



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

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

Stock Code: 0038.HK 601038.SH

2024 INTERIM REPORT



* For identification purposes only

IMPORTANT NOTICE

I. The Board and Board of Supervisors of the Company, and its Directors, Supervisors 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. Director(s) absent from the meeting

Position of absent Director	Name of absent Director	Reason for absence	Name of proxy
Chairman	Li Xiaoyu	Business affairs	Wei Tao

III. The Interim Report was unaudited.

IV. Li Xiaoyu (the person-in-charge of the Company), Kang Zhifeng (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

Nil

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.

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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 2024
CBIRC	China Banking and Insurance Regulatory Commission
Changtuo Company	Changtuo Agricultural Machinery Equipment Group Co., Ltd. (長拖農業機械裝備集團有限公司), a controlled subsidiary of the Company
Changxing Agricultural Machinery	Luoyang Changxing Agricultural Machinery Co., Ltd. (洛陽長興農業機械有限公司), a wholly-owned 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 or equity interest by the Company, or a company actually controlled by the Company through agreement and arrangement
crawler tractor	tractor with a crawler as a walking device
CSRC	China Securities Regulatory Commission
diesel engine	internal combustion engine that uses diesel as fuel
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

SECTION I DEFINITIONS (CONTINUED)

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
Non-public Issuance, 2020 Non-public Issuance	the non-public issuance of A Shares by First Tractor Company Limited in 2020
power machinery	products including diesel engines and fuel injection pump
material asset disposal	Transfer by YTO Diesel Engine, a controlled subsidiary of the Company, of its 0.8827% equity interest in Zhongyuan Bank through a public listing on the China Beijing Equity Exchange
Shanghai Stock Exchange	the Shanghai Stock Exchange
Sinomach	China National Machinery Industry Corporation (中國機械工業集團有限公司), the de facto controller of the Company
Sinomach Finance	Sinomach Finance Co., Ltd. (國機財務有限責任公司), a company controlled by the de facto controller of the Company
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), the controlling shareholder of the Company
YTO Diesel Engine	YTO (Luoyang) Diesel Engine Co., Ltd. (一拖(洛陽)柴油機有限公司), a controlled subsidiary of the Company
YTO Flag	YTO (Luoyang) Flag Auto-Body Co., Ltd. (一拖(洛陽)福萊格車身有限公司), a wholly-owned subsidiary of the Company

SECTION I DEFINITIONS (CONTINUED)

YTO Casting and Forging	YTO (Luoyang) Casting and Forging Co., Ltd. (一拖(洛陽)鑄鍛有限公司), a wholly-owned subsidiary of the Company
YTO Hydraulic Transmission	YTO (Luoyang) Hydraulic Transmission Co., Ltd. (一拖(洛陽)液壓傳動有限公司), a controlled subsidiary of the Company
YTO International Trade	YTO International Economic and Trade Co., Ltd. (一拖國際經濟貿易有限公司), a wholly-owned subsidiary of the Company
YTO Shentong	YTO (Luoyang) Shentong Construction Machinery Co., Ltd. (一拖(洛陽)神通工程機械有限公司) (deregistered)
ZF YTO Axle	ZF YTO (Luoyang) Axle Co., Ltd. (採埃孚一拖(洛陽)車橋有限公司), a joint-stock company of the Company
Zhongyuan Bank	Zhongyuan Bank Co., Ltd.

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	Li Xiaoyu

Note: The registration of the change of legal representative of the Company is still in progress.

II. CONTACT PERSONS AND METHODS

	Secretary to the Board	Representative of Securities Affairs
Name	Yu Lina	Zhang Shuang
Contact address	No. 154 Jianshe Road, Luoyang, Henan Province, the PRC	No. 154 Jianshe Road, Luoyang, Henan Province, the PRC
Telephone	(86 379) 64967038	(86 379) 64967038
Facsimile	(86 379) 64967438	(86 379) 64967438
E-mail	yulina@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	mssc0038@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 and Shanghai Securities News
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 1502, 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	/

SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS (CONTINUED)

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 (%)
Total operating revenue	7,806,619,832.72	7,248,544,566.19	7.70
Operating revenue	7,806,619,832.72	7,242,918,542.61	7.78
Net profit attributable to shareholders of the Company	905,349,574.14	754,144,938.68	20.05
Net profit attributable to shareholders of the Company after deduction of non-recurring profit or loss	877,936,850.29	726,052,756.85	20.92
Net cash flows from operating activities	914,617,256.70	954,344,139.53	-4.16
			Increase/decrease as at the end of the Reporting Period as compared with the end of last year (%)
	As at the end of the Reporting Period	As at the end of last year	
Net assets attributable to shareholders of the Company	7,238,822,983.54	6,691,690,666.55	8.18
Total assets	14,781,260,907.38	13,817,261,971.79	6.98

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)	0.8057	0.6712	20.04
Diluted earnings per share (RMB/share)	0.8057	0.6712	20.04
Basic earnings per share after deduction of non-recurring profit or loss (RMB/share)	0.7813	0.6462	20.91
Weighted average return on equity (%)	12.78	11.98	Increase of 0.80 percentage point
Weighted average return on equity after deduction of non-recurring profit or loss (%)	12.39	11.53	Increase of 0.86 percentage point

SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS (CONTINUED)

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)	1,427,210.51	
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	16,256,831.48	
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	12,000,000.00	
Other non-operating income and expenses other than the above	3,541,157.64	
Other losses and profits conforming to the definition of non-recurring profit or loss	0.00	
Less: Effect of income tax	4,866,056.31	
Effect on non-controlling interests (after-tax)	946,419.47	
Total	27,412,723.85	

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	6,274,015.19	Normal fund management of the Company

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

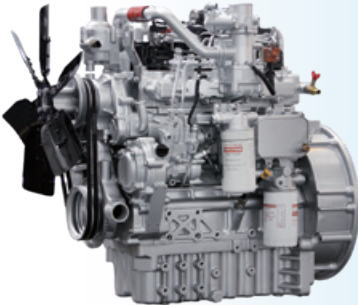

I. EXPLANATION ON THE INDUSTRY AND THE PRINCIPAL BUSINESSES OF THE COMPANY DURING THE REPORTING PERIOD

(I) Explanation on the Principal Businesses of the Company

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

Product Name	Image	Product Description
Wheeled tractor		<p>The walking device is wheeled, mainly used for pulling and driving various supporting equipment, agricultural machinery for completing agricultural operations, transportation operations and fixing operations. The Company's products include medium-powered wheeled tractors with 25-100 (exclusive) horsepower and high-powered wheeled tractors with more than 100 horsepower, suitable for different operating environments such as dry fields, paddy fields, orchards and sheds.</p>
Crawler tractor		<p>The walking device is a crawler type, mainly used for pulling and driving various supporting equipment, agricultural machinery for completing agricultural operations, earthwork operations and transportation operations. The Company's crawler tractor products have better soil adhesion, suitable for wet soil and soft ground.</p>

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Product Name	Image	Product Description
Diesel engine		<p>A diesel engine is a type of power machinery that uses diesel as fuel and converts the heat energy from diesel combustion into mechanical energy. The Company's off-road diesel engine products include displacement from 2L to 12L, and power output from 10KW to 450KW high, medium and low horsepower range. The products mainly match agricultural machinery, such as tractors and harvesters, a minority of which can also match accessories of construction machinery, vessels and power generators.</p>
Components		<p>The component products of the Company include castings and forgings, gears, gearboxes and coverings for agricultural machinery products, as well as cylinder blocks, crankshafts, oil injection pumps and oil injection nozzles for power machinery products. The clients of our component products include internal and external companies.</p>

(II) Explanation on the Industry Circumstance of the Company

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

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

II. ANALYSIS OF CORE COMPETITIVENESS DURING THE REPORTING PERIOD

In terms of scientific and technological R&D and innovation strength: The Company has been expanding its investment in scientific and technological R&D, and currently has its own intellectual property rights in tractor power shift and CVT technology, intelligent driving technology, and electronic control technology for the whole machine and components. The Company has overcome difficulties in the research and development, manufacturing and key core technologies of high-end intelligent agricultural machinery and equipment to cultivate the source of original agricultural machinery technology. The Company has carried out the action of filling gaps in agricultural machinery and equipment, kept the industry-leading advantage of tractor product technology and continuously accelerated the pace of transformation and upgrading.

In terms of industrial chain and manufacturing system: The Company has the most comprehensive manufacturing system in the national tractor industry, with in-house manufacturing capacity for core tractor parts such as body, casting and forging parts, engine and gear. The Company actively promoted the intelligent, digital and green upgrading and transformation of the manufacturing process to build a leading manufacturing base for advanced agricultural machinery and equipment in China, providing robust support for product upgrading and quality assurance.

In terms of quality assurance and service capability: The Company adhered to the quality concept of “zero-defect quality and international standards” and continuously optimised its quality management models by focusing on improving quality system construction and building a quality culture. The Company has set its sights on the world’s best and implemented quality product initiatives to steadily improve the reliability of its main products, thus playing an exemplary role as a leader in the industry in the construction of a strong quality country. The Company’s “Dongfanghong” agricultural machinery and equipment has long enjoyed high user satisfaction for its outstanding performance and stable product quality. The Company boasts a nationwide network of sales channels and after-sales services, which enables it to promptly and effectively respond to market and user demands.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

III. DISCUSSION AND ANALYSIS ON THE OPERATIONS

Since the beginning of the year, China's economy has demonstrated an overall trend of recovery and upturn, yet it still faces multiple internal and external challenges, as well as numerous risk factors. In the first half of the year, the domestic tractors market saw slightly weaker overall demand as compared with the corresponding period of last year, which was attributable to the fluctuation of food prices due to multiple factors including the supply and demand structure and the international situation, coupled with the lingering effect of the upgrade to National IV emission standards and changes in the subsidy policy for agricultural machinery purchases. Meanwhile, as domestic agricultural production continues to develop towards larger scale, high-powered tractors achieved much better market performance than medium-powered tractors, with the increasing sales share of hi-powered wheeled tractor products. In response to the changes in the agricultural machinery market in the first half of the year, leading enterprises constantly demonstrated competitive edge with their comprehensive strengths in quality management, product research and development, and after-sales services, therefore the industry has become further concentrated. Over the past few years, the agricultural machinery industry received sustained and strong government support, which has promoted the comprehensive, high-quality and efficient transformation and upgrading of agriculture. In 2024, the Chinese government has successively issued the No. 1 central document, the "Opinions on the Implementation of Agricultural Machinery Purchase and Application Subsidies for 2024-2026", the "Several Measures to Strengthen Support for Large-scale Equipment Renewals and Trade-ins of Consumer Goods", and the "Notice on Strengthening Efforts to Continuously Implement the Agricultural Machinery Scrap and Renewal Subsidy Policy", creating a favourable policy environment for the medium- and long-term development of the agricultural machinery industry. These policies, coupled with the ongoing promotion of high-standard farmland construction and land transfer, have reinforced the trend towards larger-scale and more intelligent development in terms of user demands and product technology. As such, the outlook for the medium- and long-term high-quality development of the agricultural machinery industry remains optimistic.

During the Reporting Period, the Company took scientific and technological innovation as a guideline to consolidate and strengthen its competitive advantages in manufacturing, technology and the market, and insisted on seeking progress and improving quality while maintaining stability. From January to June 2024, the Company achieved operating revenue of RMB7,807 million, representing a year-on-year increase of 7.78%, and net profit attributable to shareholders of the Company of RMB905 million, representing a year-on-year increase of 20.05%.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(I) Enhancing R&D Innovation and Core Manufacturing Capabilities to Building New Advantages in Product Technology

In line with the major strategic needs such as the construction of China as a strong manufacturing power, ensuring national food security, and comprehensively promoting rural revitalization, the Company firmly seized the development opportunities presented by the modernisation of agriculture and the transformation and upgrading of the agricultural machinery and equipment industry, actively satisfied the market demand for high-quality, high-performance agricultural machinery and equipment, and constantly promoted product upgrading. Since the beginning of this year, the Company has been orderly advancing the R&D, manufacturing and application of its strategic products, including large power shift tractors, continuously variable transmission (“CVT”) tractors, and fuel cell wheeled tractors. The Company focused on addressing the two shortcomings in the “one big and one small” aspects of agricultural machinery and equipment industry, and has continuously enhanced its independent innovation capability to pursue faster breakthroughs in key core technologies. In the first half of the year, the Company realized the batch sales of high-horsepower, high-end smart tractors in Xinjiang and the Northeast China. The Company carried out research on the creation and application of tractors for hilly and mountainous areas, and successfully delivered tractors for hilly and mountainous areas in batch to Gansu Province, marking the first batch market application of tractors for hilly and mountainous areas in China. In line with market demands, the Company continues to develop the new platform series of the YTN diesel engines and improve its diesel engine product portfolio, so as to further strengthen its market competitiveness in the field of power machinery products.

The Company focused on its principal business activities and continued to promote intelligent, adaptable and green upgrading and transformation. In the first half of the year, the Company fully launched and implemented the Intelligent Multi-Purpose Tractor Capacity Improvement Project (Phase I) and the Intelligent Manufacturing Project of High-efficiency and Low-emission YTN3 Diesel Engine and other construction projects, with the aim of cultivating and enhancing new quality productivity through digital transformation, and strengthening the Company’s capabilities in manufacturing high-end agricultural machinery and equipment.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(II) Maintaining Our Leading Position in the Industry by Making Every Effort to Expand Domestic and International Markets

In terms of the tractor business, in response to conditions in the domestic agricultural machinery market in the first half of the year, the Company set clear goals for enhancing product competitiveness, formulated flexible and effective product sales policies, strengthened internal resource support for manufacturing, quality improvement and product delivery, actively rectified under-performing channels, enhanced service assurance capability, focused on the terminal market and increased the sales in weak regions/untapped markets. These efforts consolidated the Company's competitive edge in the market for high- and medium-horsepower tractor products, enabling it to maintain a sustained leading market share in the industry. In terms of overseas sales, the complexity and uncertainty of the international environment exerted certain pressure on the growth of the Company's export products. In light of the increased scrapping tax in the Russian market and other negative impact, the Company intensified its efforts to expand into the Central Asian and the Outer Caucasus markets to proactively make up for the decline in sales in the Russian market. At the same time, the Company continued to enrich the configuration of its export products based on the agronomic characteristics and user needs of different regions, laying a solid product foundation for the establishment of a global market structure.

During the Reporting Period, the Company sold 51,000 units of high- and medium-horsepower tractors, representing a year-on-year increase of 4.25%, of which 4,209 units were exported, representing a year-on-year increase of 3.09%.

Regarding the business of power machinery, the Company sold 82,400 units of diesel engines in the first half of the year, of which 39,800 units were sales in external markets. The sales in external markets recorded a year-on-year decrease, which was affected by factors such as the increased concentration of the end market for agricultural machinery and a decline in exports of power generators. Despite the decline in sales in external markets, the Company gradually optimized its sales structure by seizing opportunities arising from the development of large-scale agricultural machinery and fully leveraging the comprehensive competitive advantages of its Dongfanghong products that complied with the National IV emission standard, recording a year-on-year increase in the sales of high-powered diesel engine products.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(III) Deepening Cost Control Throughout the Value Chain, with Steady Improvement in Economic Performance

During the Reporting Period, the Company consolidated the achievements of cost management throughout the value chain, eliminated blind spots in cost management, and continued to demonstrate results in cost reduction and efficiency improvement, leading to a significant improvement in profitability. The comprehensive gross profit margin of its main products increased by 1.16 percentage points year on year. The Company continued to promote the deepening and upgrading of reform, and further refined the performance appraisal and distribution system for the management level of the Company, striving to stimulate the internal driving force of the management level to accelerate the high-quality development of the Company. By focusing on optimizing the industrial chain and maximizing resource sharing and synergy effects, the Company actively promoted the integration of its components and power machinery businesses. The Company strived to build a comprehensive, compliant and effective risk management and internal control system, enhance risk prevention and control awareness, and strengthen risk prevention and control capabilities, thereby promoting the healthy and sustainable development of the Company.

Currently, China attaches great importance to the development of agriculture, and our country's agricultural machinery industry is in a new era of efficient transformation and upgrading, and achieving breakthroughs in high-quality development. In the second half of 2024, the Company will seize the favorable opportunities arising from the construction of a strong agricultural country and the transformation and development of agricultural machinery and equipment, to consolidate and strengthen its advantages in manufacturing, technology and products, so as to promote the sustainable, stable, and healthy development of the Company. To this end, the Company will firstly further consolidate its leading edge in product technology, optimize quality control measures, accelerate the construction of core manufacturing capability and intelligent transformation, continue to improve the driving comfort of high- and medium-horsepower tractors to enhance the market competitiveness of its main products. At the same time, the Company will conduct trials and verification for high-end intelligent agricultural machinery and equipment such as 240 and 320 horsepower CVT tractors and 220 horsepower hybrid tractors, as well as focusing on the improvement of 80 and 50 horsepower tractors for hilly and mountainous areas and other key work to "make up for the shortcomings" of agricultural machinery and equipment. Secondly, the Company will actively and accurately grasp the relevant national and industrial policies, and take a series of measures, including strengthening market research and control capabilities, improving the quality of channel operation, and reinforcing after-sales support, to vigorously reduce the social product inventory and strive to boost actual sales and stabilize the market. Thirdly, with a focus on continuously enhancing value creation capacity, the Company will further strengthen internal management, deepen reform and innovation, and consolidate the foundation of quality and efficiency enhancement and high-quality development of the Company, thus laying a solid foundation for the stable increase of the Company's market value.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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	7,806,619,832.72	7,242,918,542.61	7.78
Operating costs	6,478,617,081.33	6,095,270,579.18	6.29
Interest income	0.00	5,626,023.58	-100.00
Interest expenses	0.00	99,838.97	-100.00
Fees and commission expenses	0.00	60,491.28	-100.00
Selling expenses	83,135,328.00	92,395,848.22	-10.02
Administrative expenses	153,165,840.07	158,697,813.66	-3.49
Financial expenses	-21,104,619.68	-30,083,841.28	N/A
R&D expenses	205,286,144.38	180,333,815.14	13.84
Other gains	105,015,445.21	12,143,087.62	764.82
Gains arising from changes in fair value (Losses listed as "-")	16,628,351.59	26,573,546.12	-37.43
Losses on impairment of credit (Losses listed as "-")	-13,873,717.92	-10,835,156.37	N/A
Losses on impairment of assets (Losses listed as "-")	2,351,147.49	-4,922,441.13	N/A
Gains arising from disposal of assets (Losses listed as "-")	1,427,210.51	743,241.14	92.03
Non-operating expenses	242,140.96	624,738.16	-61.24
Income tax expenses	161,295,913.35	56,523,543.55	185.36
Net cash flows from operating activities	914,617,256.70	954,344,139.53	-4.16
Net cash flow from investing activities	-1,181,703,734.03	-2,217,893,223.75	N/A
Net cash flows from financing activities	-376,797,348.30	-26,521,188.76	N/A

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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

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

Reasons for changes in interest income, interest expenses, fees and commission expenses: the industrial and commercial deregistration of YTO Finance was completed on 1 June 2023 and the financial business was terminated.

Reasons for changes in selling expenses: due to a decrease of RMB9.26 million over the corresponding period of last year, which was mainly due to the Company's debt collection amount from suppliers recorded a year-on-year increase during the Reporting Period and the three-guarantee (warranty, repair, and replacement) expenses decreased year on year.

Reasons for changes in administrative expenses: due to a decrease of RMB5.53 million over the corresponding period of last year, which was mainly due to the year-on-year decrease in the provision for depreciation of fixed assets during the Reporting Period.

Reasons for changes in financial expenses: due to an increase of RMB8.98 million over the corresponding period of last year, which was mainly due to the narrowing of the fluctuation range in exchange rate of the US dollar against the Renminbi during the Reporting Period as compared with the corresponding period of last year, resulting in a decrease in foreign exchange gains as compared with the corresponding period of last year.

Reasons for changes in R&D expenses: due to an increase of RMB24.95 million over the corresponding period of last year, which was mainly due to the year-on-year increase in investment in research and development projects during the current period.

Reasons for changes in other gains: due to an increase of RMB92.87 million over the corresponding period of last year, which was mainly due to the impact of the policy allowing for additional deductions of input VAT for advanced manufacturing enterprises during the Reporting Period, and the year-on-year increase in the government subsidies recognized during the Reporting Period.

Reasons for changes in gains arising from changes in fair value: due to a decrease of RMB9.95 million over the corresponding period of last year, which was mainly due to the changes in fair value of financial assets held for trading by the Company during the Reporting Period.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Reasons for changes in losses on impairment of credit: due to an increase in losses of RMB3.04 million over the corresponding period of last year, which was mainly due to the scale of receivables increased, resulting a year-on-year increase in the provision for impairment of receivables.

Reasons for losses on impairment of assets: due to a decrease in losses of RMB7.27 million over the corresponding period of last year, which was mainly due to a year-on-year decrease in the accrual for provision for inventory impairment as a result of the changes in inventory scale.

Reasons for changes in income tax expenses: due to an increase of RMB104.77 million over the corresponding period of last year, which was mainly due to the remaining uncovered losses in the corresponding period of last year were fully utilized to offset the taxable income, and the Company continued to make profits during the Reporting Period, resulting in a year-on-year increase in the provision for current income tax expenses.

Reasons for changes in net cash flows from operating activities: due to the reduction in inflow of RMB39.73 million over the corresponding period of last year, which was mainly due to the increase in the sales volume of the main products during the Reporting Period, resulting in an increase in earnings and an increase in the outflow of various taxes paid as compared with the corresponding period of last year.

Reasons for changes in net cash flows from investing activities: due to the reduction in inflow of RMB1,036.19 million over the corresponding period of last year, which was mainly due to a year-on-year decrease in the Company's net investments in structured deposits and large certificates of deposit during the Reporting Period.

Reasons for changes in net cash flows from financing activities: due to the increase in outflow of RMB350.28 million over the corresponding period of last year, which was mainly due to the increase in outflow of RMB103.09 million for the payment of dividends during the Reporting Period as compared with the corresponding period of last year, and the reduction in inflow of RMB250.77 million for the net bank borrowings obtained during the Reporting Period as compared with the corresponding period of last year.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(II) Analysis of Assets and Liabilities

1. Assets and Liabilities

Unit: Yuan Currency: RMB

Item	Balance as at the end of the Reporting Period	Balance as 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
Financial assets held for trading	1,628,006,027.54	11.01	862,909,300.00	6.25	88.66	Effect of purchase of structured deposits during the Reporting Period
Notes receivable	36,061,092.54	0.24	62,322,233.91	0.45	-42.14	Decrease in notes receivable due to the collection and endorsement or discount of the matured notes receivable during the Reporting Period
Accounts receivable	1,460,470,354.82	9.88	331,205,994.88	2.40	340.96	Due to the effect of seasonality in sales of agricultural machinery, the accounts receivable arising from sales of goods had not yet been due for collection in the first half of the year which was the peak season
Prepayments	146,655,182.98	0.99	210,734,453.99	1.53	-30.41	Prepayments for procurements made at the end of last year, and delivered goods successively during the current period
Other receivables	47,502,803.00	0.32	24,672,309.74	0.18	92.53	Increase in export tax refunds receivable
Right-of-use assets	11,947,027.81	0.08	21,834,383.06	0.16	-45.28	Decrease in net value due to depreciation of right-of-use assets
Advance from customers	2,608,258.00	0.02	0.00	0.00	100.00	Increase in prepaid rental fees during the Reporting Period
Contract liabilities	212,298,044.30	1.44	500,336,653.14	3.62	-57.57	Fulfillment of some performance obligations in the contract

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Item	Balance as at the end of the Reporting Period	Balance as 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
Taxes payable	41,328,480.05	0.28	21,912,103.66	0.16	88.61	Increase in corporate income tax payable due to the continuous growth in earnings; cash dividends paid during the Reporting Period, provision for individual income tax withheld and paid on behalf of H Share holders
Non-current liabilities due within one year	12,000,772.85	0.08	20,969,818.62	0.15	-42.77	Decrease in rent payable within one year
Other current liabilities	706,529,216.18	4.78	435,969,305.17	3.16	62.06	Increase in provision for accrued expenses due to increase in sales revenue during the Reporting Period
Lease liabilities	718,304.15	0.00	2,098,999.39	0.02	-65.78	Reclassification of lease liabilities due within one year to non-current liabilities due within one year
Long-term employee compensation payable	20,499,433.20	0.14	38,103,687.73	0.28	-46.20	Reclassification of long-term employee compensation payable due within one year to employee compensation payable

2. Overseas Assets

During the Reporting Period, the Company's total assets amounted to RMB14,781.2609 million, of which overseas assets amounting to RMB75.3394 million (Unit: Yuan, Currency: RMB), accounting for 0.51% 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 RMB470.2142 million, including margin for acceptance bill of RMB469.6164 million, and other restricted funds of RMB0.5978 million.

During the Reporting Period, the book value of the Company's fixed assets and intangible assets of restricted ownership amounted to RMB49.2255 million, which were buildings and land of the Company's subsidiaries that were restricted during the Reporting Period due to mortgage of borrowings, etc.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

4. Other Explanations

(1) Key financial indicators

Item	As at the end of the Reporting Period	As at the beginning of the year	Change compared to the corresponding period of last year
Gearing ratio (%)	47.45	47.75	Decreased by 0.3 percentage point
Current ratio	1.09	1.07	Increased by 0.02
Quick ratio	0.92	0.82	Increased by 0.10

Note: Gearing ratio = Total liabilities/Total assets

(2) Bank borrowings

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

(3) Foreign exchange risk

The operations of the Company are mainly conducted in the PRC and most of the transactions are settled in RMB. However, the export transactions of the Company are settled in foreign currencies. The main currencies involved in foreign currency settlements are USD, Euro, West African CFA franc (XOF) and Belarusian Rubles (BYR). Exchange rate fluctuations may affect the operating results of the Company to a certain extent.

(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.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(III) Analysis of Investments

Financial Assets Measured at Fair Value

The Company's financial assets measured at fair value for the current period include financial assets held for trading, receivables financing and investment in other equity instruments. For details, please refer to note 2, note 7 and note 18 to V. of Section X of this report.

(IV) Material Assets and Equity Disposals

YTO Diesel Engine, a controlled subsidiary of the Company, sold its holdings of 0.8827% equity interest in Zhongyuan Bank through a public listing on the China Beijing Equity Exchange. The counterparty of this material asset disposal will be determined based on the results of the public listing, with the payment to be made in cash by the counterparty. As per the regulations set forth in the "Measures for the Supervision and Administration of State-owned Equities of Listed Companies" and the "Measures for the Supervision and Administration of the Transactions of State-Owned Assets of Enterprises", the listed price of the 0.8827% equity interest in Zhongyuan Bank held by YTO Diesel Engine was determined to be RMB667.83 million. As of the end of the Reporting Period, YTO Diesel Engine has not yet solicited an intended transferee. For details of the material asset disposal, please refer to the "Proposal of the Material Asset Disposal of First Tractor Company Limited" disclosed on the Shanghai Stock Exchange's website on 27 December 2023, and for the relevant progress, please refer to the "Announcement in relation to the Progress of the Material Asset Disposal of First Tractor Company Limited" continuously published by the Company on a monthly basis.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(V) Analysis of Key Equity Holding and Participating Companies

(1) Information on key subsidiaries

Unit: 0'000 Currency: RMB

Name of company	Registered capital	Principal business	As of 30 June 2024		Realized during the Reporting Period	
			Total assets	Net assets	Operating revenue	Net profit
YTO International Trade	6,600	International trade of agricultural machinery, etc.	27,603	-24,625	53,299	4,119
YTO Diesel Engine	USD16 million	Manufacturing and sale of engines	307,945	146,901	172,762	11,242
Tractor Research Company	44,500	R&D of tractor products	60,230	54,021	8,121	447

(2) Explanation of the impact on the net profit of the Company of more than 10%

Unit: 0'000 Currency: RMB

Number	Name of company	Operating revenue for the Reporting Period	Operating profit for the Reporting Period	Net profit for the Reporting Period
1	YTO Diesel Engine	172,762	11,371	11,242

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

V. OTHER DISCLOSEABLE EVENTS

(I) Potential Risks

1. *Risk of escalating industry competition*

At present, China's agricultural machinery industry has formed a parallel competitive situation in which leading enterprises compete on a large scale and small- and medium-sized enterprises compete on a specialized basis. There are a large number of enterprises in the industry with severe homogeneous competition for the traditional products. At the same time, with the in-depth implementation of the national food security strategy and support for agricultural development, the good prospects for the development of agricultural machinery industry have also attracted other cross-border enterprises to participate, which may aggravate the competition in the industry.

In recent years, the Company has continued to increase investment in R&D and manufacturing resources for product upgrades, and has accumulated a rich product and technology reserve. In the next step, the Company will continue to strengthen its market forecasting and control capabilities, and enhance its marketing capabilities and after-sales service management to support sales volume growth, while keeping up with the development trend of the transformation and upgrade of the agricultural machinery market, accelerating the commercialization of high-end products by leveraging its advantages in technology research and development, so as to comprehensively enhance its competitiveness.

2. *Overseas market development risks*

In recent years, the Company's export business has achieved significant growth, however, the international markets have become increasingly uncertain and unstable. Factors such as geopolitical turmoil, adjustments to trade policies and restrictions on cross-border remittances have brought about potential risks to the steady growth of the Company's overseas export business, which may result in the speed of business development doesn't fully meet expectations.

The Company will further deepen its overseas market deployment, accelerate channel expansion, and build up product competitive advantages by formulating different product and configuration portfolios. In addition, the Company will also focus on improving the capabilities of its business personnel, international logistics support capabilities, risk management, and other aspects, to lay a solid foundation for the sustainable and steady growth of the sales volume in overseas markets.

SECTION IV CORPORATE GOVERNANCE

I. BRIEFS OF GENERAL MEETINGS

Session of meeting	Date	Inquiry index for the designated website for publishing the voting results	Date of publication of the voting results	Meeting resolutions
2023 Annual General Meeting	29 May 2024	Announcement on Resolutions of the 2023 Annual General Meeting, the 2024 First Class Meeting for Holders of A Shares and the 2024 First Class Meeting for Holders of H Shares published on the website of the Shanghai Stock Exchange (www.sse.com.cn)	30 May 2024	<ol style="list-style-type: none"> To approve the report of the Board of Directors of the Company for the year 2023; To approve the report on performance of duties of the Independent Directors for the year 2023; To approve the work report of the Board of Supervisors of the Company for the year 2023; To approve the audited financial report of the Company for the year 2023; To approve the annual report of the Company for the year 2023; To approve the profit distribution proposal of the Company for the year 2023; To approve the reappointment of ShineWing Certified Public Accountants (Special General Partnership) as the Company's financial and the internal control auditor for the year 2024, and to authorize the Board of the Company to decide its audit fees; To approve the resolution on the amendments to the Articles of Association of the Company; To approve the resolution on the amendments to the Rules of Procedures for General Meetings of the Company.
2024 First Class Meeting for Holders of A Shares	29 May 2024	Announcement on Resolutions of the 2023 Annual General Meeting, the 2024 First Class Meeting for Holders of A Shares and the 2024 First Class Meeting for Holders of H Shares published on the website of the Shanghai Stock Exchange (www.sse.com.cn)	30 May 2024	<ol style="list-style-type: none"> To approve the resolution on the amendments to the Articles of Association of the Company; To approve the resolution on the amendments to the Rules of Procedures for General Meetings of the Company.
2024 First Class Meeting for Holders of H Shares	29 May 2024	Announcement on Resolutions of the 2023 Annual General Meeting, the 2024 First Class Meeting for Holders of A Shares and the 2024 First Class Meeting for Holders of H Shares published on the website of the Shanghai Stock Exchange (www.sse.com.cn)	30 May 2024	<ol style="list-style-type: none"> The resolution on the amendments to the Articles of Association of the Company was not passed; The resolution on the amendments to the Rules of Procedures for General Meetings of the Company was not passed.

SECTION IV CORPORATE GOVERNANCE (CONTINUED)

Explanation on General Meetings

The two resolutions considered at the 2024 First Class Meeting for Holders of H Shares of the Company were not approved and passed by more than two-thirds of the total number of voting rights held by shareholders with voting rights (including proxies of shareholders) present at the Meeting.

Amendments to the Articles of Association and the Rules of Procedures for General Meetings of the Company proposed in the abovementioned resolutions are mainly based on the “Trial Measures for the Administration of Overseas Issuance of Securities and Listing of Domestic Enterprises” (《境內企業境外發行證券和上市管理試行辦法》) newly promulgated by the China Securities Regulatory Commission in 2023, the Guidelines for Articles of Association of Listed Companies (revised in 2022), abolition of the “Mandatory Provisions for the Articles of Association of Companies Listed Overseas” (《到境外上市公司章程必備條款》) (provisions on class meetings are no longer applicable) and relevant changes in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, which are made for the purpose of ensuring the compliance of the Articles of Association and the Rules of Procedures for General Meetings of the Company with the latest laws and regulations.

II. CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Name	Position	Change
Li Xiaoyu	Chairman	Election
Yang Jianhui	Director	Election
Miao Yu	Director	Election
Zhao Qingliang	Deputy General Manager	Appointment

SECTION IV CORPORATE GOVERNANCE (CONTINUED)

Explanation on changes in Directors, Supervisors and senior management

- As of the date of disclosure of this Report, Mr. Liu Jiguo has resigned as the chairman and director and resigned from his positions in Board Committees of the Company. Mr. Zhang Zhiyu and Mr. Zhang Bin have resigned as directors and resigned from their positions in the Board Committees of the Company, respectively. Upon their resignation, Mr. Liu Jiguo, Mr. Zhang Zhiyu and Mr. Zhang Bin ceased to hold any position in the Company. On 2 August 2024, the Company held the 2024 First Extraordinary General Meeting, at which Mr. Li Xiaoyu, Mr. Yang Jianhui and Mr. Miao Yu were elected as non-independent Directors of the ninth session of the Board of Directors of the Company, with a term of office starting from the date of approval by the General Meeting to the expiry of the term of service of the ninth session of the Board. On the same day, the Company held the twenty-second meeting of the ninth session of the Board of Directors, at which Li Xiaoyu, a director, was elected as the chairman of the Company's ninth session of the Board of Directors, with a term of office starting from the date of approval by the Board of Directors to the expiry of the ninth session of the Board. For details, please refer to the "Announcement of First Tractor on Resignation of Chairman and Directors", "Announcement of First Tractor on the Resolutions Passed at 2024 First Extraordinary General Meeting" and "Announcement of First Tractor on the Resolutions Passed at the Twenty-second Meeting of the Ninth Session of the Board" published by the Company on the website of the Shanghai Stock Exchange on 6 July and 3 August 2024 and the "Announcement on Resignation of Chairman and Directors" and related overseas regulatory announcement published by the Company on the website of the Stock Exchange.
- On 31 January 2024, the Company held the eighteenth meeting of the ninth session of the Board of Directors, at which Mr. Zhao Qingliang was appointed as the deputy general manager, with a term of office starting from the date of approval by the Board of Directors to the expiry of the ninth session of the Board. For details, please refer to the "Announcement of First Tractor on Appointment of Deputy General Manager of the Company" published by the Company on the website of the Shanghai Stock Exchange on 1 February 2024 and related overseas regulatory announcement published by the Company on the website of the Stock Exchange on 31 January.

III. 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	No
Number of bonus shares for every 10 shares (share)	/
Dividend for every 10 shares (Yuan) (tax inclusive)	/
Number of conversion shares for every 10 shares (share)	/
Explanation on proposal of profit distribution or capitalization from capital reserves	/

SECTION IV CORPORATE GOVERNANCE (CONTINUED)

IV. SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

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

V. CORPORATE GOVERNANCE CODE

During the Reporting Period, the Company strictly complied with the principles and the code provisions of the Corporate Governance Code (the “Code”) as set out in Part 2 of Appendix C1 to the Listing Rules of the Stock Exchange.

VI. OTHER DISCLOSURE

1. REVIEW BY THE AUDIT COMMITTEE

The 2024 interim results and this interim report have been reviewed by the Audit Committee of the Company.

2. EMPLOYEE REMUNERATION POLICY AND TRAINING OF THE GROUP

As of 30 June 2024, the Company had 6,808 employees. During the Reporting Period, the basic salary system of the Company is a post-based salary system, under which employees’ income is linked to their job performance, adhering to the principle of salary distribution based on performance and factors, and highlighting value creation. During the Reporting Period, the Company planned multi-tier and cross-system trainings for the staff, in order to improve the abilities and qualities of staff at various levels and functions, according to the need of their posts and the development of the Company, and organized technical, management, skilled operation and other trainings in a timely manner.

3. CONTINGENT LIABILITIES

As of 30 June 2024, the Company had no other material contingent liabilities.

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

As at 30 June 2024 and during the Reporting Period, the Company did not hold any treasury shares (including any treasury shares held or deposited with the Central Clearing and Settlement System). 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.

