so the Group has no significant credit concentration risk. The Group's credit exposure to risks includes on-balance sheet items and off-balance sheet items involving credit risk. On the balance sheet date, the carrying amount of the Group's financial assets represented its maximum credit risk exposure.

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

XI. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

1. The risks of financial instruments (Continued)

1. Risk management objectives and policies (Continued)

(1) Credit risk (Continued)

1) Judgment criteria for significant increase in credit risk

On each balance sheet date, the Group judges whether the credit risk of the financial instrument has increased significantly since the initial recognition by comparing the default probability of this financial instrument determined during the initial recognition in the expected duration with its default probability determined on the balance sheet date in the expected duration. However, if the Group determines that the financial instrument has only a low credit risk on the balance sheet date, the Group could assume that the credit risk of the financial instrument has not increased significantly since the initial recognition.

The main criteria for the Group to judge a significant increase in credit risk is that one or more of the following indicators have changed significantly: the debtor's business environment, internal and external credit ratings, and material adverse changes in actual or expected operating results.

2) Definition of assets with credit impairment

When one or more events that have an adverse effect on the expected future cash flow of a financial asset occur, the financial asset becomes a credit-impaired financial asset. The main criterion for the Group to judge that credit impairment has occurred is that it considers a credit impairment to have occurred if internal or external information indicates that full recovery of the contract amount may not be possible before taking into account any credit enhancements held. Credit impairment of financial assets may be caused by the joint action of multiple events, and may not necessarily be caused by separately identifiable events.

Evidence for credit-impaired financial assets includes the following observable information: The debtor has material financial difficulties; the debtor has violated the terms of the contract, such as default or overdue payment of interest or principal; due to economic or contractual considerations relating to the financial difficulties of the debtor, the Group makes concessions to the debtor which will never be made under any other circumstances; the debtor is likely to suffer bankruptcy or undergo other financial restructuring; the financial difficulties of the debtor cause the disappearance of the active market of the financial asset.

XI. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

1. The risks of financial instruments (Continued)

1. Risk management objectives and policies (Continued)

(2) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations on the due date. The Group manages liquidity risk by ensuring that there is sufficient liquidity to meet due debts without causing unacceptable losses or damage to the reputation of the enterprise. The Group regularly analyzes the liability structure and term to ensure sufficient funds. The Management of the Group monitors the use of bank borrowings and ensures compliance with loan agreements. At the same time, financing consultations are conducted with financial institutions to maintain a certain credit line and reduce liquidity risks.

The financial liabilities held by the Group are listed as follows according to the maturity of the undiscounted remaining contractual obligations:

Amount as of 30 June 2026:

Unit: Yuan Currency: RMB

	30 June 2026				
Item	**Book amount**	**Within 1 year**	**1-2 years**	**2-5 years**	**More than 5 years**
Trading financial liabilities	25,867.48	25,867.48	0.00	0.00	0.00
Bills payable	2,472,864,500.24	2,472,864,500.24	0.00	0.00	0.00
Accounts payable	3,130,755,912.05	3,130,755,912.05	0.00	0.00	0.00
Other payables	725,381,277.56	725,381,277.56	0.00	0.00	0.00
Other current liabilities	935,595,146.27	935,595,146.27	0.00	0.00	0.00
Long-term borrowings	563,552,735.92	0.00	320,552,735.92	243,000,000.00	0.00
Non-current liabilities due within one year	22,117,491.38	22,117,491.38	0.00	0.00	0.00
Long-term payables	6,373,417.84	0.00	708,000.00	2,124,000.00	3,541,417.84
Lease liability	1,411,323.33		1,411,323.33		
Total financial liabilities	7,858,077,672.07	7,286,740,194.98	322,672,059.25	245,124,000.00	3,541,417.84

(3) Market risk

1) Exchange rate risk

The main business of the Group is conducted in China and settled in RMB. However, the recognized foreign currency assets and liabilities of the Group and future foreign currency transactions (the currencies of foreign currency assets and liabilities and foreign currency transactions are mainly USD, EUR, and XOF) still have exchange rate risks. The finance department of the Group is responsible for monitoring the Company's foreign currency transactions and the scale of foreign currency assets and liabilities to reduce the exchange rate risks to the greatest extent. For this reason, the Group may avoid exchange rate risks by signing forward foreign exchange agreements or currency swap agreements.

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

XI. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

1. The risks of financial instruments (Continued)

1. Risk management objectives and policies (Continued)

(3) Market risk (Continued)

1) Exchange rate risk (Continued)

As of 30 June 2026, the amount of foreign currency financial assets and foreign currency financial liabilities held by the Group converted into RMB is listed as follows:

Unit: Yuan Currency: RMB

Item	Ending balance Original currency	Ending balance Equivalent to RMB	Beginning balance Original currency	Beginning balance Equivalent to RMB
Monetary funds	**–**	**61,220,061.55**	–	93,963,557.78
USD	**5,533,016.28**	**37,684,820.58**	7,357,662.89	51,715,540.92
EUR	**1,207,634.48**	**9,379,817.77**	1,122,094.86	9,241,012.22
HKD	**11,625.00**	**10,096.89**	20,012,105.23	18,075,333.69
XOF	**1,194,745,068.00**	**14,097,991.80**	1,176,651,512.00	14,825,809.05
BYN	**20,107.16**	**47,323.21**	44,322.26	105,861.90
UZS	**20,000.00**	**11.30**	0.00	0.00
Accounts receivable	**–**	**128,259,791.14**	–	92,074,416.34
USD	**14,497,459.60**	**98,740,747.59**	9,609,868.99	67,545,847.16
EUR	**110,277.29**	**856,534.74**	110,277.29	908,188.62
AUD	**416,357.79**	**1,948,721.00**	416,357.79	1,952,384.95
XOF	**783,803,597.50**	**9,248,882.45**	393,609,928.00	4,959,485.09
ZAR	**39,533,351.38**	**16,382,620.81**	39,552,387.38	16,708,510.52
JPY	**25,741,100.00**	**1,082,284.55**	0.00	0.00
Other receivables	**–**	**407,373.90**	–	434,206.94
XOF	**33,261,693.00**	**392,487.98**	33,261,693.00	419,097.33
BYN	**6,324.88**	**14,885.92**	6,326.09	15,109.61
Non-current assets due within one year	**–**	**469,902,875.39**	–	489,038,697.61
USD	**47,719,241.77**	**325,010,983.77**	47,719,241.77	335,409,006.55
EUR	**18,654,567.55**	**144,891,891.62**	18,654,567.55	153,629,691.06
Other current assets	**–**	**15,142,041.18**	–	15,922,621.65
USD	**2,210,899.78**	**15,058,217.31**	2,253,538.23	15,839,669.51
BYN	**35,615.93**	**83,823.87**	34,730.40	82,952.14
Accounts payable	**–**	**32,678,466.55**	–	34,202,328.60
USD	**3,977,983.89**	**27,093,650.48**	3,977,983.89	27,960,453.17
EUR	**706,460.12**	**5,487,146.40**	746,460.12	6,147,472.32
AUD	**11,794.96**	**55,205.13**	11,794.96	55,308.93
BYN	**18,042.76**	**42,464.54**	16,367.95	39,094.18

XI. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

1. The risks of financial instruments (Continued)

1. Risk management objectives and policies (Continued)

(3) Market risk (Continued)

1) Exchange rate risk (Continued)

	Ending balance		Beginning balance	
Item	Original currency	Equivalent to RMB	Original currency	Equivalent to RMB
Other payables	**–**	**312,317.02**	–	322,308.93
USD	**45,855.47**	**312,317.02**	45,855.47	322,308.93
Other current liabilities	**–**	**5,900.00**	–	0.00
XOF	**500,000.00**	**5,900.00**	0.00	0.00
Non-current liabilities due within one year	**–**	**708,000.00**	–	756,000.00
XOF	**60,000,000.00**	**708,000.00**	60,000,000.00	756,000.00
Long-term payables	**–**	**6,373,417.84**	–	7,183,513.97
XOF	**540,120,156.00**	**6,373,417.84**	570,120,156.00	7,183,513.97

Note: The above assets are presented at original value.

2) Interest rate risk

Interest rate risks faced by the Group are mainly incurred from borrowings. Due to financial liabilities with a floating interest rate, the Group faces cash flow interest rate risk; due to financial liabilities with a fixed interest rate, the Group faces fair value interest rate risk. The Group decides the relative proportion of the fixed interest rate and floating interest rate contracts in accordance with the current market environment.

The finance department of the Group constantly monitors the interest rate of the Company. The increase in interest rates will increase the cost of new interest-bearing debts and the Group's unpaid interest expense on interest-bearing debts calculated in floating interest rates, which will have a material adverse effect on the Group's financial results. The Management will duly make adjustments according to the latest market conditions. These adjustments may reduce interest rate risk via an interest rate swap.

3) Price risk

Price risk refers to the risk of fluctuations due to changes in market prices other than exchange rate risk and interest rate risk, mainly arising from changes in commodity prices, stock market indexes, equity instrument prices, and other risk variables.

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

XI. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

1. The risks of financial instruments (Continued)

2. Analysis of sensitivity

The Group adopts a sensitivity analysis technique to analyze how the profit or loss for the period or shareholders' equity would have been affected by reasonably possible changes in the relevant risk variables. As it is unlikely that risk variables will change in an isolated manner, and the interdependence among risk variables will have a material effect on the amount ultimately influenced by the changes in a single risk variable, the following are based on the assumption that the change in each risk variable is on a stand-alone basis.

(1) Foreign exchange risk sensitivity analysis

Sensitivity analysis of foreign exchange risk assumes that all overseas net operating investment hedges and cash flow hedges are highly effective.

On the basis of the above assumptions, under the condition that other variables remain unchanged, the after-tax impact of possible reasonable changes in exchange rate on current profit or loss and equity is as follows:

As of 30 June 2026, for various financial assets and financial liabilities in USD and EUR, if RMB appreciates or depreciates by 10% against USD and EUR and other factors remain unchanged, the Group will decrease or increase approximately RMB63,485,404.18 (approximately RMB64,961,280.42 in 2025) in net profits. The amount of provision for impairment is not considered in the estimate above.

