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

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

(Stock Code: 0038)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

FINANCIAL HIGHLIGHTS

Total operating revenue: RMB7,806,619,832.72

Net profit attributable to the equity holders of the Company: RMB905,349,574.14

Earnings per share attributable to the equity holders of the Company: RMB0.8057

The board (the “**Board**”) of directors (the “**Directors**”) of First Tractor Company Limited* (the “**Company**”) announces the audited consolidated results of the Company and its subsidiaries as of 30 June 2024, which have been prepared in accordance with the Chinese Accounting Standards for Business Enterprises, together with comparative figures for the same period in 2023, as follows (unless otherwise stated, the figures contained in this announcement are denominated in Renminbi (Unit: Yuan)).

CONSOLIDATED BALANCE SHEET

30 June 2024

Prepared by: First Tractor Company Limited

Item	Notes	30 June 2024	31 December 2023
Current assets:			
Monetary funds	<i>Note 1</i>	2,050,410,254.15	2,769,578,885.96
Loans to banks and other financial institutions		0.00	0.00
Financial assets held for trading		1,628,006,027.54	862,909,300.00
Derivative financial assets		0.00	0.00
Notes receivable		36,061,092.54	62,322,233.91
Accounts receivable	<i>Note 2</i>	1,460,470,354.82	331,205,994.88
Receivables financing		205,215,667.57	261,430,180.63
Prepayments		146,655,182.98	210,734,453.99
Other receivables		47,502,803.00	24,672,309.74
Including: Dividends receivable		0.00	0.00
Interest receivable		0.00	0.00
Financial assets purchased with agreement to resale		0.00	0.00
Inventories		1,107,645,404.61	1,514,190,377.68
Contract assets		0.00	0.00
Assets classified as held for sale		0.00	0.00
Non-current assets due within one year		26,725,721.91	26,733,364.62
Other current assets		396,767,594.34	423,894,751.27
Total current assets		<u>7,105,460,103.46</u>	<u>6,487,671,852.68</u>

Item	<i>Notes</i>	30 June 2024	31 December 2023
Non-current assets:			
Loans and advances to customers		0.00	0.00
Debt investments		3,727,102,129.96	3,337,100,098.30
Other debt investments		0.00	0.00
Long-term receivables		0.00	0.00
Long-term equity investments		691,573,526.93	664,257,573.38
Investment in other equity instruments		4,188,008.77	4,188,008.77
Other non-current financial assets		0.00	0.00
Investment properties		0.00	0.00
Fixed assets		2,237,854,618.19	2,268,814,612.75
Construction in progress		135,057,688.83	140,038,654.10
Productive biological assets		0.00	0.00
Oil and gas assets		0.00	0.00
Right-to-use assets		11,947,027.81	21,834,383.06
Intangible assets		685,671,302.34	697,337,769.49
Development expenditures		0.00	0.00
Goodwill		0.00	0.00
Long-term unamortized expenses		40,950,007.17	47,746,656.30
Deferred income tax assets		141,456,493.92	148,272,362.96
Other non-current assets		0.00	0.00
Total non-current assets		<u>7,675,800,803.92</u>	<u>7,329,590,119.11</u>
Total assets		<u><u>14,781,260,907.38</u></u>	<u><u>13,817,261,971.79</u></u>

Item	<i>Notes</i>	30 June 2024	31 December 2023
Current liabilities:			
Short-term loans		0.00	0.00
Loans from banks and other financial institutions		0.00	0.00
Financial liabilities held for trading		0.00	0.00
Derivative financial liabilities		0.00	0.00
Notes payable		2,016,588,982.26	2,163,570,194.22
Accounts payable	<i>Note 3</i>	2,924,771,888.45	2,315,345,789.04
Advances from customers		2,608,258.00	0.00
Contract liabilities		212,298,044.30	500,336,653.14
Financial assets sold under agreements to repurchase		0.00	0.00
Customer deposits and interbank deposits		0.00	0.00
Employee salary payable		105,532,774.34	116,991,275.94
Taxes payables		41,328,480.05	21,912,103.66
Other payables		473,149,280.53	469,509,147.78
Including: Interest payable		42,988,105.55	39,524,418.05
Dividends payable		8,439,607.80	8,439,607.85
Liabilities classified as held for sale		0.00	0.00
Non-current liabilities due within one year		12,000,772.85	20,969,818.62
Other current liabilities		706,529,216.18	435,969,305.17
Total current liabilities		<u>6,494,807,696.96</u>	<u>6,044,604,287.57</u>