SECTION V ENVIRONMENT AND SOCIAL RESPONSIBILITY

I. ENVIRONMENTAL INFORMATION

(I) Environmental Performance of Companies and its Main Subsidiaries Designated as Key Pollutant Discharge Units by the Environmental Protection Department

1. Pollution Discharge Details

During the Reporting Period, two units among the Company and its subsidiaries were included in the list of key units for environmental supervision in Luoyang City. Specifically, the Company was designated as a key unit for environmental risk control for 2024, and its subsidiary YTO Flag was designated as a key unit for pollutant discharge into the atmospheric environment for 2024. The pollutant discharge status of the two units are as follows:

Unit	Major pollutants	Number of vent ports	Distribution of vent ports	Emission method	Implementation standard	Emission concentration (average) mg/m ³	Total emissions from January to June 2024 (tonnes)	Total emissions approved annually (tonnes)	Emission status
The Company	Non-methane hydrocarbons	4	Small and medium-sized tractor coating line, decoration workshop, debugging field and hazardous waste room	Controllable	50mg/m ³	8.37mg/m ³	2.31	/	Satisfied
		6	Heat treatment production line and tool grindery room in gear factory	Controllable	80mg/m ³	10.19mg/m ³	0.84	/	Satisfied
	Sulfur dioxide	1	Small and medium-sized tractor coating line	Controllable	200mg/m ³	5mg/m ³	0.018	/	Satisfied
		2	Heat treatment production line in gear factory	Controllable	200mg/m ³	Not detected	0.038	/	Satisfied
	Nitrogen oxide	2	Small and medium-sized tractor coating line and debugging field	Controllable	240mg/m ³	23.5mg/m ³	0.16	/	Satisfied
		2	Heat treatment production line in gear factory	Controllable	240mg/m ³	Not detected	0.124	/	Satisfied

SECTION V ENVIRONMENT AND SOCIAL RESPONSIBILITY (CONTINUED)

Unit	Major pollutants	Number of vent ports	Distribution of vent ports	Emission method	Implementation standard	Emission concentration (average) mg/m ³	Total emissions from January to June 2024 (tonnes)	Total emissions approved annually (tonnes)	Emission status
	Particulate matter	7	Mechanical processing production line of small and medium-sized tractors	Controllable	120mg/m ³	5.2mg/m ³	0.399	/	Satisfied
		6	Tool grindery room and shot blasting machine in gear factory	Controllable	120mg/m ³	6.7mg/m ³	0.37	/	Satisfied
YTO Flag	Benzene	1	Coating workshop	Controllable	1mg/m ³	Not detected	0.022	/	Satisfied
	Toluene	1		Controllable	20mg/m ³	Not detected	0.022	/	Satisfied
	Xylene	1		Controllable	20mg/m ³	0.413	0.05	/	Satisfied
	Non-methane hydrocarbons	1	Coating workshop	Controllable	50mg/m ³	17.4	7.09	/	Satisfied
		1	Structural component workshop	Controllable	50mg/m ³	7.8	0.06	0.169	Satisfied
		1	Cab assembly workshop	Controllable	50mg/m ³	1.5	0.0657	10.7	Satisfied
		5	Cab assembly workshop	Controllable	50mg/m ³	7.09	2	/	Satisfied
	Sulfur dioxide	8	Coating workshop, cab assembly workshop and structural component workshop	Controllable	200mg/m ³	Not detected	0.043	/	Satisfied
		2	Coating workshop and cab assembly workshop	Controllable	550mg/m ³	Not detected	0.49	/	Satisfied

SECTION V ENVIRONMENT AND SOCIAL RESPONSIBILITY (CONTINUED)

Unit	Major pollutants	Number of vent ports	Distribution of vent ports	Emission method	Implementation standard	Emission concentration (average) mg/m ³	Total emissions from January to June 2024 (tonnes)	Total emissions approved annually (tonnes)	Emission status
	Nitrogen oxide	8	Coating workshop, cab assembly workshop and structural component workshop	Controllable	300mg/m ³	9	0.089	/	Satisfied
		2	Coating workshop and cab assembly workshop	Controllable	240mg/m ³	Not detected	0.49	/	Satisfied
	Particulate matter	5	Cab assembly workshop, structural component workshop and welding workshop	Controllable	10mg/m ³	8.5	1.475	/	Satisfied
		24	Coating workshop, cab assembly workshop and structural component workshop	Controllable	120mg/m ³	7	1.939	/	Satisfied

2. Construction and Operation of Pollution Control Facilities

During the Reporting Period, the Company and YTO Flag strictly implemented the “three simultaneousities” principle of environmental protection, whereby the environmental protection facilities and the main facilities were designed, constructed and put into operation simultaneously, and the construction work was carried out in accordance with the laws and regulations.

The Company and YTO Flag conducted daily inspections, equipment testing and maintenance of pollution control equipment through equipment management records to ensure the effectively operation of pollution control facilities and compliant discharge of pollutants.

SECTION V ENVIRONMENT AND SOCIAL RESPONSIBILITY (CONTINUED)

3. *Environmental Impact Assessment of Construction Projects and Other Environmental Protection Administrative Permits*

The Company and YTO Flag strictly adhere to the requirements of relevant laws and regulations, including the “Law of the People’s Republic of China on Environmental Impact Assessment”. With strict compliance with the environmental impact assessment and approval requirements, the Company and YTO Flag completed the independent acceptance of “Technological Enhancement Project of the Powder Coating Line for the Body Factory of First Tractor Company Limited” and the environmental impact assessment report for the “Industrialization Project of Off-road National V Emission Standard Diesel Engines”, with approval opinion obtained.

During the Reporting Period, the Company and its subsidiaries strictly implemented the national permit regulations on pollutant discharges to ensure that pollutants were discharged in compliance with standards and hazardous waste was disposed of in a safe and compliant manner, thereby promoting the sustainable and green development of the Company.

4. *Emergency Response Plan for Unexpected Environmental Incidents*

In accordance with the “Management Measures for Emergency Response Plan for Unexpected Incidents (《突發事件應急預案管理辦法》)” issued by the General Office of the State Council, YTO Flag has prepared an emergency response plan for unexpected environmental incidents and filed with the local environmental protection authority. At the same time, the Company and YTO Flag conducted specialized drills on emergency response plan concerning unexpected environmental incidents and improved the plan based on the feedback from the drill, which effectively enhanced the Company’s ability to handle environmental pollution emergencies, thus ensuring minimal impact on the environment in the event of environmental pollution.

5. *Environmental Self-Monitoring Plan*

During the Reporting Period, in accordance with the national self-monitoring requirements for pollution sources, the Company and YTO Flag formulated a self-monitoring plan to monitor the emission of pollutants by ways of online monitoring and outsourced assessment. In particular, pollution sources of YTO Flag, particularly for volatile organic substances, were monitored automatically online, and the results were uploaded to national, provincial and municipal monitoring platforms in real-time, enabling environmental protection authorities to monitor at all times. For other pollution sources, third-party monitoring agencies were engaged to conduct regular assessments of wastewater, exhaust gas and noise levels based on the frequency and items determined in the self-monitoring plan, with reports issued accordingly. According to monitoring results, YTO Flag was in full compliance with emission standards.

6. *Administrative punishment for environmental problems during the Reporting Period*

During the Reporting Period, the Company was not subject to administrative punishment for environmental problems.

SECTION V ENVIRONMENT AND SOCIAL RESPONSIBILITY (CONTINUED)

(II) Environmental Performance of Companies other than Key Pollutant Discharge Units

In accordance with the “Notice of the Office of Department of Industry and Information Technology of Henan Province on Recommendation of the Provincial Green Manufacturing List for 2024”, the Company completed the preparation of the green factory assessment report in line with the green factory assessment indicator system, and was ultimately recognized as a “Green Factory of Henan Province for 2024”.

II. DETAILS OF CONSOLIDATING AND EXPANDING THE ACHIEVEMENTS OF POVERTY ALLEVIATION AND RURAL REVITALIZATION

The Company thoroughly implemented the important expositions and instructions of the General Secretary Xi Jinping on the work related to “agriculture, rural areas and farmers”. In accordance with the requirements of SASAC on work priorities for rural revitalization in 2024, while bearing “the country’s most fundamental interests” in mind and adhering to the strategies of building a manufacturing powerhouse and “forging the strengths of YTO to serve the needs of the country”, the Company vigorously promoted agricultural mechanization and intelligence by fully utilizing its advantages in the agricultural machinery industry. Based on the overall planning of rural revitalization in the supported areas and the actual needs of local communities, the Company further promoted the support model featuring “guided by planning, driven by industry, empowered by agricultural machinery and supported by talents” and comprehensively facilitated the development of rural revitalization in the supported areas. In the first half of 2024, the Company continued to insist on prioritizing rural revitalization as its key work, and actively fulfilling its social responsibilities. Firstly, the Company carried out market research in the supported areas to gain insights into the characteristics of local agronomy, agricultural development prospects and demand for agricultural equipment, actively helped remove the bottlenecks of agricultural mechanization in the supported areas, and facilitated the development of rural revitalization with the empowerment of agricultural machinery; secondly, the Company assisted the supported areas in agricultural machinery socialization service improvement and smart agricultural platform management, as it set up integrated agricultural machinery service centers to coordinate agricultural machinery resources, improve local agricultural production efficiency and reduce agricultural production costs; and thirdly, the Company vigorously launched consumption assistance activities during the “Double Festival” period, and helped sell and organize the purchase of special agricultural and sideline products in the supported areas, which ensured effective connection between poverty alleviation achievements and rural revitalization. In the next step, the Company will strictly implement the “Four Don’ts (四個不摘)” in accordance with the general requirements of the rural revitalization strategy, actively fulfill corporate social responsibilities, select cadres to provide temporary assistance, persistently promote rural revitalization through the empowerment of agricultural machinery, actively implement various assistance measures, vigorously promote consumption assistance, and comprehensively promote the effective implementation of rural revitalization works in the supported areas.

SECTION VI 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
Undertakings related to material assets restructuring	Others	Directors, Supervisors and senior management of the Company	1. From the date of the initial disclosure of this restructuring to the period until its completion, I will not reduce my holdings in the listed company's shares by any means (if any), nor is there a plan for share reduction; 2. Should I decide to implement a reduction of shares in the future, I will strictly follow the "Several Provisions on the Shareholding Reduction by the Principal Shareholders, Directors, Supervisors, and Senior Executives of Listed Companies", as well as the information disclosure requirements of the Shanghai Stock Exchange, to timely fulfill my information disclosure obligations; 3. If I violate the above undertakings and cause losses to the listed company or other investors, I promise to legally bear the liability to compensate the listed company or other investors.	22 December 2023	Yes	From the date of the initial disclosure of the restructuring to the period until its completion	Yes

SECTION VI 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
	Others	YTO and Sinomach	1. Except for the proposed capital reduction and repurchase of all shares held by Luoyang State-owned Assets Management Co., Ltd. (洛陽市國資國有資產經營有限公司, hereinafter referred to as Luoyang State Capital, which renamed as Luoyang Industrial Holding Group Co. Ltd.) in YTO, and the agreement to transfer the listed company's A-shares to Luoyang State Capital as consideration for the targeted repurchase of all shares held by it in YTO, YTO will not reduce its holdings in the listed company shares in any manner from the date of the initial disclosure of this restructuring until its completion, nor is there any other share reduction plan. 2. Should YTO decide to reduce its shareholdings in the future, it will strictly comply with the "Several Provisions on the Shareholding Reduction by the Shareholders, Directors, Supervisors, and Senior Executives of Listed Companies" and the information disclosure requirements of the Shanghai Stock Exchange, and will timely fulfill the obligation of information disclosure.	22 December 2023	Yes	From the date of the initial disclosure of the restructuring to the period until its completion	Yes
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

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

SECTION VI 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
	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	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 VI SIGNIFICANT EVENTS (CONTINUED)

II. MATERIAL LITIGATION AND ARBITRATION

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

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

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

SECTION VI SIGNIFICANT EVENTS (CONTINUED)

IV. MATERIAL CONNECTED TRANSACTIONS

(I) Connected Transactions Relating to Daily Operation

1. 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 2024	Actual transaction amount in the first half of 2024	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) In the absence of a market price determined by the independent third party, the price refers to the transaction price between YTO and its associates, Sinomach and its subsidiaries with the independent third party; and (3) If none of the above is applicable, 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%.	75,000	36,111	5.09
2	Sales of Goods Agreement	YTO	Controlling shareholder	Sale of (including, but not limited to) raw materials, components, spare parts, equipment and other necessities by the Company to YTO	(1) The market price of the independent third party; (2) In the absence of a market price determined by the independent third party, the price refers to the transaction price between the Group and the independent third party; and (3) If none of the above is applicable, 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%.	26,000	12,635	1.62
3	Composite Services Agreement	YTO	Controlling shareholder	Provision of transportation, transportation ancillary services and production-related processing contracts to the Company and its subsidiaries by YTO	(1) The market price of the independent third party; (2) In the absence of a market price determined by the independent third party, the price refers to the transaction price between YTO, its controlled companies and their associates with the independent third party; and (3) If none of the above is applicable, 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%.	20,000	13,374	91.65

SECTION VI 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 2024	Actual transaction amount in the first half of 2024	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) Market price; (2) In the absence of a market price, the price refers to the transaction price between YTO and the independent third party; and (3) If none of the above is applicable, 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%.	26,000	10,346	98.90
5	Properties Lease Agreement	YTO	Controlling shareholder	Lease of properties by YTO to the Company and its subsidiaries	(1) The transaction price between the lessor and the independent third party; and (2) If the above is not applicable, the price is determined after arm's length negotiation between the parties with reference to the market rent of a similar property in a similar area.	800	464	94.87
6	Land Lease Agreement	YTO	Controlling shareholder	Lease of land by YTO to the Company and its subsidiaries	(1) The transaction price between the lessor and the independent third party; and (2) If the above is not applicable, the price is determined after arm's length negotiation between the parties with reference to the market rent of similar land use rights.	1,400	626	94.86
7	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 Company and its subsidiaries 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 upper limit of the floating range of interest rates announced by the People's Bank of China from time to time, which shall not be lower than the benchmark interest rate for deposits of the corresponding terms, brackets and types of the main independent commercial banks in the territory where the Company and (or) its wholly-owned and controlled subsidiaries are located, and shall not be lower than the benchmark interest rate for deposits of the corresponding terms, brackets and types offered by Sinomach Finance to other members of the same credit standing, whichever is higher.	200,000	197,827	80.05
				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 Company and its subsidiaries 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 Company and (or) its wholly-owned or controlled subsidiaries are 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.	240,000	197,633	89.15

SECTION VI 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 2024	Actual transaction amount in the first half of 2024	Percentage of the transaction amount relative to similar transactions (%)
				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 Company and its subsidiaries for the remittance of funds for the settlement of funds with Party B; and (2) The fees charged by Sinomach Finance for all financial services other than deposits and loans provided by Sinomach Finance to the Company and its subsidiaries shall comply with the regulations of the People's Bank of China or the CBIRC for such types of services and shall not be higher than the standard of similar fees charged by major independent commercial banks in the territory where the Company and (or) its wholly-owned or controlled subsidiaries are located during the same period, or the standard of similar fees charged by Sinomach Finance to other members of the same credit standing, whichever is lower.	1,000	97	59.04
8	Properties Lease Agreement	YTO	Controlling shareholder	Lease of properties, plant and auxiliary facilities by YTO from the Company and its subsidiaries	(1) The price of the non-connected transactions between the lessor and the independent third party; and (2) If none of the above is available or applicable, the price is determined after arm's length negotiation between the parties with reference to the market rent of similar property.	600	204	33.68
9	Land Lease Agreement	YTO	Controlling shareholder	Lease of land by YTO from the Company and its subsidiaries	(1) The price of the non-connected transactions between the lessor and the independent third party; and (2) If none of the above is available or applicable, the price is determined after arm's length negotiation between the parties with reference to the market rent of similar land and land use rights.	55	7	2.09
10	Common Resource Services Agreement	YTO	Controlling shareholder	Provision of common resource services including green services, road maintenance services, cleaning services and logistic support services in the factory areas by YTO to the Company and its subsidiaries	(1) The transaction prices between YTO and the independent third party; and (2) Cost-plus method, with a markup percentage of no more than 10%.	710	70	100.00

SECTION VI 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 2024	Actual transaction amount in the first half of 2024	Percentage of the transaction amount relative to similar transactions (%)
11	Research and Development Services Agreement	YTO	Controlling shareholder	Provision of services including product R&D, process technology R&D, material testing, and calibration of measuring instruments to YTO and its subsidiaries by the Company	(1) The price of the non-connected transactions for the same services between the Company and the independent third party; (2) The price of the reasonable cost of the service provided by the Company with the addition of the gross margin of the comparable non-connected transactions in the same category; and (3) If none of the above is available or applicable, the price is determined after arm's length negotiation between the parties.	1,000	190	27.63
12	Product Inspection and Testing and Technological Services Agreement	Luoyang Xiyuan Vehicle and Power Inspection Institute Co., Ltd.	A wholly-owned subsidiary of the controlling shareholder	Provision of products related technological inspection and testing services, patent services, standardized technological support services, and research and development services on non-standard equipment such as inspection and testing equipment for products of the Company and its subsidiaries	(1) The price of the non-connected transactions between Luoyang Xiyuan Vehicle and Power Inspection Institute Co., Ltd. and the independent third parties; (2) The price of the reasonable cost of the service provided by Luoyang Xiyuan Vehicle and Power Inspection Institute Co., Ltd. with the addition of the gross margin of the comparable non-connected transactions; and (3) If none of the above is available or applicable, the price is determined after arm's length negotiation between the parties.	4,200	1,121	100.00

- For details of the above No.1-6 connected transactions, please refer to the "Announcement of First Tractor on Resolutions of 30th Session of 8th Directorate Meeting", "Announcement of First Tractor on Continuous Connected Transactions from 2022 to 2024", "Announcement of First Tractor on Resolutions of 2nd Extraordinary General Meeting of 2021, 1st Shareholders' Meeting of A Shares of 2021 and 1st Shareholders' Meeting of H Shares of 2021", "Announcement of First Tractor on Resolutions of 35th Session of 8th Directorate Meeting", "Announcement of First Tractor on Increasing Maximum Line of Daily Connected Transactions of Purchasing Kinetic Energy from 2022 to 2024" and "Announcement of First Tractor on Resolutions of 1st Extraordinary General Meeting of 2022" published by the Company on the website of the Shanghai Stock Exchange on 26 August 2021, 3 November 2021, 4 March 2022 and 14 April 2022, and the announcements on "Continuing Connected Transactions and Disclosable Transactions", "Poll Results of the Extraordinary General Meeting and the Class Meeting Held on 2 November 2021 and the Election of the Chairman of the Board of Supervisors", "Continuing Connected Transactions - Adjustment to the Annual Cap Amounts of the Energy Procurement Agreement", "Poll Voting Results of the Extraordinary General Meeting held on 13 April 2022" and related overseas regulatory announcements published on the website of the Stock Exchange on 25 August 2021, 2 November 2021, 3 March 2022 and 13 April 2022;
- For details of the above No.7 connected transaction, please refer to the "Announcement of First Tractor on Resolutions of 36th Session of 8th Directorate Meeting", "Announcement of First Tractor on Daily Connected Transaction of Signing "Agreement on Financial Services" with Sinomach Finance Co., Ltd." and "Announcement of First Tractor on Resolutions of 2nd Extraordinary General Meeting of 2022" published by the Company on the website of the Shanghai Stock Exchange on 30 March 2022 and 17 June 2022, and the announcements on "(1) Disclosable and Connected Transaction in relation to Disposal of Target Assets; (2) Major and Connected Transaction in relation to Capital Increase in Sinomach Finance; and (3) Disclosable Transaction in relation to the Deposit Transaction and Continuing Connected Transactions", "Poll Voting Results of the Extraordinary General Meeting held on 16 June 2022" and related overseas regulatory announcements published on the website of the Stock Exchange on 29 March 2022 and 16 June 2022;
- For details of the above No.8-12 connected transactions, please refer to the "Announcement of First Tractor on Resolutions of 17th Session of 9th Board of Directors" and "Announcement of First Tractor on Daily Connected Transactions in 2024" published by the Company on the website of the Shanghai Stock Exchange on 27 December 2023 and the Announcement of "Continuing Connected Transactions for 2024" and related overseas regulatory announcement published by the Company on the website of the Stock Exchange on 26 December 2023.

SECTION VI SIGNIFICANT EVENTS (CONTINUED)

Connected transactions under Chapter 14A of the Listing Rules of the 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 2024	Actual transaction amount in the first half of 2024	Percentage of the transaction amount relative to similar transactions (%)
13	Technology Services Agreement	Tractor Research Company	Subsidiary of YTO	Provision of technology research and development, technology consultation, and also other technical services and other special services (including inspection services) related to tractors and diesel engines by Tractor Research Company to the Company and the subsidiaries	(1) The transaction price between Tractor Research Company and the independent third party for the same business; (2) The price is determined at a reasonable cost for the services provided by Tractor Research Company, plus gross profit from comparable non-connected transactions; and (3) If none of the above is available or applicable, the price is determined after arm's length negotiation between the parties.	20,000	6,976	100.00

For details of the No.13 connected transaction, please refer to the "Announcement of First Tractor on Resolutions of 17th Session of 9th Board of Directors" and "Announcement of First Tractor on Daily Connected Transactions in 2024" published by the Company on the website of the Shanghai Stock Exchange on 27 December 2023 and the announcement of "Continuing Connected Transactions for 2024" and related overseas regulatory announcement published by the Company on the website of the Stock Exchange on 26 December 2023.

Connected transactions under 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 2024	Actual transaction amount in the first half of 2024	Percentage of the transaction amount relative to similar transactions (%)
14	Premise Tenancy Agreement	ZF YTO Axle	Associated corporation	Lease of land and properties to ZF YTO Axle by the Company	The rent is determined after arm's length negotiation between the parties based on the market price.	600	261	28.32
15	Technologies License Agreement	ZF YTO Axle	Associated corporation	Authorization of use of related drive axle production technologies granted by the Company to ZF YTO Axle for production and installation of existing and future products	ZF YTO Axle shall pay the Company a technology licensing fee of 0.3% of the sales revenue generated from products manufactured using licensed technology.	90	0	0
16	Procurement Framework Agreement	ZF YTO Axle	Associated corporation	Purchase of components such as gears and drive shafts for the production of drive axles by ZF YTO Axle from the Company	The purchase price of components is determined after negotiations between both parties based on prices of past years, the then prevailing market price and factors such as raw material price fluctuations.	5,000	2,523	0.32

SECTION VI SIGNIFICANT EVENTS (CONTINUED)

Connected transactions under 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 2024	Actual transaction amount in the first half of 2024	Percentage of the transaction amount relative to similar transactions (%)
17	Sales Framework Agreement	ZF YTO Axle	Associated corporation	Sale of products by ZF YTO Axle to the Company and its branches	(1) The sale price of drive axle products is determined after negotiations between both parties based on factors such as prices of past years, the then prevailing market price and raw material price fluctuations; and (2) The price of goods sold by ZF YTO Axle to the Company or any of its branches and subsidiaries shall not exceed that of the same types of goods sold to ZF Drivetech (Hangzhou) Co. Ltd.* (採埃孚傳動技術(杭州)有限公司).	22,000	13,837	1.95

For details of the No.14-17 connected transaction, please refer to the "Announcement of First Tractor on Resolutions of 17th Session of 9th Board of Directors" and "Announcement of First Tractor on Daily Connected Transactions in 2024" published by the Company on the website of the Shanghai Stock Exchange on 27 December 2023 and the announcement of "Continuing Connected Transactions for 2024" and related overseas regulatory announcement published by the Company on the website of the Stock Exchange on 26 December 2023.

2. Matters not Disclosed in the Provisional Announcements

Unit: 0'000 Currency: RMB

Connected counterparty	Connected relationship	Type of the connected transaction	Details of the connected transaction	Pricing principle of the connected transaction	Estimated cap for transaction amount in 2024	Actual transaction amount in the first half of 2024	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‰.	20	0	0
Total				/	/	0	0
Details on return of large-sum sales Description of connected transactions					Nil		
					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		

SECTION VI SIGNIFICANT EVENTS (CONTINUED)

(II) 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		Ending balance
					Total deposit amount in the current period	Total withdrawal amount in the current period	
Sinomach Finance	A company controlled by the de facto controller	200,000.00	1.80%-1.85%	186,416.74	4,382,909.00	4,372,069.44	197,256.30

2. Loan Business

Unit: 0'000 Currency: RMB

Related party	Connected relationship	Range of loan interest rates	Beginning balance	Amount incurred in the current period		Ending balance
				Total loan amount in the current period	Total repayment amount in the current period	
Sinomach Finance	A company controlled by the de facto controller	/	0	0	0	0

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	197,633.22	197,633.22

SECTION VI SIGNIFICANT EVENTS (CONTINUED)

V. MATERIAL CONTRACTS AND THE PERFORMANCE THEREOF

(I) Custody, Contracting and Lease Matters

(1) Custody

Unit: Yuan Currency: RMB

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

Explanation of custody

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

SECTION VII CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

I. CHANGES IN SHARE CAPITAL

(I) Changes in Shares

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

(II) Changes in Restricted Shares

Unit: Share

Name of shareholder	Number of restricted shares at the beginning of the period	Number of restricted shares released during the Reporting Period	Increase of restricted shares during the Reporting Period	Number of restricted shares at the end of the Reporting Period	Reason for share restriction	Date of release of the restricted shares
YTO	137,795,275	137,795,275	0	0	YTO has committed not to transfer the shares subscribed through the Company's non-public issuance for a period of 36 months from the date of the issuance	23 February 2024
Total	137,795,275	137,795,275	0	0 /		/

Note: The original date of release of the restricted shares falls on 19 February 2024, which was postponed accordingly due to the impact of the Spring Festival holidays.

II. SHAREHOLDERS INFORMATION

(I) Total number of shareholders:

Total number of ordinary shareholders as at the end of the Reporting Period (<i>shareholder</i>)	21,703 Including 21,400 holders of A Shares and 303 holders of H Shares
Total number of preference shareholders with voting rights restored as at the end of the Reporting Period (<i>shareholder</i>)	/

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

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

Unit: Share

Name of shareholder (full name)	Increase/decrease during the Reporting Period	Shareholdings of the top ten shareholders (excluding shares lent through refinancing)			Number of shares held subject to selling restrictions	Pledged, marked or frozen Status of shares	Nature of shareholder
		Number of shares held as at the end of the period	Percentage (%)				
YTO Group Corporation	0	548,485,853	48.81	0	Nil	/ State-owned legal person	
HKSCC NOMINEES LIMITED (Note 1)	650,000	388,935,309	34.61	0	Unknown	/ Overseas legal person	
Fuguo Fund—China Life Insurance Company Limited—Traditional Insurance—Fuguo Fund China Life Share Growth Stock Traditional Available-for-Sale Single Asset Management Plan (富國基金國壽股份成長股票傳統可供出售單一資產管理計劃)	4,399,200	10,049,800	0.89	0	Unknown	/ Others	
Fuguo Fund—China Life Insurance Company Limited—Dividend Insurance—Fuguo Fund China Life Share Growth Stock Portfolio Single Asset Management Plan (富國基金國壽股份成長股票型組合單一資產管理計劃) (available-for-sale)	2,646,441	7,796,941	0.69	0	Unknown	/ Others	
Hong Kong Securities Clearing Company Limited (Note 2)	-1,920,662	6,196,450	0.55	0	Unknown	/ Overseas legal person	

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

Name of shareholder (full name)	Increase/decrease during the Reporting Period	Shareholdings of the top ten shareholders (excluding shares lent through refinancing)			Pledged, marked or frozen Status of shares	Nature of shareholder
		Number of shares held as at the end of the period	Percentage (%)	Number of shares held subject to selling restrictions		
Basic Pension Insurance Fund 2103 Portfolio (基本養老保險基金 二二零三組合)	0	3,898,699	0.35	0	Unknown	/ Others
China Merchants Bank Co., Ltd. – South Alpha Hybrid Securities Investment Fund (南方阿爾法混 合型證券投資基金)	1,309,996	3,878,142	0.35	0	Unknown	/ Others
National Social Insurance Fund 117 Portfolio (全國社保基金一一七 組合)	3,000,000	3,000,000	0.27	0	Unknown	/ Others
China Merchants Bank Co., Ltd. –BOCOM Schroders Qicheng Mixed Securities Investment Fund (交 銀施羅德啟誠混合型 證券投資基金)	2,592,729	2,592,729	0.23	0	Unknown	/ Others
China Construction Bank Corporation –Huatai Borui Fuli Flexible Allocation Hybrid Securities Investment Fund (華泰柏瑞富利 靈活配置混合型證券 投資基金)	-3,437,201	2,469,500	0.22	0	Unknown	/ Others

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

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

Name of shareholder	Number of shares that can be traded without selling restrictions	Class and number of shares	
		Class	Number
YTO Group Corporation	548,485,853	Ordinary shares denominated in RMB	548,485,853
HKSCC NOMINEES LIMITED (<i>Note 1</i>)	388,935,309	Overseas listed foreign shares	388,935,309
Fuguo Fund—China Life Insurance Company Limited—Traditional Insurance—Fuguo Fund China Life Share Growth Stock Traditional Available-for-Sale Single Asset Management Plan (富國基金國壽股份成長股票傳統可供出售單一資產管理計劃)	10,049,800	Ordinary shares denominated in RMB	10,049,800
Fuguo Fund—China Life Insurance Company Limited—Dividend Insurance—Fuguo Fund China Life Share Growth Stock Portfolio Single Asset Management Plan (富國基金國壽股份成長股票型組合單一資產管理計劃) (available-for-sale)	7,796,941	Ordinary shares denominated in RMB	7,796,941
Hong Kong Securities Clearing Company Limited (<i>Note 2</i>)	6,196,450	Ordinary shares denominated in RMB	6,196,450
Basic Pension Insurance Fund 2103 Portfolio (基本養老保險基金二一零三組合)	3,898,699	Ordinary shares denominated in RMB	3,898,699
China Merchants Bank Co., Ltd.—South Alpha Hybrid Securities Investment Fund (南方阿爾法混合型證券投資基金)	3,878,142	Ordinary shares denominated in RMB	3,878,142
National Social Insurance Fund 117 Portfolio (全國社保基金一一七組合)	3,000,000	Ordinary shares denominated in RMB	3,000,000
China Merchants Bank Co., Ltd.—BOCOM Schroders Qicheng Mixed Securities Investment Fund (交銀施羅德啟誠混合型證券投資基金)	2,592,729	Ordinary shares denominated in RMB	2,592,729
China Construction Bank Corporation—Huatai Borui Fuli Flexible Allocation Hybrid Securities Investment Fund (華泰柏瑞富利靈活配置混合型證券投資基金)	2,469,500	Ordinary shares denominated in RMB	2,469,500

SECTION VII 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 preference shareholders with voting rights restored and their shareholding numbers	N/A
<i>Note 1:</i>	The overseas listed foreign shares held by HKSCC NOMINEES LIMITED are held on behalf of various customers;
<i>Note 2:</i>	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;
<i>Note 3:</i>	On 23 December 2023, the Company published the Indicative Announcement in relation to the Changes in Interests of the Controlling Shareholder on the website of the Shanghai Stock Exchange, which disclosed that YTO proposed to repurchase the entire 11.78% equity interests in YTO held by Luoyang Industrial Holding Group Co., Ltd. (formerly known as Luoyang State-owned Assets Operation Company Limited* (洛陽市國資國有資產經營有限公司)) by way of capital reduction. At the same time, YTO transferred part of the A-shares of First Tractor it held to Luoyang Industrial Holding Group Co., Ltd. through a transfer agreement as the repurchase consideration of capital reduction. Upon completion of the change in interests, YTO will hold 482,483,247 shares of First Tractor, representing 42.94% of the total share capital, and Luoyang Industrial Holding Group Co., Ltd. will hold 66,002,606 shares of First Tractor, representing 5.87% of the total share capital. As of the end of the Reporting Period, the subject matter of the Share Transfer Agreement had not taken place, and the number of shares of First Tractor held by YTO remained unchanged.

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

III. INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

As at 30 June 2024, substantial shareholders of the Company and other persons (other than Directors, Supervisors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"), or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or which were notified to the Company, were as follows:

Name	Capacity	Nature of interests	Number of shares held	Number of underlying shares held under equity derivatives	Total number of shares interested	Percentage of the relevant class of issued share capital ¹	Percentage of the total issued share capital ¹	Class of share
						(%)	(%)	
YTO	Beneficial owner	Beneficial interest	548,485,853 (L)	/	548,485,853 (L)	74.96 (L)	48.81 (L)	A Share

Note 1: (L) – Long position

Note 2: Sinomach is the controlling shareholder of YTO. Sinomach is deemed to have the same interest in the Company as those owned by YTO by virtue of the SFO, holding 548,485,853 A Shares of the Company

Save as disclosed above, as at 30 June 2024, no person (other than Directors, Supervisors or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or which were notified to the Company.

SECTION VIII RELEVANT INFORMATION ON PREFERENCE SHARES

The Company had no preference shares during the Reporting Period.

SECTION IX RELEVANT INFORMATION ON BONDS

The Company had no bonds during the Reporting Period.