3. Transfer of financial assets

(1) Classification of transfer modes

Unit: Yuan Currency: RMB

Transfer mode	Nature of transferred financial assets	Amount of transferred financial assets	Derecognition	Judgment basis for derecognition
Bill endorsement/ Bill discounting	Bills receivable	9,290,580.59	Not derecognized	Having retained almost all of its risks and rewards, including the related default risk
Bill endorsement/ Bill discounting	Receivables financing	872,658,024.38	Derecognized	Having transferred almost all of its risks and rewards
Discounted	Accounts receivable	77,657,715.90	Derecognized	Having transferred almost all of its risks and rewards
Total	–	959,606,320.87	–	–

XI. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

3. Transfer of financial assets (Continued)

(2) Financial assets derecognized due to transfer

Unit: Yuan Currency: RMB

Item	Transfer method of financial assets	Amount of financial assets derecognized	Gains or losses related to derecognition
Receivables financing	Bill endorsement/ Bill discounting	872,658,024.38	-1,643,133.06
Accounts receivable	Discounted	77,657,715.90	-1,625,934.11
Total	—	950,315,740.28	-3,269,067.17

As of 30 June 2026, the carrying amount of bank acceptance bills endorsed by the Group to suppliers for settlement or discounting to banks was RMB9,290,580.59. The Group believes that it has retained almost all of its risks and rewards, including the related default risk, and therefore continues to recognize them in full and list them in other current liabilities. After endorsement or discounting, the Group no longer reserves the right to use them, including the right to sell, transfer, or pledge them to other third parties.

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

XI. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

2. Hedging Business

(1) The company conducts hedging business for risk management

Item	Corresponding risk management strategies and objectives	Qualitative and quantitative information of hedged risks	The economic relationship between the hedged item and the related hedging instrument	Effective achievement of expected risk management objectives	The impact of corresponding hedging activities on risk exposure
Forward exchange settlement	Exchange rate risk management of foreign currency accounts receivable	Exchange rate risk, USD3.2241 million	Agreement	Efficient implementation	Reduce risk exposure

(2) The company conducts eligible hedging activities and applies hedge accounting

Not applicable

(3) The company conducts hedging activities for risk management, anticipating that it can achieve its risk management objectives, but does not apply hedge accounting

Item	Reasons for not applying hedge accounting	Impact on financial statements
Forward exchange settlement	Not applicable to hedge accounting	Trading financial assets: RMB3,623.38; Trading financial liabilities: RMB25,867.48; Impact on current profit and loss: RMB-22,244.10

XII. DISCLOSURE OF FAIR VALUE

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

Unit: Yuan Currency: RMB

Item	Ending fair value Level 1 measurement at fair value	Level 2 measurement at fair value	Level 3 measurement at fair value	Total
I. Continuous measurement at fair value	–	–	–	–
(I) Financial assets held for trading	0.00	3,623.38	850,200,000.00	850,203,623.38
1. Financial assets at FVTPL	0.00	3,623.38	850,200,000.00	850,203,623.38
(1) Debt instrument investments	0.00	0.00	0.00	0.00
(2) Equity instrument investments	0.00	0.00	850,200,000.00	850,200,000.00
(3) Derivative financial assets	0.00	3,623.38	0.00	3,623.38
(4) Structured deposits	0.00	0.00	0.00	0.00
2. Designated financial assets at FVTPL	0.00	0.00	0.00	0.00
(1) Debt instrument investments	0.00	0.00	0.00	0.00
(2) Equity instrument investments	0.00	0.00	0.00	0.00
(II) Investment in other equity instruments	0.00	0.00	4,716,862.36	4,716,862.36
(III) Receivables financing	0.00	0.00	167,906,354.99	167,906,354.99
Total assets continuously measured at fair value	0.00	3,623.38	1,022,823,217.35	1,022,826,840.73
(IV) Financial liabilities held for trading	0.00	25,867.48	0.00	25,867.48
1. Financial liabilities at FVTPL	0.00	25,867.48	0.00	25,867.48
Total liabilities continuously measured at fair value	0.00	25,867.48	0.00	25,867.48

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

XII. DISCLOSURE OF FAIR VALUE (CONTINUED)

2. Basis for determination of market prices for items subject to continuous and non-continuous level I measurement at fair value

Financial instruments traded in an active market are stated at quoted market prices at the date of the financial statements. The market is considered active when the quoted prices are available in real time or periodically from stock exchanges, dealers, brokers, industry insiders, pricing service providers, or regulatory agents, and the quoted prices represent actual and regular market transactions on an arm's length basis.

3. Valuation techniques and qualitative and quantitative information about significant indicators of items subject to continuous and non-continuous Level 2 measurement at fair value

The fair value of financial instruments not traded in an active market (e.g., OTC derivatives) is determined using valuation techniques. Valuation techniques use observable market data as much as possible and rely as little as possible on entity-specific estimates. A financial instrument is classified in Level 2 if all material inputs required to calculate its fair value are observable.

The fair value of forward foreign exchange contracts in trading financial assets and trading financial liabilities is determined by the difference between the exchange rate agreed upon in the forward foreign exchange contract and the forward exchange rate on the balance sheet date.

4. Valuation techniques and qualitative and quantitative information about significant indicators of items subject to continuous and non-continuous Level 3 measurement at fair value

If one or more material inputs are not based on observable market data, the financial instrument is classified as Level 3. Specific methods used to measure financial instruments include:

(1) Market list price or dealer list price of similar financial instruments.

(2) The fair value of the interest rate adjustment contract is calculated by estimating the discount value of future cash flow according to the observable curve of the rate of return.

(3) Other methods, such as discounted value cash flow analysis, are used to calculate the fair value of the remaining financial instruments. For the equity instruments of financial assets held for trading held by the Company, the Company hired an asset appraisal institution to issue a valuation report. The valuation method of equity instruments in the valuation report adopts the market approach.

XII. DISCLOSURE OF FAIR VALUE (CONTINUED)

5. Information on the adjustment between the beginning carrying amount and the ending carrying amount of items subject to continuous Level 3 fair value measurement and sensitivity analysis of non-observable parameters

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

6. Conversion reasons and policies to determine the conversion time for the sustained fair value measuring items to which a conversion between hierarchies occurs in the period

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

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

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

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

Nil

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

XIII. RELATED PARTIES AND CONNECTED TRANSACTIONS

(I) Related party relationships

1. *Parent company of the Company*

Name of tthe parent company	Registration place	Business nature	Registered capital (RMB0,000)	Shareholding proportion (%) in the Group	Proportion (%) of voting rights to the Company
YTO Group Corporation	Luoyang City, Henan Province	Production and sales of various large, medium, and small tractors, engineering machinery, diesel engines, etc.	310,619.38	48.81	48.81

The ultimate controller of the Company is China National Machinery Industry Corporation, registered and operated in Beijing with a registered capital of RMB26 billion.

2. *Subsidiaries of the Company*

For details of subsidiaries, refer to Note "IX. 1. (1) Composition of the Enterprise Group".

XIII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

(I) Related party relationships (Continued)

3. *Joint ventures and associates of the Company*

For details of significant joint ventures or associates of the Company, please refer to Note “IX. 3. (1) Significant joint ventures or associates”.

The information of other joint ventures or associated enterprises which produced balance for conducting connected transactions with the Group in this period or in the earlier period is shown as follows:

Name of joint venture or associate	Relationship with the Company	Remarks
YTO (Luoyang) Hydraulic Transmission Co., Ltd.	Subsidiary of the Company and associate of the parent company of the Company	The controlling shareholder of the Company holds 10.57% of the shares (Note 1)
Luoyang Tractor Research Institute Co., Ltd.	Subsidiary of the Company and associate of the parent company of the Company	The controlling shareholder of the Company directly holds 49% of the shares
Sinomach Finance Co., Ltd.	Associate of the Company	Controlled by the same controlling party
Heilongjiang Beidahuang Reclamation Agricultural Machinery Equipment Co., Ltd	Associate of the Company	—
Luoyang Intelligent Agricultural Equipment Research Institute Co., Ltd.	Associate of the controlling shareholder	—
Luoyang Dongfang Printing Co., Ltd.	Associate of the controlling shareholder	—
Luoyang Saida Environmental Protection Technology Co., Ltd.	Joint venture of the controlling shareholder	—
Luoyang I&C Technology Consulting Co., Ltd.	Associate of the subsidiary of the Company	—

Note 1: According to the Main Board Rules of the Hong Kong Stock Exchange, companies in which the controlling shareholder of the Company holds 10% or more of the shares are associates of the controlling shareholder of the Company.