Item	<i>Notes</i>	30 June 2024	31 December 2023
Non-current liabilities:			
Long-term loans		200,000,000.00	200,000,000.00
Bonds payable		0.00	0.00
Including: Preference shares		0.00	0.00
Perpetual bond		0.00	0.00
Lease liabilities		718,304.15	2,098,999.39
Long-term payables		7,723,405.83	8,281,441.87
Long-term employee salary payable		20,499,433.20	38,103,687.73
Special payables		0.00	0.00
Estimated liabilities		1,962,613.99	1,962,613.99
Deferred income		167,898,193.41	181,945,272.97
Deferred income tax liabilities		120,272,218.27	120,936,004.89
Other non-current liabilities		0.00	0.00
		<hr/>	<hr/>
Total non-current liabilities		519,074,168.85	553,328,020.84
		<hr/>	<hr/>
Total liabilities		7,013,881,865.81	6,597,932,308.41
		<hr/> <hr/>	<hr/> <hr/>

Item	<i>Notes</i>	30 June 2024	31 December 2023
Shareholder's equity:			
Share capital		1,123,645,275.00	1,123,645,275.00
Other equity instruments		0.00	0.00
Including: Preference shares		0.00	0.00
Perpetual bond		0.00	0.00
Capital reserves		2,655,849,996.00	2,655,849,996.00
Less: Treasury shares		0.00	0.00
Other comprehensive income		-13,390,329.55	-13,923,730.01
Special reserves		9,174,049.03	7,494,294.70
Surplus reserves		699,875,564.60	699,875,564.60
General risk reserves		0.00	0.00
Retained earnings	<i>Note 4</i>	2,763,668,428.46	2,218,749,266.26
Total equity attributable to shareholders of the parent company		7,238,822,983.54	6,691,690,666.55
Minority interests		528,556,058.03	527,638,996.83
Total shareholder's equity		<u>7,767,379,041.57</u>	<u>7,219,329,663.38</u>
Total liabilities and shareholder's equity		<u>14,781,260,907.38</u>	<u>13,817,261,971.79</u>

CONSOLIDATED INCOME STATEMENT

January to June 2024

Prepared by: First Tractor Company Limited

Item	<i>Notes</i>	Amount incurred in this period	Amount incurred in last period
I. Total operating revenue		7,806,619,832.72	7,248,544,566.19
Including: Operating revenue		7,806,619,832.72	7,242,918,542.61
Interest income		0.00	5,626,023.58
Fees and commission income		0.00	0.00
II. Total cost of operation		6,924,527,836.30	6,522,395,246.30
Including: Cost of operation		6,478,617,081.33	6,095,270,579.18
Interest expenses		0.00	99,838.97
Fees and commission expenses		0.00	60,491.28
Taxes and surcharges		25,428,062.20	25,620,701.13
Selling expenses		83,135,328.00	92,395,848.22
Administrative expenses		153,165,840.07	158,697,813.66
Research and development expenses		205,286,144.38	180,333,815.14
Financial expenses		-21,104,619.68	-30,083,841.28
Add: Other gains		105,015,445.21	12,143,087.62
Investment income		83,666,081.95	68,466,234.58
Gain arising from the changes in fair value		16,628,351.59	26,573,546.12
Credit impairment loss		-13,873,717.92	-10,835,156.37
Asset impairment loss		2,351,147.49	-4,922,441.13
Gain on disposal of assets		1,427,210.51	743,241.14

Item	Notes	Amount incurred in this period	Amount incurred in last period
III. Operating profit		1,077,306,515.25	818,317,831.85
Add: Non-operating income		3,927,298.60	3,305,858.55
Less: Non-operating expenses		242,140.96	624,738.16
IV. Total profit		1,080,991,672.89	820,998,952.24
Less: Income tax expenses	<i>Note 6</i>	161,295,913.35	56,523,543.55
V. Net profit		919,695,759.54	764,475,408.69
Including: Net profit realized by the combined party prior to the business combination under common control		0.00	0.00
(I) Classification according to the continuity of operation		—	—
Continuous operating net profit		919,695,759.54	747,064,694.39
Net profit from discontinued operations		0.00	17,410,714.30
(II) Classification according to ownership		—	—
Net profit attributable to owners of the parent company		905,349,574.14	754,144,938.68
Profit or loss of minority shareholders		14,346,185.40	10,330,470.01
VI. Net other comprehensive income after tax		222,795.08	5,276,332.17
Net other comprehensive income after tax attributable to owners of the parent company		533,400.46	4,069,714.32
(I) Other comprehensive income that cannot be reclassified to profit or loss in subsequent periods		64,272.32	108,735.35
1. Changes of remeasurement of defined benefit plans		0.00	0.00
2. Other comprehensive income that cannot be reclassified to profit or loss under the equity method		64,272.32	108,735.35

Item	<i>Notes</i>	Amount incurred in this period	Amount incurred in last period
3.	Changes in fair value of investment in other equity instruments	0.00	0.00
4.	Changes in fair value of the enterprise's own credit risks	0.00	0.00
(II)	Other comprehensive income that can be reclassified to profit or loss in subsequent periods	469,128.14	3,960,978.97
1.	Other comprehensive income that can be reclassified to profit or loss under the equity method	0.00	0.00
2.	Changes in fair value of other debt investments	0.00	0.00
3.	Amount of financial assets reclassified to other comprehensive income	0.00	0.00
4.	Provision for the credit impairment of other debt investments	0.00	0.00