SECTION X FINANCIAL STATEMENTS

Consolidated Balance Sheet

June 30, 2024

Prepared by First Tractor Company Limited

Unit: Yuan Currency: RMB

Item	Notes	June 30, 2024	December 31, 2023
Current assets:			
Monetary fund	VII. 1	2,050,410,254.15	2,769,578,885.96
Clearing settlement funds			
Lendings to banks and other financial institutions			
Financial assets held for trading	VII. 2	1,628,006,027.54	862,909,300.00
Derivative financial assets			
Notes receivable	VII. 3	36,061,092.54	62,322,233.91
Accounts receivable	VII. 4	1,460,470,354.82	331,205,994.88
Receivables financing	VII. 5	205,215,667.57	261,430,180.63
Advances to suppliers	VII. 6	146,655,182.98	210,734,453.99
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance contract reserve receivable			
Other receivables	VII. 7	47,502,803.00	24,672,309.74
Including: Interest receivable			
Dividends receivable			
Financial assets purchased under agreements to resell			
Inventories	VII. 8	1,107,645,404.61	1,514,190,377.68
Including: Data resource			
Contract assets			
Held-for-sale assets			
Non-current assets due within one year	VII. 9	26,725,721.91	26,733,364.62
Other current assets	VII. 10	396,767,594.34	423,894,751.27
Total current assets		7,105,460,103.46	6,487,671,852.68

SECTION X FINANCIAL STATEMENTS (CONTINUED)

Consolidated Balance Sheet (Continued)

June 30, 2024

Prepared by First Tractor Company Limited

Unit: Yuan Currency: RMB

Item	Notes	June 30, 2024	December 31, 2023
Non-current assets:			
Disbursement of loans and advances to customers			
Debt instruments at amortised cost	VII. 11	3,727,102,129.96	3,337,100,098.30
Debt instruments at fair value through other comprehensive income			
Long-term receivables	VII. 12		
Long-term equity investments	VII. 13	691,573,526.93	664,257,573.38
Equity instruments at fair value through other comprehensive income	VII. 14	4,188,008.77	4,188,008.77
Other non-current financial assets			
Investment properties			
Fixed assets	VII. 15	2,237,854,618.19	2,268,814,612.75
Construction in progress	VII. 16	135,057,688.83	140,038,654.10
Productive biological assets			
Oil and gas assets			
Right-of-use assets	VII. 17	11,947,027.81	21,834,383.06
Intangible assets	VII. 18	685,671,302.34	697,337,769.49
Including: Data resource			
Development expenditures			
Including: Data resource			
Goodwill	VII. 19		
Long-term deferred expenses	VII. 20	40,950,007.17	47,746,656.30
Deferred tax assets	VII. 21	141,456,493.92	148,272,362.96
Other non-current assets			
Total non-current assets		7,675,800,803.92	7,329,590,119.11
Total assets		14,781,260,907.38	13,817,261,971.79

SECTION X FINANCIAL STATEMENTS (CONTINUED)

Consolidated Balance Sheet (Continued)

June 30, 2024

Prepared by First Tractor Company Limited

Unit: Yuan Currency: RMB

Item	Notes	June 30, 2024	December 31, 2023
Current liabilities:			
Short-term borrowings			
Borrowings from central bank			
Deposits from banks and other financial institutions			
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable	VII. 23	2,016,588,982.26	2,163,570,194.22
Accounts payable	VII. 24	2,924,771,888.45	2,315,345,789.04
Advances from customers	VII. 25	2,608,258.00	
Contract liabilities	VII. 26	212,298,044.30	500,336,653.14
Financial assets sold under agreements to repurchase			
Customer deposits and interbank deposits			
Acting trading securities			
Acting underwriting securities			
Employee compensation payable	VII. 27	105,532,774.34	116,991,275.94
Taxes payables	VII. 28	41,328,480.05	21,912,103.66
Other payables	VII. 29	473,149,280.53	469,509,147.78
Including: Interests payable		42,988,105.55	39,524,418.05
Dividends payable		8,439,607.80	8,439,607.85
Fees and commissions payable			
Reinsurance accounts payable			
Held-for-sale liabilities			
Non-current liabilities due within one year	VII. 30	12,000,772.85	20,969,818.62
Other current liabilities	VII. 31	706,529,216.18	435,969,305.17
Total current liabilities		6,494,807,696.96	6,044,604,287.57

SECTION X FINANCIAL STATEMENTS (CONTINUED)

Consolidated Balance Sheet (Continued)

June 30, 2024

Prepared by First Tractor Company Limited

Unit: Yuan Currency: RMB

Item	Notes	June 30, 2024	December 31, 2023
Non-current liabilities:			
Provision for insurance contract			
Long-term borrowings	VII. 32	200,000,000.00	200,000,000.00
Bonds payable			
Including: Preference shares			
Perpetual bonds			
Lease liabilities	VII. 33	718,304.15	2,098,999.39
Long-term payables	VII. 34	7,723,405.83	8,281,441.87
Long-term employee compensation payable	VII. 35	20,499,433.20	38,103,687.73
Provision	VII. 36	1,962,613.99	1,962,613.99
Deferred income	VII. 37	167,898,193.41	181,945,272.97
Deferred tax liabilities	VII. 21	120,272,218.27	120,936,004.89
Other non-current liabilities			
Total non-current liabilities		519,074,168.85	553,328,020.84
Total liabilities		7,013,881,865.81	6,597,932,308.41
Shareholders' equity:			
Share capital	VII. 38	1,123,645,275.00	1,123,645,275.00
Other equity instruments			
Including: Preference shares			
Perpetual bonds			
Capital reserves	VII. 39	2,655,849,996.00	2,655,849,996.00
Less: treasury shares			
Other comprehensive income	VII. 40	-13,390,329.55	-13,923,730.01
Special reserves	VII. 41	9,174,049.03	7,494,294.70
Surplus reserves	VII. 42	699,875,564.60	699,875,564.60
General risk provision			
Retained earnings	VII. 43	2,763,668,428.46	2,218,749,266.26
Total equity attributable to owners of the Company		7,238,822,983.54	6,691,690,666.55
Non-controlling interests		528,556,058.03	527,638,996.83
Total shareholders' equity		7,767,379,041.57	7,219,329,663.38
Total liabilities and shareholders' equity		14,781,260,907.38	13,817,261,971.79

Legal representative:
Li Xiaoyu

Chief Financial Officer:
Kang Zhifeng

Director of Accounting Department:
Jiang Jingyuan

SECTION X FINANCIAL STATEMENTS (CONTINUED)

Balance Sheet of the Parent Company

June 30, 2024

Prepared by First Tractor Company Limited

Unit: Yuan Currency: RMB

Item	Notes	June 30, 2024	December 31, 2023
Current assets:			
Monetary fund		1,718,311,685.95	905,404,771.76
Financial assets held for trading		1,083,006,027.54	319,909,300.00
Derivative financial assets			
Notes receivable		10,089,650.91	11,068,995.02
Accounts receivable	XVIII. 1	707,862,288.79	565,020,329.07
Receivables financing		254,027,601.21	120,710,664.18
Advances to suppliers		146,974,353.93	205,865,768.79
Other receivables	XVIII. 2	107,429,394.28	135,293,847.86
Including: Interest receivable			
Dividends receivable		76,808,376.96	76,808,376.96
Inventories		611,915,820.01	815,689,252.46
Including: Data resource			
Contract assets			
Held-for-sale assets			
Non-current assets due within one year			
Other current assets		312,259,380.06	350,125,914.62
Total current assets		<u>4,951,876,202.68</u>	<u>3,429,088,843.76</u>

SECTION X FINANCIAL STATEMENTS (CONTINUED)

Balance Sheet of the Parent Company (Continued)

June 30, 2024

Prepared by First Tractor Company Limited

Unit: Yuan Currency: RMB

Item	Notes	June 30, 2024	December 31, 2023
Non-current assets:			
Debt instruments at amortised cost		3,727,102,129.96	3,337,100,098.30
Debt instruments at fair value through other comprehensive income			
Held-to-maturity investments			
Long-term receivables			
Long-term equity investments	XVIII. 3	2,180,402,685.67	2,152,723,764.67
Equity instruments at fair value through other comprehensive income			
Other non-current financial assets			
Investment properties			
Fixed assets		1,254,402,095.35	1,295,996,508.07
Construction in progress		55,969,755.46	51,122,717.21
Productive biological assets			
Oil and gas assets			
Right-of-use assets		9,033,865.82	16,706,181.83
Intangible assets		473,128,276.29	481,333,709.05
Including: Data resource			
Development expenditures			
Including: Data resource			
Goodwill			
Long-term deferred expenses		23,449,321.81	26,562,721.87
Deferred tax assets		51,254,617.58	58,647,210.41
Other non-current assets			
Total non-current assets		7,774,742,747.94	7,420,192,911.41
Total assets		12,726,618,950.62	10,849,281,755.17

SECTION X FINANCIAL STATEMENTS (CONTINUED)

Balance Sheet of the Parent Company (Continued)

June 30, 2024

Prepared by First Tractor Company Limited

Unit: Yuan Currency: RMB

Item	Notes	June 30, 2024	December 31, 2023
Current liabilities:			
Short-term borrowings			
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable		1,199,790,003.36	1,150,091,826.39
Accounts payable		1,967,705,668.87	1,436,650,341.10
Advances from customers		2,608,258.00	
Contract liabilities		139,008,252.96	594,829,479.32
Employee compensation payable		79,648,331.08	84,066,432.55
Taxes payables		18,859,158.01	6,120,631.48
Other payables		1,755,484,421.83	383,041,759.57
Including: Interests payable			
Dividends payable			
Held-for-sale liabilities			
Non-current liabilities due within one year		8,697,438.63	15,749,354.05
Other current liabilities		46,705,941.10	95,304,122.30
Total current liabilities		5,218,507,473.84	3,765,853,946.76
Non-current liabilities:			
Long-term borrowings		200,000,000.00	200,000,000.00
Bonds payable			
Including: Preference shares			
Perpetual bonds			
Lease liabilities		692,784.76	1,377,500.48
Long-term payables			
Long-term employee compensation payable		14,265,140.28	26,794,592.76
Provision		1,962,613.99	1,962,613.99
Deferred income		135,791,727.17	150,924,550.63
Deferred tax liabilities		34,221,474.87	33,872,322.27
Other non-current liabilities			
Total non-current liabilities		386,933,741.07	414,931,580.13
Total liabilities		5,605,441,214.91	4,180,785,526.89

SECTION X FINANCIAL STATEMENTS (CONTINUED)

Balance Sheet of the Parent Company (Continued)

June 30, 2024

Prepared by First Tractor Company Limited

Unit: Yuan Currency: RMB

Item	Notes	June 30, 2024	December 31, 2023
Shareholders' equity:			
Share capital		1,123,645,275.00	1,123,645,275.00
Other equity instruments			
Including: Preference shares			
Perpetual bonds			
Capital reserves		2,561,176,415.62	2,561,176,415.62
Less: treasury shares			
Other comprehensive income		-234,026.84	-298,299.16
Special reserves		1,456,902.84	
Surplus reserves		625,382,280.77	625,382,280.77
Retained earnings		2,809,750,888.32	2,358,590,556.05
Total shareholders' equity		7,121,177,735.71	6,668,496,228.28
Total liabilities and shareholders' equity		12,726,618,950.62	10,849,281,755.17

Legal representative:
Li Xiaoyu

Chief Financial Officer:
Kang Zhifeng

Director of Accounting Department:
Jiang Jingyuan

SECTION X FINANCIAL STATEMENTS (CONTINUED)

Consolidated Income Statement

January to June 2024

Unit: Yuan Currency: RMB

Item	Notes	January to June 2024	January to June 2023
I. Total operating revenue		7,806,619,832.72	7,248,544,566.19
Including: Operating revenue	VII. 44	7,806,619,832.72	7,242,918,542.61
Interest income	VII. 45		5,626,023.58
Premium earned			
Fee and commission income			
II. Total operating cost		6,924,527,836.30	6,522,395,246.30
Including: Operating cost	VII. 44	6,478,617,081.33	6,095,270,579.18
Interest expenses	VII. 45		99,838.97
Fee and commission expenses	VII. 46		60,491.28
Surrenders			
Net claims expense			
Net provisions for insurance liabilities			
Payment of policyholders' dividend			
Reinsurance expense	VII. 47	25,428,062.20	25,620,701.13
Selling expenses	VII. 48	83,135,328.00	92,395,848.22
Administrative expenses	VII. 49	153,165,840.07	158,697,813.66
R&D expenses	VII. 50	205,286,144.38	180,333,815.14
Financial expenses	VII. 51	-21,104,619.68	-30,083,841.28
Including: Interest expenses		6,365,818.22	9,144,097.12
Interest income		27,988,701.50	29,872,258.61
Add: Other income	VII. 52	105,015,445.21	12,143,087.62
Investment income			
(loss to be listed with "-")	VII. 53	83,666,081.95	68,466,234.58
Including: Income from investment in affiliated business and joint venture		27,825,891.61	27,363,498.87
Revenue from derecognition of financial assets at amortized cost			
Exchange earnings			
(loss to be listed with "-")			
Net exposure hedging revenue			
(loss to be listed with "-")			
Income from changes in fair value (loss to be listed with "-")	VII. 54	16,628,351.59	26,573,546.12
Credit impairment loss			
(loss to be listed with "-")	VII. 55	-13,873,717.92	-10,835,156.37
Asset impairment loss			
(loss to be listed with "-")	VII. 56	2,351,147.49	-4,922,441.13
Income of assets disposal			
(loss to be listed with "-")	VII. 57	1,427,210.51	743,241.14

SECTION X FINANCIAL STATEMENTS (CONTINUED)

Consolidated Income Statement (Continued)

January to June 2024

Unit: Yuan Currency: RMB

Item	Notes	January to June 2024	January to June 2023
III. Operating profit (loss to be listed with "-")		1,077,306,515.25	818,317,831.85
Add: non-operating revenue	VII. 58	3,927,298.60	3,305,858.55
Less: non-operating expenses	VII. 59	242,140.96	624,738.16
IV. Total profit (total loss to be listed with "-")	VII. 60	1,080,991,672.89	820,998,952.24
Less: income tax expenses		161,295,913.35	56,523,543.55
V. Net profit (net loss to be listed with "-")		919,695,759.54	764,475,408.69
(I) Classified by continuity of operation			
1. Net profit from going concern (net losses to be listed with "-")		919,695,759.54	747,064,694.39
2. Net profit from discontinued operations (net losses to be listed with "-")			17,410,714.30
(II) Classification by ownership			
1. Net profit attributable to owners of the parent company (net losses to be listed with "-")		905,349,574.14	754,144,938.68
2. Net profit attributable to non-controlling interests (net loss to be listed with "-")		14,346,185.40	10,330,470.01
VI. Net after-tax amount of other comprehensive income		222,795.08	5,276,332.17
(I) Net after-tax amount of other comprehensive income attributable to the owners of the parent company	VII. 40	533,400.46	4,069,714.32
1. Other comprehensive income that cannot be reclassified into profit or loss	VII. 40	64,272.32	108,735.35
(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	VII. 40	64,272.32	108,735.35
(3) Changes in fair value of equity instruments at FVTOCI			
(4) Changes in fair value of the Company's credit risk			

SECTION X FINANCIAL STATEMENTS (CONTINUED)

Consolidated Income Statement (Continued)

January to June 2024

Unit: Yuan Currency: RMB

Item	Notes	January to June 2024	January to June 2023
2. Other comprehensive income reclassified into profit or loss	VII. 40	469,128.14	3,960,978.97
(1) Other comprehensive income that can be reclassified into profit or loss under the equity method			
(2) Changes in fair value of debt instruments at FVTOCI			
(3) The amount of financial assets reclassified into other comprehensive income			
(4) Provision for impairment of credit in debt instruments at FVTOCI			
(5) Cash flow hedging reserve (effective portion of profit and loss arising from cash flow hedging)			
(6) Exchange difference arising from foreign currency statements	VII. 40	469,128.14	3,960,978.97
(7) Others			
(II) Net after-tax amount of other comprehensive income attributable to non-controlling interests	VII. 40	-310,605.38	1,206,617.85
VII. Total comprehensive income		919,918,554.62	769,751,740.86
(I) Total comprehensive income attributable to the owner of the parent company		905,882,974.60	758,214,653.00
(II) Total consolidated income attributable to non-controlling interests		14,035,580.02	11,537,087.86
VIII. Earnings per share:			
(I) Basic earnings per share (yuan/share)		0.8057	0.6712
(II) Diluted earnings per share (yuan/share)		0.8057	0.6712

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:
Li Xiaoyu

Chief Financial Officer:
Kang Zhifeng

Director of Accounting Department:
Jiang Jingyuan

SECTION X FINANCIAL STATEMENTS (CONTINUED)

Income Statement of the Parent Company

January to June 2024

Unit: Yuan Currency: RMB

Item	Notes	January to June 2024	January to June 2023
I. Operating revenues	XVIII. 4	6,230,974,204.34	5,807,235,223.85
Less: Operating costs	XVIII. 4	5,236,277,824.58	4,993,517,933.89
Taxes and surcharges		11,917,425.16	11,713,583.07
Selling expenses		1,817,419.67	7,389,027.55
Administrative expenses		84,645,711.77	86,143,219.75
R&D expenses		167,983,588.35	150,572,328.56
Financial expenses		-7,068,432.70	-5,063,116.86
Including: interest expenses		18,016,803.86	15,250,585.41
Interest income		25,309,001.98	20,778,297.91
Add: Other income		81,030,560.10	8,189,524.40
Investment income			
(loss to be listed with "-")	XVIII. 5	97,169,047.19	279,562,648.35
Including: Income from investment in affiliated business and joint venture		27,614,648.68	27,272,606.98
Revenue from derecognition of financial assets at amortized cost (loss to be listed with "-")			
Net exposure hedging revenue (loss to be listed with "-")			
Income from fair value changes (loss to be listed with "-")		14,628,351.59	32,858,246.12
Credit impairment loss (loss to be listed with "-")		26,468,512.65	7,962,993.87
Asset impairment loss (loss to be listed with "-")		667,117.40	-470,908.40
Income of assets disposal (loss to be listed with "-")		252,277.47	147,219.37
II. Operating profit (loss to be listed with "-")		955,616,533.91	891,211,971.60
Add: non-operating revenue		3,027,152.88	460,975.49
Less: non-operating expenses		2,400.00	
III. Total profit (total loss to be listed with "-")		958,641,286.79	891,672,947.09
Less: income tax expenses		147,050,542.58	65,557,760.66
IV. Net profit (net loss to be listed with "-")		811,590,744.21	826,115,186.43
(I) Net profit from continuing operations (net loss to be listed with "-")		811,590,744.21	826,115,186.43
(II) Net profit from discontinued operations (net loss to be listed with "-")			

SECTION X FINANCIAL STATEMENTS (CONTINUED)

Income Statement of the Parent Company (Continued)

January to June 2024

Unit: Yuan Currency: RMB

Item	<i>Notes</i>	January to June 2024	January to June 2023
V. Net amount of other comprehensive income after tax		64,272.32	108,735.35
(I) Other comprehensive income that cannot be reclassified into profit or loss		64,272.32	108,735.35
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		64,272.32	108,735.35
3. Changes in fair value of equity instruments at FVTOCI			
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 debt instruments at FVTOCI			
3. The amount of financial assets reclassified into other comprehensive income			
4. Provision for impairment of credit in debt instruments at FVTOCI			
5. Cash flow hedging reserve			
6. Exchange difference arising from foreign currency statements			
7. Others			
VI. Total comprehensive income		811,655,016.53	826,223,921.78
VII. Earnings per share:			
(I) Basic earnings per share (RMB/share)			
(II) Diluted earnings per share (RMB/share)			

Legal representative:
Li Xiaoyu

Chief Financial Officer:
Kang Zhifeng

Director of Accounting Department:
Jiang Jingyuan

SECTION X FINANCIAL STATEMENTS (CONTINUED)

Consolidated Cash Flow Statement

January to June 2024

Unit: Yuan Currency: RMB

Item	Notes	January to June 2024	January to June 2023
I. Cash flows from operating activities:			
Cash received from sales of goods and provision of services		5,899,950,198.20	5,482,238,621.05
Net increase in customer deposit and interbank deposit			-33,469,641.36
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			6,394,495.07
Net increase in deposits from banks and other financial institutions			
Net increase from repurchasing business funds			
Net cash received from acting trading securities			
Refund of taxes and surcharge		127,649,613.01	156,767,015.75
Other cash received relating to operating activities	VII. 62	118,162,171.22	120,920,575.86
Subtotal of cash inflows from operating activities		<u>6,145,761,982.43</u>	<u>5,732,851,066.37</u>

SECTION X FINANCIAL STATEMENTS (CONTINUED)

Consolidated Cash Flow Statement (Continued)

January to June 2024

Unit: Yuan Currency: RMB

Item	Notes	January to June 2024	January to June 2023
Cash paid for goods and services		4,396,122,842.73	4,056,416,894.63
Net increase in loans and advances to customers			-95,035.30
Net increase in deposits in the central bank and other financial institutions			-9,176,871.31
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			844,433.24
Cash paid for policyholders' dividend		581,030,764.66	535,231,035.99
Cash paid to and on behalf of employees		189,995,970.74	134,802,055.43
Payments of taxes and surcharges		63,995,147.60	60,484,414.16
Cash paid for other operating activities	VII. 62		
Subtotal of cash outflows from operating activities		5,231,144,725.73	4,778,506,926.84
Net cash flows from operating activities		914,617,256.70	954,344,139.53

SECTION X FINANCIAL STATEMENTS (CONTINUED)

Consolidated Cash Flow Statement (Continued)

January to June 2024

Unit: Yuan Currency: RMB

Item	Notes	January to June 2024	January to June 2023
II. Cash flows from investing activities:			
Cash received from the return of investment		14,760,845.25	4,266,450.00
Cash received from acquirement of investment income		3,722,063.39	7,459,363.02
Net cash received from the sale of fixed assets, intangible assets and other long-term assets		3,369,247.31	1,818,940.00
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		<u>21,852,155.95</u>	<u>13,544,753.02</u>
Cash paid to acquire fixed assets, intangible assets and other long-term assets		71,798,397.32	36,437,976.77
Cash paid to acquire investments		1,131,757,492.66	2,195,000,000.00
Net increase of mortgaged loans			
Net cash paid for the acquisition of subsidiaries and other business entities			
Other cash paid relating to investment activities			
Subtotal of cash outflows from investing activities		<u>1,203,555,889.98</u>	<u>2,231,437,976.77</u>
Net cash flows from investing activities		<u>-1,181,703,734.03</u>	<u>-2,217,893,223.75</u>

SECTION X FINANCIAL STATEMENTS (CONTINUED)

Consolidated Cash Flow Statement (Continued)

January to June 2024

Unit: Yuan Currency: RMB

Item	Notes	January to June 2024	January to June 2023
III. Cash flows from financing activities:			
Cash received from absorbing investment Including: cash received by subsidiaries from non-controlling shareholders' investments			300,000,000.00
Cash received from borrowings			
Other cash received relating to financing activities			
Subtotal of cash inflows from financing activities			300,000,000.00
Cash paid for repayment of debts		354,000.00	49,580,000.00
Cash paid for distribution of dividends, profits or interest repayment Including: dividends and profits paid by subsidiaries to non-controlling shareholders		365,815,445.83	263,081,600.46
Other cash paid relating to financing activities	VII. 62	13,037,664.77	4,662,532.29
		10,627,902.47	13,859,588.30
Subtotal of cash outflows from financing activities		376,797,348.30	326,521,188.76
Net cash flows from financing activities		-376,797,348.30	-26,521,188.76
IV. Effects from the change of exchange rate on cash and cash equivalents		869,278.64	10,065,120.30
V. Net increase in cash and cash equivalents	VII. 62	-643,014,546.99	-1,280,005,152.68
Add: Beginning balance of cash and cash equivalents	VII. 62	2,223,210,636.03	3,519,577,581.87
VI. Ending balance of cash and cash equivalents	VII. 62	1,580,196,089.04	2,239,572,429.19

Legal representative:
Li Xiaoyu

Chief Financial Officer:
Kang Zhifeng

Director of Accounting Department:
Jiang Jingyuan

SECTION X FINANCIAL STATEMENTS (CONTINUED)

Cash Flow Statement of the Parent Company

January to June 2024

Unit: Yuan Currency: RMB

Item	Notes	January to June 2024	January to June 2023
I. Cash flows from operating activities:			
Cash received from sales of goods and provision of services		4,475,857,575.30	3,163,922,357.08
Refund of taxes and surcharge		96,535,419.06	118,885,209.88
Other cash received relating to operating activities		<u>1,537,096,505.17</u>	<u>2,206,837,151.45</u>
Subtotal of cash inflows from operating activities		<u>6,109,489,499.53</u>	<u>5,489,644,718.41</u>
Cash paid for goods and services		3,266,556,009.44	3,076,518,231.20
Cash paid to and on behalf of employees		349,252,267.14	329,444,591.69
Payments of taxes and surcharges		138,844,149.84	86,729,868.59
Cash paid for other operating activities		<u>72,506,776.94</u>	<u>48,959,391.53</u>
Subtotal of cash outflows from operating activities		<u>3,827,159,203.36</u>	<u>3,541,652,083.01</u>
Net cash flows from operating activities		<u><u>2,282,330,296.17</u></u>	<u><u>1,947,992,635.40</u></u>

SECTION X FINANCIAL STATEMENTS (CONTINUED)

Cash Flow Statement of the Parent Company (Continued)

January to June 2024

Unit: Yuan Currency: RMB

Item	Notes	January to June 2024	January to June 2023
II. Cash flows from investing activities:			
Cash received from the return of investment			684,863,228.35
Cash received from acquirement of investment income		16,747,102.00	11,244,535.49
Net cash received from the sale of fixed assets, intangible assets and other long-term assets		832,056.00	1,219,839.14
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		<u>17,579,158.00</u>	<u>697,327,602.98</u>
Cash paid to acquire fixed assets, intangible assets and other long-term assets		28,946,885.50	11,783,207.03
Cash paid to acquire investments		1,085,663,111.10	2,215,000,000.00
Net cash paid for the acquisition of subsidiaries and other business entities			
Other cash paid relating to investment activities			
Subtotal of cash outflows from investing activities		<u>1,114,609,996.60</u>	<u>2,226,783,207.03</u>
Net cash flows from investing activities		<u>-1,097,030,838.60</u>	<u>-1,529,455,604.05</u>

SECTION X FINANCIAL STATEMENTS (CONTINUED)

Cash Flow Statement of the Parent Company (Continued)

January to June 2024

Unit: Yuan Currency: RMB

Item	Notes	January to June 2024	January to June 2023
III. Cash flows from financing activities:			
Cash received from absorbing investment			
Cash received from borrowings			300,000,000.00
Other cash received relating to financing activities			
Subtotal of cash inflows from financing activities			300,000,000.00
Cash paid for repayment of debts			
Cash paid for distribution of dividends, profits or interest repayment		353,618,564.39	257,982,139.28
Other cash paid relating to financing activities		7,980,569.33	8,472,199.58
Subtotal of cash outflows from financing activities		361,599,133.72	266,454,338.86
Net cash flows from financing activities		-361,599,133.72	33,545,661.14
IV. Effects from the change of exchange rate on cash and cash equivalents			
		112.09	-11,108.17
V. Net increase in cash and cash equivalents			
		823,700,435.94	452,071,584.32
Add: Beginning balance of cash and cash equivalents		679,726,897.95	1,507,739,713.00
VI. Ending balance of cash and cash equivalents			
		1,503,427,333.89	1,959,811,297.32

Legal representative:
Li Xiaoyu

Chief Financial Officer:
Kang Zhifeng

Director of Accounting Department:
Jiang Jingyuan

SECTION X FINANCIAL STATEMENTS (CONTINUED)

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

January to June 2024

Unit: Yuan Currency: RMB

Item	January to June 2024												Non-controlling interests	Total shareholders' equity	
	Shareholders' equity attributable to the parent company														
	Share capital	Other equity instruments			Capital reserves	Less: treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk provision	Retained earnings	Others			Subtotal
	Preference shares	Perpetual bonds	Others												
I. Ending Balance of the previous year	1,123,645,275.00				2,655,849,996.00		-13,923,730.01	7,494,294.70	699,675,564.60		2,218,749,266.26		6,691,690,996.55	627,638,996.83	7,219,329,663.38
Add: Changes in accounting policies															
Correction of prior period errors															
Others															
II. Beginning balance of the current year	1,123,645,275.00				2,655,849,996.00		-13,923,730.01	7,494,294.70	699,675,564.60		2,218,749,266.26		6,691,690,996.55	627,638,996.83	7,219,329,663.38
III. Movements in the Current Period (decrease to be listed with "-")															
(i) Total comprehensive income							533,400.46	1,679,754.33			544,919,162.20		547,132,316.99	917,061.20	548,049,378.19
(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 shareholder's equity															
4. Others															
(iii) Profit distribution															
1. Appropriation to surplus reserves															
2. Appropriation to general risk reserves															
3. Distribution to shareholders															
4. Others															
(iv) Internal carry-over in shareholder's equity															
1. Capital surplus transferred to share capital															
2. Surplus reserves transferred to share capital															
3. Surplus reserves to recover losses															
4. Retained earnings carried forward from changes in defined benefit plan															
5. Retained earnings carried forward from other comprehensive income															
6. Others															
(v) Appropriation and use of special reserves															
1. Appropriation in current period															
2. Use in current period															
(vi) Others															
IV. Ending balance of the current period	1,123,645,275.00				2,655,849,996.00		-13,390,329.55	9,174,049.03	699,675,564.60		2,763,666,428.46		7,238,822,983.54	628,556,098.03	7,767,379,041.57

SECTION X FINANCIAL STATEMENTS (CONTINUED)

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(CONTINUED)

January to June 2024

Unit: Yuan Currency: RMB

Item	January to June 2023											Non-controlling interests	Total shareholders' equity	
	Shareholders' equity attributable to the parent company										Subtotal			
	Share capital	Other equity instruments			Capital reserves	Less: treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk provision				Retained earnings
	Preference shares	Perpetual bonds	Others											
I. Ending balance of the previous year	1,123,645,275.00				2,655,849,996.00		-5,653,544.29	5,497,405.05	595,433,495.89	43,263,387.54	1,540,248,936.64	5,958,094,951.83	539,085,924.10	6,497,170,875.93
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		-5,653,544.29	5,497,405.05	595,433,495.89	43,263,387.54	1,540,248,936.64	5,958,094,951.83	539,085,924.10	6,497,170,875.93
III. Movements in the Current Period (decrease to be listed with "-")							4,069,714.32	1,319,730.90		-43,263,387.54	540,064,639.87	502,190,697.55	3,934,012.08	506,124,709.83
(i) Total comprehensive income							4,069,714.32				754,144,938.68	758,214,653.00	11,537,067.86	769,751,740.86
(ii) Capital invested and decreased by shareholders													-3,000,000.00	-3,000,000.00
1. Common shares invested by shareholders														
2. Capital contributed by holders of other equity instruments														
3. Amount of share-based payment included in shareholder's equity														
4. Others													-3,000,000.00	-3,000,000.00
(iii) Profit distribution													-267,343,686.35	-267,343,686.35
1. Appropriation to surplus reserves														
2. Appropriation to general risk reserves														
3. Distribution to shareholders													-267,343,686.35	-267,343,686.35
4. Others														
(iv) Internal carry-over in shareholder's equity														
1. Capital surplus transferred to share capital														
2. Surplus reserves transferred to share capital														
3. Surplus reserves to recover losses														
4. Retained earnings carried forward from changes in defined benefit plan														
5. Retained earnings carried forward from other comprehensive income														
6. Others														
(v) Appropriation and use of special reserves														
1. Appropriation in current period								1,319,730.90				1,319,730.90	59,458.51	1,379,189.41
2. Use in current period								8,094,193.16				8,094,193.16	746,533.45	8,842,726.61
(vi) Others														
IV. Ending balance of the current period	1,123,645,275.00				2,655,849,996.00		-1,783,829.97	6,817,135.95	595,433,495.89		2,080,313,576.51	6,460,275,649.38	543,019,936.18	7,003,295,585.56

Legal representative:
Li Xiaoyu

Chief Financial Officer:
Kang Zhifeng

Director of Accounting Department:
Jiang Jingyuan

SECTION X FINANCIAL STATEMENTS (CONTINUED)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF THE PARENT COMPANY

January to June 2024

Unit: Yuan Currency: RMB

Item	January to June 2024										
	Share capital	Other equity instruments			Capital reserves	Less: treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Total shareholders' equity
		Preference shares	Perpetual bonds	Others							
I. Ending balance of the previous year	1,123,645,275.00				2,561,176,415.62		-298,299.16		625,382,280.77	2,358,590,556.05	6,668,496,228.28
Add: Changes in accounting policies											
Correction of prior period errors											
Others											
II. Beginning balance of the current year	1,123,645,275.00				2,561,176,415.62		-298,299.16		625,382,280.77	2,358,590,556.05	6,668,496,228.28
III. Movements in the Current Period (decrease to be listed with "-")							64,272.32	1,456,902.84		451,160,332.27	452,681,507.43
(i) Total comprehensive income							64,272.32			811,590,744.21	811,655,016.53
(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 shareholder's equity											
4. Others											
(iii) Profit distribution										-360,430,411.94	-360,430,411.94
1. Appropriation to surplus reserves											
2. Distribution to shareholders										-360,430,411.94	-360,430,411.94
3. Others											
(iv) Internal carry-over in shareholder's equity											
1. Capital surplus transferred to share capital											
2. Surplus reserves transferred to share capital											
3. Surplus reserves to recover losses											
4. Retained earnings carried forward from changes in defined benefit plan											
5. Retained earnings carried forward from other comprehensive income											
6. Others											
(v) Special reserves								1,456,902.84			1,456,902.84
1. Appropriation in current period								4,866,482.01			4,866,482.01
2. Use in current period								3,409,579.17			3,409,579.17
(vi) Others											
IV. Ending balance of the current period	1,123,645,275.00				2,561,176,415.62		-234,026.84	1,456,902.84	625,382,280.77	2,809,750,888.32	7,121,177,735.71

SECTION X FINANCIAL STATEMENTS (CONTINUED)

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

January to June 2024

Unit: Yuan Currency: RMB

Item	January to June 2023										
	Share capital	Preference shares	Other equity instruments Perpetual bonds	Others	Capital reserves	Less: treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Total shareholders' equity
I. Ending balance of the previous year	1,123,645,275.00				2,561,176,415.62		-69,708.37		520,940,212.06	1,675,955,626.86	5,881,647,821.17
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		-69,708.37		520,940,212.06	1,675,955,626.86	5,881,647,821.17
III. Movements in the Current Period (decrease to be listed with "-")							108,735.35	343,901.00		588,771,500.08	569,224,136.43
(i) Total comprehensive income							108,735.35			606,115,186.43	626,223,921.78
(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 shareholder's equity											
4. Others											
(iii) Profit distribution										-257,343,686.35	-257,343,686.35
1. Appropriation to surplus reserves											
2. Distribution to shareholders										-257,343,686.35	-257,343,686.35
3. Others											
(iv) Internal carry-over in shareholder's equity											
1. Capital surplus transferred to share capital											
2. Surplus reserves transferred to share capital											
3. Surplus reserves to recover losses											
4. Retained earnings carried forward from changes in defined benefit plan											
5. Retained earnings carried forward from other comprehensive income											
6. Others											
(v) Special reserves								343,901.00			343,901.00
1. Appropriation in current period								5,181,365.08			5,181,365.08
2. Use in current period								4,837,464.08			4,837,464.08
(vi) Others											
IV. Ending balance of the current period	1,123,645,275.00				2,561,176,415.62		39,026.98	343,901.00	520,940,212.06	2,244,727,126.94	6,450,871,957.60

Legal representative:
Li Xiaoyu

Chief Financial Officer:
Kang Zhifeng

Director of Accounting Department:
Jiang Jingyuan

SECTION X FINANCIAL STATEMENTS (CONTINUED)

I. COMPANY PROFILE

First Tractor Company Limited (hereinafter referred to as the Company, including its subsidiaries, collectively referred to as the Group) is a limited company established in the People's Republic of China on May 8, 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 December 31, 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 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 June 23, 1997. On October 24, 2007, the Company allotted 60,900,000 H shares at HKD 3.95 per share. After the allotment, the registered capital and paid-in capital increased to RMB845,900,000.00. On July 27, 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, 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 August 1, 2012, and the Company was officially listed for trading on Shanghai Stock Exchange on August 8, 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 July 19, 2016 to May 26, 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 June 30, 2024, the Company has a total of 1,123,645,275 shares of share capital and registered capital of RMB1,123,645,275.00.

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

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

SECTION X FINANCIAL STATEMENTS (CONTINUED)

II. BASIS OF PREPARATION FOR FINANCIAL STATEMENTS

1. Preparation basis

The Group prepared the financial statements based on going concern, as per the actually incurred transaction and events, the Accounting Standards for Business Enterprises issued by the Ministry of Finance and application guidelines, interpretations and other relevant provisions thereof (hereinafter collectively referred to as “ASBE”), *Preparation Rules for Information Disclosures by Companies Offering Shares to the Public No. 15 – General Provisions on Financial Reports* (revised in 2023) issued by China Securities Regulatory Commission (CSRC) and relevant regulations, and disclosure requirements in *Companies Ordinance* of Hong Kong and Listing Rules of Hong Kong Stock Exchange, and based on the accounting policies and accounting estimates in the “Note III. 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.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Statement of compliance of the accounting standards for business enterprises

The financial statements prepared by the Company conform to the requirements of the Accounting standards of business enterprises, and truly and completely reflect the Company and the Group’s relevant information such as the financial position by June 30, 2024, and the operating results and the cash flows for January to June 2024.

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 BYR as its bookkeeping currency; Yitwo Argo Industrial uses XOF as its bookkeeping currency. China Brilliance Machinery Holdings Co., Ltd. uses USD as its bookkeeping currency. Except for the above companies, the Company and other subsidiaries use RMB as their bookkeeping currency.

SECTION X FINANCIAL STATEMENTS (CONTINUED)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

5. Method and basis for determination of materiality

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

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

SECTION X FINANCIAL STATEMENTS (CONTINUED)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

6. Accounting treatment 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 combinations 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 combinations not under common control are measured at fair value on the acquisition date. The combination cost is the sum of fair value of cash or non-cash assets paid, liabilities issued or assumed, equity securities issued, etc. on the acquisition date for obtaining the control right of the acquiree and various direct expenses in business combination (in the business combination realized step by step through several transactions, the combination cost is the sum of the cost for each single transaction). Positive balance between the combination cost and the 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 the Group's consolidated financial statements is determined on a control basis, including the Company and all subsidiaries under its control, which further includes divisible parts in enterprises and investees, and structured entities under their control. The Group's criterion for identifying control is that the Group has the power over the investee, and can enjoy variable returns through participating in related activities of the investee and is able to influence its 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 are inconsistent with that adopted by the Company, financial statements of subsidiaries shall be adjusted according to the accounting policy or accounting period of the Company.

SECTION X FINANCIAL STATEMENTS (CONTINUED)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

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

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

For the subsidiaries acquired in the business combinations under common control, their operating results and cash flows are included into 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 they might have existed as the current state from the time when the ultimate controller takes the 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 investment held by the Group before the combination is achieved, the changes in relevant profits and losses, other comprehensive income and other net asset that have been recognized in the period from the later date, when the long-term equity investment is 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 profits and losses during the period of comparative statement.

As for subsidiaries acquired by business combinations not under common control, operating results and cash flows shall be incorporated into consolidated financial statements from the date when the Group takes the control. In preparing the consolidated financial statements, 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 X FINANCIAL STATEMENTS (CONTINUED)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

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

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

At the situation when the Group partially disposes long-term equity investments in subsidiaries without losing control right, 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 correspondingly 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 right over the investee is lost due to the disposal of partial equity investment of the Group or other reasons, the residual equity will be re-calculated 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 and 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 and loss on investment of the period at the loss of control.

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

SECTION X FINANCIAL STATEMENTS (CONTINUED)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

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

The Group's joint arrangements include joint operations and joint ventures. In projects for joint operation, for assets held and liabilities assumed solely which are recognized by the Group as the joint-venture party in joint operation and assets held and liabilities assumed which are recognized according to shares, their relevant income and costs shall be determined as per related individual agreements or shares. Only profit or loss attributable to other joint operators shall be recognized in transactions where assets purchase and sale 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 and loss, except the disposal of translation difference that is formed by foreign currency specific borrowings for establishing or producing assets eligible for capitalization as per capitalization principle.

(2) *Translation of foreign currency financial statements*

The assets and liabilities in the foreign currency balance sheet shall be converted based on the spot exchange rate on the balance sheet date; Owners' equity items except "Retained earnings", shall be converted according to the spot exchange rate on the business date. The revenue and expense items in the income 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 amount of effect of exchange rate fluctuations on cash shall be separately listed in the cash flow statement.

SECTION X FINANCIAL STATEMENTS (CONTINUED)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Financial instruments

(1) Recognition and derecognition of financial instruments

When the Group becomes a party of 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 will 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 profits and losses.

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

(2) Classification and measurement of financial assets

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

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

SECTION X FINANCIAL STATEMENTS (CONTINUED)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Financial instruments (Continued)

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

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

At the time of initial recognition, financial assets are measured at fair value. However, if the accounts receivable or notes 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 at FVTPL, related transaction expenses shall be directly included in the current profits and losses; the related transaction expenses of other financial assets shall be included in the initial recognition amount.

Subsequent measurement of financial assets depends on their classification:

1) *Financial assets measured at amortized cost*

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

SECTION X FINANCIAL STATEMENTS (CONTINUED)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Financial instruments (Continued)

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

3) *Investment in equity instruments 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 profits and losses. Subsequent changes in fair value are included in other comprehensive income, and no impairment provision is required. 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 retained earnings. The Group's financial assets under this classification consist of investment in other equity instruments.