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

XIII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

(I) Related party relationships (Continued)

4. Other related parties

Name of other related party	Relationship between other related party and the Company
Beijing Materials Handling Research Institute Co., Ltd.	Controlled by the same ultimate controller
Beijing Sinomach Lianchuang Exhibition Technology Service Co., Ltd.	Controlled by the same ultimate controller
China CAMC Engineering Co., Ltd.	Controlled by the same ultimate controller
Sinomach-HE International Equipment Co., Ltd.	Controlled by the same ultimate controller
Huiyi Leasing (Tianjin) Co., Ltd.	Controlled by the same ultimate controller
Hainan Sumec Supply Chain Co., Ltd.	Controlled by the same ultimate controller
Sinomach Digital Technology Co., Ltd.	Controlled by the same ultimate controller
Guangzhou Sinomach Lubrication Technology Co., Ltd.	Controlled by the same ultimate controller
Sinomach Heavy Industry (Changzhou) Excavator Co., Ltd.	Controlled by the same ultimate controller
SCIVIC Engineering Corporation	Controlled by the same ultimate controller
Kinte Materials Science and Technology Co., Ltd.	Controlled by the same ultimate controller
Changsha Qidian Automotive Parts Co., Ltd.	Controlled by the same ultimate controller
China National Electric Apparatus Research Institute Co., Ltd.	Controlled by the same ultimate controller
Automotive Engineering Corporation	Controlled by the same ultimate controller
Zhongqi Shengjia (Tianjin) Property Management Co., Ltd.	Controlled by the same ultimate controller
China National Machine Tool Sales and Technical Service Corporation	Controlled by the same ultimate controller
Sumec International Technology Co., Ltd.	Controlled by the same ultimate controller
Sinomach Hainan Development Co., Ltd.	Controlled by the same ultimate controller
Guangzhou Qingtian Industrial Co., Ltd.	Controlled by the same ultimate controller
Jiangsu SUMEC Machinery & Electric Co., Ltd.	Controlled by the same ultimate controller
China National Heavy Machinery Research Institute Co., Ltd.	Controlled by the same ultimate controller
Luoyang Bearing Research Institute Co., Ltd.	Controlled by the same ultimate controller
Linhai Co., Ltd.	Controlled by the same ultimate controller

XIII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

(I) Related party relationships (Continued)

4. Other related parties (Continued)

Name of other related party	Relationship between other related party and the Company
Jiangsu Sumec Technology Equipment Co., Ltd.	Controlled by the same ultimate controller
Beijing Prominion Publishing Co., Ltd.	Controlled by the same ultimate controller
Sinomach Capital Management Corporation	Controlled by the same ultimate controller
Chinese Academy of Agricultural Mechanization Sciences Group Co., Ltd.	Controlled by the same ultimate controller
SUMEC Machinery & Electric Technology Co., Ltd.	Controlled by the same ultimate controller
Jiangsu SUMEC Hardware & Tools Co., Ltd.	Controlled by the same ultimate controller
CGE Group Wuxi Drill Tools Co., Ltd.	Controlled by the same ultimate controller
New Dayang Shipbuilding Co., Ltd.	Controlled by the same ultimate controller
ZFJ Textile Machinery Co., Ltd.	Controlled by the same ultimate controller
Menoble Technology Co., Ltd.	Controlled by the same ultimate controller
Guangzhou Kinte Intelligent Equipment Technology Co., Ltd.	Controlled by the same ultimate controller
China Machinery Engineering Corporation	Controlled by the same ultimate controller
Chongqing Chuanyi Automation Co., Ltd.	Controlled by the same ultimate controller
CMEC Industrial Technology Co., Ltd.	Controlled by the same ultimate controller
CVC Testing Technology Co., Ltd.	Controlled by the same ultimate controller
Tianjin Research Institute of Construction Machinery Co., Ltd.	Controlled by the same ultimate controller
SIPPR Engineering Group Co., Ltd.	Controlled by the same ultimate controller
Sinotest Equipment Co., Ltd.	Controlled by the same ultimate controller
Deyang Wanlu Transportation Service Co., Ltd. of China National Erzhong Group Co., Ltd.	Controlled by the same ultimate controller
China United Engineering Corporation	Controlled by the same ultimate controller
CMEC International Exhibition Co., Ltd.	Controlled by the same ultimate controller
Jiangsu Sumec Eton Kidd Brand Management Co., Ltd.	Controlled by the same ultimate controller
CHINA AUT CAIEC LTD.	Controlled by the same ultimate controller
BMHRI Equipment Manufacturing (Beijing) Co., Ltd.	Controlled by the same ultimate controller
Beijing Tsun Greatwall Hydraulic R&D Co., Ltd.	Controlled by the same ultimate controller
Beijing Unite-Idea Advertising Co., Ltd.	Controlled by the same ultimate controller
Luoyang Xiyuan Vehicle and Power Inspection Institute Co., Ltd.	Controlled by the same party

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

XIII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

(I) Related party relationships (Continued)

4. Other related parties (Continued)

Name of other related party	Relationship between other related party and the Company
YTO (Luoyang) Win Tools & Equipment Co., Ltd.	Controlled by the same party
YTO (Luoyang) Logistics Co., Ltd.	Controlled by the same party
YTO (Luoyang) Materials and Equipment Co., Ltd.	Controlled by the same party
Dongfanghong (Luoyang) Modern Life Service Co., Ltd.	Controlled by the same party
Dongfanghong Agricultural Service Technology (Guangxi) Co., Ltd.	Controlled by the same party
Luoyang Tianhui Energy Engineering Co., Ltd.	Controlled by the same party
Luoyang Fossett Environmental Protection Technology Co., Ltd.	Controlled by the same party
YTO (Heilongjiang) Dongfanghong Industry Park Co., Ltd.	Controlled by the same party
Cadfund Machinery Pty Ltd	The former subsidiary of the Company due to bankruptcy liquidation is not included in the scope of consolidation.
Luoyang YTO Light Vehicle Co., Ltd.	Others (cancelled)
YTO (Luoyang) Zhongcheng Machinery Co., Ltd.	Others

Other notes:

(1) Description of other related parties of the Company: The ultimate controller of the Company is Sinomach, so the subsidiaries controlled by Sinomach are all related parties of the Company. Only related parties with business relations with the Company are disclosed here.

(2) Others are the former subsidiaries that are no longer included in the scope of consolidation due to bankruptcy liquidation by the controlling shareholder of the Company and the associated enterprises that have been bankrupt and liquidated.

XIII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

(II) Connected transactions

1. *Material transactions between the Group and Sinomach and its subsidiaries*

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount in the previous period
Sales of raw materials and parts	**69,154,697.59**	55,182,930.83
Purchase of raw materials and parts	**26,776,469.26**	13,833,254.90
Interest income	**6,080,081.04**	9,438,726.65
Interest expense	**2,353,000.00**	2,513,888.89
Expenditure on service charges	**644,119.13**	917,956.75
Total	**105,008,367.02**	81,886,758.02

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

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount in the previous period
Purchase of raw materials and parts	**199,627,844.86**	255,188,364.70
Comprehensive service and transportation costs paid and payable	**146,247,162.98**	129,914,996.42
Power cost paid and payable	**112,718,323.70**	106,323,582.03
Sales of raw materials and parts	**40,504,343.87**	96,289,310.98
Payment of R&D expenses	**8,400,566.34**	6,661,570.35
Land rent paid and payable	**7,589,174.94**	7,266,722.76
Purchase of plant and equipment	**6,596,965.82**	10,619,844.03
Rent paid and payable for houses and buildings, machinery and equipment	**4,503,376.94**	4,126,365.54
Revenue from houses and buildings and machinery equipment rent	**2,157,638.29**	2,110,267.36
Interest expense	**1,310,422.79**	858,455.78
Provision of technical and testing services	**401,992.60**	268,095.96
Revenue from land lease	**56,016.00**	56,016.00
Total	**530,113,829.13**	619,683,591.91

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

XIII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

(II) Connected transactions (Continued)

3. Connected transactions between the Group and joint ventures and associates (including joint ventures and associates of Sinomach and YTO Group Corporation)

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount in the previous period
Payment of R&D expenses	72,770,607.99	92,583,773.65
Purchase of raw materials and parts	44,280,133.74	38,892,322.25
Sales of raw materials and parts	10,070,864.04	9,899,162.31
Rent paid and payable	1,608,184.09	1,608,184.10
R&D revenue	327,908.17	456,210.28
Provision of technical and testing services	180,046.00	248,798.28
Power cost paid and payable	93,822.00	69,620.48
Comprehensive service fees paid and payable	0.00	78,860.36
Interest expense	0.00	75,584.65
Total	**129,331,566.03**	143,912,516.36

Note: Sinomach Finance Co., Ltd., an associate of the Company, has been disclosed in the material transactions between the Group and Sinomach and its subsidiaries, so it will not be repeatedly disclosed here.

XIII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

(II) Connected transactions (Continued)

4. *Related party capital lending*

Unit: Yuan Currency: RMB

Name of related party	Lending amount	Starting date	Maturity date	Remarks
Loans from related parties (principal)				
YTO Group Corporation	65,950,000.00	2024/12/31	2027/12/31	Entrusted loan
YTO Group Corporation	31,820,000.00	2025/7/3	2028/7/3	Entrusted loan
China National Machinery Industry Corporation	200,000,000.00	2025/12/9	2028/12/9	Entrusted loan
YTO Group Corporation	11,180,000.00	2026/2/9	2029/2/9	Entrusted loan
Subtotal	308,950,000.00	—	—	—
Loans from related parties (interest payable)				
China National Machinery Industry Corporation	143,000.00	—	—	Interest of entrusted loan
YTO Group Corporation	50,378.47	—	—	Interest of entrusted loan
Subtotal	193,378.47	—	—	—

Note: The interest expense of the Group's related party capital lending in the current period is RMB3,663,422.79 in total.