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 profits and losses except for those related to hedge accounting. The Group's financial assets under this classification mainly include financial assets held for trading and other non-current financial assets.

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

(3) *Classification, recognition and measurement 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.

SECTION X FINANCIAL STATEMENTS (CONTINUED)

III. 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 profits and losses (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 profits and losses 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 profits and losses, the Group will include all changes in fair value (including the impact of the changes in its credit risk) in the current profits and losses.

(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 investment 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 X FINANCIAL STATEMENTS (CONTINUED)

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

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

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

SECTION X FINANCIAL STATEMENTS (CONTINUED)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Financial instruments (Continued)

(4) Impairment of financial instruments (Continued)

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

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

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 accounts receivable and contract assets, the Group judges ageing and counterparty relationship as the main influencing factors of its credit risk. Therefore, the Group evaluates its expected credit losses based on ageing portfolio and counterparty relationship.

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

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

Portfolio by 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 account age credit risk feature portfolio
International business customers	Loss rate estimated based on account age credit risk feature portfolio after netting of the guarantee amount 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 X FINANCIAL STATEMENTS (CONTINUED)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Financial instruments (Continued)

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

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

② Portfolio category and determination basis of notes receivable

Based on the acceptor's credit risk of notes 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.

2) *Impairment test method of other receivables, receivables financing, other current assets, other non-current assets, accounts receivable containing material financing components, debt instruments at amortised cost, and other debt instruments at FVTOCI*

The Group adopts the general method (three-stage method) to accrue expected credit loss for financial assets other than those measured by the above-mentioned simplified measurement method, such as other receivables, receivables financing, other current assets, other non-current assets, accounts receivable containing material financing components, debt instruments at amortised cost, and other debt instruments at FVTOCI. The Group evaluates whether the credit risks have increased significantly since the initial recognition on each balance sheet date. If not, it is in Stage 1, and the Group shall measure the loss provisions according to the amount equivalent to the expected credit loss in the coming 12 months, and calculate the interest income according to the book value and the actual interest rate; If the credit risks have increased significantly since the initial recognition but no credit impairment has occurred, it is in Stage 2, and the Group shall measure the loss provision according to the expected credit loss in the whole duration, and calculate the interest income according to the book value and the actual interest rate; If credit impairment occurs after initial recognition, it is in Stage 3, 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 amortised 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.

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

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

SECTION X FINANCIAL STATEMENTS (CONTINUED)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Financial instruments (Continued)

(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 profits and losses.

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 profits and losses.

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

SECTION X FINANCIAL STATEMENTS (CONTINUED)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Financial instruments (Continued)

(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.

(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 recognised as an asset, and derivative financial instruments with negative fair value are recognised 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 profits and losses.

SECTION X FINANCIAL STATEMENTS (CONTINUED)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Financial instruments (Continued)

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

12. Inventories

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

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

SECTION X FINANCIAL STATEMENTS (CONTINUED)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

12. Inventories (Continued)

For merchandise inventories directly for selling such as finished products, goods 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 current profits and losses.

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 and contract liabilities

(1) *Contract assets*

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

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

(2) *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 X FINANCIAL STATEMENTS (CONTINUED)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

14. Contract cost

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

The Group's assets related to contract costs include contract performance cost 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, as the contract acquisition cost, it shall be recognized as an asset; and if the amortization period of the asset does not exceed one year, it is included in the current profit and 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), include in the current profit and loss when it occurs, however, except 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 include in the current profit and 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, according to the difference between the carrying amount and the remaining consideration that the Group is expected to obtain due to the transfer of the commodities related to the asset, and the difference between the carrying amount and the estimated costs due to the transfer of the relevant commodity, the provision for impairment shall be made for the excess and recognized as asset impairment losses.

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 impairment of the asset shall be reversed and included in the current profits or losses, 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.

SECTION X FINANCIAL STATEMENTS (CONTINUED)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

15. Long-term equity investments

The long-term equity investment of the Group is 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 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 right 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 as 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 business combination, supplementary disclosure to treatment methods for long-term equity investments in financial statements of the parent company shall be made in the reporting period acquiring the control. For instance, as to the equity of the investee under common control acquired step-by-step through multiple transactions and business combination finally completed, which belongs to a package deal, the Group performs accounting treatment by regarding all transactions as a transaction for acquiring control power. If it is not a package deal, the 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 cost for long-term equity investments. The balance between the initial investment cost and the sum of the carrying amount of long-term equity investments which has reached the amount before the combination and the carrying amount of new payment consideration for the shares further obtained on the combination date shall be applied to adjust 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 cost.

SECTION X FINANCIAL STATEMENTS (CONTINUED)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

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

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

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

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

For long-term equity investments, 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 profits and 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, using the Group's accounting policies and accounting periods, in accordance with the shareholding ratio by offsetting profits and losses of internal transaction incurred between the associate and joint venture, then recognize the net profits of the investee after adjustment.

SECTION X FINANCIAL STATEMENTS (CONTINUED)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

15. 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 investment 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 residual equity after disposal shall be accounted for as per the Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments (CK [2017] No.7), and the balance between the fair value and the carrying amount on the date of losing joint control or material influence is included in current profit or loss. Other comprehensive income recognized on the former equity investment due to the adoption of the equity method of accounting is treated on the same basis as the direct disposal of the related assets or liabilities by the investee upon the termination of the equity method of accounting and carried forward proportionately. Owners' equity recognized as a result of changes in the owner's equity of the investee 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 and 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 and loss until the controlling power is lost.

SECTION X FINANCIAL STATEMENTS (CONTINUED)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

16. Investment properties

Investment properties of the Group refer to the properties held for earning rents or capital appreciation, or both, including plant & 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 residuals rate, and annual rate of depreciation (amortization) of various investment real estate refer to those of fixed assets.

17. Fixed assets

(1) Confirmation condition

No fixed asset may be recognized unless it simultaneously meets the conditions as follows: The economic benefits pertinent to the fixed asset are likely to flow into the enterprise; and the cost of the fixed asset can be measured reliably. Fixed assets of the Group include plant and buildings, machinery equipment, transportation facility, office and electronic equipment.

(2) Depreciation method

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

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

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

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

SECTION X FINANCIAL STATEMENTS (CONTINUED)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

18. Construction in progress

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

19. Borrowing costs

The borrowing costs directly belonging to fixed assets, investment real estates 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 be 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 profits and losses. 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 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 with 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.

20. Intangible assets

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 right shall be averagely amortized within the period with economic benefits. The amortized amounts shall be included in relevant asset costs and current profits and losses 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 X FINANCIAL STATEMENTS (CONTINUED)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

20. Intangible assets (Continued)

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

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

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

21. Impairment of long-term assets

On each balance sheet date, the Group shall check the long-term equity investment, investment real estate 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, 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 impairment loss of assets and included in current profits and losses. Simultaneously, the provision for impairment of assets shall be drawn accordingly. Once confirmed, the impairment loss of assets shall not be reversed in future accounting periods.

SECTION X FINANCIAL STATEMENTS (CONTINUED)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

21. Impairment of long-term assets (Continued)

After the impairment loss of assets 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 assets 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 portfolio of asset groups that contain(s) goodwill, if there are indications of impairment, test the asset groups or portfolio of asset groups that do not contain goodwill firstly and calculate the recoverable amount, and compare it with the related carrying amount to confirm the corresponding impairment loss. Then, the asset groups or portfolio 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 portfolio of asset groups and their recoverable amounts, where the recoverable amount of the related asset groups or portfolio of asset groups is lower than its carrying amount, an impairment loss is recognized for goodwill.

22. Long-term deferred expenses

The Group's long-term deferred expenses include mold amortization and maintenance expenses. Such expenses shall be equally amortized in the benefit period. If the long-term deferred expenses items will not benefit the future accounting period, the amortized value of unamortized items shall be all 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.

23. 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 Company 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 X FINANCIAL STATEMENTS (CONTINUED)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

24. Employee compensation

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

(1) *Accounting treatment of short-term compensation*

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 profits and losses or relevant asset costs according to the beneficiaries.

(2) *Accounting treatment of post-employment benefits*

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

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

(3) *Accounting treatment of dismissal benefits*

Dismissal welfare arise 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 in amortized cost.

SECTION X FINANCIAL STATEMENTS (CONTINUED)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

24. Employee compensation (Continued)

(4) Accounting treatment of other long-term employee benefits

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

25. Provision

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.

The provisions 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 great 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.

SECTION X FINANCIAL STATEMENTS (CONTINUED)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

26. Recognition principles and measuring methods of revenue

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

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

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

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

The transaction price is the amount of consideration that the Group is expected to be entitled to receive for the transfer of commodities 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 great reverse when the relevant uncertainty is removed. The amount expected to be refunded to the customer shall not be included in the transaction price as the liabilities. 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 date 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.

SECTION X FINANCIAL STATEMENTS (CONTINUED)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

26. Recognition principles and measuring methods of revenue (Continued)

(1) *The general principles for revenue recognition are as follows: (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 control rights of the relevant commodities or services. In determining whether a customer has obtained the control rights of the goods or services, the Group shall take the following indications into consideration:

- 1) The Group enjoys the current collection right in regard to such goods or services.
- 2) The Group has transferred the legal ownership of such goods to the customer.
- 3) The Group has transferred the physical goods to the customer.
- 4) The Group has transferred the main risk and rewards of such goods in terms of ownership to the customer.
- 5) The customer has accepted such goods or services, etc.

SECTION X FINANCIAL STATEMENTS (CONTINUED)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

26. Recognition principles and measuring methods of revenue (Continued)

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

SECTION X FINANCIAL STATEMENTS (CONTINUED)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

26. Recognition principles and measuring methods of revenue (Continued)

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

1) *Timing of revenue recognition (Continued)*

④ Revenue from transfer of 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 25. Estimated liabilities of Note III.

SECTION X FINANCIAL STATEMENTS (CONTINUED)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

27. Government subsidies

Government subsidy refers 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 subsidy is 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 subsidy and revenue-related government subsidy. The asset-related government subsidies refer to those obtained by the Group and used for the acquisition or construction of long-term assets or 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 stages over the useful life of the constructed or purchased asset on a reasonable and systematic basis.

The government subsidies related to revenue shall be recognized as deferred income and included into the current profits and losses when recognizing the related expenses or losses if they are used for compensating the subsequent related expenses or losses of the enterprise; should they are used for compensating the related expenses or losses that have incurred, they shall be directly included into the current profits and losses 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 profits and losses; If there is no deferred income concerned, they shall be directly included in the current profits and losses.

SECTION X FINANCIAL STATEMENTS (CONTINUED)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

28. Deferred tax assets and liabilities

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

The deferred 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 a 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) Lease recognition

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.

SECTION X FINANCIAL STATEMENTS (CONTINUED)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

29. Lease (Continued)

(2) *The Group as the lessee (Continued)*

1) *Lease recognition (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-to-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 profits and losses 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 profits and losses, except for those should be capitalized.

When the Group recognizes the interest on the lease liabilities after the commencement date of the lease term, it will increase the book value of the lease liabilities; When making the lease payment, it will reduce the book value of the lease liabilities. If there is any change in the substantial 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 profits and losses by the straight-line method or other systematic and reasonable methods during each lease term.

SECTION X FINANCIAL STATEMENTS (CONTINUED)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

29. Lease (Continued)

(3) *The Group as the lessor*

As the lessor, if a lease substantially transfers almost all the risks and rewards related to the ownership of the leased asset, the Group shall classify the lease as a finance lease, otherwise, it will be classified as an operating lease.

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 profits and losses 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 profits and losses in stages during the lease term according to the same recognition basis as rental income. The Group's variable lease payment which is related to operating lease and not included in lease receipts is included in the current profits and losses 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.

SECTION X FINANCIAL STATEMENTS (CONTINUED)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

30. Held-for-sale non-current assets or disposal group

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 held-for-sale assets: (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 relevant authorities or regulators. Before the non-current assets or disposal groups are classified as the held-for-sale assets 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 profits or losses and the impairment provision of held-for-sale assets 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 held-for-sale assets in a short time (usually 3 months) as the held-for-sale assets on the acquisition date. In the initial measurement, the initial measurement amount assuming they are not classified as the held-for-sale assets 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 profits or losses.

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 the held-for-sale assets, the investment in subsidiaries will be classified as the held-for-sale assets as a whole in the individual financial statements of the parent company and all the assets and liabilities of subsidiaries will be classified as the held-for-sale assets in the consolidated financial statements.

SECTION X FINANCIAL STATEMENTS (CONTINUED)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

30. Held-for-sale non-current assets or disposal group (Continued)

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

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

If the net amount obtained by deducting the selling expenses from the fair value of disposal groups held for sale on the subsequent balance sheet date increases, the previous write-down amount shall be recovered and reversed from the asset impairment losses recognized in the non-current assets applicable to the relevant measurement rules after being classified as the held-for-sale assets, and the reversed amount shall be included in the current profits or losses. The carrying amount of goodwill deducted and the asset impairment losses recognized in the non-current assets before being classified as the held-for-sale assets 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 the held-for-sale assets or the non-current assets are removed from the disposal groups held for sale due to failure to meet the conditions for the held-for-sale assets, the measurement shall be conducted based on the lower of the following two: (1) carrying amount before being classified as the held-for-sale assets based on the amount of depreciation, amortization or impairment after adjustment that should be recognized in the case that assuming they are not classified as the held-for-sale assets; (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 profits or losses.

SECTION X FINANCIAL STATEMENTS (CONTINUED)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

31. Termination of operation

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 assets: (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 profits or losses related to continuing operations and discontinued operations with the net amount after tax. Profits and losses related to discontinued operations shall be presented as profits or losses from discontinued operations. The presented profits or losses 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 assumption adopted based on historical experience and other factors, including reasonable expectations for future events. Major changes, if any, in the following material 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 X FINANCIAL STATEMENTS (CONTINUED)

III. 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 discount 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 tax assets and liabilities When recognizing the deferred 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 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, 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*

None.

(2) *Changes in significant accounting estimates*

None.

(3) *Relevant items in the financial statements at the beginning of the year shall be interpreted and adjusted for the first time in 2024.*

None.

SECTION X FINANCIAL STATEMENTS (CONTINUED)

IV. TAXES

1. Main taxes and tax rates

Main taxes and tax rates

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

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

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

SECTION X FINANCIAL STATEMENTS (CONTINUED)

IV. TAXES (CONTINUED)

2. Tax incentives

(1) *Value-added tax*

As a restructured scientific research institute, Luoyang Tractor Research Institute Co., Ltd., a subsidiary of the Company, is exempted from the import tariffs and the value-added taxes and consumption taxes on import links on the supplies for scientific research, scientific and technological development, and teaching that cannot be produced at home or the performances of relevant supplies produced at home cannot meet the needs for scientific research institutions, technology development institutions, schools and other organizations according to the decisions of the Notice of the Ministry of Finance, the General Administration of Customs, and the State Taxation Administration on the Import Tax Policies for Supporting Scientific and Technological Innovations during the “14th Five-Year Plan” Period (CGS [2021] No. 23) and the Notice of the Ministry of Finance, the General Administration of Customs, and the State Taxation Administration on Issuing the List of Supplies for Scientific Research, Scientific and Technological Development and Teaching Imported that Are Exempt from Import Taxes (First Batch) during the “14th Five-Year Plan” Period (CGS [2021] No. 44).

Luoyang Tractor Research Institute Co., Ltd., a subsidiary of the Company, complies with the provisions of Item (26) of Article I of Annex 3 “Provisions on the Transitional Policies for the Pilot Program of Replacing Business Tax with Value-Added Tax” to the Notice of the Ministry of Finance and the State Taxation Administration on Comprehensively Implementing the Pilot Program of Replacing Business Tax with Value-Added Tax (CS [2016] No. 36): taxpayers are exempt from VAT for provision of technology transfer, technology development and associated technology consulting, and technology services.

Luoyang Tractor Research Institute Co., Ltd., a subsidiary of the Company, 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 the Preferential Tax Policies for Public Rental Housing (Announcement No. 61 [2019] of the Ministry of Finance and the State Taxation Administration). The implementation period is extended to December 31, 2023, in accordance with the Announcement of the Ministry of Finance and the State Taxation Administration on Extending the Implementation Period of Certain Preferential Tax Policies (Announcement No. 6 [2021] of the Ministry of Finance and the State Taxation Administration). According to the Announcement of the Ministry of Finance and the State Taxation Administration on Continuing to Implement Preferential Tax Policies for Public Rental Housing (Announcement No. 33 [2023] of the Ministry of Finance and the State Taxation Administration), the implementation period of the above-mentioned relevant preferential policies is extended to December 31, 2025.

SECTION X FINANCIAL STATEMENTS (CONTINUED)

IV. TAXES (CONTINUED)

2. Tax incentives (Continued)

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

China Brilliance Machinery Holdings Co., Ltd., a subsidiary of the Company, is a small-scale taxpayer. According to Article 5 of the Announcement of the Ministry of Finance and the State Taxation Administration on Clarifying the Value-added Tax Reduction and Exemption Policies for Small-scale VAT Taxpayers (Announcement No. 1 [2023] of the Ministry of Finance and the State Taxation Administration), from January 1, 2023 to December 31, 2023, small-scale VAT taxpayers subject to a levy rate of 3% on taxable sales income will enjoy a reduced VAT rate of 1%. According to the Announcement of the Ministry of Finance and the State Taxation Administration on VAT Reduction and Exemption Policies for Small-scale Value-added Taxpayers (Announcement No. 19 [2023] of the Ministry of Finance and the State Taxation Administration), the policy implementation period is extended to December 31, 2027. According to Article 1 of the Announcement of Henan Provincial Department of Finance and Henan Provincial Tax Service, State Taxation Administration on Further Implementing the “Six Taxes and Two Fees” Reduction and Exemption Policies for Micro and Small Enterprises (Announcement No.1 [2022] of Henan Provincial Department of Finance and Henan Provincial Tax Service, State Taxation Administration), from January 1, 2022 to December 31, 2024, small-scale VAT taxpayers, small low-profit enterprises and individual businesses in Henan Province will be subject to a 50% reduction in resource tax (excluding water resources tax), urban maintenance and construction tax, housing property tax, urban land use tax, stamp duty (excluding securities trading stamp duty), farmland occupation tax, education surcharges and local education surcharges.

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

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

According to the Announcement on the Addition, Credit, and Deduction Policies for Value-added Tax of Advanced Manufacturing Enterprises (Announcement No. 43 [2023] of the Ministry of Finance and State Taxation Administration), from January 1, 2023 to December 31, 2027, the Company and its subsidiaries YTO (Luoyang) Diesel Engine Co., Ltd. and YTO (Luoyang) Flag Auto-Body 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.

SECTION X FINANCIAL STATEMENTS (CONTINUED)

IV. TAXES (CONTINUED)

2. Tax incentives (Continued)

(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.

V. NOTES TO MAIN ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS

Unless otherwise stated, among the following disclosed data in the financial statements, "ending" refers to June 30, 2024; "beginning" refers to January 1, 2024; "current period" refers to the period from January 1 to June 30, 2024; "previous period" refers to the period from January 1 to June 30, 2023; and the monetary unit is RMB.

1. Monetary funds

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Cash on hand	116,402.76	240,002.93
Bank deposits	76,291,007.30	800,433,509.37
Other monetary funds	1,439,795.74	104,737,932.53
Deposits in financial companies	1,972,563,048.35	1,864,167,441.13
Total	2,050,410,254.15	2,769,578,885.96
Including: total amount deposited overseas	15,997,961.12	46,561,099.93

Note: Deposits in financial companies include the security deposit paid at the financial companies for acceptance bills.

Including: Monetary funds with restricted right of use

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Margin for acceptance bills	469,616,430.91	544,771,522.99
Other restricted funds	597,734.20	1,596,726.94
Total	470,214,165.11	546,368,249.93

SECTION X FINANCIAL STATEMENTS (CONTINUED)

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

2. Financial assets held for trading

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Financial assets at FVTPL	1,628,006,027.54	862,909,300.00
Including: Debt instrument investments	753,096,727.54	0.00
Equity instrument investments	874,909,300.00	862,909,300.00
Total	1,628,006,027.54	862,909,300.00

3. Notes receivable

(1) Classified presentation of notes receivable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Bank acceptance notes	35,489,589.24	59,470,690.81
Commercial acceptance notes	571,503.30	2,851,543.10
Total	36,061,092.54	62,322,233.91

(2) Notes receivable which have been endorsed or discounted by the Company at the end of the period but not yet expired at 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 notes	0.00	29,036,151.03
Commercial acceptance notes	0.00	0.00
Total	0.00	29,036,151.03

SECTION X FINANCIAL STATEMENTS (CONTINUED)

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

4. Accounts receivable

(1) Accounts receivable listed according to ageing

Unit: Yuan Currency: RMB

Ageing	Ending balance	Beginning balance
Within 1 year	1,480,699,273.37	343,960,871.88
1-2 years	15,991,212.32	10,236,946.74
2-3 years	4,998,931.58	3,208,250.11
Over 3 years	245,168,244.48	243,768,309.44
Subtotal	1,746,857,661.75	601,174,378.17
Less: provision for impairment	286,387,306.93	269,968,383.29
Total	1,460,470,354.82	331,205,994.88

(2) Accounts receivable listed by bad debt accrual method

Unit: Yuan Currency: RMB

Category	Book value		Ending balance Provision for bad debts		Carrying amount
	Amount	Proportion (%)	Amount	Provision proportion (%)	
Provision for bad debts accrued by portfolio	1,746,857,661.75	100.00	286,387,306.93	-	1,460,470,354.82
Including: Aging portfolio	1,606,309,518.88	91.95	240,297,509.78	14.96	1,366,012,009.10
Collateral and other risk exposure portfolios	140,548,142.87	8.05	46,089,797.15	32.79	94,458,345.72
Total	1,746,857,661.75	100.00	286,387,306.93	-	1,460,470,354.82

Category	Book value		Beginning balance Provision for bad debts		Carrying amount
	Amount	Proportion (%)	Amount	Provision proportion (%)	
Provision for bad debts accrued by portfolio	601,174,378.17	100.00	269,968,383.29	-	331,205,994.88
Including: Aging portfolio	529,473,772.44	88.07	224,657,454.31	42.43	304,816,318.13
Collateral and other risk exposure portfolios	71,700,605.73	11.93	45,310,928.98	63.19	26,389,676.75
Total	601,174,378.17	100.00	269,968,383.29	-	331,205,994.88

SECTION X FINANCIAL STATEMENTS (CONTINUED)

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

4. Accounts receivable (Continued)

(2) *Accounts receivable listed according to bad debt accrual method (Continued)*

1) *Provision for bad debts of accounts receivable accrued as per portfolio – ageing portfolio*

Unit: Yuan Currency: RMB

Ageing	Accounts receivable	Ending balance Provision for bad debts	Provision proportion (%)
Within 1 year	1,385,346,512.99	22,598,809.94	1.63
1-2 years	3,565,008.59	830,231.02	23.29
2-3 years	1,373,975.09	1,031,318.47	75.06
Over 3 years	<u>216,024,022.21</u>	<u>215,837,150.35</u>	<u>99.91</u>
Total	<u>1,606,309,518.88</u>	<u>240,297,509.78</u>	<u>-</u>

2) *Provision for bad debts of accounts receivable accrued as per portfolio – collateral and other risk exposure portfolios*

Unit: Yuan Currency: RMB

Name of portfolio	Accounts receivable	Ending balance Provision for bad debts	Provision proportion (%)
Collateral and other risk exposure portfolios	<u>140,548,142.87</u>	<u>46,089,797.15</u>	<u>32.79</u>

SECTION X FINANCIAL STATEMENTS (CONTINUED)

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

4. Accounts receivable (Continued)

(3) Provision for bad debts of accounts receivable

Unit: Yuan Currency: RMB

Category	Beginning balance	Provision accrued	Change of amount in the current period			Ending balance
			Recovered or transferred back	Charged or written off	Others (Note 1)	
Ageing portfolio	224,657,454.31	15,639,988.64	0.00	0.00	66.83	240,297,509.78
Collateral and other risk exposure portfolios	45,310,928.98	586,405.20	0.00	0.00	192,462.97	46,089,797.15
Total	269,968,383.29	16,226,393.84	0.00	0.00	192,529.80	286,387,306.93

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

(4) Accounts receivable and contract assets with top five ending balance collected as per the borrowers

Unit: Yuan Currency: RMB

Company name	Ending balance	Ageing	Proportion in total ending balance of accounts receivable and contract assets (%)	Ending balance of bad debt provision
Jiangsu World High-tech Agricultural Equipment Co., Ltd.	72,019,107.98	Within 1 year	4.12	1,273,835.28
Urumqi Shifeng Agricultural Machinery Equipment Co., Ltd.	61,997,897.45	Over 5 years	3.55	61,997,897.45
YTO Group Corporation	42,739,888.07	Within 1 year	2.45	624,645.94
Luoyang Intelligent Agricultural Equipment Research Institute Co., Ltd.	26,157,000.00	Within 1 year	1.50	3,923,550.00
TECNOIMPORT, Cuba	25,421,208.75	Over 5 years	1.46	25,421,208.75
Total	228,335,102.25	-	13.08	93,241,137.42

Other instructions:

The Company has no contract assets.

SECTION X FINANCIAL STATEMENTS (CONTINUED)

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

5. Receivables financing

(1) *Classified presentation of receivables financing*

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Bank acceptance bill	<u>205,215,667.57</u>	<u>261,430,180.63</u>

(2) *Receivables financing endorsed or discounted by the Company at the end of the period but not yet due 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 bill	<u>1,374,721,597.08</u>	<u>0.00</u>

6. Advances to suppliers

(1) *Ageing of advances to suppliers*

Unit: Yuan Currency: RMB

Ageing	Ending balance			Beginning balance		
	Amount	Proportion (%)	Provision for bad debts	Amount	Proportion (%)	Provision for bad debts
Within 1 year	146,011,072.22	94.40	0.00	210,422,144.33	96.19	0.00
1-2 years	529,245.10	0.34	0.00	244,214.00	0.11	0.00
2-3 years	97,216.41	0.06	50,180.00	55,796.41	0.03	50,180.00
Over 3 years	<u>8,040,509.58</u>	<u>5.20</u>	<u>7,972,680.33</u>	<u>8,035,463.48</u>	<u>3.67</u>	<u>7,972,984.23</u>
Total	<u>154,678,043.31</u>	<u>100.00</u>	<u>8,022,860.33</u>	<u>218,757,618.22</u>	<u>100.00</u>	<u>8,023,164.23</u>

SECTION X FINANCIAL STATEMENTS (CONTINUED)

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

6. Advances to suppliers (Continued)

(2) *Top five of the ending balance of the prepayment collected according to the counterparty*

Unit: Yuan Currency: RMB

Company name	Ending balance	Ageing	Proportion in total ending balance of advances to suppliers (%)
Xuzhou Armour Rubber Company Ltd	84,061,165.70	Within 1 year	54.35
Shandong Xingtai Tyre Co., Ltd.	10,955,953.55	Within 1 year	7.08
Sino Shaanxi Nuclear Moly Bdenum Industry Co., Ltd.	7,425,000.00	Within 1 year	4.80
ZF Friedrichshafen AG	7,416,690.62	Within 1 year	4.79
Golden Century (Luoyang) Wheel Manufacturing Co., Ltd.	6,181,216.20	Within 1 year	4.00
Total	116,040,026.07	-	75.02

7. Other receivables

Presentation of items

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Interests receivable	0.00	0.00
Dividends receivable	0.00	0.00
Other receivables	47,502,803.00	24,672,309.74
Total	47,502,803.00	24,672,309.74

SECTION X FINANCIAL STATEMENTS (CONTINUED)

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

7. Other receivables (Continued)

(1) Other receivables classified according to nature

Unit: Yuan Currency: RMB

Nature	Book value at the end of the period	Book value at the beginning of the period
Transaction payments	29,513,702.11	34,335,763.82
Security deposits, pretty cash, margin, etc.	10,153,995.00	8,252,791.67
Export tax refund receivable	31,208,479.89	6,816,810.15
Others	2,779,579.10	3,775,841.12
Total	73,655,756.10	53,181,206.76

(2) Provision for bad debts of other receivables

Unit: Yuan Currency: RMB

Provision for bad debts	Stage I	Stage II	Stage III	Total
	Expected credit losses for the next 12 months	Expected credit loss within the whole duration (no credit impairment occurs)	Expected credit loss within the whole duration (credit impairment has occurred)	
Balance on January 1, 2024	7,556,644.11	20,952,252.91	0.00	28,508,897.02
Balance on January 1, 2024 in the current period	-	-	-	-
- Be transferred to Stage II	0.00	0.00	0.00	0.00
- Be transferred to Stage III	0.00	0.00	0.00	0.00
- Be transferred back to Stage II	0.00	0.00	0.00	0.00
- Be transferred back to Stage I	0.00	0.00	0.00	0.00
Provision in the current period	-2,352,675.92	0.00	0.00	-2,352,675.92
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
Other changes (Note 1)	-3,268.00	0.00	0.00	-3,268.00
Balance on June 30, 2024	5,200,700.19	20,952,252.91	0.00	26,152,953.10

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

SECTION X FINANCIAL STATEMENTS (CONTINUED)

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

7. Other receivables (Continued)

(3) Other receivables listed according to ageing

Unit: Yuan Currency: RMB

Ageing	Ending balance	Beginning balance
Within 1 year (including 1 year)	41,452,246.81	16,732,394.99
1-2 years	1,637,259.55	6,074,033.96
2-3 years	741,803.93	548,095.45
Over 3 years	29,824,445.81	29,826,682.36
Subtotal	73,655,756.10	53,181,206.76
Less: provision for impairment	26,152,953.10	28,508,897.02
Total	47,502,803.00	24,672,309.74

(4) Disclosure by category according to the accrual method of provision for bad debts

Unit: Yuan Currency: RMB

Category	Book value		Ending balance		Carrying amount
	Amount	Proportion (%)	Amount	Provision proportion (%)	
Provision for bad debts accrued by portfolio	73,655,756.10	100.00	26,152,953.10	-	47,502,803.00
Including: Ageing portfolio	38,257,888.69	51.94	5,099,160.24	13.33	33,158,728.45
Low risk portfolio	10,153,995.00	13.79	101,539.95	1.00	10,052,455.05
Collateral and other risk exposure portfolios	25,243,872.41	34.27	20,952,252.91	83.00	4,291,619.50
Total	73,655,756.10	100.00	26,152,953.10	-	47,502,803.00

SECTION X FINANCIAL STATEMENTS (CONTINUED)

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

7. Other receivables (Continued)

(4) *Disclosure by category according to the accrual method of provision for bad debts (Continued)*

Unit: Yuan Currency: RMB

Category	Book value		Beginning balance Provision for bad debts		Carrying amount
	Amount	Proportion (%)	Amount	Provision proportion (%)	
Provision for bad debts accrued by portfolio	53,181,206.76	100.00	28,508,897.02	–	24,672,309.74
Including: Ageing portfolio	19,684,542.68	37.01	7,474,116.18	37.97	12,210,426.50
Low risk portfolio	8,252,791.67	15.52	82,527.93	1.00	8,170,263.74
Collateral and other risk exposure portfolios	25,243,872.41	47.47	20,952,252.91	83.00	4,291,619.50
Total	53,181,206.76	100.00	28,508,897.02	–	24,672,309.74

1) *Provision for bad debts of other receivables accrued according to portfolio—Ageing portfolio*

Unit: Yuan Currency: RMB

Ageing	Book value	Ending balance Provision for bad debts	Provision proportion (%)
Within 1 year	33,557,585.88	519,947.02	1.55
1-2 years	242,179.20	121,089.61	50.00
2-3 years	166,815.84	166,815.84	100.00
Over 3 years	4,291,307.77	4,291,307.77	100.00
Total	38,257,888.69	5,099,160.24	–

SECTION X FINANCIAL STATEMENTS (CONTINUED)

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

7. Other receivables (Continued)

(4) *Disclosure by category according to the accrual method of provision for bad debts (Continued)*

2) *Provision for bad debts of other receivables accrued according to portfolio—Low-risk portfolio*

Unit: Yuan Currency: RMB

Ageing	Book value	Ending balance Provision for bad debts	Provision proportion (%)
Within 1 year	7,894,660.93	78,946.61	1.00
1-2 years	1,395,080.35	13,950.80	1.00
2-3 years	574,988.09	5,749.88	1.00
Over 3 years	289,265.63	2,892.66	1.00
Total	10,153,995.00	101,539.95	-

3) *Provision for bad debts of other receivables accrued according to portfolio—Collateral and other risk exposure portfolios*

Unit: Yuan Currency: RMB

Name of portfolio	Book value	Ending balance Provision for bad debts	Provision proportion (%)
Collateral and other risk exposure portfolios	25,243,872.41	20,952,252.91	83.00

SECTION X FINANCIAL STATEMENTS (CONTINUED)

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

7. Other receivables (Continued)

(5) Bad debt provision of other receivables

Unit: Yuan Currency: RMB

Category	Beginning balance	Change of amount in the current period			Others	Ending balance
		Provision accrued	Recovered or transferred back	Charged or written off		
Ageing portfolio	7,474,116.18	-2,374,955.94	0.00	0.00	0.00	5,099,160.24
Low risk portfolio	82,527.93	22,280.02	0.00	0.00	-3,268.00	101,539.95
Collateral and other risk exposure portfolios	20,952,252.91	0.00	0.00	0.00	0.00	20,952,252.91
Total	28,508,897.02	-2,352,675.92	0.00	0.00	-3,268.00	26,152,953.10

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

Unit: Yuan Currency: RMB

Company name	Nature	Ending balance	Ageing	Proportion in total ending balance of other receivables (%)	Ending balance of provision for bad debts
Municipal Tax Service	Tax refund receivable	30,390,082.60	Within 1 year	41.26	465,324.54
Cadfund Machinery Pty Ltd	Transaction payments	18,607,622.41	Over 5 years	25.26	18,607,622.41
Shanghai Pengpu Machine Building Plant (Group) Co., Ltd.	Transaction payments	6,490,000.00	Over 5 years	8.81	2,292,959.42
Shaanxi Heavy Duty Automobile Co., Ltd.	Transaction payments	3,302,008.92	Within 1 year	4.48	33,020.09
Xuzhou Construction Machinery Group Co., Ltd.	Guarantee deposits	970,000.00	1-2 years	1.32	9,700.00
Total	-	59,759,713.93	-	81.13	21,408,626.46

SECTION X FINANCIAL STATEMENTS (CONTINUED)

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

8. Inventories

(1) Category of inventories

Unit: Yuan Currency: RMB

Item	Book value	Ending balance Provision for the decline in inventory value/impairment provision for contract performance cost	Carrying amount
Raw materials	518,579,678.64	65,544,603.78	453,035,074.86
Goods in process	95,011,161.38	1,924,955.27	93,086,206.11
Goods in stock	477,598,671.16	13,090,574.39	464,508,096.77
Goods in transit	102,306,663.52	5,290,636.65	97,016,026.87
Total	1,193,496,174.70	85,850,770.09	1,107,645,404.61

Item	Book value	Beginning balance Provision for the decline in inventory value/impairment provision for contract performance cost	Carrying amount
Raw materials	639,891,912.00	72,548,690.80	567,343,221.20
Goods in process	85,826,202.45	4,369,872.10	81,456,330.35
Goods in stock	628,510,077.90	14,354,807.67	614,155,270.23
Goods in transit	264,504,699.13	13,269,143.23	251,235,555.90
Total	1,618,732,891.48	104,542,513.80	1,514,190,377.68

SECTION X FINANCIAL STATEMENTS (CONTINUED)

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

8. Inventories (Continued)

(2) *Provision for the decline in inventory value and impairment provision for contract performance cost*

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase in the current period		Decrease in the current period		Ending balance
		Provision accrued	Others	Reversal or write-off	Others	
Raw materials	72,548,690.80	-4,880,429.86	0.00	2,123,657.16	0.00	65,544,603.78
Goods in process	4,369,872.10	-2,444,916.83	0.00	0.00	0.00	1,924,955.27
Goods in stock	14,354,807.67	6,301,415.58	-19,427.84	7,546,221.02	0.00	13,090,574.39
Goods in transit	13,269,143.23	-1,326,912.48	0.00	6,651,594.10	0.00	5,290,636.65
Total	104,542,513.80	-2,350,843.59	-19,427.84	16,321,472.28	0.00	85,850,770.09

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

Note 2: The reversal or write-off of inventory impairment provisions during this period is caused by sales.

9. Non-current assets due within one year

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Original value of long-term receivables due within one year	483,011,192.44	484,591,050.97
Less: unrealized financing income	56,701,884.07	57,110,840.27
Less: provision for impairment	399,583,586.46	400,746,846.08
Total	26,725,721.91	26,733,364.62

SECTION X FINANCIAL STATEMENTS (CONTINUED)

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

10. Other current assets

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Prepaid enterprise income tax	45,112,862.83	55,908,096.23
VAT to be certified/credited	95,401,274.55	142,176,478.01
Other prepaid taxes	13,426,654.16	16,581,678.95
Time deposits	249,826,802.80	216,228,498.08
Subtotal	403,767,594.34	430,894,751.27
Provision for impairment	-7,000,000.00	-7,000,000.00
Total	396,767,594.34	423,894,751.27

11. Debt instruments at amortised cost

(1) Debt instruments at amortised cost

Unit: Yuan Currency: RMB

Item	Ending balance			Beginning balance		
	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount
Large-denomination certificates of deposit and time deposit	3,727,102,129.96	0.00	3,727,102,129.96	3,337,100,098.30	0.00	3,337,100,098.30

SECTION X FINANCIAL STATEMENTS (CONTINUED)

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

11. Debt instruments at amortised cost (Continued)

(2) Significant debt investment at the end of the period

Unit: Yuan Currency: RMB

Item	Ending balance				Beginning balance			
	Par value	Coupon rate	Effective interest rate	Expiry date	Par value	Coupon rate	Effective interest rate	Expiry date
Large-denomination certificates of deposit and time deposit	3,580,000,000.00	-	-	-	3,250,000,000.00	-	-	-

Note 1: The Company's debt investment at the end of the period is mainly large-denomination certificates of deposit purchased from banks and fixed-term deposits, with a par value of deposit between RMB10 million to RMB500 million.

12. Long-term receivables

(1) Long-term receivables

Unit: Yuan Currency: RMB

Item	Book value	Ending balance		Book value	Beginning balance		Interval of discount rate
		Provision for bad debts	Carrying amount		Provision for bad debts	Carrying amount	
Sales payment receivable	426,309,308.37	399,583,586.46	26,725,721.91	427,480,210.70	400,746,846.08	26,733,364.62	-
Including: unrealized financing revenue	56,701,884.07	0.00	56,701,884.07	57,110,840.27	0.00	57,110,840.27	-
Long-term receivables due within one year	-426,309,308.37	-399,583,586.46	-26,725,721.91	-427,480,210.70	-400,746,846.08	-26,733,364.62	-
Total	0.00	0.00	0.00	0.00	0.00	0.00	-

Note 1: Long-term receivables are mainly due from customers in Cuba.

SECTION X FINANCIAL STATEMENTS (CONTINUED)

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

12. Long-term receivables (Continued)

(2) Provision for bad debts

Unit: Yuan Currency: RMB

Provision for bad debts	Stage I	Stage II	Stage III	Total
	Expected credit losses for the next 12 months	Expected credit loss within the whole duration (no credit impairment occurs)	Expected credit loss within the whole duration (credit impairment has occurred)	
Balance on January 1, 2024	0.00	0.00	400,746,846.08	400,746,846.08
Balance on January 1, 2024 in the current period	-	-	-	-
- Be transferred to Stage II	0.00	0.00	0.00	0.00
- Be transferred to Stage III	0.00	0.00	0.00	0.00
- Be transferred back to Stage II	0.00	0.00	0.00	0.00
- Be transferred back to Stage I	0.00	0.00	0.00	0.00
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
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
Other changes (Note 1)	0.00	0.00	-1,163,259.62	-1,163,259.62
Balance on June 30, 2024	0.00	0.00	399,583,586.46	399,583,586.46

Note 1: Other changes in Stage III are mainly due to the exchange rate change of provision for impairment of receivables from customers in Cuba by YTO International Economic and Trade Co., Ltd.

Note 2: The above provision for impairment includes the partial impairment reclassified to non-current asset due within one year.

(3) Provision for bad debts accrued, 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				Ending balance
		Provision accrued	Recovered or transferred back	Charged or written off	Others	
Sales payment receivable	400,746,846.08	0.00	0.00	0.00	-1,163,259.62	399,583,586.46

SECTION X FINANCIAL STATEMENTS (CONTINUED)

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

13. Long-term equity investments

Unit: Yuan Currency: RMB

Investees	Beginning balance	Beginning balance of impairment provision	Increase/decrease in the current period		Profit or loss on investments recognized under the equity method	Other comprehensive income adjustments	Other changes in equity
			Increase in investment	Decrease in investment			
I. Associates							
ZF YTO (Luoyang) Axle Co., Ltd.	85,368,135.67	0.00	0.00	0.00	10,030,703.60	0.00	0.00
Luoyang I&C Technology Consulting Co., Ltd.	382,934.98	0.00	0.00	0.00	232,347.24	0.00	0.00
Jiangxi Dongfanghong Agricultural Machinery Co., Ltd.	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sinomach Finance Co., Ltd.	578,506,502.73	0.00	0.00	0.00	17,562,840.77	64,272.32	0.00
Total	664,257,573.38	0.00	0.00	0.00	27,825,891.61	64,272.32	0.00

Investees	Cash dividends or profits declared	Accrual of provision for impairment	Increase/decrease in the current period		Ending balance (Carrying amount)	Ending balance of impairment provision
			Others	Others		
I. Associates						
ZF YTO (Luoyang) Axle Co., Ltd.	0.00	0.00	-554,210.38		94,844,628.89	0.00
Luoyang I&C Technology Consulting Co., Ltd.	20,000.00	0.00	0.00		595,282.22	0.00
Jiangxi Dongfanghong Agricultural Machinery Co., Ltd.	0.00	0.00	0.00		0.00	0.00
Sinomach Finance Co., Ltd.	0.00	0.00	0.00		596,133,615.82	0.00
Total	20,000.00	0.00	-554,210.38		691,573,526.93	0.00

SECTION X FINANCIAL STATEMENTS (CONTINUED)

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

14. Investment in other equity instruments

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase in investment	Decrease in investment	Increase/decrease in the current period		Others	Ending balance	Dividend income recognized in the current period	Gains accumulated into other comprehensive income at the end of the current period	Losses accumulated into other comprehensive income at the end of the current period	Reasons for being designated as being measured at FVTOCI
				Gains included in other comprehensive income in the current period	Losses included in other comprehensive income in the current period						
Luoyang Intelligent Agricultural Equipment Research Institute Co., Ltd.	4,188,008.77	0.00	0.00	0.00	0.00	0.00	4,188,008.77	0.00	0.00	651,039.23	Non-trading

15. Fixed assets

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Fixed assets	<u>2,237,854,618.19</u>	<u>2,268,814,612.75</u>

SECTION X FINANCIAL STATEMENTS (CONTINUED)

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

15. Fixed assets (Continued)

(1) Details of fixed assets

Unit: Yuan Currency: RMB

Item	Houses and buildings	Machinery equipment	Transportation facilities	Office and electronic equipment	Others	Total
I. Original book value:						
1. Beginning balance	2,269,217,619.13	4,397,238,919.06	53,134,315.51	119,902,397.14	377,789.31	6,839,871,040.15
2. Amount increase in the current period	-1,710,388.86	93,904,144.60	732,707.12	4,024,442.21	0.00	96,950,905.07
(1) Purchase	568,497.80	2,409,292.65	413,832.65	363,660.55	0.00	3,755,283.65
(2) Transfer from construction in progress	826,839.87	91,495,590.32	349,902.83	515,789.55	0.00	93,188,122.57
(3) Effect of foreign currency conversion	35,146.22	-738.37	-31,028.36	4,119.36	0.00	7,498.85
(4) Reclassification of details of fixed assets	-3,140,872.75	0.00	0.00	3,140,872.75	0.00	0.00
3. Amount decrease in the current period	175,103.90	36,370,590.63	1,920,330.29	342,707.53	0.00	38,808,732.35
Disposal or retirement	175,103.90	36,370,590.63	1,920,330.29	342,707.53	0.00	38,808,732.35
4. Ending balance	2,267,332,126.37	4,454,772,473.03	51,946,692.34	123,584,131.82	377,789.31	6,898,013,212.87
II. Accumulated depreciation						
1. Beginning balance	1,219,232,467.27	3,114,640,785.39	31,386,641.93	99,882,213.44	352,564.49	4,465,494,672.52
2. Amount increase in the current period	30,053,079.34	90,438,605.51	1,663,547.52	4,193,462.25	593.75	126,349,288.37
(1) Provision	31,667,098.79	90,439,179.28	1,687,187.31	2,686,630.44	593.75	126,480,689.57
(2) Effect of foreign currency conversion	-109,161.83	-573.77	-23,639.79	1,974.19	0.00	-131,401.20
(3) Reclassification of details of fixed assets	-1,504,857.62	0.00	0.00	1,504,857.62	0.00	0.00
3. Amount decrease in the current period	158,815.58	33,188,588.98	1,386,752.71	322,959.19	0.00	35,057,116.46
Disposal or retirement	158,815.58	33,188,588.98	1,386,752.71	322,959.19	0.00	35,057,116.46
4. Ending balance	1,249,126,731.03	3,171,890,801.92	31,663,436.74	103,752,716.50	353,158.24	4,556,786,844.43
III. Provision for impairment						
1. Beginning balance	13,094,698.97	91,343,047.08	964,547.84	159,460.99	0.00	105,561,754.88
2. Amount increase in the current period	0.00	0.00	0.00	0.00	0.00	0.00
3. Amount decrease in the current period	10,787.20	1,765,425.72	412,682.00	1,109.71	0.00	2,190,004.63
Disposal or retirement	10,787.20	1,765,425.72	412,682.00	1,109.71	0.00	2,190,004.63
4. Ending balance	13,083,911.77	89,577,621.36	551,865.84	158,351.28	0.00	103,371,750.25
IV. Carrying amount						
1. Carrying amount at the end of the period	1,005,121,483.57	1,193,304,049.75	19,731,389.76	19,673,064.04	24,631.07	2,237,854,618.19
2. Carrying amount at the beginning of the period	1,036,890,452.89	1,191,255,086.59	20,783,125.74	19,860,722.71	25,224.82	2,268,814,612.75

SECTION X FINANCIAL STATEMENTS (CONTINUED)

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

15. Fixed assets (Continued)

(2) Fixed assets leased out under operating leases

Unit: Yuan Currency: RMB

Item	Carrying amount at the end of the period
Houses and buildings	91,697,851.41
Machinery equipment and other equipment	18,586,141.15
Total	110,283,992.56

(3) Fixed assets without certificate of title settled

Unit: Yuan Currency: RMB

Item	Carrying amount	Reason(s) for the failure to transact the certificate of title
Modern Agricultural Equipment Cab Automation Engineering	74,715,581.86	In process
Qingnian Jiayuan	65,802,066.84	In process
Large Machine Workshop I	39,248,221.70	In process
New Lost Foam Workshop	16,818,174.53	In process
Energy-saving and Environmental-friendly Diesel Engine Crankshaft Machining Production Line Renovation Project	14,985,935.98	In process
Main Workshop for Reclamation of Used Sand	7,447,317.78	In process
Heat Treatment Workshop	4,276,779.63	In process
Staff Canteen in Industrial Park	4,054,414.31	In process
Auxiliary Room of Large Machine Workshop I	3,504,197.92	In process
User Training Service Workshop	2,794,061.62	In process
New Cooling Passage Workshop for kw Line	1,768,057.53	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	1,612,815.37	In process
Total	237,027,625.07	-

SECTION X FINANCIAL STATEMENTS (CONTINUED)

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

15. Fixed assets (Continued)

(4) *Other notes of fixed assets*

The original value of the fixed assets that were fully depreciated but are still in use in the above mentioned fixed assets is RMB2,201,995,127.55. For the details of fixed assets mortgaged at the end of the period, refer to Note VII. 22. Assets with ownership or use right restricted.

16. Construction in progress

Presentation of items

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Construction in progress	<u>135,057,688.83</u>	<u>140,038,654.10</u>
	<u>135,057,688.83</u>	<u>140,038,654.10</u>

Construction in progress

(1) *Details of construction in progress*

Unit: Yuan Currency: RMB

Item	Book value	Ending balance Provision for impairment	Carrying amount	Book value	Beginning balance Provision for impairment	Carrying amount
Intelligent Manufacturing Construction Project of Efficient and Low-emission YTN3 Diesel Engine	47,802,263.62	0.00	47,802,263.62	46,025,299.92	0.00	46,025,299.92
Renovation Project of Painting Line of No.2 Workshop	12,088,394.35	0.00	12,088,394.35	22,747,321.81	0.00	22,747,321.81
Henan Zhiyuan Turning and Milling Machining Center	5,884,955.78	0.00	5,884,955.78	588,495.60	0.00	588,495.60
Information-based Project 2021	4,250,869.79	0.00	4,250,869.79	4,320,338.81	0.00	4,320,338.81
CNC gear shaping machine	3,978,761.06	0.00	3,978,761.06	3,978,761.06	0.00	3,978,761.06
Intelligent Multi-purpose Tractor Capacity Improvement Project	3,797,173.00	0.00	3,797,173.00	0.00	0.00	0.00
Information-based Project 2022	3,779,234.41	0.00	3,779,234.41	4,172,676.87	0.00	4,172,676.87
CNC gear grinding machine	3,295,937.32	0.00	3,295,937.32	4,876,106.15	0.00	4,876,106.15
Upgrading and renovation of 400 HP power shift transmission test bench	2,931,870.97	0.00	2,931,870.97	2,931,870.97	0.00	2,931,870.97
New oil pan line	2,823,982.31	0.00	2,823,982.31	2,823,982.31	0.00	2,823,982.31
Information-based Project 2023	2,814,205.22	0.00	2,814,205.22	3,499,719.36	0.00	3,499,719.36
Upgrading and renovation of hydraulic torque converter test bench	2,725,663.72	0.00	2,725,663.72	1,805,309.73	0.00	1,805,309.73
Project to Improve the Quenching Quality of Axle Shaft Products and Parts	2,722,730.42	0.00	2,722,730.42	1,252,566.37	0.00	1,252,566.37
160 HP drive train test bench	2,654,867.27	0.00	2,654,867.27	1,592,920.36	0.00	1,592,920.36

SECTION X FINANCIAL STATEMENTS (CONTINUED)

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

16. Construction in progress (Continued)

Construction in progress (Continued)(1) *Details of construction in progress (Continued)*

Unit: Yuan Currency: RMB

Item	Ending balance			Beginning balance		
	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount
Energy-saving Renovation Project for Holding						
Furnace of HWS Line in Melting Branch	1,821,238.94	0.00	1,821,238.94	0.00	0.00	0.00
Renovation Project of Oil Depot of No.2 Workshop	1,359,833.37	0.00	1,359,833.37	0.00	0.00	0.00
Vertical Machining Center	1,305,663.72	0.00	1,305,663.72	652,831.86	0.00	652,831.86
Upgrading and renovation of drum dynamometer	1,125,663.72	0.00	1,125,663.72	0.00	0.00	0.00
Vertical CNC end face internal cylindrical grinder	1,102,654.87	0.00	1,102,654.87	330,796.46	0.00	330,796.46
Single-point press (5201-0067)	1,101,280.52	0.00	1,101,280.52	987,610.62	0.00	987,610.62
CNC gear rubbing machine	1,059,746.70	0.00	1,059,746.70	1,046,902.66	0.00	1,046,902.66
Cleaning Intelligent Renovation of Casting						
Production Line	212,267.17	0.00	212,267.17	506,220.77	0.00	506,220.77
Hobbing machine	41,284.40	0.00	41,284.40	5,766,371.70	0.00	5,766,371.70
Discharge Bench Construction Project	0.00	0.00	0.00	6,114,826.30	0.00	6,114,826.30
Waste Gas Treatment Project of Painting Line of						
No.4 Workshop	0.00	0.00	0.00	2,198,945.82	0.00	2,198,945.82
Linyi Lingong Engine Docking Assembly Line						
(AGV transfer vehicle) 23423	0.00	0.00	0.00	1,615,380.54	0.00	1,615,380.54
New quenching and tempering production						
line for shafts	0.00	0.00	0.00	1,034,645.36	0.00	1,034,645.36
Others	44,109,743.37	19,732,597.19	24,377,146.18	38,901,349.88	19,732,597.19	19,168,752.69
Total	154,790,286.02	19,732,597.19	135,057,688.83	159,771,251.29	19,732,597.19	140,038,654.10

SECTION X FINANCIAL STATEMENTS (CONTINUED)

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

16. Construction in progress (Continued)

Construction in progress (Continued)

(2) *Changes of major construction in progress in the current period*

Unit: Yuan Currency: RMB

Project name	Beginning balance	Increase in the current period	Transferred to fixed assets in the current period	Other decreases in the current period	Ending balance
Intelligent Manufacturing Construction Project of Efficient and Low-emission YTN3 Diesel Engine	46,025,299.92	21,135,390.91	19,358,427.21	0.00	47,802,263.62
Renovation Project of Painting Line of No.2 Workshop	22,747,321.81	16,580,521.22	26,391,778.88	847,669.80	12,088,394.35
Intelligent Multi-purpose Tractor Capacity Improvement Project	0.00	3,891,332.29	94,159.29	0.00	3,797,173.00
Total	68,772,621.73	41,607,244.42	45,844,365.38	847,669.80	63,687,830.97

Unit: Yuan Currency: RMB

Project name	Budget amount (0'000)	Ratio of accumulative investment to budget (%)	Progress (%)	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
Intelligent Manufacturing Construction Project of Efficient and Low-emission YTN3 Diesel Engine	19,490.00	79.00	80.00	733,838.87	0.00	0.00	Bank borrowings and own funds
Renovation Project of Painting Line of No.2 Workshop	4,800.00	88.00	85.00	0.00	0.00	0.00	Own funds
Intelligent Multi-purpose Tractor Capacity Improvement Project	6,580.00	5.91	5.91	0.00	0.00	0.00	Special funds and own funds
Total	30,870.00	-	-	733,838.87	0.00	-	-

SECTION X FINANCIAL STATEMENTS (CONTINUED)

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

17. Right-of-use assets

Unit: Yuan Currency: RMB

Item	Land right of use	Houses and buildings	Machinery equipment	Total
I. Original book value:				
1. Beginning balance	25,911,273.48	13,134,467.27	2,104,704.08	41,150,444.83
2. Amount increase in the current period	0.00	0.00	0.00	0.00
3. Amount decrease in the current period	0.00	51,489.00	0.00	51,489.00
Decrease due to lease expiration	0.00	51,489.00	0.00	51,489.00
4. Ending balance	25,911,273.48	13,082,978.27	2,104,704.08	41,098,955.83
II. Accumulated depreciation				
1. Beginning balance	12,324,841.46	5,938,868.26	1,052,352.05	19,316,061.77
2. Amount increase in the current period	6,272,003.24	3,089,175.99	526,176.02	9,887,355.25
Provision accrued	6,272,003.24	3,089,175.99	526,176.02	9,887,355.25
3. Amount decrease in the current period	0.00	51,489.00	0.00	51,489.00
Decrease due to lease expiration	0.00	51,489.00	0.00	51,489.00
4. Ending balance	18,596,844.70	8,976,555.25	1,578,528.07	29,151,928.02
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. Carrying amount at the end of the period	7,314,428.78	4,106,423.02	526,176.01	11,947,027.81
2. Carrying amount at the beginning of the period	13,586,432.02	7,195,599.01	1,052,352.03	21,834,383.06

SECTION X FINANCIAL STATEMENTS (CONTINUED)

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

18. Intangible assets

Unit: Yuan Currency: RMB

Item	Land right of use	Patent rights	Software	Trademark right	Total
I. Original book value					
1. Beginning balance	870,500,213.63	1,456,412.68	134,685,132.95	59,952,478.55	1,066,594,237.81
2. Amount increase in the current period	0.00	0.00	6,295,022.98	0.00	6,295,022.98
(1) Purchase	0.00	0.00	1,289,656.95	0.00	1,289,656.95
(2) Transfer from construction in progress	0.00	0.00	5,004,503.75	0.00	5,004,503.75
(3) Effect of foreign currency conversion	0.00	0.00	862.28	0.00	862.28
3. Amount decrease in the current period	0.00	0.00	0.00	0.00	0.00
4. Ending balance	870,500,213.63	1,456,412.68	140,980,155.93	59,952,478.55	1,072,889,260.79
II. Cumulative amortization					
1. Beginning balance	273,912,470.19	822,897.35	93,010,686.18	398,977.05	368,145,030.77
2. Amount increase in the current period	11,358,053.48	0.00	6,598,820.28	4,616.37	17,961,490.13
(1) Provision accrued	11,358,053.48	0.00	6,598,661.71	4,616.37	17,961,331.56
(2) Effect of foreign currency conversion	0.00	0.00	158.57	0.00	158.57
3. Amount decrease in the current period	0.00	0.00	0.00	0.00	0.00
4. Ending balance	285,270,523.67	822,897.35	99,609,506.46	403,593.42	386,106,520.90
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. Carrying amount at the end of the period	585,229,689.96	0.00	40,892,727.25	59,548,885.13	685,671,302.34
2. Carrying amount at the beginning of the period	596,587,743.44	0.00	41,196,524.55	59,553,501.50	697,337,769.49

SECTION X FINANCIAL STATEMENTS (CONTINUED)

V. NOTES TO MAIN ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (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) Provision for 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
		Provision accrued	Others	Disposal	Others	
Changtuo Agricultural Machinery Equipment Group Co., Ltd.	14,297,893.81	0.00	0.00	0.00	0.00	14,297,893.81

20. Long-term deferred expenses

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase in the current period	Amortization in the current period	Other decreases in the current period	Ending balance
Amortized mold	43,479,433.11	4,587,588.15	11,164,594.45	0.00	36,902,426.81
Amortized maintenance expenditure	3,656,574.90	522,514.31	497,513.76	2,202.94	3,679,372.51
Others	610,648.29	4,716.98	247,157.42	0.00	368,207.85
Total	47,746,656.30	5,114,819.44	11,909,265.63	2,202.94	40,950,007.17

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

SECTION X FINANCIAL STATEMENTS (CONTINUED)

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

21. Deferred tax assets and liabilities

(1) *Deferred tax assets not offset*

Unit: Yuan Currency: RMB

Item	Ending balance		Beginning balance	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax assets
Provision for asset impairment	83,910,115.64	13,258,365.03	102,352,611.20	16,129,348.10
Dismissal welfare	45,690,663.74	6,940,933.79	58,694,321.71	8,913,091.30
Wages payable and accrued expenses	469,756,114.25	95,556,157.70	461,227,246.96	93,516,004.88
Deferred income	159,738,421.68	23,960,763.24	176,388,014.13	26,458,202.12
Deductible difference caused by leasing business	11,409,472.85	1,740,274.16	21,323,530.50	3,255,716.56
Total	770,504,788.16	141,456,493.92	819,985,724.50	148,272,362.96

(2) *Deferred tax liabilities not offset*

Unit: Yuan Currency: RMB

Item	Ending balance		Beginning balance	
	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities
Assets evaluation appreciation in the business combination not under the same control	62,488,974.77	15,622,243.68	66,537,909.15	16,634,477.28
Changes in fair value	685,979,958.59	102,896,993.79	673,979,958.59	101,096,993.79
Temporary difference caused by leasing business	11,499,316.34	1,752,980.80	20,989,114.09	3,204,533.82
Total	759,968,249.70	120,272,218.27	761,506,981.83	120,936,004.89

SECTION X FINANCIAL STATEMENTS (CONTINUED)

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

21. Deferred tax assets and liabilities (Continued)

(3) Breakdown of unrecognized deferred tax assets

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Provision for asset impairment Deductible losses	853,298,445.48	842,838,619.42
	<u>681,816,235.06</u>	<u>714,125,366.80</u>
Total	<u>1,535,114,680.54</u>	<u>1,556,963,986.22</u>

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

Unit: Yuan Currency: RMB

Year	Ending balance	Beginning balance
2024	10,768,326.43	12,152,227.99
2025	17,899,041.58	18,994,727.00
2026	1,227,463.13	1,227,463.13
2027	16,774,116.96	37,207,428.89
2028	246,196,318.82	290,867,147.97
2029	110,825,176.13	71,112,575.68
2030	9,467,123.35	13,905,127.48
2031	84,348,854.17	84,348,854.17
2032	176,386,162.01	176,386,162.01
2033	<u>7,923,652.48</u>	<u>7,923,652.48</u>
Total	<u>681,816,235.06</u>	<u>714,125,366.80</u>

SECTION X FINANCIAL STATEMENTS (CONTINUED)

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

22. Assets with ownership or right of use restricted

Unit: Yuan Currency: RMB

Item	Book value	Ending		
		Carrying amount	Restricted type	Restriction
Monetary fund	470,214,165.11	470,214,165.11	Others	Guarantee deposits of notes, etc.
Receivables financing	0.00	0.00	/	/
Fixed assets	115,522,172.38	24,919,619.04	Mortgage	Loan mortgage
Fixed assets	40,856,738.46	7,801,793.27	Others	Ruled by court
Intangible assets	21,518,030.00	14,204,600.60	Mortgage	Loan mortgage
Intangible assets	3,284,990.00	2,299,493.68	Sealed up	Ruled by court
Total	651,396,095.95	519,439,671.70	/	/

Item	Book value	Beginning		
		Carrying amount	Restricted type	Restriction
Monetary fund	546,368,249.93	546,368,249.93	Others	Guarantee deposits of notes, etc.
Receivables financing	41,273,625.60	41,273,625.60	Pledge	Note pledges
Fixed assets	115,522,172.38	27,654,221.10	Mortgage	Loan mortgage
Fixed assets	40,856,738.46	8,745,531.11	Others	Ruled by court
Intangible assets	21,518,030.00	14,428,746.73	Mortgage	Loan mortgage
Intangible assets	3,284,990.00	2,335,993.54	Sealed up	Ruled by court
Total	768,823,806.37	640,806,368.01	/	/

23. Notes payable

Unit: Yuan Currency: RMB

Type of bill	Ending balance	Beginning balance
Bank acceptance bill	2,016,588,982.26	2,163,570,194.22
Commercial acceptance bill	0.00	0.00
Total	2,016,588,982.26	2,163,570,194.22

SECTION X FINANCIAL STATEMENTS (CONTINUED)

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

24. Accounts payable

(1) *Accounts payable listed according to type and nature*

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Procurement payable	2,717,646,452.63	2,082,123,987.38
Engineering equipment purchase payables	44,924,693.92	51,076,491.12
Service payables	161,790,157.98	181,628,924.28
Others	410,583.92	516,386.26
Total	2,924,771,888.45	2,315,345,789.04

(2) *Accounts payable listed according to ageing*

Unit: Yuan Currency: RMB

Ageing	Ending balance	Beginning balance
Within 1 year	2,556,481,966.32	1,994,438,837.99
1-2 years	128,712,092.57	152,098,593.82
2-3 years	105,018,031.07	68,114,001.45
Over 3 years	134,559,798.49	100,694,355.78
Total	2,924,771,888.45	2,315,345,789.04

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

Unit: Yuan Currency: RMB

Company name	Ending balance	Reasons for not repaying or not transfer
LLAF INTERNATIONAL CO., LTD.	26,725,721.91	Unsettled

25. Advances from customers

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Rental received in advance	2,608,258.00	0.00

SECTION X FINANCIAL STATEMENTS (CONTINUED)

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

26. Contract liabilities

(1) *Contract liabilities*

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Sales payment	<u>212,298,044.30</u>	<u>500,336,653.14</u>

(2) *Contract liabilities presented by ageing*

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Within 1 year (including 1 year)	<u>176,154,167.15</u>	469,590,763.80
Over 1 year	<u>36,143,877.15</u>	<u>30,745,889.34</u>
Total	<u><u>212,298,044.30</u></u>	<u><u>500,336,653.14</u></u>

(3) *Significant contract liabilities aged over one year or overdue*

Unit: Yuan Currency: RMB

Company name	Ending balance	Reason for not transfer
Management Committee of Henan Luoyang Industrial Park	<u><u>11,926,605.50</u></u>	Unsettled

SECTION X FINANCIAL STATEMENTS (CONTINUED)

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

27. Employee compensation payable

(1) Presentation of employee compensation payable

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
Short-term remuneration	73,072,159.45	490,856,430.91	491,174,497.07	72,754,093.29
Post-employment benefits – defined contribution plan	18,395,418.75	64,271,536.38	78,666,542.26	4,000,412.87
Dismissal welfare	25,523,697.74	17,643,704.53	14,389,134.09	28,778,268.18
Total	116,991,275.94	572,771,671.82	584,230,173.42	105,532,774.34

(2) Presentation of short-term remuneration

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
Salary, bonus, allowance and subsidy	35,727,350.60	349,784,308.54	351,562,116.14	33,949,543.00
Employee benefits	0.00	16,387,834.10	16,387,834.10	0.00
Social insurance premiums Including: Medical insurance premiums	2,196,938.38	25,642,972.12	25,931,875.83	1,908,034.67
Industrial injury insurance premiums	2,058,517.84	23,730,245.79	24,008,927.66	1,779,835.97
Housing provident funds	138,420.54	1,912,726.33	1,922,948.17	128,198.70
Labor union funds and employee education funds	1,491,331.00	30,106,403.70	30,689,269.70	908,465.00
Others	33,656,539.47	13,492,354.64	11,160,843.49	35,988,050.62
	0.00	55,442,557.81	55,442,557.81	0.00
Total	73,072,159.45	490,856,430.91	491,174,497.07	72,754,093.29

SECTION X FINANCIAL STATEMENTS (CONTINUED)

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

27. Employee compensation payable (Continued)

(3) Presentation of defined contribution plan

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
Basic endowment insurance premiums	4,093,125.20	48,578,030.84	48,879,595.64	3,791,560.40
Enterprise annuity	14,122,795.55	13,588,762.46	27,669,010.31	42,547.70
Unemployment insurance premiums	179,498.00	2,104,743.08	2,117,936.31	166,304.77
Total	18,395,418.75	64,271,536.38	78,666,542.26	4,000,412.87

Other notes:

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

The Group shall pay RMB64,271,536.38 (the same period in 2023: RMB49,318,482.57) into the defined contribution plan in the current period in which it participates. As at June 30, 2024, the Group has a payable contribution of RMB4,000,412.87 (December 31, 2023: RMB18,395,418.75) for paying successively after June 30, 2024.

28. Taxes payable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Property tax	8,982,118.81	8,254,386.71
Land use tax	4,384,480.11	3,896,332.11
Enterprise income tax	6,847,691.37	3,479,877.52
Value-added tax(VAT)	1,753,913.88	1,688,243.15
Individual income tax	14,571,942.84	1,633,649.59
Urban maintenance and construction tax	152,495.35	61,108.22
Educational surcharges	108,925.25	43,648.78
Other taxes	4,526,912.44	2,854,857.58
Total	41,328,480.05	21,912,103.66

SECTION X FINANCIAL STATEMENTS (CONTINUED)

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

29. Other payables

(1) Presentation of items

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Interests payable	42,988,105.55	39,524,418.05
Dividends payable	8,439,607.80	8,439,607.85
Other payables	421,721,567.18	421,545,121.88
Total	473,149,280.53	469,509,147.78

(2) Interests payable

Classification

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Interests payable	42,988,105.55	39,524,418.05

Significant interest payables overdue:

Unit: Yuan Currency: RMB

Item	Overdue amount	Overdue reason
Customer 1	42,988,105.55	Insufficient working capital

(3) Dividends payable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Ordinary share dividends	8,439,607.80	8,439,607.85

SECTION X FINANCIAL STATEMENTS (CONTINUED)

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

29. Other payables (Continued)

(4) *Other payables*

Other payables classified according to nature

Unit: Yuan Currency: RMB

Nature	Ending balance	Beginning balance
Transaction payments	203,024,582.49	201,584,138.29
Lendings to/borrowings from non-related parties	70,000,000.00	70,000,000.00
Guarantee deposit and security deposit	71,229,120.03	66,731,919.36
Collection and payment on behalf of others	26,908,234.84	34,906,183.09
Expenses payable	17,106,013.83	17,366,995.37
Others	33,453,615.99	30,955,885.77
Total	421,721,567.18	421,545,121.88

Significant other payables aged over 1 year or overdue

Unit: Yuan Currency: RMB

Company name	Ending balance	Reasons for not repaying or not transfer
YTO Group Corporation	191,534,707.59	Unsettled
Customer 1	70,000,000.00	Insufficient working capital
Total	261,534,707.59	—

SECTION X FINANCIAL STATEMENTS (CONTINUED)

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

30. Non-current liabilities due within one year

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Lease liabilities due within one year	11,145,995.07	20,083,151.95
Long-term payables due within one year	702,000.00	720,000.00
Interest on long-term borrowings	152,777.78	166,666.67
Total	12,000,772.85	20,969,818.62

31. Other current liabilities

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Discounts	555,439,282.51	264,149,629.67
Sales and warranty service fees for repair, replacement and refund	111,883,504.08	112,652,586.56
The endorsement of notes without derecognition	29,036,151.03	45,624,138.02
Output VAT to be carried forward	8,286,092.12	7,457,701.74
Intermediary service cost	0.00	2,690,036.00
Others	1,884,186.44	3,395,213.18
Total	706,529,216.18	435,969,305.17

32. Long-term borrowings

(1) Classification of long-term borrowings

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Principal of credit loan	200,000,000.00	200,000,000.00
Interests payable	152,777.78	166,666.67
Subtotal	200,152,777.78	200,166,666.67
Less: long-term borrowings due within one year	0.00	0.00
Less: interest on long-term borrowings	152,777.78	166,666.67
Total	200,000,000.00	200,000,000.00

SECTION X FINANCIAL STATEMENTS (CONTINUED)

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

32. Long-term borrowings (Continued)

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

Unit: Yuan Currency: RMB

Maturity date	Ending balance	Beginning balance
1-2 years	200,000,000.00	200,000,000.00
2-5 years	0.00	0.00
Total	200,000,000.00	200,000,000.00

33. Lease liabilities

(1) Presentation of lease liabilities

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Present value of lease liabilities	11,864,299.22	22,182,151.34
Less: re-classified to non-current liabilities due within one year	11,145,995.07	20,083,151.95
Net amount of lease liabilities	718,304.15	2,098,999.39

(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 one year	11,145,995.07
1-2 years	718,304.15
2-5 years	0.00
Over 5 years	0.00
Total	11,864,299.22
Less: lease liabilities due within one year	11,145,995.07
Lease liabilities disclosed under non-current liabilities	718,304.15

SECTION X FINANCIAL STATEMENTS (CONTINUED)

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

34. Long-term payables

Long-term payables

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Long-term Non-financial Institution Loans	<u>7,723,405.83</u>	<u>8,281,441.87</u>

Other instructions:

Notes: Yitwo Argo Industrial, an overseas subsidiary of the Group, signed a supplementary agreement with the Ivory Coast Government, which stipulated that the sub-loan amount of XOF 720,120,156.00 (equivalent to RMB8,425,405.83 at the end of the period) obtained by Yitwo Argo Industrial from the government in 1997 had not been repaid. Repayment may be postponed to 2024, of which XOF 60,000,000.00 (equivalent to RMB702,000.00) is due within one year.

35. Long-term employee compensation payable

(1) Long-term employee compensation payable table

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Long-term Dismissal Welfare	49,249,963.38	63,599,647.47
Others	27,738.00	27,738.00
Less: undiscounted long-term employee compensation payable due within one year	<u>28,778,268.18</u>	<u>25,523,697.74</u>
Total	<u>20,499,433.20</u>	<u>38,103,687.73</u>

36. Provision

Unit: Yuan Currency: RMB

Item	Beginning balance	Ending balance	Cause of formation
Others	<u>1,962,613.99</u>	<u>1,962,613.99</u>	Note 1

Note 1: It was formed by selling YTO (Luoyang) Forklift Co., Ltd. and the balance has not been paid.