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

XIII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

(II) Connected transactions (Continued)

5. Related party leases

(1) As Lessor

Unit: Yuan Currency: RMB

Name of lessee	Type of asset leased	Leasing income recognized in the current period	Leasing income recognized in the previous period
Luoyang Xiyuan Vehicle and Power Inspection Institute Co., Ltd.	Machinery equipment	**690,016.06**	731,140.32
Luoyang Xiyuan Vehicle and Power Inspection Institute Co., Ltd.	Land and buildings	**807,530.23**	719,035.04
YTO Group Corporation	Land and buildings	**694,726.00**	694,726.00
YTO Group Corporation	Machinery equipment	**21,382.00**	21,382.00
Total	—	**2,213,654.29**	2,166,283.36

XIII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

(II) Connected transactions (Continued)

5. Related party leases (Continued)

(2) As Lessee

Unit: Yuan Currency: RMB

Name of lessor	Type of asset leased	Rental expenses for simplified short-term leases and low-value asset leases	Variable lease payments not included in the measurement of lease liabilities	Rents paid	Increased right-of-use assets
YTO Group Corporation and its subsidiaries	–	–	–	–	–
YTO Group Corporation	Land and buildings	729,856.68	0.00	13,180,101.14	1,675,201.24
YTO Group Corporation	Machinery equipment	0.00	0.00	809.08	0.00
Total	–	729,856.68	0.00	13,180,910.22	1,675,201.24

6. Asset transfers and debt restructurings of related parties

Unit: Yuan Currency: RMB

Related party	Content of related-party transactions	Current period amount	Previous period amount
Luoyang Intelligent Agricultural Equipment Research Institute Co., Ltd	Purchase of equity	**19,792,461.00**	0.00

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

XIII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

(II) Connected transactions (Continued)

7. Remuneration of key senior management

Unit: 0,000 Currency: RMB

Item	Amount incurred in the current period
Remuneration of key management personnel	167.36

Compensation of key management personnel is as below:

	Amount in the current period			
Personnel and position	Emoluments	Salaries and other benefits	Contribution to retirement fund plan	Total
Executive Directors	—	—	—	—
Zhao Weilin	0.00	0.00	0.00	0.00
Wei Tao	0.00	24.45	3.45	27.90
Non-executive Directors	—	—	—	—
Fang Xianfa	0.00	0.50	0.00	0.50
Yang Jianhui	0.00	0.90	0.00	0.90
Sun Feng	0.00	0.00	0.00	0.00
Independent Non-executive Directors	—	—	—	—
Wang Shumao	0.00	5.90	0.00	5.90
Xu Liyou	0.00	0.00	0.00	0.00
Wong Yee Man	0.00	5.20	0.00	5.20
Employee Director	0.00	0.00	0.00	0.00
Li Peng	0.00	27.98	3.45	31.43
Senior Management	—	—	—	—
Su Wensheng (Deputy General Manager)	0.00	20.32	3.45	23.77
Liu Bin (CFO and Secretary of the Board of Directors)	0.00	19.52	3.45	22.97
Zhao Qingliang (Deputy General Manager)	0.00	19.53	6.29	25.82
Yang Guangjun (Deputy General Manager)	0.00	19.52	3.45	22.97
Total	—	143.82	23.54	167.36

XIII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

(II) Connected transactions (Continued)

7. *Remuneration of key senior management (Continued)*

(Cont'd)

	Amount in the previous period			
Personnel and position	Emoluments	Salaries and other benefits	Contribution to retirement fund plan	Total
Executive Directors	—	—	—	—
Zhao Weilin	0.00	0.00	0.00	0.00
Wei Tao	0.00	26.59	3.39	29.98
Non-executive Directors	—	—	—	—
Fang Xianfa	0.00	0.00	0.00	0.00
Yang Jianhui	0.30	0.00	0.00	0.30
Miao Yu	0.00	0.00	0.00	0.00
Independent Non-executive Directors	—	—	—	—
Wang Shumao	2.30	0.00	0.00	2.30
Xu Liyou	0.00	0.00	0.00	0.00
Wong Yee Man	2.30	0.00	0.00	2.30
Supervisors	—	—	—	—
Yang Yu	0.00	0.00	0.00	0.00
Gu Aiqin	0.00	0.00	0.00	0.00
Xiao Bin	0.00	30.24	3.39	33.63
Li Peng	0.00	111.55	3.39	114.94
Yang Kun	0.00	84.37	3.39	87.76
Senior Management	—	—	—	—
Su Wensheng (Deputy General Manager)	0.00	20.12	3.39	23.51
Yu Lina (Deputy General Manager & Secretary of the Board of Directors)	0.00	20.14	3.39	23.53
Liu Bin (Chief Financial Officer)	0.00	19.42	3.39	22.81
Zhao Qingliang (Deputy General Manager)	0.00	20.03	6.19	26.22
Yang Guangjun (Deputy General Manager)	0.00	20.12	3.39	23.51
Other personnel	—	—	—	—
Xue Wenpu (former Deputy General Manager)	0.00	20.83	3.39	24.22
Xue Lipin (formerly Independent Director)	2.50	0.00	0.00	2.50
Total	7.40	373.41	36.70	417.51

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

XIII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

(III) Balance of receivables and payables by related parties

1. Cash at bank

Unit: Yuan Currency: RMB

Related Party	Ending book value	Beginning book value
Sinomach and its subsidiaries (excluding YTO Group Corporation and its subsidiaries)	**—**	—
Sinomach Finance Co., Ltd.	**1,356,486,152.62**	1,669,218,110.27

Note: The amount deposited by the Group in Sinomach Finance Co., Ltd. at the end of the period is RMB1,356,486,152.62, including current deposits of RMB958,229,662.30 and bank acceptance bill deposits of RMB398,256,490.32. The settled interest income in the current period is RMB6,080,081.04.

XIII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

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

2. Receivables

(1) Notes receivable and receivables financing

Unit: Yuan Currency: RMB

Related Party	Ending book value	Beginning book value
Sinomach and its subsidiaries (excluding YTO Group Corporation and its subsidiaries)	—	—
Jiangsu Sumec Technology Equipment Co., Ltd.	**15,672,920.00**	0.00
Jiangsu SUMEC Machinery & Electric Co., Ltd.	**2,918,364.66**	2,663,879.95
Sinomach-HE International Equipment Co., Ltd.	**5,473,193.20**	0.00
China Machinery Engineering Corporation	**3,350,000.00**	0.00
Automotive Engineering Corporation	**128,450.00**	0.00
China National Electric Apparatus Research Institute Co., Ltd.	**14,500.00**	207,401.00
Menoble Technology Co., Ltd.	**10,000.00**	20,714.70
Jiangsu SUMEC Hardware & Tools Co., Ltd.	**2,534.00**	0.00
China National Heavy Machinery Research Institute Co., Ltd.	**0.00**	378,836.51
CGE Group Wuxi Drill Tools Co., Ltd.	**0.00**	100,000.00
Guangzhou Qingtian Industrial Co., Ltd.	**0.00**	70,000.00
New Dayang Shipbuilding Co., Ltd.	**0.00**	31,536.00
ZFJ Textile Machinery Co., Ltd.	**0.00**	31,160.00
Guangzhou Kinte Intelligent Equipment Technology Co., Ltd.	**0.00**	20,000.00
Subtotal	**27,569,961.86**	3,523,528.16
Controlling shareholder	—	—
YTO Group Corporation	**894,844.45**	13,679,938.76
Subsidiaries of YTO Group Corporation	—	—
YTO (Luoyang) Logistics Co., Ltd.	**32,995.00**	244,368.87
Joint ventures and associates	—	—
Luoyang Intelligent Agricultural Equipment Research Institute Co., Ltd.	**230,061.21**	0.00
Total	**28,727,862.52**	17,447,835.79

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

XIII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

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

2. *Receivables (Continued)*

(2) *Accounts receivable*

Unit: Yuan Currency: RMB

Related Party	Ending balance Book value	Ending balance Provision for bad debts	Beginning balance Book value	Beginning balance Provision for bad debts
Sinomach and its subsidiaries (excluding YTO Group Corporation and its subsidiaries)	–	–	–	–
China CAMC Engineering Co., Ltd.	**1,107,885.10**	**553,942.55**	1,107,885.10	166,182.77
SUMEC Machinery & Electric Technology Co., Ltd.	**1,100,385.00**	**11,003.85**	0.00	0.00
Beijing Materials Handling Research Institute Co., Ltd.	**439,956.00**	**4,399.56**	0.00	0.00
China National Machinery Industry Corporation	**0.00**	**0.00**	22,641.51	226.42
Luoyang Bearing Research Institute Co., Ltd.	**0.00**	**0.00**	5,128.00	51.28
Subtotal	**2,648,226.10**	**569,345.96**	1,135,654.61	166,460.47
Controlling shareholder	–	–	–	–
YTO Group Corporation	**4,403,260.27**	**430,894.41**	2,795,064.20	83,992.35
Subtotal	**4,403,260.27**	**430,894.41**	2,795,064.20	83,992.35
Subsidiaries of YTO Group Corporation	–	–	–	–
YTO (Luoyang) Materials and Equipment Co., Ltd.	**18,449,744.07**	**184,497.43**	18,092,668.41	180,926.68
Luoyang Xiyuan Vehicle and Power Inspection Institute Co., Ltd.	**472,000.00**	**4,720.00**	0.00	0.00
YTO (Luoyang) Win Tools & Equipment Co., Ltd.	**300,009.17**	**3,000.09**	1,332,672.55	13,326.73
YTO (Luoyang) Logistics Co., Ltd.	**290,018.77**	**2,900.18**	2,997,860.62	29,978.61
YTO (Heilongjiang) Dongfanghong Industry Park Co., Ltd.	**256,905.95**	**256,905.95**	256,905.95	256,905.95
Subtotal	**19,768,677.96**	**452,023.65**	22,680,107.53	481,137.97

XIII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

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

2. *Receivables (Continued)*

(2) *Accounts receivable (Continued)*

Unit: Yuan Currency: RMB

Related Party	Ending balance		Beginning balance	
	Book value	Provision for bad debts	Book value	Provision for bad debts
Joint ventures and associates	–	–	–	–
Luoyang Intelligent Agricultural Equipment Research Institute Co., Ltd.	**21,409,028.00**	**21,189,388.58**	23,205,724.24	21,207,355.54
Subtotal	**21,409,028.00**	**21,189,388.58**	23,205,724.24	21,207,355.54
Former subsidiaries not included in consolidation	–	–	–	–
Cadfund Machinery Pty Ltd	**16,382,620.81**	**16,382,620.81**	16,706,928.43	16,706,928.43
Subtotal	**16,382,620.81**	**16,382,620.81**	16,706,928.43	16,706,928.43
Others	–	–	–	–
YTO (Luoyang) Zhongcheng Machinery Co., Ltd.	**79,439.00**	**79,439.00**	79,439.00	79,439.00
Subtotal	**79,439.00**	**79,439.00**	79,439.00	79,439.00
Total	**64,691,252.14**	**39,103,712.41**	66,602,918.01	38,725,313.76