SECTION X FINANCIAL STATEMENTS (CONTINUED)

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

37. Deferred income

Deferred income situation

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance	Cause of formation
Asset-related government subsidies	161,457,096.28	1,575,000.00	9,718,692.64	153,313,403.64	—
Income-related government subsidies	20,488,176.69	9,865,700.00	15,769,086.92	14,584,789.77	—
Total	181,945,272.97	11,440,700.00	25,487,779.56	167,898,193.41	—

Other instructions:

Unit: Yuan Currency: RMB

Projects using government subsidies	Beginning balance	Amount of new subsidies in current period	Amount included in non-operating revenue of the current period	Amount included in other gains in the current period	Amount for writing down the costs and expenses in the current period	Other changes	Ending balance	Asset-related/income-related
Intelligent Multi-purpose Tractor Capacity Improvement Project	59,900,000.00	0.00	0.00	0.00	0.00	0.00	59,900,000.00	Asset-related
High-power Non-road Diesel Engine	19,600,000.00	0.00	0.00	2,450,000.00	0.00	0.00	17,150,000.00	Asset-related
Core Capacity Improvement of New Wheeled Tractors	16,927,272.70	0.00	0.00	2,418,181.82	0.00	0.00	14,509,090.88	Asset-related
Intelligent Workshop and Factory Industrial Internet Platform	9,516,421.93	0.00	0.00	233,072.12	0.00	0.00	9,283,349.81	Asset-related
Modern Agricultural Equipment Intelligent Cockpit Digital Factory	9,426,587.40	0.00	0.00	720,238.08	0.00	0.00	8,706,349.32	Asset-related
Special Funds for Industrial Foundation Reconstruction and High-quality Development of the Manufacturing Industry	7,402,900.00	0.00	0.00	0.00	0.00	0.00	7,402,900.00	Asset-related/income-related
Special Funds for the Urban Affordable Housing Project	6,912,000.00	0.00	144,000.00	0.00	0.00	0.00	6,768,000.00	Asset-related
Application Project of New Wheeled Tractor Intelligent Manufacturing Model	6,490,909.02	0.00	0.00	540,909.10	0.00	0.00	5,949,999.92	Asset-related
To Improve Independent R&D Capability	6,613,503.70	0.00	0.00	671,015.34	0.00	0.00	5,942,488.36	Asset-related
Key Product Test and Inspection Platform	5,555,788.57	0.00	0.00	694,473.60	0.00	0.00	4,861,314.97	Asset-related
Quality improvement and the intelligent transformation of medium-horsepower tractors	4,383,403.51	0.00	0.00	646,127.63	0.00	0.00	3,737,275.88	Asset-related
8-12Kg/s Multifunctional Combine Harvester Project	2,231,250.00	1,575,000.00	0.00	147,487.11	0.00	0.00	3,658,762.89	Asset-related
G4 Diesel Engine Provincial Renovation Project (Phase I)	3,315,000.00	0.00	0.00	255,000.00	0.00	0.00	3,060,000.00	Asset-related
2020 National New Material Production and Application Demonstration Platform Construction Project-Agricultural Machinery Equipment Material Production and Application Demonstration Platform	2,746,770.86	0.00	0.00	25,500.00	0.00	0.00	2,721,270.86	Income-related

SECTION X FINANCIAL STATEMENTS (CONTINUED)

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

37. Deferred income (Continued)

Other instructions: (Continued)

	Beginning balance	Amount of new subsidies in current period	Amount included in non-operating revenue of the current period	Amount included in other gains in the current period	Amount for writing down the costs and expenses in the current period	Other changes	Ending balance	Asset-related/income-related
Projects using government subsidies								
Scientific research funds for tractors in hilly and mountainous areas	3,946,065.98	0.00	0.00	1,743,577.97	0.00	0.00	2,202,488.01	Income-related
Complete Tractor Test Environment Chamber and Supporting Comprehensive Verification Platform	2,200,000.00	0.00	0.00	150,000.00	0.00	0.00	2,050,000.00	Asset-related
Renovation Project of Small and Medium-sized Parts Modelling Line of Foundry	2,121,367.04	0.00	0.00	128,187.84	0.00	0.00	1,993,169.20	Asset-related
R&D of mobile operation platform for universal field robots	0.00	2,150,000.00	0.00	439,637.94	0.00	0.00	1,710,362.06	Income-related
Annual Output of 1,000 High-horsepower Shifting Heavy-duty Wheeled Tractors	1,750,000.00	0.00	0.00	250,000.00	0.00	0.00	1,500,000.00	Asset-related
R&D of universal orchard power platform and its autonomous navigation system	0.00	1,110,000.00	0.00	3,764.29	0.00	0.00	1,106,235.71	Income-related
Energy-saving and Environmental-friendly Diesel Engine Crankshaft Machining Production Line Project	1,035,000.00	0.00	0.00	270,000.00	0.00	0.00	765,000.00	Asset-related
Scientific research funds for multi-functional power platform	1,152,583.00	0.00	0.00	396,763.92	0.00	0.00	755,819.08	Income-related
R&D and manufacturing of high-horsepower intelligent tractors	5,871,410.33	0.00	0.00	5,871,410.33	0.00	0.00	0.00	Income-related
R&D, Manufacturing and Aging Project of Special Wheeled Tractor in Hilly and Mountainous Areas	0.00	5,848,000.00	0.00	5,848,000.00	0.00	0.00	0.00	Income-related
Other items	2,847,048.93	757,700.00	0.00	1,440,432.47	0.00	0.00	2,164,316.46	-
Total	181,945,272.97	11,440,700.00	144,000.00	25,343,779.56	0.00	0.00	167,898,193.41	-

SECTION X FINANCIAL STATEMENTS (CONTINUED)

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

38. Share capital

Unit: Yuan Currency: RMB

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

39. 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 reserves	247,618,250.77	0.00	0.00	247,618,250.77
Total	2,655,849,996.00	0.00	0.00	2,655,849,996.00

SECTION X FINANCIAL STATEMENTS (CONTINUED)

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

40. Other comprehensive income

Unit: Yuan Currency: RMB

Item	Beginning balance	Amount incurred before income tax in the current period	Amount incurred in the current period		Less: income tax expenses	Attributable to the parent company – net of income tax	After-tax amount attributable to non-controlling shareholders	Ending balance
			Less: Amount included in other comprehensive income in the previous period and transferred to profit and 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				
I. Other comprehensive income not to be reclassified into profit and loss								
Other comprehensive income that cannot be transferred to profit or loss under the equity method	-630,329.16	64,272.32	0.00	0.00	0.00	64,272.32	0.00	-566,056.84
Changes in fair value of investments in other equity instruments	-298,299.16	64,272.32	0.00	0.00	0.00	64,272.32	0.00	-234,026.84
II. Other comprehensive income that will be reclassified into profit and loss								
Differences arising from translation of foreign currency financial statements	-332,030.00	0.00	0.00	0.00	0.00	0.00	0.00	-332,030.00
	-13,293,400.85	158,522.76	0.00	0.00	0.00	469,128.14	-310,605.38	-12,824,272.71
	<u>-13,293,400.85</u>	<u>158,522.76</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>469,128.14</u>	<u>-310,605.38</u>	<u>-12,824,272.71</u>
Total other comprehensive income	-13,923,730.01	222,795.08	0.00	0.00	0.00	533,400.46	-310,605.38	-13,390,329.55

41. Special reserves

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
Work safety expenses	7,494,294.70	9,360,124.03	7,680,369.70	9,174,049.03

SECTION X FINANCIAL STATEMENTS (CONTINUED)

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

42. Surplus reserves

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
Statutory surplus reserves	699,104,133.60	0.00	0.00	699,104,133.60
Discretionary surplus reserves	771,431.00	0.00	0.00	771,431.00
Total	699,875,564.60	0.00	0.00	699,875,564.60

43. Retained earnings

Unit: Yuan Currency: RMB

Item	Current period	Previous period
Ending balance in the previous period	2,218,749,266.26	1,540,248,936.64
Add: adjustment of beginning retained earnings	0.00	0.00
Beginning balance in the current period	2,218,749,266.26	1,540,248,936.64
Add: net profit attributable to owners of parent company in current period	905,349,574.14	997,022,699.99
Others (Note 1)	0.00	43,263,387.54
Less: Appropriation to statutory surplus reserves	0.00	104,442,068.71
Dividends of ordinary shares payable	360,430,411.94	257,343,689.20
Ending balance in the current period	2,763,668,428.46	2,218,749,266.26

Note 1: The others in the previous period are due to the liquidation and cancellation of YTO Finance, and the originally accrued general risk reserve is transferred to undistributed profits.

SECTION X FINANCIAL STATEMENTS (CONTINUED)

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

44. Operating revenues and costs

(1) Operating revenues and costs

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period		Amount incurred in the previous period	
	Revenue	Costs	Revenue	Costs
Main business	7,775,529,974.35	6,465,368,579.86	7,210,504,562.43	6,071,201,097.03
Other business	31,089,858.37	13,248,501.47	32,413,980.18	24,069,482.15
Total	7,806,619,832.72	6,478,617,081.33	7,242,918,542.61	6,095,270,579.18

(2) Breakdown information of operating revenue and cost

Unit: 0'000 Currency: RMB

Classification of contract	Total	
	Operating revenue	Operating cost
By business type		
Including: Agricultural machinery	709,274.88	584,660.99
Power machinery	71,387.10	63,200.72
By operating region		
Including: Domestic business customers	724,252.47	598,988.51
Foreign sales	56,409.51	48,873.20
By sales channel		
Including: Sales through distributors	630,207.01	517,120.12
Direct sales	150,454.97	130,741.59
Total	780,661.98	647,861.71

SECTION X FINANCIAL STATEMENTS (CONTINUED)

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

45. Net interest income

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
I. Interest Income	0.00	5,626,023.58
1. Inter-bank deposits	0.00	5,604,580.48
2. Deposits at central bank	0.00	17,576.03
3. Lendings to banks and other financial institutions	0.00	0.00
4. Loans and advances	0.00	3,867.07
Including: Personal loans and advances	0.00	3,867.07
Corporate Loans and Advances	0.00	0.00
Bills discounting	0.00	0.00
II. Interest Expenses	0.00	99,838.97
1. Loans from banks and other financial institutions	0.00	0.00
2. Absorption of deposits	0.00	99,838.97
3. Others	0.00	0.00
III. Net Interest Income	0.00	5,526,184.61

46. Net income from fees and commissions

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
I. Fee and commission income	0.00	0.00
II. Fee and commission expenses	0.00	60,491.28
1. Expenses of procedure fees	0.00	60,491.28
2. Expenses of commissions	0.00	0.00
III. Net income from fees and commissions	0.00	-60,491.28

SECTION X FINANCIAL STATEMENTS (CONTINUED)

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

47. Taxes and surcharges

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Property tax	10,875,134.43	10,762,476.20
Stamp duty	8,202,128.67	7,686,774.94
Land use tax	3,954,661.50	3,954,538.08
Urban maintenance and construction tax	938,489.77	1,721,497.71
Educational surcharges	670,349.80	1,229,641.22
Vehicle and vessel use tax	13,484.54	22,082.86
Others	773,813.49	243,690.12
Total	25,428,062.20	25,620,701.13

48. Selling expenses

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Employee compensation	42,869,814.71	38,922,661.70
Sales and warranty service fees for repair, replacement, and refund	23,045,781.38	37,135,763.60
Business travel expense	7,855,670.42	7,031,618.81
Advertising expenses	5,412,652.48	4,466,790.90
Others	3,951,409.01	4,839,013.21
Total	83,135,328.00	92,395,848.22

SECTION X FINANCIAL STATEMENTS (CONTINUED)

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

49. Administrative expenses

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Employee compensation	85,363,149.58	80,889,228.38
Depreciation expenses	17,675,574.84	25,321,585.16
Amortization of intangible assets	16,491,640.17	15,072,655.01
Repair expenses	8,830,253.28	8,417,263.34
Rental expenses	7,687,774.56	8,400,413.01
Labor cost	3,608,522.87	4,166,123.39
Working funds for Party building	1,959,411.69	2,572,959.62
Business travel expense	1,522,317.42	1,955,014.24
Utility bills	1,231,776.99	1,088,848.14
Business entertainment expenses	1,177,930.98	1,471,359.79
Office expenses	1,104,822.29	1,487,981.32
Others	6,512,665.40	7,854,382.26
Total	153,165,840.07	158,697,813.66

50. R&D expenses

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Employee compensation	89,888,707.60	93,374,907.15
Material expenses	85,787,827.91	55,372,781.23
Depreciation and amortization expenses	17,552,732.12	19,917,710.34
Design expenses	1,304,621.59	665,877.41
Test and inspection expenses	597,570.34	346,181.19
Others	10,154,684.82	10,656,357.82
Total	205,286,144.38	180,333,815.14

SECTION X FINANCIAL STATEMENTS (CONTINUED)

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

51. Financial expenses

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Interest expenses	6,365,818.22	9,144,097.12
Less: interest income	27,988,701.50	29,872,258.61
Add: Net exchange gains or losses	-984,090.30	-10,216,424.46
Others	1,502,353.90	860,744.67
Total	-21,104,619.68	-30,083,841.28

52. Other income

(1) Breakdown of other income

Unit: Yuan Currency: RMB

By nature	Amount incurred in the current period	Amount incurred in the previous period
Government subsidy	25,687,524.12	11,713,210.93
Return of service charges of individual income tax	386,742.88	303,855.74
VAT additional deduction	78,941,178.21	126,020.95
Total	105,015,445.21	12,143,087.62

SECTION X FINANCIAL STATEMENTS (CONTINUED)

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

52. Other income (Continued)

(2) Breakdown of Government Subsidies

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period	Asset-related/ income-related
R&D and manufacturing of high-horsepower intelligent tractors	5,871,410.33	0.00	Income-related
R&D, Manufacturing and Aging Project of Special Wheeled Tractor in Hilly and Mountainous Areas	5,848,000.00	0.00	Income-related
High-power Non-road Diesel Engine	2,450,000.00	2,450,000.00	Asset-related
Core Capacity Improvement of New Wheeled Tractors	2,418,181.82	2,418,181.82	Asset-related
Scientific research funds for tractors in hilly and mountainous areas	1,743,577.97	0.00	Income-related
Modern Agricultural Equipment Intelligent Cockpit Digital Factory	720,238.08	720,238.08	Asset-related
Key Product Test and Inspection Platform	694,473.60	694,473.60	Asset-related
To Improve Independent R&D Capability	671,015.34	671,015.34	Asset-related
Quality improvement and the intelligent transformation of medium-horsepower tractors	646,127.63	125,528.33	Asset-related
Application Project of New Wheeled Tractor Intelligent Manufacturing Model	540,909.10	540,909.10	Asset-related
R&D of mobile operation platform for universal field robots	439,637.94	0.00	Income-related
Research on Unmanned Operation Technology and Equipment Development of Tractor	427,985.36	0.00	Income-related
Scientific research funds for multi-functional power platform	396,763.92	0.00	Income-related
R&D and Application Demonstration of Unmanned Operation Equipment for Wheat Plowing	359,621.90	0.00	Income-related

SECTION X FINANCIAL STATEMENTS (CONTINUED)

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

52. Other income (Continued)

(2) Breakdown of Government Subsidies (Continued)

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period	Asset-related/ income-related
National import interest subsidy funds	335,708.00	0.00	Income-related
Energy-saving and Environmental-friendly Diesel Engine Crankshaft Machining Production Line Project	270,000.00	270,000.00	Asset-related
G4 Diesel Engine Provincial Renovation Project (Phase I)	255,000.00	255,000.00	Asset-related
Annual Output of 1,000 High-horsepower Shifting Heavy-duty Wheeled Tractors	250,000.00	250,000.00	Asset-related
Scientific research funds for lightweight diesel engines	75,471.23	497,508.73	Income-related
Subsidies for Employment Stabilization	5,036.56	731,716.85	Income-related
Green Technology Upgrading and Renovation Project of the Casting System	0.00	1,098,000.00	Asset-related
Others	1,268,365.34	990,639.08	—
Total	25,687,524.12	11,713,210.93	—

SECTION X FINANCIAL STATEMENTS (CONTINUED)

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

53. Investment income

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Interest income from holding debt instruments at amortised cost	54,338,920.56	33,724,039.36
Long-term equity investment income valued at equity method	27,825,891.61	27,363,498.87
Investment income from disposal of financial assets held for trading	1,645,663.60	7,378,696.35
Others	-144,393.82	0.00
Total	83,666,081.95	68,466,234.58

54. 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 incurred in the previous period
Profit and loss due to changes in fair value of financial assets held for trading	16,628,351.59	26,573,546.12

55. Credit impairment loss

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Impairment loss from entrusted loan	0.00	4,266,450.00
Bad debt loss for receivables	-13,873,717.92	-15,101,606.37
Total	-13,873,717.92	-10,835,156.37

SECTION X FINANCIAL STATEMENTS (CONTINUED)

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

56. Asset impairment loss

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Inventory impairment loss	2,350,843.59	-4,955,879.09
Impairment loss on advances to suppliers	303.90	33,437.96
Total	2,351,147.49	-4,922,441.13

57. Income of assets disposal

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period	Amount included in non-recurring profit or loss in the current period
Gains or losses from disposal of fixed assets	1,427,210.51	743,241.14	1,427,210.51

SECTION X FINANCIAL STATEMENTS (CONTINUED)

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

58. Non-operating revenue

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period	Amount included in non-recurring profit or loss in the current period
Payables not to be paid	2,878,375.74	1,483,913.62	2,878,375.74
Income from breach indemnity	382,933.07	1,008,740.00	382,933.07
Government subsidy unrelated to daily activities	144,000.00	144,000.00	144,000.00
Others	521,989.79	669,204.93	521,989.79
Total	3,927,298.60	3,305,858.55	3,927,298.60

59. Non-operating expenses

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period	Amount included in non-recurring profit or loss in the current period
Others	242,140.96	624,738.16	242,140.96

SECTION X FINANCIAL STATEMENTS (CONTINUED)

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

60. Income tax expenses

(1) Income tax expenses

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Income tax expense in the current period	155,143,830.93	56,090,677.37
Deferred income tax expenses	6,152,082.42	432,866.18
Total	161,295,913.35	56,523,543.55

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

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period
Consolidated total profits in the current period	1,080,991,672.89
Income tax expense calculated in accordance with applicable tax rate	162,148,750.93
Effect of different tax rates applicable to subsidiaries	1,276,746.41
Impact of income tax in previous periods before adjustment	207,211.30
Impact of non-taxable income	-4,173,883.74
Impact of non-deductible costs, expenses and losses	49,280.11
Effect from deductible temporary balance or deductible losses of deferred tax assets unrecognized	18,437,369.55
Additional deductions for research and development expenses and other expenses	-5,965,515.24
Effect of using deductible losses of unrecognized deferred income tax assets in the previous period	-10,684,045.97
Income tax expenses	161,295,913.35

SECTION X FINANCIAL STATEMENTS (CONTINUED)

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

61. Other comprehensive income

Refer to Note “V. 40 Other comprehensive income” for details.

62. Items of cash flow statements

(1) Cash flows related to operating activities

Other cash received relating to operating activities

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Cash received related to interest on deposits	27,988,701.50	27,386,455.05
Government subsidies received	11,784,444.56	3,811,314.86
Cash received related to other transactions	78,389,025.16	89,722,805.95
Total	118,162,171.22	120,920,575.86

Other cash paid relating to operating activities

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Cash paid for selling, administrative and R&D expenses	49,924,726.26	50,026,802.79
Cash paid related to other transactions	14,070,421.34	10,457,611.37
Total	63,995,147.60	60,484,414.16

SECTION X FINANCIAL STATEMENTS (CONTINUED)

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

62. Items of cash flow statements (Continued)

(2) Cash flows relating to investing activities

Significant cash paid relating to investing activities

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Purchase of certificates of deposit	235,663,111.10	1,945,000,000.00
Purchase of structured deposits	750,000,000.00	250,000,000.00
Total	985,663,111.10	2,195,000,000.00

(3) Cash related to financing activities

Other cash paid relating to financing activities

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Payment of rental expenses	10,627,902.47	13,859,588.30

Change of liabilities arising from financing activities

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase in the current period	
		Change in cash	Non-cash changes
Interests payable	39,524,418.05	0.00	3,463,687.50
Dividends payable	8,439,607.85	0.00	373,468,076.66
Other payables	70,000,000.00	0.00	0.00
Long-term borrowings	200,166,666.67	0.00	2,527,777.78
Lease liabilities	22,182,151.34	0.00	310,050.35
Long-term payables	9,001,441.87	0.00	-222,036.04
Total	349,314,285.78	0.00	379,547,556.25

SECTION X FINANCIAL STATEMENTS (CONTINUED)

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

62. Items of cash flow statements (Continued)

(3) Cash related to financing activities (Continued)

Change of liabilities arising from financing activities (Continued)

Unit: Yuan Currency: RMB

Item	Decrease in the current period		Ending balance
	Change in cash	Non-cash	
Interests payable	0.00	0.00	42,988,105.55
Dividends payable	363,273,779.16	10,194,297.55	8,439,607.80
Other payables	0.00	0.00	70,000,000.00
Long-term borrowings	2,541,666.67	0.00	200,152,777.78
Lease liabilities	10,627,902.47	0.00	11,864,299.22
Long-term payables	354,000.00	0.00	8,425,405.83
Total	376,797,348.30	10,194,297.55	341,870,196.18

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

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

Unit: Yuan Currency: RMB

Item	Relevant facts	Basis of net position presentation	Financial impact
Cash received from the return of investment	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	-1,300,000,000.00
Cash paid to acquire investments			<u>-1,300,000,000.00</u>

SECTION X FINANCIAL STATEMENTS (CONTINUED)

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

63. Supplementary information to cash flow statements

(1) Supplementary information to cash flow statement

Unit: Yuan Currency: RMB

Supplementary information	Amount in the current period	Amount in the previous period
1. Adjust net profit to cash flow from operating activities:		
Net profit	919,695,759.54	764,475,408.69
Add: provision for impairment of assets	-2,351,147.49	4,922,441.13
Credit impairment loss	13,873,717.92	10,835,156.37
Depreciation of fixed assets	126,480,689.57	132,148,537.14
Depreciation of right-of-use assets	9,887,355.25	9,197,500.06
Amortization of intangible assets	17,961,331.56	16,601,934.44
Amortization of long-term unamortized expenses	11,909,265.63	12,329,960.12
Loss from disposal of fixed assets, intangible assets and other long-term assets (gains to be listed with "-")	-1,427,210.51	-743,241.14
Losses from retirement of fixed assets (profits marked with "-")	-4,656.59	542.40
Losses from changes in fair value (profits marked with "-")	-16,628,351.59	-26,573,546.12
Financial expenses (profits marked with "-")	6,365,818.22	9,144,097.12
Investment losses (profits marked with "-")	-83,666,081.95	-68,466,234.58
Decrease on deferred tax assets (increase to be listed with "-")	6,815,869.04	-933,083.00
Increase in deferred tax liabilities (decrease to be listed with "-")	-663,786.62	1,365,949.18
Decrease in inventory (increase marked with "-")	408,915,244.50	-3,965,828.02
Decrease in operating receivables (increase marked with "-")	-928,016,140.87	-297,401,673.85
Increase in operating payables (decrease marked with "-")	425,469,581.09	391,406,219.59
Others	0.00	0.00
Net cash flows from operating activities	914,617,256.70	954,344,139.53
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. Net changes in cash and cash equivalents:		
Ending balance of cash	1,580,196,089.04	2,239,572,429.19
Less: Beginning balance of cash	2,223,210,636.03	3,519,577,581.87
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	-643,014,546.99	-1,280,005,152.68

SECTION X FINANCIAL STATEMENTS (CONTINUED)

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

63. Supplementary information to cash flow statements (Continued)

(2) Composition of cash and cash equivalents

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
I. Cash	1,580,196,089.04	2,223,210,636.03
Including: cash on hand	116,402.76	240,002.93
Bank deposit available for payments at any time	1,580,079,624.74	2,222,970,571.98
Other monetary funds available for payment at any time	61.54	61.12
II. Cash equivalents	0.00	0.00
III. Balance of cash and cash equivalents at the end of the period	1,580,196,089.04	2,223,210,636.03
Including: the parent company or subsidiaries within the group use restricted cash and cash equivalents	0.00	0.00

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

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance	Reasons for not belonging to cash and cash equivalents
Margin for bank acceptance bill	469,616,430.91	544,771,522.99	Limited monetary funds
Other restricted funds	597,734.20	1,596,726.94	Limited monetary funds
Total	470,214,165.11	546,368,249.93	—

SECTION X FINANCIAL STATEMENTS (CONTINUED)

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

64. Lease

(1) *The Group as the lessee**Unit: Yuan Currency: RMB*

Item	Amount incurred in the current period	Amount incurred in the previous period
Interest expenses on lease liabilities	310,050.34	95,710.29
Short-term lease expenses included in current profits and losses with simplified treatment	991,311.22	100,380.00
Lease expenses of low-value assets (except short-term leases) included in current profits and losses with simplified treatment	0.00	0.00
Variable lease payments not included in the measurement of lease liabilities	0.00	0.00
Total cash outflows related to leases	<u>11,619,213.69</u>	<u>13,959,968.30</u>

(2) *The Group as the lessor**Operating leases in which the Group is the lessor**Unit: Yuan Currency: RMB*

Item	Lease income	Including: Income related to variable lease payments that are not included in the measurement of lease receipts
Operating rental income	<u>9,122,168.94</u>	<u>0.00</u>

SECTION X FINANCIAL STATEMENTS (CONTINUED)

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

65. Net current assets

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Current assets	7,105,460,103.46	6,487,671,852.68
Less: Current liabilities	6,494,807,696.96	6,044,604,287.57
Net current assets	<u>610,652,406.50</u>	<u>443,067,565.11</u>

66. Total assets minus current liabilities

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Total assets	14,781,260,907.38	13,817,261,971.79
Less: Current liabilities	6,494,807,696.96	6,044,604,287.57
Total assets minus current liabilities	<u>8,286,453,210.42</u>	<u>7,772,657,684.22</u>

67. Borrowings

(1) Analysis of borrowings

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Bank borrowings	—	—
Need to repay within one year	0.00	0.00
Need to repay after one year	<u>200,000,000.00</u>	<u>200,000,000.00</u>
Total	<u>200,000,000.00</u>	<u>200,000,000.00</u>

(2) Breakdown of maturity dates of borrowings

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Bank borrowings	—	—
Over 1 year	0.00	0.00
1-2 years	200,000,000.00	200,000,000.00
2-5 years	<u>0.00</u>	<u>0.00</u>
Total	<u>200,000,000.00</u>	<u>200,000,000.00</u>

SECTION X FINANCIAL STATEMENTS (CONTINUED)

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

68. 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 (equivalent)
Monetary fund	—	—	70,054,608.97
Including: USD	6,416,068.98	7.1268	45,726,040.41
EUR	1,370,752.10	7.6617	10,502,291.36
HKD	10,940.31	0.9127	9,985.22
XOF	1,177,039,247.00	0.0117	13,771,359.19
BYR	20,633.14	2.1777	44,932.79
Accounts receivable	—	—	100,510,975.59
Including: USD	10,493,466.52	7.1268	74,784,837.19
EUR	100,835.17	7.6617	772,568.82
AUD	416,357.79	4.7650	1,983,944.87
XOF	655,282,566.29	0.0117	7,666,806.03
ZAR	39,552,387.38	0.3869	15,302,818.68
Other receivables	—	—	726,846.89
Including: XOF	59,373,960.50	0.0117	694,675.34
BYR	14,773.18	2.1777	32,171.55
Non-current assets due within one year	—	—	483,011,192.45
Including: USD	47,719,241.77	7.1268	340,085,492.25
EUR	18,654,567.55	7.6617	142,925,700.20
Other current assets	—	—	15,111,188.19
Including: USD	2,114,806.17	7.1268	15,071,800.61
BYR	18,086.78	2.1777	39,387.58
Accounts payable	—	—	31,694,046.75
Including: USD	3,667,975.87	7.1268	26,140,930.43
EUR	706,460.12	7.6617	5,412,685.50
AUD	11,794.96	4.7650	56,202.98
BYR	38,677.43	2.1777	84,227.84

SECTION X FINANCIAL STATEMENTS (CONTINUED)

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

68. 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 (equivalent)
Other payables	—	—	600,650.78
Including: USD	45,855.47	7.1268	326,802.76
XOF	23,076,395.00	0.0117	269,993.82
BYR	1,769.85	2.1777	3,854.20
Employee compensation payable	—	—	113,746.00
Including: the Belarus rouble	52,232.17	2.1777	113,746.00
Non-current liabilities due within one year	—	—	702,000.00
Including: XOF	60,000,000.00	0.0117	702,000.00
Long-term payables	—	—	7,723,405.83
Including: XOF	660,120,156.00	0.0117	7,723,405.83

Note: The above asset are presented at original value.

SECTION X FINANCIAL STATEMENTS (CONTINUED)

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

69. Oversea business entity

Company name	Overseas Business Place	Bookkeeping currency	Selection basis of bookkeeping currency
China Brilliance Machinery Holdings Co., Ltd.	Hong Kong	USD	Operating Environment and Main Settlement Currencies
Yitwo Argo Industrial	Ivory Coast	XOF	Operating Environment and Main Settlement Currencies
YTO Belarus Technology Co., Ltd.	Belarus	BYR	Operating Environment and Main Settlement Currencies

70. Depreciation and amortization

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Depreciation of fixed assets	126,480,689.57	132,148,537.14
Amortization of intangible assets	17,961,331.56	16,601,934.44
Total	144,442,021.13	148,750,471.58

71. Reserves

According to the applicable laws of the People's Republic of China, the Group's available-for-distribution reserve on June 30, 2024, is RMB2,763,668,428.46, and the share premium of the capital reserve is RMB2,408,231,745.23.

SECTION X FINANCIAL STATEMENTS (CONTINUED)

VI. R&D EXPENSES

(1). Expenses by nature

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
R&D of tractor products	119,356,864.48	99,982,325.63
R&D of power machinery products	38,668,840.61	42,963,020.05
Component optimization and R&D of other machinery products	22,193,727.79	11,590,188.74
Process R&D	21,488,297.74	23,172,012.71
Basic research	3,578,413.76	2,527,050.51
Application demonstration research	0.00	99,217.50
Total	205,286,144.38	180,333,815.14
Including: Expense account-based R&D expenses	205,286,144.38	180,333,815.14
Capitalized R&D expenses	0.00	0.00

VII. CHANGES IN CONSOLIDATION SCOPE

1. Business combination not under common control

None.

2. Business combination under common control

None.

3. Reversed takeover

None.

4. Disposal of subsidiaries

None.

5. Changes in consolidation scope for other reasons

None.

SECTION X FINANCIAL STATEMENTS (CONTINUED)

VIII. EQUITY IN OTHER ENTITIES

1. Equity in subsidiaries

(1) Composition of the Group

Unit: Yuan Currency: RMB

Name of subsidiary	Registered capital	Principal place of business	Registration place	Business Nature	Shareholding proportion (%)		Way of acquisition
					Direct	Indirect	
China-Africa Heavy Industry Investment Co., Ltd.	100,040,000.00	China	China	Agricultural machinery sales	55.00	0.00	Establishment
Changtuo Agricultural Machinery Equipment Group Co., Ltd. (Note 1)	282,000,000.00	China	China	Tractor manufacturing	33.33	0.00	Business combination under common control
Luoyang Tractor Research Institute Co., Ltd.	445,000,000.00	China	China	Development and research of tractor products	51.00	0.00	Business combination under common control
YTO International Economic and Trade Co., Ltd.	66,000,000.00	China	China	Agricultural machinery sales	100.00	0.00	Business combination under common control
YTO (Luoyang) Flag Auto-Body Co., Ltd.	68,000,000.00	China	China	Tractor manufacturing	100.00	0.00	Business combination under common control
YTO (Luoyang) Hydraulic Transmission Co., Ltd.	161,915,000.00	China	China	Power machinery manufacturing	66.60	22.83	Business combination under common control
China Brilliance Machinery Holdings Co., Ltd.	99,588.00	China	Bermuda Islands	Investment holding	90.10	0.00	Establishment
Luoyang Changxing Agricultural Machinery Co., Ltd.	3,000,000.00	China	China	Agricultural machinery sales	100.00	0.00	Establishment
YTO (Luoyang) Diesel Engine Co., Ltd.	112,948,185.67	China	China	Power machinery manufacturing	67.94	19.45	Business combination under common control
YTO (Luoyang) Casting and Forging Co., Ltd.	248,830,000.00	China	China	Tractor manufacturing	100.00	0.00	Business combination under common control
YTO Belarus Technology Co., Ltd.	52,551,587.88	Belarus	Belarus	R&D	100.00	0.00	Business combination under common control

Note 1: 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 March 31, 2012, and held 33.33% of the equity of Changtuo Company after the capital increase. According to the agreement between the Company and Sinomach, Sinomach entrusts the Company to independently exercise its voting rights, supervision and management rights, and other rights corresponding to 33.33% of the equity held by it in Changtuo Company, and the custody period ends on the date when Sinomach transfers the aforementioned rights to an irrelevant third party. During the custody period, Sinomach shall not unilaterally revoke the custody authorization. If Sinomach transfers its equity to a third party, it shall obtain written consent from the Company, and the Company shall have the preemptive right. Therefore, the Company obtained 66.66% of the voting rights and actual control rights of Changtuo Company.

SECTION X FINANCIAL STATEMENTS (CONTINUED)

VIII. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Equity in subsidiaries (Continued)

(2) Significant non-wholly-owned subsidiaries

Unit: Yuan Currency: RMB

Name of subsidiary	Shareholding proportion of non-controlling shareholders (%)	Profits and losses 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	2,190,772.59	13,037,664.77	264,704,622.76
YTO (Luoyang) Diesel Engine Co., Ltd.	14.53	16,757,422.58	0.00	95,361,810.78

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

Unit: Yuan Currency: RMB

Name of subsidiary	Current assets	Non-current assets	Ending balance		Non-current liabilities	Total liabilities
			Total assets	Current liabilities		
Luoyang Tractor Research Institute Co., Ltd.	229,617,783.61	372,677,705.68	602,295,489.29	37,342,652.70	24,739,320.74	62,081,973.44
YTO (Luoyang) Diesel Engine Co., Ltd.	2,295,048,724.13	784,405,957.76	3,079,454,681.89	1,514,129,482.34	96,317,439.72	1,610,446,922.06

Name of subsidiary	Current assets	Non-current assets	Beginning balance		Non-current liabilities	Total liabilities
			Total assets	Current liabilities		
Luoyang Tractor Research Institute Co., Ltd.	251,445,612.89	382,006,853.27	633,452,466.16	44,126,990.90	26,975,444.76	71,102,435.66
YTO (Luoyang) Diesel Engine Co., Ltd.	2,322,487,511.98	773,160,799.46	3,095,648,311.44	1,644,040,644.47	94,348,270.57	1,738,388,915.04

SECTION X FINANCIAL STATEMENTS (CONTINUED)

VIII. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Equity in subsidiaries (Continued)

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

Name of subsidiary	Amount incurred in the current period			Cash flow from operating activities
	Operating revenue	Net profit	Total comprehensive income	
Luoyang Tractor Research Institute Co., Ltd.	81,213,167.46	4,470,964.47	4,470,964.47	-205,834,545.09
YTO (Luoyang) Diesel Engine Co., Ltd.	1,727,623,042.22	112,423,607.27	112,423,607.27	-642,594,552.15

Name of subsidiary	Amount incurred in the previous period			Cash flow from operating activities
	Operating revenue	Net profit	Total comprehensive income	
Luoyang Tractor Research Institute Co., Ltd.	95,640,534.34	4,504,532.35	4,504,532.35	-224,711,520.84
YTO (Luoyang) Diesel Engine Co., Ltd.	1,783,425,607.89	90,664,344.02	90,664,344.02	-526,504,243.00

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

None.

(5) *Financial support or other supports provided to the structural body within the combined financial statement*

None.

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

None.

SECTION X FINANCIAL STATEMENTS (CONTINUED)

VIII. EQUITY IN OTHER ENTITIES (CONTINUED)

3. Interests in joint ventures or associated enterprises

(1) Significant joint ventures or associates

Name of joint venture or associate	Principal place of business	Registration place	Business Nature	Shareholding proportion (%)		Accounting methods for the investment in joint ventures or associates
				Direct	Indirect	
ZF YTO (Luoyang) Axle Co., Ltd.	China	China	Tractor Manufacturing	49.00	0.00	Equity method
Sinomach Finance Co., Ltd.	China	China	Finance	14.29	0.00	Equity method

(2) Key financial information for significant associates

Unit: Yuan Currency: RMB

Item	Ending balance/amount incurred in the current period	
	Sinomach Finance Co., Ltd.	ZF YTO (Luoyang) Axle Co., Ltd.
Current assets	39,052,397,452.06	259,268,018.02
Non-current assets	5,321,666,901.10	20,899,665.08
Total assets	<u>44,374,064,353.16</u>	<u>280,167,683.10</u>
Current liabilities	39,237,419,399.39	80,781,571.35
Non-current liabilities	911,874,178.57	0.00
Total liabilities	<u>40,149,293,577.96</u>	<u>80,781,571.35</u>
Non-controlling interests	0.00	0.00
Shareholders' equity attributable to the parent company	4,224,770,775.20	199,386,111.75
Shares of net assets calculated according to the shareholding proportion	603,538,078.63	97,699,194.76
Adjustments	-7,404,462.81	-2,854,565.87
– Goodwill	0.00	0.00
– Unrealized profit of internal transaction	0.00	-2,854,565.87
– Others	-7,404,462.81	0.00
Carrying amount of equity investments in associates	596,133,615.82	94,844,628.89
Fair value of equity investments in associates with public offer	<u>0.00</u>	<u>0.00</u>

SECTION X FINANCIAL STATEMENTS (CONTINUED)

VIII. EQUITY IN OTHER ENTITIES (CONTINUED)

3. Interests in joint ventures or associated enterprises (Continued)

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

Unit: Yuan Currency: RMB

Item	Ending balance/amount incurred in the current period	
	Sinomach Finance Co., Ltd.	ZF YTO (Luoyang) Axle Co., Ltd.
Operating revenue	561,474,955.10	157,739,042.84
Financial expenses	0.00	-1,760,801.07
Income tax expenses	41,890,985.65	0.00
Net profit	124,717,109.12	19,296,712.05
Net profit from discontinued operations	0.00	0.00
Other comprehensive income	0.00	0.00
Total comprehensive income	<u>124,717,109.12</u>	<u>19,296,712.05</u>
Dividends received from joint ventures in the current period	0.00	0.00

Unit: Yuan Currency: RMB

Item	Beginning balance/amount incurred in the previous period	
	Sinomach Finance Co., Ltd.	ZF YTO (Luoyang) Axle Co., Ltd.
Current assets	39,680,284,450.73	233,027,671.45
Non-current assets	<u>8,361,305,429.44</u>	<u>15,827,388.57</u>
Total assets	<u>48,041,589,880.17</u>	<u>248,855,060.02</u>
Current liabilities	43,235,087,996.15	68,888,062.48
Non-current liabilities	<u>705,121,023.83</u>	<u>0.00</u>
Total liabilities	<u>43,940,209,019.98</u>	<u>68,888,062.48</u>

SECTION X FINANCIAL STATEMENTS (CONTINUED)

VIII. EQUITY IN OTHER ENTITIES (CONTINUED)

3. Interests in joint ventures or associated enterprises (Continued)

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

Unit: Yuan Currency: RMB

Item	Beginning balance/amount incurred in the previous period	
	Sinomach Finance Co., Ltd.	ZF YTO (Luoyang) Axle Co., Ltd.
Non-controlling interests	0.00	0.00
Shareholders' equity attributable to the parent company	4,101,380,860.19	179,966,997.54
Shares of net assets calculated according to the shareholding proportion	585,910,965.54	88,183,828.79
Adjustments	-7,404,462.81	-2,815,693.12
– Goodwill	0.00	0.00
– Unrealized profit of internal transaction	0.00	-2,815,693.12
– Others	-7,404,462.81	0.00
Carrying amount of equity investments in associates	578,506,502.73	85,368,135.67
Fair value of equity investment with public offer	0.00	0.00
Operating revenue	628,776,669.35	161,290,821.99
Financial expenses	0.00	-1,545,931.56
Income tax expenses	38,829,920.21	0.00
Net profit	127,114,622.31	18,327,844.88
Net profit from discontinued operations	0.00	0.00
Other comprehensive income	1,226,283.25	0.00
Total comprehensive income	128,340,905.56	18,327,844.88
Dividends received from joint ventures in the current period	0.00	0.00

SECTION X FINANCIAL STATEMENTS (CONTINUED)

VIII. EQUITY IN OTHER ENTITIES (CONTINUED)

3. Interests in joint ventures or associated enterprises (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	595,282.22	382,934.98
Total amount of the following items at the shareholding percentage		
– Net profits	193,398.32	-161,820.72
– Other comprehensive income	0.00	0.00
– Total comprehensive income	193,398.32	-161,820.72

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

Unit: Yuan Currency: RMB

Name of joint venture or associate	Accumulated unrecognized losses of previous periods	Unrecognized losses in the current period	Accumulated unrecognized losses at the end of the current period
Jiangxi Dongfanghong Agricultural Machinery Co., Ltd.	1,735,274.48	38,948.93	1,774,223.41

SECTION X FINANCIAL STATEMENTS (CONTINUED)

IX. GOVERNMENT SUBSIDY

1. Government subsidies recognized as per amount receivable at the end of the Reporting Period

None.