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

XIII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

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

2. Receivables (Continued)

(3) Prepayments

Unit: Yuan Currency: RMB

Related Party	Ending balance Book value	Ending balance Provision for bad debts	Beginning balance Book value	Beginning balance Provision for bad debts
Sinomach and its subsidiaries (excluding YTO Group Corporation and its subsidiaries)	–	–	–	–
Beijing Sinomach Lianchuang Exhibition Technology Service Co., Ltd.	**75,600.00**	**0.00**	350,000.00	0.00
Subtotal	**75,600.00**	**0.00**	350,000.00	0.00
Controlling shareholder	–	–	–	–
YTO Group Corporation	**87,598.89**	**0.00**	0.00	0.00
Subtotal	**87,598.89**	**0.00**	0.00	0.00
Subsidiaries of YTO Group Corporation	–	–	–	–
Luoyang Fossett Environmental Protection Technology Co., Ltd.	**87,400.00**	**0.00**	41,400.00	0.00
YTO (Luoyang) Win Tools & Equipment Co., Ltd.	**0.00**	**0.00**	154,434.00	0.00
Luoyang Xiyuan Vehicle and Power Inspection Institute Co., Ltd.	**0.00**	**0.00**	154,000.00	0.00
YTO (Luoyang) Logistics Co., Ltd.	**0.00**	**0.00**	25,750.00	0.00
Subtotal	**87,400.00**	**0.00**	375,584.00	0.00
Joint ventures and associates	–	–	–	–
Luoyang Intelligent Agricultural Equipment Research Institute Co., Ltd.	**186.84**	**0.00**	0.00	0.00
Total	**250,785.73**	**0.00**	725,584.00	0.00

XIII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

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

2. *Receivables (Continued)*

(4) *Other receivables*

Unit: Yuan Currency: RMB

Related Party	Ending balance Book value	Ending balance Provision for bad debts	Beginning balance Book value	Beginning balance Provision for bad debts
Controlling shareholder	—	—	—	—
YTO Group Corporation	**257,504.74**	**165,627.61**	272,904.74	157,074.74
Subtotal	**257,504.74**	**165,627.61**	272,904.74	157,074.74
Subsidiaries of YTO Group Corporation	—	—	—	—
YTO (Luoyang) Logistics Co., Ltd.	**241,727.34**	**2,417.27**	0.00	0.00
Subtotal	**241,727.34**	**2,417.27**	0.00	0.00
Joint ventures and associates	—	—	—	—
Luoyang Intelligent Agricultural Equipment Research Institute Co., Ltd.	**369,977.20**	**3,699.77**	369,977.20	3,699.77
Subtotal	**369,977.20**	**3,699.77**	369,977.20	3,699.77
Former subsidiaries not included in consolidation	—	—	—	—
Cadfund Machinery Pty Ltd	**18,607,622.41**	**18,607,622.41**	18,607,622.41	18,607,622.41
Subtotal	**18,607,622.41**	**18,607,622.41**	18,607,622.41	18,607,622.41
Total	**19,476,831.69**	**18,779,367.06**	19,250,504.35	18,768,396.92

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

XIII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

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

2. *Receivables (Continued)*

(5) *Non-current assets due within one year*

Unit: Yuan Currency: RMB

	Ending balance		Beginning balance	
Related Party	Book value	Provision for bad debts	Book value	Provision for bad debts
Sinomach and its subsidiaries (excluding YTO Group Corporation and its subsidiaries)	—	—	—	—
Sinomach Finance Co., Ltd.	**152,661,458.36**	**0.00**	0.00	0.00

Note: The above table includes the interest receivable accrued for deposit products handled by Sinomach Finance Co., Ltd.

(6) *Other current assets*

Unit: Yuan Currency: RMB

	Ending balance		Beginning balance	
Related Party	Book value	Provision for bad debts	Book value	Provision for bad debts
Sinomach and its subsidiaries (excluding YTO Group Corporation and its subsidiaries)	—	—	—	—
Sinomach Finance Co., Ltd.	**250,379,166.67**	**0.00**	201,283,055.54	0.00

Note: The above table includes the interest receivable accrued for deposit products handled by Sinomach Finance Co., Ltd.

XIII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

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

2. *Receivables (Continued)*

(7) *Debt investments*

Unit: Yuan Currency: RMB

Related Party	Ending book value	Beginning book value
Sinomach and its subsidiaries (excluding YTO Group Corporation and its subsidiaries)	—	—
Sinomach Finance Co., Ltd.	**705,631,666.66**	552,361,666.68

Note: The above table includes the interest receivable accrued for deposit products handled by Sinomach Finance Co., Ltd.

(8) *Right-of-use assets*

Unit: Yuan Currency: RMB

Related Party	Ending book value	Beginning book value
Controlling shareholder	—	—
YTO Group Corporation	**13,901,524.18**	23,594,127.01
Subtotal	**13,901,524.18**	23,594,127.01
Joint ventures and associates	—	—
Luoyang Intelligent Agricultural Equipment Research Institute Co., Ltd.	**1,608,184.09**	3,216,368.18
Subtotal	**1,608,184.09**	3,216,368.18
Total	**15,509,708.27**	26,810,495.19

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

XIII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

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

3. Payables

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

Unit: Yuan Currency: RMB

Related Party	Ending book value	Beginning book value
Sinomach and its subsidiaries (excluding YTO Group Corporation and its subsidiaries)	—	—
China National Machinery Industry Corporation	**200,000,000.00**	200,000,000.00
Subtotal	**200,000,000.00**	200,000,000.00
Controlling shareholder	—	—
YTO Group Corporation	**108,950,000.00**	97,770,000.00
Subtotal	**108,950,000.00**	97,770,000.00
Total	**308,950,000.00**	297,770,000.00

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

Unit: Yuan Currency: RMB

Related Party	Ending book value	Beginning book value
Sinomach and its subsidiaries (excluding YTO Group Corporation and its subsidiaries)	—	—
China National Machinery Industry Corporation	**143,000.00**	156,000.00
Subtotal	**143,000.00**	156,000.00
Controlling shareholder	—	—
YTO Group Corporation	**50,378.47**	82,224.46
Subtotal	**50,378.47**	82,224.46
Total	**193,378.47**	238,224.46

XIII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

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

3. *Payables (Continued)*

(3) *Accounts payable*

Unit: Yuan Currency: RMB

Related party	Ending book value	Beginning book value
Sinomach and its subsidiaries (excluding YTO Group Corporation and its subsidiaries)	—	—
Linhai Co., Ltd.	**5,893,262.47**	0.00
Kinte Materials Science and Technology Co., Ltd.	**1,923,830.58**	1,040,102.76
Sinomach Heavy Industry (Changzhou) Excavator Co., Ltd.	**1,413,273.90**	335,888.70
SCIVIC Engineering Corporation	**172,110.00**	170,630.00
China National Machine Tool Sales and Technical Service Corporation	**99,492.94**	99,492.94
Zhongqi Shengjia (Tianjin) Property Management Co., Ltd.	**10,148.84**	10,148.84
Chongqing Chuanyi Automation Co., Ltd.	**10,136.50**	0.00
Changsha Qidian Automotive Parts Co., Ltd.	**3,518.25**	6,585.24
Sinomach Capital Management Corporation	**898.20**	0.00
Guangzhou Sinomach Lubrication Technology Co., Ltd.	**773.51**	37,573.51
Automotive Engineering Corporation	**170.00**	170.00
Sumec International Technology Co., Ltd.	**0.00**	214,428.00
Sinomach Digital Technology Co., Ltd.	**0.00**	10,119,852.53
Subtotal	**9,527,615.19**	12,034,872.52
Controlling shareholder	—	—
YTO Group Corporation	**47,592,670.76**	34,859,152.97
Subtotal	**47,592,670.76**	34,859,152.97

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

XIII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

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

3. Payables (Continued)

(3) Accounts payable (Continued)

Unit: Yuan Currency: RMB

Related party	Ending book value	Beginning book value
Subsidiaries of YTO Group Corporation	—	—
YTO (Luoyang) Logistics Co., Ltd.	**29,348,014.81**	23,457,867.37
YTO (Luoyang) Materials and Equipment Co., Ltd.	**15,131,494.11**	13,362,114.18
Luoyang Xiyuan Vehicle and Power Inspection Institute Co., Ltd.	**3,900,200.00**	4,997,600.00
YTO (Luoyang) Win Tools & Equipment Co., Ltd.	**1,776,390.18**	1,972,920.00
Luoyang Tianhui Energy Engineering Co., Ltd.	**1,299,365.69**	2,486,050.50
Dongfanghong (Luoyang) Modern Life Service Co., Ltd.	**189,539.00**	322,541.36
Luoyang Fossett Environmental Protection Technology Co., Ltd.	**17,300.00**	94,800.00
Subtotal	**51,662,303.79**	46,693,893.41
Joint ventures and associates	—	—
Luoyang Dongfang Printing Co., Ltd.	**266,047.54**	283,368.03
Luoyang Intelligent Agricultural Equipment Research Institute Co., Ltd.	**0.00**	277,815.69
Subtotal	**266,047.54**	561,183.72
Total	**109,048,637.28**	94,149,102.62

XIII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

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

3. Payables (Continued)

(4) Contract liabilities

Unit: Yuan Currency: RMB

Related Party	Ending book value	Beginning book value
Sinomach and its subsidiaries (excluding YTO Group Corporation and its subsidiaries)	**–**	–
China National Machinery Industry Corporation	**10,188,679.25**	9,811,320.76
Sinomach-HE International Equipment Co., Ltd.	**2,999,814.58**	889,919.17
Jiangsu SUMEC Machinery & Electric Co., Ltd.	**146,902.65**	0.00
Huiyi Leasing (Tianjin) Co., Ltd.	**6,399.12**	0.00
Sinomach Hainan Development Co., Ltd.	**0.00**	1,515,184.40
Subtotal	**13,341,795.60**	12,216,424.33
Joint ventures and associates	**–**	–
Luoyang Intelligent Agricultural Equipment Research Institute Co., Ltd.	**106,539.28**	0.00
Subtotal	**106,539.28**	0.00
Others	**–**	–
Luoyang YTO Light Vehicle Co., Ltd.	**–**	12,831.86
Subtotal	**–**	12,831.86
Total	**13,448,334.88**	12,229,256.19

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

XIII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

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

3. Payables (Continued)

(5) Other payables

Unit: Yuan Currency: RMB

Related Party	Ending book value	Beginning book value
Sinomach and its subsidiaries (excluding YTO Group Corporation and its subsidiaries)	**—**	—
Beijing Prominion Publishing Co., Ltd.	**100,000.00**	0.00
Sumec International Technology Co., Ltd.	**10,000.00**	0.00
Changsha Qidian Automotive Parts Co., Ltd.	**3,066.99**	0.00
Chinese Academy of Agricultural Mechanization Sciences Group Co., Ltd.	**0.00**	1,070,000.00
Hainan Sumec Supply Chain Co., Ltd.	**0.00**	20,000.00
Subtotal	**113,066.99**	1,090,000.00
Controlling shareholder	**—**	—
YTO Group Corporation	**191,690,612.33**	191,690,612.33
Subtotal	**191,690,612.33**	191,690,612.33

XIII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

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

3. *Payables (Continued)*

(5) Other payables (Continued)

Unit: Yuan Currency: RMB

Related Party	Ending book value	Beginning book value
Subsidiaries of YTO Group Corporation	**–**	–
YTO (Luoyang) Logistics Co., Ltd.	**450,000.00**	610,000.00
Dongfanghong Agricultural Service Technology (Guangxi) Co., Ltd.	**2,108.01**	2,108.01
YTO (Luoyang) Materials and Equipment Co., Ltd.	**0.00**	3,380.00
Subtotal	**452,108.01**	615,488.01
Joint ventures and associates	**–**	–
Luoyang Intelligent Agricultural Equipment Research Institute Co., Ltd.	**43,653.15**	0.00
Heilongjiang Beidahuang Reclamation Agricultural Machinery Equipment Co., Ltd	**20,000.00**	0.00
Luoyang Dongfang Printing Co., Ltd.	**15,000.00**	15,000.00
Subtotal	**78,653.15**	15,000.00
Total	**192,334,440.48**	193,411,100.34

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

XIII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

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

3. Payables (Continued)

(6) Non-current liabilities due within one year

Unit: Yuan Currency: RMB

Related Party	Ending book value	Beginning book value
Sinomach and its subsidiaries (excluding YTO Group Corporation and its subsidiaries)	—	—
China National Machinery Industry Corporation	**143,000.00**	156,000.00
Subtotal	**143,000.00**	156,000.00
Controlling shareholder	—	—
YTO Group Corporation	**12,846,888.97**	21,314,383.29
Subtotal	**12,846,888.97**	21,314,383.29
Joint ventures and associates	—	—
Luoyang Intelligent Agricultural Equipment Research Institute Co., Ltd.	**3,298,324.71**	3,253,721.61
Subtotal	**3,298,324.71**	3,253,721.61
Total	**16,288,213.68**	24,724,104.90

XIII. RELATED PARTIES AND CONNECTED TRANSACTIONS (CONTINUED)

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

3. *Payables (Continued)*

(7) *Lease liabilities*

Unit: Yuan Currency: RMB

Related Party	Ending book value	Beginning book value
Controlling shareholder	—	—
YTO Group Corporation	**1,411,323.33**	2,547,279.10

4. *Other items*

Nil

XIV. COMMITMENTS AND CONTINGENCIES

1. Significant commitments

1. ***Foreign investment contracts entered into that have not been performed or fully performed, and related financial expenditures***

Nil

2. ***Signed large contracting contracts being performed or to be performed, and financial influence***

Nil

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

XIV. COMMITMENTS AND CONTINGENCIES (CONTINUED)

1. Significant commitments (Continued)

3. *Signed leasing contract being performed or to be performed, and its financial influence*

(1) As at 30 June 2026, the minimum rent payable in the future by the Group as the lessee for the irrevocable operating lease of houses and buildings and machinery equipment in the following periods is as follows:

Unit: Yuan Currency: RMB

Period	**Amount in the current period**	Amount in the previous period
Within 1 year (including 1 year)	**17,357,288.44**	24,862,063.45
1-2 years	**1,415,606.82**	12,133,360.42
2-3 years	**0.00**	0.00
Total	**18,772,895.26**	36,995,423.87

(2) As at 30 June 2026, the minimum rent receivable in the future by the Group as the lessor for the irrevocable operating lease of houses and buildings and machinery equipment is as follows:

Unit: Yuan Currency: RMB

Period	**Amount in the current period**	Amount in the previous period
Within 1 year (including 1 year)	**5,305,456.38**	5,998,759.73
1-2 years	**2,482,014.01**	2,141,385.13
2-3 years	**2,038,417.59**	2,046,254.93
Over 3 years	**1,068,625.00**	2,307,498.74
Total	**10,894,512.98**	12,493,898.53

As of 30 June 2026, the Group has no other material commitment events that shall be disclosed but not yet disclosed except for the above-mentioned ones.

XIV. COMMITMENTS AND CONTINGENCIES (CONTINUED)

2. Contingencies

(1) Significant contingencies existing at the balance sheet date

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

Nil

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

Nil

3. Issuance of letter of guarantee and letter of credit

Nil

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

XV. EVENTS AFTER BALANCE SHEET DATE

1. Profit distribution

Unit: 0,000 Currency: RMB

Proposed distribution of profits or dividends	7,822.82
Profits or dividends approved and declared for distribution	7,822.82

Based on the authorization from the Company's Annual Shareholders' Meeting for 2025 and following the deliberations of the 7th meeting of the tenth session of the Board of Directors, the Board of Directors has decided to distribute a cash dividend for the interim period of 2026 to all shareholders, based on the total share capital on the record date for the dividend distribution, with a cash dividend of RMB0.6962 per 10 shares (tax inclusive). As of 25 August 2026, the Company's total share capital is 1,123,645,275 shares. Accordingly, the total cash dividend for the interim period of 2026 is approximately RMB78,228,200 (tax inclusive). If there are any changes to the Company's total share capital before the record date for the dividend distribution, the per-share distribution amount will remain unchanged, and the total profit distribution will be adjusted accordingly. No capital reserve will be converted into share capital for this profit distribution. Except for the above matters, the Group has no other material events after the balance sheet date that require disclosure but have not been disclosed.

2. Sales returns

Nil

3. Other events after the balance sheet date

Nil

XVI. OTHER SIGNIFICANT EVENTS

1. Segment information

(1) Segment information

The Group determines the operating segments based on the internal organizational structure, management requirements and internal reporting system. The operating segment of the Group refers to the component that meets all of the following conditions:

(1) The component can generate income and incur expenses in daily activities;

(2) The Management can regularly evaluate the operating results of the component to determine its resource allocation and evaluate its performance;

(3) Accounting information about the component such as financial conditions, operating results, and cash flow can be obtained.

(2) Basis for determining reportable segments and accounting policies

(1) The segment revenue of the operating segment accounts for 10% or more of the total revenue of all segments;

(2) The absolute amount of the segment profit (loss) of the segment accounts for 10% or more of the greater of the total profit of all profit segments or the total loss of all loss segments.

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

XVI. OTHER SIGNIFICANT EVENTS (CONTINUED)

1. Segment information (Continued)

(2) Basis for determining reportable segments and accounting policies (Continued)

If the total revenue from external transactions of the operating segments of the reportable segments determined according to the above accounting policies accounts for less than 75% of the consolidated total revenue, the number of reportable segments shall be increased, and other operating segments that are not included as reportable segments shall be included in the scope of the reportable segments according to the following provisions until the proportion reaches 75%:

1) The operating segment that the management believes is useful for users of accounting information to disclose the information of the operating segment is determined as a reportable segment;

2) The operating segment is consolidated with one or more other operating segments that have similar economic characteristics and meet the conditions for consolidation of operating segments as a reportable segment.

The inter-segment transfer price is determined with reference to the market price, and the assets used jointly with each segment and related expenses are distributed among different segments based on the revenue proportion.

Factors considered by the Group in determining reportable segments and types of products and services of reportable segments.

The reportable segments of the Group are business units that provide different products and services. Since various businesses require different technologies and market strategies, the Group independently manages the production and operation activities of reportable segments and evaluates their operating results separately to decide to allocate resources to them and evaluate their performance.

The Group has two reportable segments: agricultural machinery segment, and power machinery segment. The agricultural machinery segment is responsible for the production and sales of agricultural tractors, etc. The power machinery segment is mainly responsible for the production and sales of diesel engines.

XVI. OTHER SIGNIFICANT EVENTS (CONTINUED)

1. Segment information (Continued)

(3) Financial information of reportable segments in the current period

Unit: Yuan Currency: RMB

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

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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

1. Accounts receivable

(1) Disclosure by ageing

Unit: Yuan Currency: RMB

Ageing	Ending book value	Beginning book value
Within 1 year (including 1 year)	**473,866,947.44**	195,671,008.46
1-2 years	**474,528.87**	237,099.71
2-3 years	**4,496,425.32**	12,838,065.85
Over 3 years	**34,516,016.94**	26,245,932.20
Subtotal	**513,353,918.57**	234,992,106.22
Less: Provision for impairment	**45,148,538.67**	41,781,848.00
Total	**468,205,379.90**	193,210,258.22

(2) Disclosure by bad debt accrual method

Unit: Yuan Currency: RMB

	Ending balance				
	Book value		Provision for bad debts		
Category	Amount	Proportion (%)	Amount	Provision proportion (%)	Carrying amount
Provision for bad debts accrued by portfolio	513,353,918.57	100.00	45,148,538.67	–	468,205,379.90
Including:					
Ageing portfolio	501,652,084.53	97.72	33,446,704.63	6.67	468,205,379.90
Collateral and other risk exposure portfolios	11,701,834.04	2.28	11,701,834.04	100.00	0.00
Total	513,353,918.57	100.00	45,148,538.67	–	468,205,379.90

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

1. Accounts receivable (Continued)

(2) Disclosure by bad debt accrual method (Continued)