2. Liability items involved with government subsidies

Unit: Yuan Currency: RMB

Accounting item	Beginning balance	Amount of new subsidies in current period	Amount included in non-operating revenue of the current period
Deferred income	161,457,096.28	1,575,000.00	144,000.00
Deferred income	20,488,176.69	9,865,700.00	0.00
Total	181,945,272.97	11,440,700.00	144,000.00

Accounting item	Amount transferred to other gains in the current period	Ending balance	Asset-related/ income-related
Deferred income	9,574,692.64	153,313,403.64	Asset-related
Deferred income	15,769,086.92	14,584,789.77	Income-related
Total	25,343,779.56	167,898,193.41	—

3. Government subsidies included in current profits and losses

Unit: Yuan Currency: RMB

Category	Amount incurred in the current period	Amount incurred in the previous period
Asset-related	9,718,692.64	10,046,784.11
Income-related	16,112,831.48	1,810,426.82
Total	25,831,524.12	11,857,210.93

SECTION X FINANCIAL STATEMENTS (CONTINUED)

X. RISKS RELATED TO FINANCIAL INSTRUMENTS

1. Risk 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 fund, equity investment, debt instruments at amortised cost, 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 into the limited scope.

SECTION X FINANCIAL STATEMENTS (CONTINUED)

X. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

1. Risk 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 remediate 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 June 30, 2024, 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 notes 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 significant credit risks and will not cause any significant 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 reputation and high credit rating, the credit risk of these financial instruments is low. As of June 30, 2024, the accounts receivable of the Group's top five customers accounted for 13.08% (June 30, 2023: 16.25%) 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 X FINANCIAL STATEMENTS (CONTINUED)

X. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

1. Risk 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.

SECTION X FINANCIAL STATEMENTS (CONTINUED)

X. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

1. Risk of financial instruments (Continued)

(1) Risk management objectives and policies (Continued)

2) Liquidity risks

Unit: Yuan Currency: RMB

Item	Book amount	June 30, 2024			
		Within 1 year	1-2 years	2-5 years	Over 5 years
Non-derivative financial liabilities:	—	—	—	—	—
Notes payable	2,016,588,982.26	2,016,588,982.26	0.00	0.00	0.00
Accounts payable	2,924,771,888.45	2,924,771,888.45	0.00	0.00	0.00
Other payables	473,149,280.53	473,149,280.53	0.00	0.00	0.00
Other current liabilities	706,529,216.18	706,529,216.18	0.00	0.00	0.00
Short-term borrowings	0.00	0.00	0.00	0.00	0.00
Long-term borrowings	200,000,000.00	0.00	200,000,000.00	0.00	0.00
Non-current liabilities due within one year	12,000,772.85	12,000,772.85	0.00	0.00	0.00
Long-term payables	7,723,405.83	0.00	702,000.00	2,106,000.00	4,915,405.83
Total financial liabilities	6,340,763,546.10	6,133,040,140.27	200,702,000.00	2,106,000.00	4,915,405.83

3) Market risk

① Exchange rate risk

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

SECTION X FINANCIAL STATEMENTS (CONTINUED)

X. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

1. Risk of financial instruments (Continued)

(1) Risk management objectives and policies (Continued)

3) Market risk (Continued)

① Exchange rate risk (Continued)

As of June 30, 2024, 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		Beginning balance	
	Original Currency	Converted into RMB	Original Currency	Converted into RMB
Monetary fund	—	70,054,608.97	—	106,243,901.15
USD	6,416,068.98	45,726,040.41	12,704,208.40	89,980,096.83
EUR	1,370,752.10	10,502,291.36	584,102.87	4,590,581.28
HKD	10,940.31	9,985.22	77,595.30	70,316.86
XOF	1,177,039,247.00	13,771,359.19	965,369,051.00	11,584,428.61
BYR	20,633.14	44,932.79	8,613.45	18,477.57
Accounts receivable	—	100,510,975.59	—	87,537,661.44
USD	10,493,466.52	74,784,837.19	8,241,727.15	58,373,680.89
EUR	100,835.17	772,568.82	86,106.29	676,726.55
AUD	416,357.79	1,983,944.87	416,357.79	2,018,669.11
XOF	655,282,566.29	7,666,806.03	941,123,960.00	11,293,487.52
BYR	0.00	0.00	32,649.93	70,040.63
ZAR	39,552,387.38	15,302,818.68	39,552,387.38	15,105,056.74
Other receivables	—	726,846.89	—	791,333.84
XOF	59,373,960.50	694,675.34	59,383,960.50	712,607.53
BYR	14,773.18	32,171.55	36,698.82	78,726.31
Non-current assets due within one year	—	483,011,192.45	—	484,591,050.97
USD	47,719,241.77	340,085,492.25	47,719,241.77	337,981,073.68
EUR	18,654,567.55	142,925,700.20	18,654,567.55	146,609,977.29
Other current assets	—	15,111,188.19	—	14,750,251.73
USD	2,114,806.17	15,071,800.61	2,077,500.00	14,714,309.25
BYR	18,086.78	39,387.58	16,754.84	35,942.48

SECTION X FINANCIAL STATEMENTS (CONTINUED)

X. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

1. Risk of financial instruments (Continued)

(1) Risk management objectives and policies (Continued)

3) Market risk (Continued)

① Exchange rate risk (Continued)

Unit: Yuan Currency: RMB

Item	Ending balance		Beginning balance	
	Original Currency	Converted into RMB	Original Currency	Converted into RMB
Accounts payable	—	31,694,046.75	—	34,126,973.42
USD	3,667,975.87	26,140,930.43	3,977,983.89	28,174,866.50
EUR	706,460.12	5,412,685.50	706,460.12	5,552,211.38
AUD	11,794.96	56,202.98	11,794.96	57,186.68
XOF	0.00	0.00	12,916,000.00	154,992.00
BYR	38,677.43	84,227.84	87,505.53	187,716.86
Other payables	—	600,650.78	—	276,916.74
USD	45,855.47	326,802.76	0.00	0.00
XOF	23,076,395.00	269,993.82	23,076,395.00	276,916.74
BYR	1,769.85	3,854.20	0.00	0.00
Employee compensation payable	—	113,746.00	—	91,553.60
BYR	52,232.17	113,746.00	42,678.35	91,553.60
Non-current liabilities due within one year	—	702,000.00	—	720,000.00
XOF	60,000,000.00	702,000.00	60,000,000.00	720,000.00
Long-term payables	—	7,723,405.83	—	8,281,441.87
XOF	660,120,156.00	7,723,405.83	690,120,156.00	8,281,441.87

Note: The above asset are presented at original value.

SECTION X FINANCIAL STATEMENTS (CONTINUED)

X. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

1. Risk of financial instruments (Continued)

(1) Risk management objectives and policies (Continued)

3) Market risk (Continued)

② Interest rate risk

Interest rate risks faced by the Group are mainly incurred from bank 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 interest rate level 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 significant adverse effect on the Group's financial results. The management will duly make adjustments according to the latest market condition. These adjustments may reduce interest rate risk via interest rate swap.

③ Price risk

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

(2) Analysis on sensitivity

The Group adopts sensitivity analysis technique to analyze how the profit and 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 significant 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 profits and losses and equity is as follows:

As of June 30, 2024, for various financial assets and financial liabilities in USD and EUR, if RMB appreciates or depreciates by 10% against USD and EUR and other factors remain unchanged, the Group will gain or loss about RMB62,890,776.55 (about RMB67,259,488.03 on June 30, 2023). The amount of impairment provision is not considered in the above sensitivity analysis.

SECTION X FINANCIAL STATEMENTS (CONTINUED)

X. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

2. 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	29,036,151.03	Not derecognized	Having retained almost all of its risks and rewards, including the related default risk
Bill endorsement/bill discounting	Receivables financing	1,374,721,597.08	Derecognized	Having transferred almost all of its risks and rewards
Total	—	<u>1,403,757,748.11</u>	—	—

(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	<u>1,374,721,597.08</u>	<u>-663,666.66</u>

Note: As of June 30, 2024, the carrying amount of bank acceptance bills endorsed by the Group to suppliers for settlement or discount was RMB29,036,151.03. 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 X FINANCIAL STATEMENTS (CONTINUED)

XI. DISCLOSURE OF FAIR VALUE

1. Ending balance of assets and liabilities measured at fair value

Unit: Yuan Currency: RMB

Item	Ending fair value			Total
	Level 1 measurement at fair value	Level 2 measurement at fair value	Level 3 measurement at fair value	
I. Continuous fair value measurement				
(I) Financial assets held for trading	0.00	0.00	1,628,006,027.54	1,628,006,027.54
1. Financial assets at FVTPL	0.00	0.00	1,628,006,027.54	1,628,006,027.54
(1) Debt instrument investments	0.00	0.00	753,096,727.54	753,096,727.54
(2) Equity instruments	0.00	0.00	874,909,300.00	874,909,300.00
(3) Derivative financial assets	0.00	0.00	0.00	0.00
2. Designated financial assets at FVTPL	0.00	0.00	0.00	0.00
(1) Debt instrument investments	0.00	0.00	0.00	0.00
(2) Equity instruments	0.00	0.00	0.00	0.00
(II) Investment in other equity instruments	0.00	0.00	4,188,008.77	4,188,008.77
(III) Receivables financing	0.00	0.00	205,215,667.57	205,215,667.57
Total assets continuously measured at fair value	0.00	0.00	1,837,409,703.88	1,837,409,703.88

2. Basis for determination of market prices for continuous and non-continuous level I measurement items at fair value

Financial instruments traded in an active market are stated at quoted market prices at the date of the financial statements. Quoted prices are considered active when they are available in real time or periodically from stock exchanges, dealers, economic, industry, pricing service providers, or regulatory agents, and they represent actual and regular market transactions on an arm's length basis.

SECTION X FINANCIAL STATEMENTS (CONTINUED)

XI. DISCLOSURE OF FAIR VALUE (CONTINUED)

3. Valuation techniques and qualitative and quantitative information about key indicators of items subject to continuous and non-continuous level 2 fair value measurement

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 II if all significant inputs required to calculate its fair value are observable.

4. Valuation techniques and qualitative and quantitative information about significant indicators of items subject to continuous and non-continuous level 3 fair value measurement

If one or more significant inputs are not based on observable market data, the financial instrument is classified as Level III. Specific methods used to measure financial instruments include:

- (1) Market list price or dealer list price of similar financial instruments.
- (2) The fair value of the interest rate adjustment contract is calculated by estimating the discount value of future cash flow according to the observable curve of the rate of return.
- (3) The fair value of forward foreign exchange contracts is calculated at the foreign exchange rate on the settlement date, and then discounted to the discounted value.
- (4) Other methods, such as discounted value cash flow analysis, are used to calculate the fair value of the remaining other financial instruments. For the equity instruments of financial assets held for trading held by the Company, the Company hired an assets appraisal institution to issue a valuation report. The valuation method of equity instruments in the valuation report adopts the market approach.

5. Information on adjustment between beginning carrying amount and 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.

SECTION X FINANCIAL STATEMENTS (CONTINUED)

XI. DISCLOSURE OF FAIR VALUE (CONTINUED)

7. Change of valuation techniques incurred during the current period and the reasons thereof

The valuation techniques for fair value of financial instruments of the Group have not changed in the current period.

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

(I) Related party relationships

1. Parent of the Company

Unit: 0'000 Currency: RMB

Name of parent	Registration place	Business Nature	Registered capital (RMB10,000)	Proportion of ownership interest held by the parent company (%)	Proportion of voting power held by the parent company (%)
YTO Group Corporation	Luoyang City, Henan Province	Production and sales of various large, medium, and small tractors, engineering machinery, diesel engines, etc.	310,619.38	48.81	48.81

The ultimate controlling party of the Company is China National Machinery Industry Corporation, registered and operated in Beijing, with a business scope of the contracting of large-scale complete equipment and engineering projects at home and abroad, organizing the research and development of major technical equipment in the industry and the production and sales of scientific research products; sales of automobiles, sedans, and auto parts; the contracting of overseas projects and domestic international bidding projects; import and export business; going abroad to hold economic and trade exhibitions; organizing domestic enterprises to go abroad to participate in and hold exhibitions. The registered capital is RMB26 billion.

2. Subsidiaries of the Company

For details of subsidiaries, please refer to contents of "VIII. 1. (1) Composition of the Group" in the Notes.

SECTION X FINANCIAL STATEMENTS (CONTINUED)

XII. RELATED PARTIES AND RELATED PARTY 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 contents of “VIII. 3. (1) Important joint ventures or associates” in the Notes.

The information of other joint ventures or associates 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 ventures or associates	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
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
ZF YTO (Luoyang) Axle Co., Ltd.	Associate of the Company	—
Sinomach Finance Co., Ltd.	Associate of the Company	Controlled by the same controlling party
Luoyang Intelligent Agricultural Equipment Research Institute Co., Ltd.	Associate of controlling shareholders	—
Luoyang Dongfang Printing Co., Ltd.	Associate of controlling shareholders	—
Luoyang Saida Environmental Protection Technology Co., Ltd.	Joint venture of controlling shareholders	—
Luoyang I&C Technology Consulting Co., Ltd.	Associate of subsidiaries of the Company	—

Other instructions

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 X FINANCIAL STATEMENTS (CONTINUED)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(I) Related party relationships (Continued)

4. Other related parties

Name of other related parties	Relationship between other related parties and the Company
Beijing Materials Handling Research Institute Co., Ltd.	Controlled by the same ultimate controlling party
SUMEC Machinery & Electric Technology Co., Ltd.	Controlled by the same ultimate controlling party
SUMEC Hardware & Tools Co., Ltd.	Controlled by the same ultimate controlling party
Guangzhou Sinomach Lubrication Technology Co., Ltd.	Controlled by the same ultimate controlling party
Sinomach Precision Industry Co., Ltd. Zhengzhou Branch	Controlled by the same ultimate controlling party
China National Heavy Machinery Research Institute Co., Ltd.	Controlled by the same ultimate controlling party
SUMEC Machinery & Electric Co., Ltd.	Controlled by the same ultimate controlling party
Jinggong Ruiyi Technology (Henan) Co., Ltd.	Controlled by the same ultimate controlling party
Guangzhou Kinte Electric Industrial Co., Ltd.	Controlled by the same ultimate controlling party
Guangzhou Qingtian Industrial Co., Ltd.	Controlled by the same ultimate controlling party
Sinomach Heavy Industry Changlin Co., Ltd.	Controlled by the same ultimate controlling party
Menoble Technology Co., Ltd.	Controlled by the same ultimate controlling party
New Dayang Shipbuilding Co., Ltd.	Controlled by the same ultimate controlling party
Sinomach Heavy Industry (Changzhou) Excavator Co., Ltd.	Controlled by the same ultimate controlling party
SCIVIC Engineering Corporation	Controlled by the same ultimate controlling party
Fifth Design and Research Institute of The Ministry of Machinery Industry	Controlled by the same ultimate controlling party
Kinte Materials Science and Technology Co., Ltd.	Controlled by the same ultimate controlling party
Xi'an Heavy Machinery Research Institute Co., Ltd.	Controlled by the same ultimate controlling party
Changsha Qidian Automotive Parts Co., Ltd.	Controlled by the same ultimate controlling party

SECTION X FINANCIAL STATEMENTS (CONTINUED)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(I) Related party relationships (Continued)

4. Other related parties (Continued)

Name of other related parties	Relationship between other related parties and the Company
Deyang Wanlu Transportation Service Co., Ltd. of China National Erzhong Group Co., Ltd.	Controlled by the same ultimate controlling party
Automotive Engineering Corporation	Controlled by the same ultimate controlling party
Zhongqi Shengjia (Tianjin) Property Management Co., Ltd.	Controlled by the same ultimate controlling party
Safety Sliding Contact Line Factory of SCIVIC Engineering Corporation	Controlled by the same ultimate controlling party
China National Machine Tool Sales and Technical Service Corporation	Controlled by the same ultimate controlling party
Beijing Tsun Greatwall Hydraulic R&D Co., Ltd.	Controlled by the same ultimate controlling party
CAMCE Logistics Co., Ltd.	Controlled by the same ultimate controlling party
JFMI Inspection & Testing Technology Co., Ltd.	Controlled by the same ultimate controlling party
Luoyang Bearing Research Institute Co., Ltd.	Controlled by the same ultimate controlling party
Beijing Prominion Publishing Co., Ltd.	Controlled by the same ultimate controlling party
Sinotest Equipment Co., Ltd.	Controlled by the same ultimate controlling party
Chinese Academy of Agricultural Mechanization Sciences Group Co., Ltd.	Controlled by the same ultimate controlling party
Beijing Unite-Idea Advertising Co., Ltd.	Controlled by the same ultimate controlling party
Xinjiang Zhongshou Agriculture & Animal Husbandry Machinery Co., Ltd.	Controlled by the same ultimate controlling party
China National Heavy Machinery Corporation	Controlled by the same ultimate controlling party
Belarus Haihong Medical Technology Co., Ltd.	Controlled by the same ultimate controlling party
Tianjin Research Institute of Construction Machinery Co., Ltd.	Controlled by the same ultimate controlling party
China-East Resources Import & Export Co., Ltd.	Controlled by the same ultimate controlling party

SECTION X FINANCIAL STATEMENTS (CONTINUED)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(I) Related party relationships (Continued)

4. Other related parties (Continued)

Name of other related parties	Relationship between other related parties and the Company
Machinery Industry Planning Institute Co., Ltd.	Controlled by the same ultimate controlling party
CMCU Engineering Co., Ltd.	Controlled by the same ultimate controlling party
Sino-Machinery Agro-Development Investment Co., Ltd.	Controlled by the same ultimate controlling party
China Automotive Construction Engineering (Luoyang) Testing Co., Ltd.	Controlled by the same ultimate controlling party
Changxing (Luoyang) Mechanical & Electrical Equipment Engineering Co., Ltd.	Controlled by the same ultimate controlling party
BMHRI Equipment Manufacturing (Beijing) Co., Ltd.	Controlled by the same ultimate controlling party
Sinomach-HI International Equipment Co., Ltd.	Controlled by the same ultimate controlling party
Luoyang Xiyuan Vehicle and Power Inspection Institute Co., Ltd.	Controlled by the same party
YTO (Luoyang) Win Tools & Equipment Co., Ltd.	Controlled by the same party
YTO (Luoyang) Logistics Co., Ltd.	Controlled by the same party
YTO (Luoyang) Materials and Equipment Co., Ltd.	Controlled by the same party
YTO (Luoyang) Zhongcheng Machinery Co., Ltd.	Others
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
Luoyang YTO Light Vehicle Co., Ltd.	Others
YTO (Luoyang) Standard Parts Co., Ltd.	Others

SECTION X FINANCIAL STATEMENTS (CONTINUED)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(I) Related party relationships (Continued)

4. Other related parties (Continued)

Name of other related parties	Relationship between other related parties and the Company
Cadfund Machinery Pty Ltd	The bankruptcy liquidation of the former subsidiary of the Company is not included in the scope of consolidation
Sinomach Heavy Industry (Luoyang) Building Machinery Co., Ltd.	Others
Sinomach Heavy Industry (Luoyang) Co., Ltd.	Others
YTO (Luoyang) Construction Machinery Co., Ltd.	Others (cancelled)
YTO (Luoyang) Kaichuang Equipment Technology Co., Ltd.	Others (cancelled)

Other instructions

- (1) Description of other related parties of the Company: The ultimate controller of the Company is Sinomach, so the subsidiaries controlled by Sinomach are all related parties of the Company. Only related parties with business relations with the Company are disclosed here.
- (2) Others refer to former subsidiaries no longer included in the consolidation scope, or associates already bankrupt of the ultimate controlling party and the controlling shareholders of the Company.

SECTION X FINANCIAL STATEMENTS (CONTINUED)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS
(CONTINUED)

(II) Related party transactions

1. Material transactions between the Group and Sinomach and its subsidiaries

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Purchase of raw materials and parts	12,021,107.07	19,879,955.56
Interest income	10,011,389.16	16,364,234.02
Sales of raw materials and parts	5,785,365.65	8,793,456.75
Interest expenses	2,527,777.78	4,381,826.56
Expenditure of service charges	970,209.09	764,912.77
Subtotal	31,315,848.75	50,184,385.66

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 incurred in the previous period
Purchase of raw materials and parts	303,707,350.28	251,956,267.17
Comprehensive service and transportation costs paid and payable	134,316,834.17	124,232,621.70
Power cost paid and payable	103,456,620.63	111,565,475.86
Sales of raw materials and parts	109,742,592.30	89,297,131.95
Payment of R&D expenses	11,205,293.31	9,880,378.85
Land rent paid and payable	6,257,138.49	5,507,149.08
Rent paid and payable for plant & buildings, machinery and equipment	4,640,719.30	3,596,089.95
Purchase of plant and equipment	2,934,794.99	1,571,503.03
Revenue from plant & buildings and machinery equipment rent	2,039,648.85	2,240,799.90
R&D revenue	1,400,000.00	300,000.00
Provision of technical and testing services	277,875.66	252,041.51
Revenue from land lease	65,864.50	223,303.50
Interest expenses	0.00	94,467.59
Total	680,044,732.48	600,717,230.09

SECTION X FINANCIAL STATEMENTS (CONTINUED)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(II) Related party transactions (Continued)

3. *Related party 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 incurred in the previous period
Purchase of raw materials and parts	180,723,214.61	179,651,248.04
Payment of R&D expenses	69,756,628.92	76,689,894.02
Sales of raw materials and parts	35,869,434.90	44,517,496.10
Lease income	2,608,258.00	3,313,766.16
Provision of technical and testing services	346,181.84	79,209.00
Comprehensive service fees paid and payable	118,294.23	0.00
Power cost paid and payable	67,059.74	52,589.94
R&D revenue	47,937.09	571,796.20
Rent paid and payable	26,115.90	632,591.70
Interest expenses	0.00	64,447.91
Total	289,563,125.23	305,573,039.07

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.

4. *Loans from/to related parties*

Unit: Yuan Currency: RMB

Name of related party	Lending/ borrowing amount	Starting date	Expiry date	Remarks
Loans from related parties (principal)				
Sinomach	200,000,000.00	2022-10-27	2025-10-27	Entrusted loan
Subtotal	200,000,000.00	—	—	—
Loans from related parties (interest payable)				
Sinomach	152,777.78	—	—	Interest of entrusted loan
Subtotal	152,777.78	—	—	—

Note: The interest expense of the Group for related capital lending during this period is RMB2,527,777.78 in total.

SECTION X FINANCIAL STATEMENTS (CONTINUED)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS
(CONTINUED)

(II) Related party 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
ZF YTO (Luoyang) Axle Co., Ltd.	Land and buildings	2,608,258.00	3,294,312.28
YTO Group Corporation	Land and buildings	734,516.28	734,516.27
Luoyang Xiyuan Vehicle and Power Inspection Institute Co., Ltd.	Land and buildings	719,035.04	719,035.02
Luoyang Xiyuan Vehicle and Power Inspection Institute Co., Ltd.	Machinery equipment	617,845.78	514,373.16
YTO Group Corporation	Machinery equipment	32,650.75	32,650.76
YTO (Luoyang) Logistics Co., Ltd.	Machinery equipment	1,465.50	1,465.50
YTO (Luoyang) Materials and Equipment Co., Ltd.	Land and buildings	0.00	447,463.41
ZF YTO (Luoyang) Axle Co., Ltd.	Machinery equipment	0.00	19,453.88
YTO (Luoyang) Materials and Equipment Co., Ltd.	Machinery equipment	0.00	14,599.28
Total	—	4,713,771.35	5,777,869.56

SECTION X FINANCIAL STATEMENTS (CONTINUED)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(II) Related party 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	913,606.15	0.00	10,307,072.54	0.00
YTO Group Corporation	Machinery equipment	43,332.29	0.00	582,528.37	0.00
YTO (Luoyang) Logistics Co., Ltd.	Land and buildings	8,256.88	0.00	8,256.88	0.00
Subtotal	—	<u>965,195.32</u>	<u>—</u>	<u>10,897,857.79</u>	<u>0.00</u>
Joint ventures and associates	—	—	—	—	—
ZF YTO (Luoyang) Axle Co., Ltd.	Machinery equipment	26,115.90	0.00	26,115.90	0.00
Subtotal	—	<u>26,115.90</u>	<u>—</u>	<u>26,115.90</u>	<u>0.00</u>
Total	—	<u>991,311.22</u>	<u>—</u>	<u>10,923,973.69</u>	<u>0.00</u>

SECTION X FINANCIAL STATEMENTS (CONTINUED)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(II) Related party transactions (Continued)

6. Remuneration of key senior management

Unit: 0'000 Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Remuneration of key senior management	445.16	407.11

The detailed compensation of directors and supervisors is shown as follows:

Name of item	Amount incurred in the current period	Amount incurred in the previous period
Emoluments	7.10	3.10
Salaries and other benefits	399.09	382.90
Contribution to retirement fund plan	38.97	21.11
Total compensation	445.16	407.11

The compensations of key management personnel are as follows:

Personnel and position	Amount incurred in the current period			Total
	Emoluments	Salaries and other benefits	Contribution to retirement fund plan	
Executive Directors				
Liu Jiguo	0.00	7.94	1.06	9.00
Wei Tao	0.00	23.81	3.20	27.01
Non-executive Directors				
Zhang Zhiyu	0.90	0.00	0.00	0.90
Fang Xianfa	0.00	0.00	0.00	0.00
Zhang Bin	0.00	0.00	0.00	0.00
Independent Non-executive Directors				
Xue Lipin	3.10	0.00	0.00	3.10
Wang Shumao	3.10	0.00	0.00	3.10
Xu Liyou	0.00	0.00	0.00	0.00
Supervisors				
Yang Yu	0.00	0.00	0.00	0.00
Gu Aiqin	0.00	0.00	0.00	0.00
Xiao Bin	0.00	29.45	3.20	32.65
Li Peng	0.00	122.29	3.20	125.49
Yang Kun	0.00	101.59	3.20	104.79

SECTION X FINANCIAL STATEMENTS (CONTINUED)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(II) Related party transactions (Continued)

6. Remuneration of key senior management (Continued)

Personnel and position	Amount incurred in the current period			Total
	Emoluments	Salaries and other benefits	Contribution to retirement fund plan	
Senior Management				
Su Wensheng (Deputy General Manager)	0.00	19.54	3.20	22.74
Yu Lina (Deputy General Manager and concurrent Secretary of the Board of Directors)	0.00	19.56	3.20	22.76
Xue Wenpu (Deputy General Manager)	0.00	19.55	3.20	22.75
Zhao Qingliang (Deputy General Manager)	0.00	16.28	5.35	21.63
Yang Guangjun (Deputy General Manager)	0.00	19.54	3.20	22.74
Kang Zhifeng (CFO)	0.00	19.54	6.96	26.50
Total	7.10	399.09	38.97	445.16

SECTION X FINANCIAL STATEMENTS (CONTINUED)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(II) Related party transactions (Continued)

6. Remuneration of key senior management (Continued)

Personnel and position	Emoluments	Amount incurred in the previous period		Total
		Salaries and other benefits	Contribution to retirement fund plan	
Executive Director				
Liu Jiguo	0.00	28.82	1.64	30.46
Non-executive Directors				
Zhang Zhiyu	0.90	0.00	0.00	0.90
Fang Xianfa	0.00	0.00	0.00	0.00
Zhang Bin	0.00	0.00	0.00	0.00
Independent Non-executive Directors				
Xue Lipin	1.10	0.00	0.00	1.10
Wang Shumao	1.10	0.00	0.00	1.10
Xu Liyou	0.00	0.00	0.00	0.00
Supervisors				
Yang Yu	0.00	0.00	0.00	0.00
Gu Aiqin	0.00	0.00	0.00	0.00
Xiao Bin	0.00	27.26	1.64	28.90
Li Peng	0.00	108.73	1.64	110.37
Yang Kun	0.00	96.09	1.64	97.73
Senior Management				
Su Wensheng (Deputy General Manager)	0.00	20.00	1.64	21.64
Yu Lina (Deputy General Manager and concurrent Secretary of the Board of Directors)	0.00	20.50	1.64	22.14
Xue Wenpu (Deputy General Manager)	0.00	20.50	1.64	22.14
Wei Tao (Deputy General Manager)	0.00	21.50	1.64	23.14
Yang Guangjun (Deputy General Manager)	0.00	20.00	1.64	21.64
Kang Zhifeng (CFO)	0.00	19.50	6.35	25.85
Total	3.10	382.90	21.11	407.11

SECTION X FINANCIAL STATEMENTS (CONTINUED)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(III) Balance of receivables and payables by related parties

1. Bank deposits

Unit: Yuan Currency: RMB

Related Party	Book value at the end of the period	Book value at the beginning of the period
Subsidiary of Sinomach (excluding YTO Group Corporation and its subsidiaries)	—	—
Sinomach Finance Co., Ltd.	<u>1,972,563,048.35</u>	<u>1,864,167,441.13</u>

Note: The amount deposited by the Group in Sinomach Finance Co., Ltd. at the end of the period is RMB1,972,563,048.35, including current deposits of RMB1,503,788,617.44 and bank acceptance bill guarantee deposits of RMB468,774,430.91. The settled interest income in the current period is RMB10,011,389.16.

SECTION X FINANCIAL STATEMENTS (CONTINUED)

XII. RELATED PARTIES AND RELATED PARTY 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	Book value at the end of the period	Book value at the beginning of the period
Subsidiary of Sinomach (excluding YTO Group Corporation and its subsidiaries)	—	—
SUMEC Machinery & Electric Co., Ltd.	437,440.00	634,540.00
China National Heavy Machinery Research Institute Co., Ltd.	432,467.00	927,648.00
Sinomach Heavy Industry Changlin Co., Ltd.	300,000.00	0.00
Jinggong Ruiyi Technology (Henan) Co., Ltd.	22,004.85	500,000.00
Guangzhou Kinte Electric Industrial Co., Ltd.	0.00	250,485.50
Guangzhou Qingtian Industrial Co., Ltd.	0.00	71,908.71
Subtotal	1,191,911.85	2,384,582.21
Controlling shareholder	—	—
YTO Group Corporation	2,433,200.00	11,183,139.82
Subtotal	2,433,200.00	11,183,139.82
Subsidiaries of YTO Group Corporation	—	—
YTO (Luoyang) Logistics Co., Ltd.	5,157,995.18	404,497.04
Subtotal	5,157,995.18	404,497.04
Joint ventures and associates	—	—
ZF YTO (Luoyang) Axle Co., Ltd.	1,413,441.04	0.00
Subtotal	1,413,441.04	0.00
Total	10,196,548.07	13,972,219.07

SECTION X FINANCIAL STATEMENTS (CONTINUED)

XII. RELATED PARTIES AND RELATED PARTY 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		Beginning balance	
	Book value	Provision for bad debts	Book value	Provision for bad debts
Subsidiary of Sinomach (excluding YTO Group Corporation and its subsidiaries)	—	—	—	—
SUMEC Machinery & Electric Technology Co., Ltd.	1,733,230.90	17,332.31	175,446.00	1,754.46
Sinomach Heavy Industry (Luoyang) Co., Ltd.	989,595.58	989,595.58	989,595.58	989,595.58
Sinomach Heavy Industry (Luoyang) Building Machinery Co., Ltd.	671,288.80	671,288.80	671,288.80	671,288.80
SUMEC Hardware & Tools Co., Ltd.	180,000.00	180,000.00	180,000.00	180,000.00
Luoyang Bearing Research Institute Co., Ltd.	10,734.00	107.34	0.00	0.00
Beijing Materials Handling Research Institute Co., Ltd.	0.00	0.00	72,828.00	728.28
Subtotal	3,584,849.28	1,858,324.03	2,089,158.38	1,843,367.12
Controlling shareholder	—	—	—	—
YTO Group Corporation	42,739,888.07	624,645.94	14,926,483.97	158,998.57
Subtotal	42,739,888.07	624,645.94	14,926,483.97	158,998.57

SECTION X FINANCIAL STATEMENTS (CONTINUED)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(III) Balance of receivables and payables by related parties (Continued)

2. Receivables (Continued)

(2) Accounts receivable (Continued)

Related Party	Ending balance		Beginning balance	
	Book value	Provision for bad debts	Book value	Provision for bad debts
Subsidiaries of YTO Group Corporation	—	—	—	—
YTO (Luoyang) Materials and Equipment Co., Ltd.	17,839,856.17	178,398.57	9,216,732.40	92,167.33
YTO (Luoyang) Logistics Co., Ltd.	11,496,224.70	114,962.25	13,441,377.73	134,413.77
YTO (Luoyang) Win Tools & Equipment Co., Ltd.	417,601.04	4,176.01	228,820.96	2,288.21
YTO (Luoyang) Zhongcheng Machinery Co., Ltd.	80,000.00	80,000.00	80,000.00	80,000.00
Luoyang Xiyuan Vehicle and Power Inspection Institute Co., Ltd.	0.00	0.00	17,700.00	177.00
Subtotal	29,833,681.91	377,536.83	22,984,631.09	309,046.31
Joint ventures and associates	—	—	—	—
Luoyang Intelligent Agricultural Equipment Research Institute Co., Ltd.	26,157,000.00	3,923,550.00	26,157,000.00	517,540.00
ZF YTO (Luoyang) Axle Co., Ltd.	7,618,795.41	76,187.95	6,486,265.59	64,862.66
Subtotal	33,775,795.41	3,999,737.95	32,643,265.59	582,402.66
Original subsidiaries not included in consolidation	—	—	—	—
Cadfund Machinery Pty Ltd	15,302,818.68	15,302,818.68	15,105,056.74	15,105,056.74
Subtotal	15,302,818.68	15,302,818.68	15,105,056.74	15,105,056.74
Total	125,237,033.35	22,163,063.43	87,748,595.77	17,998,871.40

SECTION X FINANCIAL STATEMENTS (CONTINUED)

XII. RELATED PARTIES AND RELATED PARTY 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		Beginning balance	
	Book value	Provision for bad debts	Book value	Provision for bad debts
Controlling shareholder	—	—	—	—
YTO Group Corporation	0.00	0.00	10,181,430.78	0.00
Subtotal	0.00	0.00	10,181,430.78	0.00
Subsidiaries of YTO Group Corporation	—	—	—	—
Luoyang Xiyuan Vehicle and Power Inspection Institute Co., Ltd.	236,100.00	0.00	0.00	0.00
Luoyang Fossett Environmental Protection Technology Co., Ltd.	41,400.00	0.00	41,400.00	0.00
Subtotal	277,500.00	0.00	41,400.00	0.00
Total	277,500.00	0.00	10,222,830.78	0.00

SECTION X FINANCIAL STATEMENTS (CONTINUED)

XII. RELATED PARTIES AND RELATED PARTY 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		Beginning balance	
	Book value	Provision for bad debts	Book value	Provision for bad debts
Subsidiary of Sinomach (excluding YTO Group Corporation and its subsidiaries)	—	—	—	—
YTO (Luoyang) Construction Machinery Co., Ltd.	—	—	96,314.00	96,314.00
Sinomach Heavy Industry (Luoyang) Building Machinery Co., Ltd.	0.00	0.00	83,893.00	83,893.00
Subtotal	0.00	0.00	180,207.00	180,207.00
Controlling shareholder	—	—	—	—
YTO Group Corporation	119,800.00	12,846.00	123,400.00	1,234.00
Subtotal	119,800.00	12,846.00	123,400.00	1,234.00
Joint ventures and associates	—	—	—	—
Luoyang Intelligent Agricultural Equipment Research Institute Co., Ltd.	412,082.24	4,120.82	1,950,000.00	19,500.00
Subtotal	412,082.24	4,120.82	1,950,000.00	19,500.00
Original 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	19,139,504.65	18,624,589.23	20,861,229.41	18,808,563.41

SECTION X FINANCIAL STATEMENTS (CONTINUED)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(III) Balance of receivables and payables by related parties (Continued)

2. Receivables (Continued)

(5) Right-of-use assets

Unit: Yuan Currency: RMB

Related Party	Book value at the end of the period	Book value at the beginning of the period
Controlling shareholder	—	—
YTO Group Corporation	<u>10,975,074.53</u>	<u>20,538,445.37</u>

3. Payables

(1) Deposits from banks and other financial institutions (principal)

Unit: Yuan Currency: RMB

Related Party	Book value at the end of the period	Book value at the beginning of the period
Sinomach and its subsidiaries (excluding YTO Group Corporation and its subsidiaries)	—	—
Sinomach	<u>200,000,000.00</u>	<u>200,000,000.00</u>

(2) Deposits from banks and other financial institutions (interest payable)

Unit: Yuan Currency: RMB

Related Party	Book value at the end of the period	Book value at the beginning of the period
Sinomach and its subsidiaries (excluding YTO Group Corporation and its subsidiaries)	—	—
Sinomach	<u>152,777.78</u>	<u>166,666.67</u>

SECTION X FINANCIAL STATEMENTS (CONTINUED)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS
(CONTINUED)

(III) Balance of receivables and payables by related parties (Continued)

3. Payables (Continued)

(3) Accounts payable

Unit: Yuan Currency: RMB

Related Party	Book value at the end of the period	Book value at the beginning of the period
Sinomach and its subsidiaries (excluding YTO Group Corporation and its subsidiaries)	—	—
Sinomach Heavy Industry (Changzhou) Excavator Co., Ltd.	1,316,782.35	480,028.63
Kinte Materials Science and Technology Co., Ltd.	1,101,291.56	813,889.95
SCVIC Engineering Corporation	350,630.00	350,630.00
Fifth Design and Research Institute of The Ministry of Machinery Industry	161,600.04	161,600.04
Deyang Wanlu Transportation Service Co., Ltd. of China National Erzhong Group Co., Ltd.	100,000.00	102,240.67
China National Machine Tool Sales and Technical Service Corporation	99,492.94	99,492.94
Sinotest Equipment Co., Ltd.	22,700.00	0.00
Beijing Tsun Greatwall Hydraulic R&D Co., Ltd.	15,616.00	0.00
Safety Sliding Contact Line Factory of SCVIC Engineering Corporation	13,383.50	13,383.50
Zhongqi Shengjia (Tianjin) Property Management Co., Ltd.	10,148.84	10,148.84
Changsha Qidian Automotive Parts Co., Ltd.	5,245.54	5,245.54
Guangzhou Sinomach Lubrication Technology Co., Ltd.	773.51	773.51
Automotive Engineering Corporation	170.00	170.00
Xi'an Heavy Machinery Research Institute Co., Ltd.	0.75	0.75
Subtotal	3,197,835.03	2,037,604.37

SECTION X FINANCIAL STATEMENTS (CONTINUED)

XII. RELATED PARTIES AND RELATED PARTY 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	Book value at the end of the period	Book value at the beginning of the period
Controlling shareholder	—	—
YTO Group Corporation	<u>30,194,040.34</u>	<u>6,260,418.21</u>
Subtotal	<u>30,194,040.34</u>	<u>6,260,418.21</u>
Subsidiaries of YTO Group Corporation	—	—
YTO (Luoyang) Logistics Co., Ltd.	<u>37,501,812.23</u>	27,917,653.55
YTO (Luoyang) Win Tools & Equipment Co., Ltd.	<u>6,515,062.01</u>	4,466,534.56
Luoyang Xiyuan Vehicle and Power Inspection Institute Co., Ltd.	<u>3,558,000.00</u>	2,824,020.00
Luoyang Tianhui Energy Engineering Co., Ltd.	<u>1,211,709.03</u>	2,349,537.01
Luoyang Fossett Environmental Protection Technology Co., Ltd.	<u>338,690.00</u>	60,430.00
YTO (Luoyang) Materials and Equipment Co., Ltd.	<u>208,380.11</u>	269,221.73
Dongfanghong (Luoyang) Modern Life Service Co., Ltd.	<u>35,088.60</u>	270,411.20
Dongfanghong Agricultural Service Technology (Guangxi) Co., Ltd.	<u>2,108.01</u>	2,108.01
YTO (Luoyang) Kaichuang Equipment Technology Co., Ltd.	—	<u>3,717,008.65</u>
Subtotal	<u>49,370,849.99</u>	<u>41,876,924.71</u>
Joint ventures and associates	—	—
ZF YTO (Luoyang) Axle Co., Ltd.	<u>17,129,304.52</u>	11,386,772.06
Luoyang Intelligent Agricultural Equipment Research Institute Co., Ltd.	<u>2,525,381.45</u>	3,799,342.05
Luoyang Dongfang Printing Co., Ltd.	<u>387,698.12</u>	251,887.86
YTO (Luoyang) Standard Parts Co., Ltd.	<u>4,263.96</u>	4,263.96
Subtotal	<u>20,046,648.05</u>	<u>15,442,265.93</u>
Total	<u>102,809,373.41</u>	<u>65,617,213.22</u>

SECTION X FINANCIAL STATEMENTS (CONTINUED)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(III) Balance of receivables and payables by related parties (Continued)

3. Payables (Continued)

(4) Advances from customers

Unit: Yuan Currency: RMB

Related Party	Book value at the end of the period	Book value at the beginning of the period
Joint ventures and associates	—	—
ZF YTO (Luoyang) Axle Co., Ltd.	<u>2,608,258.00</u>	<u>0.00</u>

(5) Contract liabilities

Unit: Yuan Currency: RMB

Related Party	Book value at the end of the period	Book value at the beginning of the period
Sinomach and its subsidiaries (excluding YTO Group Corporation and its subsidiaries)	—	—
Sinomach	4,150,943.40	4,150,943.40
China National Heavy Machinery Corporation	523,008.85	0.00
Belarus Haihong Medical Technology Co., Ltd.	601.31	0.00
SUMEC Machinery & Electric Technology Co., Ltd.	<u>0.00</u>	<u>0.02</u>
Subtotal	<u>4,674,553.56</u>	<u>4,150,943.42</u>
Subsidiaries of YTO Group Corporation	—	—
Dongfanghong Agricultural Service Technology (Guangxi) Co., Ltd.	<u>6.84</u>	<u>7.73</u>
Subtotal	<u>6.84</u>	<u>7.73</u>

SECTION X FINANCIAL STATEMENTS (CONTINUED)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(III) Balance of receivables and payables by related parties (Continued)

3. Payables (Continued)

(5) Contract liabilities (Continued)

Unit: Yuan Currency: RMB

Related Party	Book value at the end of the period	Book value at the beginning of the period
Joint ventures and associates	—	—
Luoyang YTO Light Vehicle Co., Ltd.	12,831.86	0.00
Luoyang Intelligent Agricultural Equipment Research Institute Co., Ltd.	0.00	408,289.34
Subtotal	12,831.86	408,289.34
Total	4,687,392.26	4,559,240.49

(6) Other payables

Unit: Yuan Currency: RMB

Related Party	Book value at the end of the period	Book value at the beginning of the period
Sinomach and its subsidiaries (excluding YTO Group Corporation and its subsidiaries)	—	—
Kinte Materials Science and Technology Co., Ltd.	200,000.00	150,000.00
CAMCE Logistics Co., Ltd.	100,000.00	100,000.00
Sinomach Heavy Industry (Changzhou) Excavator Co., Ltd.	100,000.00	50,000.00
Beijing Prominion Publishing Co., Ltd.	100,000.00	0.00
Guangzhou Sinomach Lubrication Technology Co., Ltd.	30,000.00	30,000.00
Belarus Haihong Medical Technology Co., Ltd.	3,854.20	0.00
Subtotal	533,854.20	330,000.00

SECTION X FINANCIAL STATEMENTS (CONTINUED)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(III) Balance of receivables and payables by related parties (Continued)

3. Payables (Continued)

(6) Other payables (Continued)

Unit: Yuan Currency: RMB

Related Party	Book value at the end of the period	Book value at the beginning of the period
Controlling shareholder	—	—
YTO Group Corporation	<u>191,822,707.59</u>	<u>191,534,707.59</u>
Subtotal	<u>191,822,707.59</u>	<u>191,534,707.59</u>
Subsidiaries of YTO Group Corporation	—	—
YTO (Luoyang) Logistics Co., Ltd.	<u>610,000.00</u>	<u>619,044.41</u>
Subtotal	<u>610,000.00</u>	<u>619,044.41</u>
Joint ventures and associates	—	—
Luoyang Intelligent Agricultural Equipment Research Institute Co., Ltd.	200,000.00	308,000.00
Luoyang Dongfang Printing Co., Ltd.	5,000.00	5,000.00
Luoyang I&C Technology Consulting Co., Ltd.	0.00	60,000.00
ZF YTO (Luoyang) Axle Co., Ltd.	<u>0.00</u>	<u>200.00</u>
Subtotal	<u>205,000.00</u>	<u>373,200.00</u>
Total	<u><u>193,171,561.79</u></u>	<u><u>192,856,952.00</u></u>

SECTION X FINANCIAL STATEMENTS (CONTINUED)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(III) Balance of receivables and payables by related parties (Continued)

3. Payables (Continued)

(7) Non-current liabilities due within one year

Unit: Yuan Currency: RMB

Related Party	Book value at the end of the period	Book value at the beginning of the period
Sinomach and its subsidiaries (excluding YTO Group Corporation and its subsidiaries)	—	—
China National Machinery Industry Corporation	<u>152,777.78</u>	<u>166,666.67</u>
Subtotal	<u>152,777.78</u>	<u>166,666.67</u>
Controlling shareholder	—	—
YTO Group Corporation	<u>10,499,289.28</u>	<u>19,436,015.09</u>
Subtotal	<u>10,499,289.28</u>	<u>19,436,015.09</u>
Total	<u><u>10,652,067.06</u></u>	<u><u>19,602,681.76</u></u>

(8) Lease liabilities

Unit: Yuan Currency: RMB

Related Party	Book value at the end of the period	Book value at the beginning of the period
Controlling shareholder	—	—
YTO Group Corporation	<u>718,304.15</u>	<u>1,428,242.03</u>
Total	<u><u>718,304.15</u></u>	<u><u>1,428,242.03</u></u>

SECTION X FINANCIAL STATEMENTS (CONTINUED)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(IV) Commitments by related parties

None.

(V) Borrowings receivable from directors/director-related enterprises

1. *The Group does not have any Director/Director Related Enterprise borrowings receivable.*
2. *The Group does not have any Director/Director Related Enterprise borrowings for providing guarantee.*

XIII. COMMITMENTS AND CONTINGENCIES

(I) Significant commitments

1. *Foreign investment contracts entered into that have not been performed or fully performed and related financial expenditures*

None.

2. *Signed large contracting contracts being performed or to be performed and financial influence*

None.

SECTION X FINANCIAL STATEMENTS (CONTINUED)

XIII. COMMITMENTS AND CONTINGENCIES (CONTINUED)

(I) Significant commitments (Continued)

3. Signed leasing contract being performed or to be performed and its financial influence

- (1) As of June 30, 2024, the minimum rent payable in the future by the Group as the lessee for the irrevocable operating lease of plant & buildings and machinery equipment in the following periods is as follows:

Unit: Yuan Currency: RMB

Period	Amount in the current period	Amount in the previous period
Within 1 year	11,330,103.84	15,005,273.08
1-2 years	724,640.39	13,123,089.79
2-3 years	0.00	0.00
Total	12,054,744.23	28,128,362.87

- (2) As of June 30, 2024, the minimum rent receivable in the future by the Group as the lessor for the irrevocable operating lease of plant & buildings and machinery equipment is as follows:

Unit: Yuan Currency: RMB

Period	Amount in the current period	Amount in the previous period
Within 1 year	12,975,542.43	13,076,595.41
1-2 years	3,779,379.94	3,071,538.44
2-3 years	860,330.40	1,833,922.00
Over 3 years	4,094,745.60	4,955,076.00
Total	21,709,998.37	22,937,131.85

As of June 30, 2024, the Group has no other material commitment events that shall be disclosed but not yet disclosed except for the above-mentioned ones.

SECTION X FINANCIAL STATEMENTS (CONTINUED)

XIII. COMMITMENTS AND CONTINGENCIES (CONTINUED)

(II) Contingencies

(1) *Significant contingencies existing at the balance sheet date*

- 1) *Contingencies arising from pending actions or attributions and the financial impact thereof*
None.
- 2) *Contingencies arising from external debt guarantees and the financial impact thereof*
None.
- 3) *Issuance of letter of guarantee and letter of credit*
None.

XIV. EVENTS AFTER THE BALANCE SHEET DATE

There are no events after the balance sheet date.

XV. OTHER SIGNIFICANT EVENTS

1. Termination of operation

None.

2. Segment information

(1) *Basis for determining reportable segments and accounting policies*

The Group determines the operating segments on the basis of 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 situation, operating results and cash flow can be obtained.

SECTION X FINANCIAL STATEMENTS (CONTINUED)

XV. OTHER SIGNIFICANT EVENTS (CONTINUED)

2. Segment information (Continued)

(1) Basis for determining reportable segments and accounting policies (Continued)

Basis for determining reportable segments and accounting policies:

- 1) The segment revenue of the operating segment accounts for 10% or more of the total revenue of all segments;
- 2) The absolute amount of the segment profit (loss) of the segment accounts for 10% or more of the greater of the total profit of all profit segments or the total loss of all loss segments.

If the total revenue from external transactions of the operating segments of the reportable segments determined according to the above accounting policies accounts for less than 75% of the consolidated total revenue, the number of reportable segments shall be increased, and other operating segments that are not included as reportable segments shall be included in the scope of the reportable segments according to the following provisions until the proportion reaches 75%:

- 1) The operating segment that the management believes is useful for users of accounting information to disclose the information of the operating segment is determined as a reportable segment;
- 2) The operating segment is consolidated with one or more other operating segments that have similar economic characteristics and meet the conditions for consolidation of operating segments as a reportable segment.

The inter-segment transfer price is determined with reference to the market price, and the assets used jointly with each segment and related expenses are distributed among different segments based on the revenue proportion.

Factors considered by the Group in determining reportable segments and types of products and services of reportable segments.

The reportable segments of the Group are business units that provide different products and services. Since various businesses require different technologies and market strategies, the Group independently manages the production and operation activities of reportable segments and evaluates their operating results separately to decide to allocate resources to them and evaluate their performance.

The Group has two reportable segments: agricultural machinery segment and power machinery segment. The agricultural machinery segment is responsible for the production and sales of agricultural tractors and harvesters. The power machinery segment is mainly responsible for the production and sales of diesel engines.

SECTION X FINANCIAL STATEMENTS (CONTINUED)

XV. OTHER SIGNIFICANT EVENTS (CONTINUED)

2. Segment information (Continued)

(2) *Financial information of reportable segments in the current period*

Unit: Yuan Currency: RMB

Item	agricultural machinery	Power machinery	Offset	Total
I. Operating revenues	7,276,318,905.98	1,727,623,042.22	-1,197,322,115.48	7,806,619,832.72
Including: external transaction revenue	7,092,748,823.42	713,871,009.30	0.00	7,806,619,832.72
Intra-segment transaction revenue	183,570,082.56	1,013,752,032.92	-1,197,322,115.48	0.00
Asset impairment loss	-98,321.32	549,687.04	1,899,781.77	2,351,147.49
Credit impairment loss	10,488,740.35	-11,951,237.78	-12,411,220.49	-13,873,717.92
Depreciation and amortization fees	130,454,876.73	35,783,765.28	0.00	166,238,642.01
II. Total profit (loss)	976,627,110.67	113,904,891.31	-9,540,329.09	1,080,991,672.89
III. Income tax expenses	159,814,629.31	1,481,284.04	0.00	161,295,913.35
IV. Net profit (net loss)	816,812,481.36	112,423,607.27	-9,540,329.09	919,695,759.54
V. Total assets	15,914,814,580.66	3,079,454,681.89	-4,213,008,355.17	14,781,260,907.38
VI. Total liabilities	8,193,328,606.43	1,610,446,922.06	-2,789,893,662.68	7,013,881,865.81
VII. Other important non-cash items	84,298,627.91	54,860,846.89	0.00	139,159,474.80
1. Non-cash expenses other than depreciation and amortization fees	30,210,804.08	5,577,249.64	0.00	35,788,053.72
2. Capital expenditure	54,087,823.83	49,283,597.25	0.00	103,371,421.08

3. Other significant transactions and events affecting investors' decisions

None.

SECTION X FINANCIAL STATEMENTS (CONTINUED)

XVI. NOTES TO MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE PARENT COMPANY

1. Accounts receivable

(1) *Accounts receivable listed by bad debt accrual method*

Unit: Yuan Currency: RMB

Category	Book value		Ending balance Provision for bad debts		Carrying amount
	Amount	Proportion (%)	Amount	Provision proportion (%)	
Provision for bad debts accrued by portfolio	791,088,259.92	100.00	83,225,971.13	-	707,862,288.79
Including: Ageing portfolio	778,396,269.30	98.40	70,533,980.51	9.06	707,862,288.79
Collateral and other risk exposure portfolios	12,691,990.62	1.60	12,691,990.62	100.00	0.00
Total	791,088,259.92	100.00	83,225,971.13	-	707,862,288.79

Category	Book value		Beginning balance Provision for bad debts		Carrying amount
	Amount	Proportion (%)	Amount	Provision proportion (%)	
Provision for bad debts accrued by portfolio	644,871,673.21	100.00	79,851,344.14	-	565,020,329.07
Including: Ageing portfolio	632,179,682.59	98.03	67,159,353.52	10.62	565,020,329.07
Collateral and other risk exposure portfolios	12,691,990.62	1.97	12,691,990.62	100.00	0.00
Total	644,871,673.21	100.00	79,851,344.14	-	565,020,329.07

SECTION X FINANCIAL STATEMENTS (CONTINUED)

XVI. NOTES TO MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

1. Accounts receivable (Continued)

(1) Accounts receivable listed by bad debt accrual method (Continued)

- 1) Provision for bad debts of accounts receivable accrued as per portfolio: ageing portfolio

Unit: Yuan Currency: RMB

Ageing	Accounts receivable	Ending balance Provision for bad debts	Provision proportion (%)
Within 1 year	723,903,288.97	16,166,823.85	2.23
1-2 years	251,647.35	125,823.68	50.00
2-3 years	180,000.00	180,000.00	100.00
Over 3 years	54,061,332.98	54,061,332.98	100.00
Total	778,396,269.30	70,533,980.51	-

- 2) Provision for bad debts of accounts receivable accrued as per portfolio: collateral and other risk exposure portfolios

Unit: Yuan Currency: RMB

Name of portfolio	Accounts receivable	Ending balance Provision for bad debts	Provision proportion (%)
Collateral and other risk exposure portfolios	12,691,990.62	12,691,990.62	100.00

SECTION X FINANCIAL STATEMENTS (CONTINUED)

XVI. NOTES TO MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

1. Accounts receivable (Continued)

(2) Accounts receivable listed according to ageing

Unit: Yuan Currency: RMB

Ageing	Ending balance	Beginning balance
Within 1 year	723,903,288.97	585,977,248.74
1-2 years	11,954,042.39	3,662,537.01
2-3 years	180,000.00	335,919.62
Over 3 years	55,050,928.56	54,895,967.84
Subtotal	791,088,259.92	644,871,673.21
Less: provision for impairment	83,225,971.13	79,851,344.14
Total	707,862,288.79	565,020,329.07

(3) Provision for bad debts of accounts receivable in the current period

Unit: Yuan Currency: RMB

Category	Beginning balance	Change of amount in the current period				Ending balance
		Provision	Recovered or transferred back	Charged or written off	Others	
Ageing portfolio	67,159,353.52	3,374,626.99	0.00	0.00	0.00	70,533,980.51
Collateral and other risk exposure portfolios	12,691,990.62	0.00	0.00	0.00	0.00	12,691,990.62
Total	79,851,344.14	3,374,626.99	0.00	0.00	0.00	83,225,971.13

SECTION X FINANCIAL STATEMENTS (CONTINUED)

XVI. NOTES TO MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

1. Accounts receivable (Continued)

(4) *Accounts receivable and contract assets with top five ending balance collected as per the borrowers*

Unit: Yuan Currency: RMB

Company name	Ending balance	Ageing	Proportion in total ending balance of accounts receivable (%)	Ending balance of bad debt provision
YTO International Economic and Trade Co., Ltd.	355,385,428.69	Within 1 year	44.92	11,221,320.08
Luoyang Changxing Agricultural Machinery Co., Ltd.	128,352,980.54	Within 1 year	16.22	1,907,053.40
YTO (Luoyang) Diesel Engine Co., Ltd.	72,105,810.35	Within 1 year	9.11	781,069.61
Changtuo Agricultural Machinery Equipment Group Co., Ltd.	38,132,408.91	Over 5 years	4.82	38,132,408.91
YTO (Luoyang) Materials and Equipment Co., Ltd.	17,831,070.51	Within 1 year	2.25	178,310.71
Total	611,807,699.00	-	77.32	52,220,162.71

2. Other receivables

Presentation of items

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Interests receivable	0.00	0.00
Dividends receivable	76,808,376.96	76,808,376.96
Other receivables	30,621,017.32	58,485,470.90
Total	107,429,394.28	135,293,847.86

SECTION X FINANCIAL STATEMENTS (CONTINUED)

XVI. NOTES TO MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

2. Other receivables (Continued)

2.1 Interest receivable

(1) Classification of interests receivable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Changtuo Agricultural Machinery Equipment Group Co., Ltd.	8,509,999.60	7,532,766.27
Less: provision for impairment	8,509,999.60	7,532,766.27
Total	0.00	0.00

(2) Significant overdue interest

Unit: Yuan Currency: RMB

Entity	Ending balance	Overdue time	Overdue reason	Whether Impairment Occurs and Its Judgment Basis
Changtuo Agricultural Machinery Equipment Group Co., Ltd.	8,509,999.60	Over 3 years	Unable to repay	Yes

SECTION X FINANCIAL STATEMENTS (CONTINUED)

XVI. NOTES TO MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

2. Other receivables (Continued)

2.1 Interest receivable (Continued)

(3) Provision for bad debts of interest receivable based on ECL model

Unit: Yuan Currency: RMB

Provision for bad debts	Stage I	Stage II	Stage III	Total
	Expected credit losses for the next 12 months	Expected credit loss within the whole duration (no credit impairment occurs)	Expected credit loss within the whole duration (credit impairment has occurred)	
Balance on January 1, 2024	0.00	0.00	7,532,766.27	7,532,766.27
Balance on January 1, 2024 in the current period	-	-	-	-
- Be transferred to Stage II	0.00	0.00	0.00	0.00
- Be transferred to Stage III	0.00	0.00	0.00	0.00
- Be transferred back to Stage II	0.00	0.00	0.00	0.00
- Be transferred back to Stage I	0.00	0.00	0.00	0.00
Provision in the current period	0.00	0.00	977,233.33	977,233.33
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
Other changes	0.00	0.00	0.00	0.00
Balance on June 30, 2024	0.00	0.00	8,509,999.60	8,509,999.60

(4) Bad debt provision of interest receivable

Unit: Yuan Currency: RMB

Category	Beginning balance	Provision accrued	Change of amount in the current period			Ending balance
			Recovered or transferred back	Charged or written off	Others	
Provision for bad debts	7,532,766.27	977,233.33	0.00	0.00	0.00	8,509,999.60

SECTION X FINANCIAL STATEMENTS (CONTINUED)

XVI. NOTES TO MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

2. Other receivables (Continued)

2.2 Dividends receivable

(1) Dividends receivable

Unit: Yuan Currency: RMB

Project (or Investee)	Ending balance	Beginning balance
China Brilliance Machinery Holdings Co., Ltd.	<u>76,808,376.96</u>	<u>76,808,376.96</u>

(2) Significant dividends receivable aged over 1 year

Unit: Yuan Currency: RMB

Investees (or Investee)	Ending balance	Ageing	Reason for non-recovery	Whether Impairment Occurs and Its Judgment Basis
China Brilliance Machinery Holdings Co., Ltd.	<u>76,808,376.96</u>	<u>Over 3 years</u>	<u>Payment procedures in progress</u>	<u>No</u>

2.3 Other receivables

(1) Other receivables classified according to nature

Unit: Yuan Currency: RMB

Nature	Book value at the end of the period	Book value at the beginning of the period
Transaction payments	<u>74,454,913.43</u>	133,602,314.00
Security deposits, pretty cash, margin, etc.	<u>1,157,360.70</u>	282,239.60
Others	<u>5,223,501.16</u>	<u>5,636,048.24</u>
Total	<u>80,835,775.29</u>	<u>139,520,601.84</u>

SECTION X FINANCIAL STATEMENTS (CONTINUED)

XVI. NOTES TO MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

2. Other receivables (Continued)

2.3 Other receivables (Continued)

(2) Provision for bad debts of other receivables

Unit: Yuan Currency: RMB

	Stage I Expected credit losses for the next 12 months	Stage II Expected credit loss within the whole duration (no credit impairment occurs)	Stage III Expected credit loss within the whole duration (credit impairment has occurred)	Total
Provision for bad debts				
Balance on January 1, 2024	81,035,130.94	0.00	0.00	81,035,130.94
Balance on January 1, 2024 in the current period	-	-	-	-
- Be transferred to Stage II	0.00	0.00	0.00	0.00
- Be transferred to Stage III	0.00	0.00	0.00	0.00
- Be transferred back to Stage II	0.00	0.00	0.00	0.00
- Be transferred back to Stage I	0.00	0.00	0.00	0.00
Provision in the current period	-30,820,372.97	0.00	0.00	-30,820,372.97
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
Other changes	0.00	0.00	0.00	0.00
Balance on June 30, 2024	<u>50,214,757.97</u>	<u>0.00</u>	<u>0.00</u>	<u>50,214,757.97</u>

(3) Other receivables listed according to ageing

Unit: Yuan Currency: RMB

Ageing	Ending balance	Beginning balance
Within 1 year	5,611,384.98	2,618,168.02
1-2 years	50,162,110.95	111,817,536.97
2-3 years	21,875,968.78	21,905,386.27
Over 3 years	3,186,310.58	3,179,510.58
Subtotal	80,835,775.29	139,520,601.84
Less: provision for impairment	<u>50,214,757.97</u>	<u>81,035,130.94</u>
Total	<u>30,621,017.32</u>	<u>58,485,470.90</u>

SECTION X FINANCIAL STATEMENTS (CONTINUED)

XVI. NOTES TO MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

2. Other receivables (Continued)

2.3 Other receivables (Continued)

(4) Disclosure by category according to the accrual method of provision for bad debts

Unit: Yuan Currency: RMB

Category	Book value		Ending balance Provision for bad debts		Carrying amount
	Amount	Proportion (%)	Amount	Provision proportion (%)	
Provision for bad debts accrued by portfolio	80,835,775.29	100.00	50,214,757.97	-	30,621,017.32
Including: Ageing portfolio	80,092,265.29	99.08	50,207,322.87	62.69	29,884,942.42
Low risk portfolio	743,510.00	0.92	7,435.10	1.00	736,074.90
Total	80,835,775.29	100.00	50,214,757.97	-	30,621,017.32

Category	Book value		Beginning balance Provision for bad debts		Carrying amount
	Amount	Proportion (%)	Amount	Provision proportion (%)	
Provision for bad debts accrued by portfolio	139,520,601.84	100.00	81,035,130.94	-	58,485,470.90
Including: Ageing portfolio	139,481,201.84	99.97	81,034,736.94	58.10	58,446,464.90
Low risk portfolio	39,400.00	0.03	394.00	1.00	39,006.00
Total	139,520,601.84	100.00	81,035,130.94	-	58,485,470.90

SECTION X FINANCIAL STATEMENTS (CONTINUED)

XVI. NOTES TO MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

2. Other receivables (Continued)

2.3 Other receivables (Continued)

(4) Disclosure by category according to the accrual method of provision for bad debts
(Continued)

- 1) Provision for bad debts of other receivables accrued according to portfolio—
Ageing portfolio

Unit: Yuan Currency: RMB

Ageing	Book value	Ending balance	
		Provision for bad debts	Provision proportion (%)
Within 1 year	4,872,874.98	66,488.03	1.36
1-2 years	50,157,110.95	25,078,555.48	50.00
2-3 years	21,875,968.78	21,875,968.78	100.00
Over 3 years	3,186,310.58	3,186,310.58	100.00
Total	80,092,265.29	50,207,322.87	-

- 2) Provision for bad debts of other receivables accrued according to portfolio—Low-risk portfolio

Unit: Yuan Currency: RMB

Ageing	Book value	Ending balance	
		Provision for bad debts	Provision proportion (%)
Within 1 year	743,510.00	7,435.10	1.00

SECTION X FINANCIAL STATEMENTS (CONTINUED)

XVI. NOTES TO MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

2. Other receivables (Continued)

2.3 Other receivables (Continued)

(5) Bad debt provision of other receivables

Unit: Yuan Currency: RMB

Category	Beginning balance	Provision accrued	Change of amount in the current period			Ending balance
			Recovered or transferred back	Charged or written off	Others	
Ageing portfolio	81,034,736.94	-30,827,414.07	0.00	0.00	0.00	50,207,322.87
Low risk portfolio	394.00	7,041.10	0.00	0.00	0.00	7,435.10
Total	81,035,130.94	-30,820,372.97	0.00	0.00	0.00	50,214,757.97

(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 (%)	Ending balance of provision for bad debts
YTO (Luoyang) Diesel Engine Co., Ltd.	Current account	74,190,000.00	1-3 years	91.78	46,814,000.00
Henan Xinbang Human Resources Service Co., Ltd.	Others	421,225.00	Within 1 year	0.52	4,212.25
Xinjiang Wonong Agricultural Machinery Co., Ltd.	Guarantee deposits	350,000.00	Within 1 year	0.43	3,500.00
Qingdao Shuangxing Casting Machinery Co., Ltd.	Deposit in security	233,000.00	Over 5 years	0.29	233,000.00
Yousheng Kindergarten, Xigong District, Luoyang City	Current account	188,417.95	Within 1 year	0.23	1,884.18
Total	-	75,382,642.95	-	93.25	47,056,596.43

SECTION X FINANCIAL STATEMENTS (CONTINUED)

XVI. NOTES TO MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

3. Long-term equity investments

Unit: Yuan Currency: RMB

Item	Book value	Ending balance		Book value	Beginning balance	
		Provision for impairment	Carrying amount		Provision for impairment	Carrying amount
Investment in subsidiaries	1,587,401,726.59	97,250,000.00	1,490,151,726.59	1,587,401,726.59	97,250,000.00	1,490,151,726.59
Investment in associates and joint ventures	690,250,959.08	0.00	690,250,959.08	662,572,038.08	0.00	662,572,038.08
Total	2,277,652,685.67	97,250,000.00	2,180,402,685.67	2,249,973,764.67	97,250,000.00	2,152,723,764.67

(1) Investment in subsidiaries

Unit: Yuan Currency: RMB

Investees	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance	Provision for impairment in the current period	Ending balance of impairment provision
YTO (Luoyang) Diesel Engine Co., Ltd.	392,257,881.14	0.00	0.00	392,257,881.14	0.00	0.00
YTO (Luoyang) Casting and Forging Co., Ltd.	300,391,996.60	0.00	0.00	300,391,996.60	0.00	0.00
Luoyang Tractor Research Institute Co., Ltd.	281,414,966.36	0.00	0.00	281,414,966.36	0.00	0.00
YTO (Luoyang) Hydraulic Transmission Co., Ltd.	152,989,481.32	0.00	0.00	152,989,481.32	0.00	0.00
Changtuo Agricultural Machinery Equipment Group Co., Ltd.	94,250,000.00	0.00	0.00	94,250,000.00	0.00	94,250,000.00
YTO (Luoyang) Flag Auto-Body Co., Ltd.	77,192,767.62	0.00	0.00	77,192,767.62	0.00	0.00
Yangdong Co., Ltd.	76,000,000.00	0.00	0.00	76,000,000.00	0.00	0.00
YTO International Economic and Trade Co., Ltd.	75,668,335.13	0.00	0.00	75,668,335.13	0.00	0.00
China-Africa Heavy Industry Investment Co., Ltd.	55,022,000.00	0.00	0.00	55,022,000.00	0.00	0.00
YTO Belarus Technology Co., Ltd.	51,375,928.31	0.00	0.00	51,375,928.31	0.00	0.00
China Brilliance Machinery Holdings Co., Ltd.	27,838,370.11	0.00	0.00	27,838,370.11	0.00	0.00
Luoyang Changxing Agricultural Machinery Co., Ltd.	3,000,000.00	0.00	0.00	3,000,000.00	0.00	3,000,000.00
Total	1,587,401,726.59	0.00	0.00	1,587,401,726.59	0.00	97,250,000.00

SECTION X FINANCIAL STATEMENTS (CONTINUED)

XVI. NOTES TO MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

3. Long-term equity investments (Continued)

(2) Investment in associates and joint ventures

Unit: Yuan Currency: RMB

Investees	Beginning balance	Increase in investment	Decrease in investment	Increase/decrease in the current period		
				Profit or loss on investments recognized under the equity method	Other comprehensive income adjustments	Other changes in equity
I. Associates						
ZF YTO (Luoyang) Axle Co., Ltd.	84,065,535.35	0.00	0.00	10,051,807.91	0.00	0.00
Sinomach Finance Co., Ltd.	578,506,502.73	0.00	0.00	17,562,840.77	64,272.32	0.00
Total	662,572,038.08	0.00	0.00	27,614,648.68	64,272.32	0.00

Investees	Increase/decrease in the current period				Ending balance	Ending balance of impairment provision
	Cash dividends or profits declared	Accrual of provision for impairment	Others	Ending balance		
I. Associates						
ZF YTO (Luoyang) Axle Co., Ltd.	0.00	0.00	0.00	94,117,343.26	0.00	
Sinomach Finance Co., Ltd.	0.00	0.00	0.00	596,133,615.82	0.00	
Total	0.00	0.00	0.00	690,250,959.08	0.00	

SECTION X FINANCIAL STATEMENTS (CONTINUED)

XVI. NOTES TO MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

4. Operating revenues and costs

(1) Operating revenue and operating costs

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period		Amount incurred in the previous period	
	Revenue	Costs	Revenue	Costs
Main business	6,203,207,100.89	5,231,749,360.09	5,789,082,852.56	4,989,684,104.53
Other business	27,767,103.45	4,528,464.49	18,152,371.29	3,833,829.36
Total	6,230,974,204.34	5,236,277,824.58	5,807,235,223.85	4,993,517,933.89

5. Investment income

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Long-term equity investment income calculated with the cost method	13,569,814.35	223,301,806.68
Long-term equity investment income valued at equity method	27,614,648.68	27,272,606.98
Investment income from disposal of long-term equity investments	0.00	-12,033,667.69
Investment income from disposal of financial assets held for trading	1,645,663.60	7,297,863.02
Investment income from holding debt instruments at amortized cost	54,338,920.56	33,724,039.36
Total	97,169,047.19	279,562,648.35

SECTION X FINANCIAL STATEMENTS (CONTINUED)

XVII. APPROVAL OF FINANCIAL REPORT

The financial report is released after being approved by the Board of Directors of the Company on August 28, 2024.

XVIII. SUPPLEMENTARY INFORMATION OF FINANCIAL STATEMENTS

1. Breakdown of non-recurring profit or loss in the current period

Unit: Yuan Currency: RMB

Item	Amount
Gain or loss from disposal of non-current assets	1,427,210.51
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)	16,256,831.48
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	12,000,000.00
Other non-operating income and expenses other than the above	3,541,157.64
Other losses and profits conforming to the definition of non-recurring profit or loss	0.00
Subtotal	33,225,199.63
Less: Effect of income tax	4,866,056.31
Effect on non-controlling interests (after-tax)	946,419.47
Total	27,412,723.85

SECTION X FINANCIAL STATEMENTS (CONTINUED)

XVIII. SUPPLEMENTARY INFORMATION OF FINANCIAL STATEMENTS (CONTINUED)

1. Breakdown of non-recurring profit or loss in the current period (Continued)

If the Company identifies an item not listed in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Securities to the Public—Non-recurring Profit or Loss (Rev. 2023) as a non-recurring profit or loss item with material amount, and defines the listed extraordinary profits and losses as a recurring item.

Unit: Yuan Currency: RMB

Item	Amount Involved	Reason
Structured deposit yield	6,274,015.19	Normal fund management of the Company

2. Return on equity and earnings per share

Profit during the Reporting Period	Weighted average return on equity (%)	Earnings per share (RMB/share)	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to common shareholders of the Company	12.78	0.8057	0.8057
Net profit attributable to common shareholders of the Company after deduction of non-recurring profit or loss	12.39	0.7813	0.7813

3. Differences of accounting data under domestic and foreign accounting standards

There is no difference between net profits and net assets in the financial report disclosed by the Group according to Hong Kong accounting standards and Chinese accounting standards.

Chairman of the Board: **Li Xiaoyu**
Date of Approval from the Board: August 28, 2024