	Beginning balance				
	Book value		Provision for bad debts		
Category	Amount	Proportion (%)	Amount	Provision proportion (%)	Carrying amount
Provision for bad debts accrued by portfolio	234,992,106.22	100.00	41,781,848.00	–	193,210,258.22
Including: Ageing portfolio	223,290,272.18	95.02	30,080,013.96	13.47	193,210,258.22
Collateral and other risk exposure portfolios	11,701,834.04	4.98	11,701,834.04	100.00	0.00
Total	234,992,106.22	100.00	41,781,848.00	–	193,210,258.22

Provision for bad debts of accounts receivable accrued by portfolio:

Items accrued by portfolio: ageing portfolio

Unit: Yuan Currency: RMB

	Ending balance		
Ageing	**Book value**	**Provision for bad debts**	**Provision proportion (%)**
Within 1 year (including 1 year)	**473,866,947.44**	**5,898,831.97**	**1.24**
1-2 years	**474,528.87**	**237,264.44**	**50.00**
2-3 years	**4,496,425.32**	**4,496,425.32**	**100.00**
Over 3 years	**22,814,182.90**	**22,814,182.90**	**100.00**
Total	**501,652,084.53**	**33,446,704.63**	**–**

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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

1. Accounts receivable (Continued)

(2) Disclosure by bad debt accrual method (Continued)

Provision for bad debts of accounts receivable accrued by portfolio: (Continued)

Items accrued by portfolio: Collateral and other risk exposure portfolios

Unit: Yuan Currency: RMB

Portfolio	Ending balance Book value	Provision for bad debts	Provision proportion (%)
Collateral and other risk exposure portfolios	**11,701,834.04**	**11,701,834.04**	**100.00**

(3) Provision for bad debts

Unit: Yuan Currency: RMB

Category	Beginning balance	Change of amount in the current period Accrued	Recovered or transferred back	Charged or written off	Other changes	Ending balance
Ageing portfolio	30,080,013.96	3,366,690.67	0.00	0.00	0.00	**33,446,704.63**
Collateral and other risk exposure portfolios	11,701,834.04	0.00	0.00	0.00	0.00	**11,701,834.04**
Total	41,781,848.00	3,366,690.67	0.00	0.00	0.00	**45,148,538.67**

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

1. Accounts receivable (Continued)

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

Unit: Yuan Currency: RMB

Company Name	Ending balance	Ageing	Proportion in total ending balance of accounts receivable (%)	Ending balance of provision for bad debts
Luoyang Changxing Agricultural Machinery Co., Ltd.	**170,843,951.67**	Within 1 year, 2-3 years	33.28	6,117,642.11
YTO International Economic and Trade Co., Ltd.	**119,176,794.05**	Within 1 year	23.22	1,191,767.94
YTO (Luoyang) Diesel Engine Co., Ltd.	**71,645,385.56**	Within 1 year	13.96	716,453.86
YTO (Luoyang) Materials and Equipment Co., Ltd.	**18,446,279.93**	Within 1 year	3.59	184,462.79
YTO (Luoyang) Flag Auto-Body Co., Ltd.	**15,350,294.52**	Within 1 year	2.99	153,502.95
Total	**395,462,705.73**	–	77.04	8,363,829.65

2. Other receivables

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Interest receivable	**0.00**	0.00
Dividends receivable	**76,808,376.96**	76,808,376.96
Other receivables	**126,788,113.90**	140,441,988.79
Total	**203,596,490.86**	217,250,365.75

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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

2. Other receivables (Continued)

2.1 Interest receivable

(1) Classification of interest receivable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Changtuo Agricultural Machinery Equipment Group Co., Ltd.	**12,146,473.44**	11,210,159.58
Less: Provision for impairment	**12,146,473.44**	11,210,159.58
Total	**0.00**	0.00

(2) Significant overdue interest

Unit: Yuan Currency: RMB

Borrower	Ending balance	Overdue time	Overdue reason	Whether impairment has occurred and its judgment basis
Changtuo Agricultural Machinery Equipment Group Co., Ltd.	**12,146,473.44**	Over 3 years	Unable to repay	Yes

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

2. Other receivables (Continued)

2.1 Interest receivable (Continued)

(3) Provision for bad debts using the general model of expected credit losses

Unit: Yuan Currency: RMB

Provision for bad debts	Phase I Expected credit losses for the next 12 months	Phase II Expected credit loss within the whole duration (no credit impairment)	Phase III Expected credit loss within the whole duration (credit impairment occurred)	Total
Balance as of 1 January 2026	0.00	0.00	11,210,159.58	11,210,159.58
Book value of interest receivable as of 1 January 2026 in the current period	—	—	—	—
– Transferred to Phase II	0.00	0.00	0.00	0.00
– Transferred to Phase III	0.00	0.00	0.00	0.00
– Transferred back to Phase II	0.00	0.00	0.00	0.00
– Transferred back to Phase I	0.00	0.00	0.00	0.00
Provision in the current period	0.00	0.00	936,313.86	936,313.86
Reversal in the current period	0.00	0.00	0.00	0.00
Write-off in the current period	0.00	0.00	0.00	0.00
Verification in the current period	0.00	0.00	0.00	0.00
Others	0.00	0.00	0.00	0.00
Balance as of 30 June 2026	0.00	0.00	12,146,473.44	12,146,473.44

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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

2. Other receivables (Continued)

2.1 Interest receivable (Continued)

(4) Bad debt provision

Unit: Yuan Currency: RMB

Category	Beginning balance	Change of amount in the current period: Accrued	Recovered or transferred back	Charged or written off	Other changes	Ending balance
Provision for bad debts	11,210,159.58	936,313.86	0.00	0.00	0.00	**12,146,473.44**

Dividends receivable

2.2 Dividends receivable

(1) Dividends receivable

Unit: Yuan Currency: RMB

Item (or investee)	Ending balance	Beginning balance
Brilliance China Machinery Holdings Ltd.	**76,808,376.96**	76,808,376.96

(2) Significant dividends receivable aged over 1 year

Unit: Yuan Currency: RMB

Item (or Investee)	Ending balance	Ageing	Reason for non-recovery	Whether impairment has occurred and its judgment basis
Brilliance China Machinery Holdings Ltd.	76,808,376.96	Over 3 years	Payment procedures in progress	No

Other receivables

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

2. Other receivables (Continued)

2.3 Other receivables

(1) Disclosure by ageing

Unit: Yuan Currency: RMB

Ageing	Ending book value	Beginning book value
Within 1 year (including 1 year)	**2,789,324.90**	44,464,443.50
1-2 years	**85,103,748.56**	41,947,034.17
2-3 years	**98,165.51**	38,701.01
Over 3 years	**64,779,983.16**	64,779,983.16
Subtotal	**152,771,222.13**	151,230,161.84
Less: Provision for impairment	**25,983,108.23**	10,788,173.05
Total	**126,788,113.90**	140,441,988.79

(2) Disclosure by nature of the amount

Unit: Yuan Currency: RMB

Nature	Ending book value	Beginning book value
Transaction payments	**144,841,194.37**	144,777,342.17
Security deposits, pretty cash, margin, etc.	**1,161,408.68**	411,369.18
Others	**6,768,619.08**	6,041,450.49
Subtotal	**152,771,222.13**	151,230,161.84
Less: Provision for impairment	**25,983,108.23**	10,788,173.05
Total	**126,788,113.90**	140,441,988.79

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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

2. Other receivables (Continued)

2.3 Other receivables (Continued)

(3) Provision for bad debt

Unit: Yuan Currency: RMB

Provision for bad debts	Phase I Expected credit losses for the next 12 months	Phase II Expected credit loss within the whole duration (no credit impairment)	Phase III Expected credit loss within the whole duration (credit impairment occurred)	Total
Balance as of 1 January 2026	**10,788,173.05**	0.00	0.00	10,788,173.05
Balance as of 1 January 2026 in the current period	**–**	–	–	–
– Transferred to Phase II	**0.00**	0.00	0.00	0.00
– Transferred to Phase III	**0.00**	0.00	0.00	0.00
– Transferred back to Phase II	**0.00**	0.00	0.00	0.00
– Transferred back to Phase I	**0.00**	0.00	0.00	0.00
Provision in the current period	**15,194,935.18**	0.00	0.00	15,194,935.18
Reversal in the current period	**0.00**	0.00	0.00	0.00
Write-off in the current period	**0.00**	0.00	0.00	0.00
Verification in the current period	**0.00**	0.00	0.00	0.00
Others	**0.00**	0.00	0.00	0.00
Balance as of 30 June 2026	**25,983,108.23**	0.00	0.00	25,983,108.23

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

2. Other receivables (Continued)

2.3 Other receivables (Continued)

(4) Disclosure by bad debt accrual method

Unit: Yuan Currency: RMB

	Ending balance				
	Book value		Provision for bad debts		
Category	**Amount**	**Proportion (%)**	**Amount**	**Provision proportion (%)**	**Carrying amount**
Provision for bad debts accrued by portfolio	**152,771,222.13**	**100.00**	**25,983,108.23**	**–**	**126,788,113.90**
Including: Ageing portfolio	**48,556,162.13**	**31.78**	**24,940,957.63**	**51.37**	**23,615,204.50**
Low risk portfolio	**104,215,060.00**	**68.22**	**1,042,150.60**	**1.00**	**103,172,909.40**
Total	**152,771,222.13**	**100.00**	**25,983,108.23**	**–**	**126,788,113.90**

	Beginning balance				
	Book value		Provision for bad debts		
Category	Amount	Proportion (%)	Amount	Provision proportion (%)	Carrying amount
Provision for bad debts accrued by portfolio	151,230,161.84	100.00	10,788,173.05	–	140,441,988.79
Including: Ageing portfolio	47,604,950.84	31.48	9,751,920.94	20.49	37,853,029.90
Low risk portfolio	103,625,211.00	68.52	1,036,252.11	1.00	102,588,958.89
Total	151,230,161.84	100.00	10,788,173.05	–	140,441,988.79

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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

2. Other receivables (Continued)

2.3 Other receivables (Continued)

(5) Disclosure by bad debt accrual method

1) Provision for bad debts of other receivables accrued by portfolio – ageing portfolio

Unit: Yuan Currency: RMB

	Ending balance		
Ageing	**Book value**	**Provision for bad debts**	**Provision proportion (%)**
Within 1 year (including 1 year)	2,039,864.90	73,734.67	3.61
1-2 years	43,298,148.56	21,649,074.29	50.00
2-3 years	68,165.51	68,165.51	100.00
Over 3 years	3,149,983.16	3,149,983.16	100.00
Total	**48,556,162.13**	**24,940,957.63**	**–**

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

Unit: Yuan Currency: RMB

	Ending balance		
Ageing	**Book value**	**Provision for bad debts**	**Provision proportion (%)**
Within 1 year (including 1 year)	749,460.00	7,494.60	1.00
More than 1 year	103,465,600.00	1,034,656.00	1.00
Total	**104,215,060.00**	**1,042,150.60**	**–**

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

2. Other receivables (Continued)

2.3 Other receivables (Continued)

(6) Provision for bad debts

Unit: Yuan Currency: RMB

		Change of amount in the current period				
Category	Beginning balance	Accrued	Recovered or transferred back	Charged or written off	Other changes	Ending balance
Ageing portfolio	9,751,920.94	15,189,036.69	0.00	0.00	0.00	**24,940,957.63**
Low risk portfolio	1,036,252.11	5,898.49	0.00	0.00	0.00	**1,042,150.60**
Total	10,788,173.05	15,194,935.18	0.00	0.00	0.00	**25,983,108.23**

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

Unit: Yuan Currency: RMB

Company Name	Nature	Ending balance	Ageing	Proportion in total ending balance of other receivables (%)	Provision for bad debts Ending balance
YTO (Luoyang) Diesel Engine Co., Ltd.	Transaction payments	**144,542,237.43**	1-2 years, 3-4 years	94.61	21,590,418.72
Luoyang Anchi Automobile Transportation Co., Ltd.	Transaction payments	**2,203,200.00**	Within 2 years	1.44	1,025,406.00
YTO Group Corporation	Transaction payments and deposits, etc.	**246,104.74**	Within 1 year, over 5 years	0.16	165,513.61
Yousheng Kindergarten, Xigong District, Luoyang City	Transaction payments	**215,026.78**	Within 1 year	0.14	15,794.87
Shijiazhuang Aircraft Industry Co., Ltd.	Transaction payments	**99,200.00**	More than 5 years	0.06	99,200.00
Total	–	**147,305,768.95**	–	96.41	22,896,333.20

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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

3. Long-term equity investments

Unit: Yuan Currency: RMB

Item	Ending balance Book value	Ending balance Provision for impairment	Ending balance Carrying amount	Beginning balance Book value	Beginning balance Provision for impairment	Beginning balance Carrying amount
Investment in subsidiaries	2,060,697,481.90	97,250,000.00	1,963,447,481.90	2,060,697,481.90	97,250,000.00	1,963,447,481.90
Investment in associates and joint ventures	741,095,934.10	0.00	741,095,934.10	705,342,837.12	0.00	705,342,837.12
Total	2,801,793,416.00	97,250,000.00	2,704,543,416.00	2,766,040,319.02	97,250,000.00	2,668,790,319.02

(1) Investment in subsidiaries

Unit: Yuan Currency: RMB

Investee	Beginning balance (Carrying amount)	Beginning balance of impairment provision	Increase/decrease in the current period: Increase in investment	Decrease in investment	Accrual of provision for impairment	Others	Ending balance (Carrying amount)	Ending balance of impairment provision
YTO (Luoyang) Diesel Engine Co., Ltd.	392,257,881.14	0.00	0.00	0.00	0.00	0.00	392,257,881.14	0.00
YTO (Luoyang) Casting and Forging Co., Ltd.	300,391,996.60	0.00	0.00	0.00	0.00	0.00	300,391,996.60	0.00
YTO (Luoyang) Axle Co., Ltd.	193,295,755.31	0.00	0.00	0.00	0.00	0.00	193,295,755.31	0.00
Luoyang Tractor Research Institute Co., Ltd.	281,414,966.36	0.00	0.00	0.00	0.00	0.00	281,414,966.36	0.00
YTO (Luoyang) Hydraulic Transmission Co., Ltd.	152,989,481.32	0.00	0.00	0.00	0.00	0.00	152,989,481.32	0.00
Changtuo Agricultural Machinery Equipment Group Co., Ltd.	0.00	94,250,000.00	0.00	0.00	0.00	0.00	0.00	94,250,000.00
YTO (Luoyang) Flag Auto-Body Co., Ltd.	77,192,767.62	0.00	0.00	0.00	0.00	0.00	77,192,767.62	0.00
Yangdong Co., Ltd.	76,000,000.00	0.00	0.00	0.00	0.00	0.00	76,000,000.00	0.00
YTO International Economic and Trade Co., Ltd.	355,668,335.13	0.00	0.00	0.00	0.00	0.00	355,668,335.13	0.00
China-Africa Heavy Industry Investment Co., Ltd.	55,022,000.00	0.00	0.00	0.00	0.00	0.00	55,022,000.00	0.00
YTO Belarus Technology Co., Ltd.	51,375,928.31	0.00	0.00	0.00	0.00	0.00	51,375,928.31	0.00
Brilliance China Machinery Holdings Ltd.	27,838,370.11	0.00	0.00	0.00	0.00	0.00	27,838,370.11	0.00
Luoyang Changxing Agricultural Machinery Co., Ltd.	0.00	3,000,000.00	0.00	0.00	0.00	0.00	0.00	3,000,000.00
Total	1,963,447,481.90	97,250,000.00	0.00	0.00	0.00	0.00	1,963,447,481.90	97,250,000.00

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

3. Long-term equity investments (Continued)

(2) Investment in associates and joint ventures

Unit: Yuan Currency: RMB

Investee	Beginning balance (Carrying amount)	Beginning balance of impairment provision	Increase/decrease in the current period Increase in investment	Decrease in investment	Profit or loss on investments recognized under the equity method	Other comprehensive income adjustments
I. Associates	–	–	–	–	–	–
Sinomach Finance Co., Ltd.	705,342,837.12	0.00	0.00	0.00	16,074,838.44	0.00
Heilongjiang Beidahuang Kenzheng Agricultural Machinery Equipment Co., Ltd.	0.00	0.00	19,792,461.00	0.00	–114,202.46	0.00
Total	705,342,837.12	0.00	19,792,461.00	0.00	15,960,635.98	0.00

Investee	Increase/decrease in the current period Other changes in equity	Cash dividends or profits declared	Accrual of provision for impairment	Others (note)	Ending balance (Carrying amount)	Ending balance of impairment provision
I. Associates	–	–	–	–	–	–
Sinomach Finance Co., Ltd.	0.00	0.00	0.00	0.00	721,417,675.56	0.00
Heilongjiang Beidahuang Kenzheng Agricultural Machinery Equipment Co., Ltd.	0.00	0.00	0.00	0.00	19,678,258.54	0.00
Total	0.00	0.00	0.00	0.00	741,095,934.10	0.00

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

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

4. Operating revenue and operating costs

(1) Operating revenue and operating costs

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period Revenue	Amount incurred in the current period Cost	Amount incurred in the previous period Revenue	Amount incurred in the previous period Cost
Main operations	**6,225,255,808.56**	**5,317,065,209.32**	5,536,610,343.51	4,836,120,532.86
Other operations	**20,910,587.43**	**7,871,788.22**	17,460,957.40	5,177,003.50
Total	**6,246,166,395.99**	**5,324,936,997.54**	5,554,071,300.91	4,841,297,536.36

5. Investment income

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Investment income from holding debt investments	**66,548,534.52**	66,186,266.82
Long-term equity investment income valued at the equity method	**15,960,635.98**	15,158,260.78
Long-term equity investment income calculated with the cost method	**1,739,514.13**	1,634,624.54
Investment income from disposal of financial assets held for trading	**1,588,794.52**	9,250,507.33
Others	**109,302.59**	0.00
Total	**85,946,781.74**	92,229,659.47

XVIII. SUPPLEMENTARY INFORMATION

1. Non-recurring profit or loss in current period

Unit: Yuan Currency: RMB

Item	Amount
Gain or loss from disposal of non-current assets	**138,116.68**
Government subsidies included in the current profit or loss (excluding those which are closely related to the Company's normal business operations, in line with national policies and regulations, and granted in accordance with defined criteria, and have a continuous influence on the Company's profit or loss)	**13,484,809.06**
Profit or loss from changes in fair value of financial assets and financial liabilities held by non-financial enterprises, and profit or loss from disposal of financial assets and financial liabilities except for effective hedging related to normal operations of the Company	**-95,822,244.10**
Other non-operating income and expenses other than the above	**983,606.40**
Subtotal	**-81,215,711.96**
Less: Effect of income tax	**-12,588,186.71**
Effect on non-controlling interests (after-tax)	**2,546,010.45**
Total	**-71,173,535.70**

The Company shall explain the reasons for categorising items not listed in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Securities to the Public—Non-recurring Profit or Loss as non-recurring gains and losses where such items are material in amount, as well as for defining items enumerated in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Securities to the Public—Non-recurring Profit or Loss as recurring gains and losses.

SECTION VIII FINANCIAL STATEMENTS (CONTINUED)

XVIII. SUPPLEMENTARY INFORMATION (CONTINUED)

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

Unit: Yuan Currency: RMB

Item	Amount involved	Reason
Structured deposit yield	1,588,794.52	Fund management of the Company

2. Return on net assets and earnings per share

Profit during the Reporting Period	Weighted average return on equity (%)	Earnings per share Basic earnings per share	Earnings per share Diluted earnings per share
Net profit attributable to common shareholders of the Company	9.76	0.6962	0.6962
Net profit attributable to common shareholders of the Company after deduction of non-recurring profit or loss	10.65	0.7595	0.7595

3. Difference of accounting data under domestic and foreign accounting standards

Nil

Legal representative: Zhao Weilin
Date of approval by the Board of Directors for dispatch: 25 August 2026