Item	<i>Notes</i>	Amount incurred in this period	Amount incurred in last period
5.	Reserves for cash flows hedges (Effective part of hedging gains and losses from cash flows)	0.00	0.00
6.	Differences on translation of foreign currency financial statements	469,128.14	3,960,978.97
7.	Others	0.00	0.00
Net other comprehensive income after tax attributable to minority interests		-310,605.38	1,206,617.85
VII.	Total comprehensive income	919,918,554.62	769,751,740.86
	Total comprehensive income attributable to owners of the parent company	905,882,974.60	758,214,653.00
	Total comprehensive income attributable to minority shareholders	14,035,580.02	11,537,087.86
VIII.	Earnings per share:	—	—
(I)	Basic earnings per share	0.8057	0.6712
(II)	Diluted earnings per share	0.8057	0.6712

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

I. COMPANY INFORMATION

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

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

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

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

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

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

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

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Accounting period

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

2. Reporting currency

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

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

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

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

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

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

(2) *Business combination under common control*

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

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

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

(3) *Business combination not under common control*

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

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

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

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

(4) *Relevant costs incurred from combination*

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

5. Accounting period

(1) *Scope of consolidation*

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

(2) *Consolidated procedures*

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

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

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

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

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

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

6. Segment information

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

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

- (1) The “agricultural machinery” segment engages in the research and development, manufacture and sale of agricultural machinery, including tractors and relevant components;
- (2) The “power machinery” segment engages in the manufacture and sale of diesel engines, fuel injection pumps and fuel jets;

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

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

7. Changes in accounting policies

(1) Changes in accounting policies

No accounting policies were changed during the Reporting Period.

(2) Changes in accounting estimates

No accounting estimates were changed during the Reporting Period.

V. NOTES TO MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Monetary funds

Items	Ending Balance	Beginning Balance
Cash on hand	116,402.76	240,002.93
Cash at bank	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 margin paid to financial companies for handling acceptance bill.

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

Items	Ending Balance	Beginning Balance
Margin for acceptance bill	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

Note 2. Accounts receivables

1. Age Disclosure of Accounts Receivable

Aging	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 bad debt	286,387,306.93	269,968,383.29
Total	1,460,470,354.82	331,205,994.88

2. Disclosure by provision for bad debt

Category	Book balance		Ending Balance		Book value
	Amount	Ratio (%)	Bad debt provision		
			Amount	Provision ratio (%)	
Bad debt provision on a portfolio basis	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

CONTINUED:

Category	Book balance		Beginning Balance		Book value
	Amount	Ratio (%)	Bad debt provision		
			Amount	Provision ratio (%)	
Bad debt provision on a portfolio basis	601,174,378.17	100.00	269,968,383.29	—	331,205,994.88
Including: Aging portfolio	529,473,772.44	88.07	224,657,454.31	42.43	304,816,318.13
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

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

(1) Aging portfolio

Aging	Book Balance	Ending Balance Bad debt provision	Provision ratio (%)
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	216,024,022.21	215,837,150.35	99.91
Total	1,606,309,518.88	240,297,509.78	—

(2) *Collateral and other risk exposure portfolios*

Name of portfolio	Ending Balance	Bad debt provision	Provision ratio (%)
Collateral and other risk exposure portfolios	140,548,142.87	46,089,797.15	32.79

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

Category	Beginning Balance	Provision	Changes in the current period			Ending Balance
			Recovery/ Reversal	Provision	Other	
Aging 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

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

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

Note 3. Accounts payable

1. Classification disclosure of accounts payable

Item	Ending Balance	Opening Balance
Purchase payment payable	2,717,646,452.63	2,082,123,987.38
Purchase of construction equipment payable	44,924,693.92	51,076,491.12
Service fee payable	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 with significant amount aged over 1 year

Company name	Ending Balance	Reason for not paid or carrying forward
LLAF INTERNATIONAL CO., LTD.	26,725,721.91	Unsettled

Note 4. Retained earnings

Item	Amount
Balance at the end of last period	2,218,749,266.26
Adjustment amount at the beginning of the period	0.00
Balance at the beginning of current period	2,218,749,266.26
Add: net profit for the current period attributable to owners of the parent company	905,349,574.14
Others	0.00
Less: Appropriation to statutory surplus reserves	0.00
Dividends of ordinary shares payable	360,430,411.94
Balance at the end of current period	2,763,668,428.46

Note 5. Depreciation and amortization

Item	Amount in this period	Amount in last 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

Note 6. Income tax expenses

1. *Income tax expenses*

Item	Amount in this period	Amount in last period
Current income tax expenses	155,143,830.93	56,090,677.37
Deferred income tax expense	6,152,082.42	432,866.18
Total	161,295,913.35	56,523,543.55

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

Item	Amount in this period
Total consolidated profit of this period	1,080,991,672.89
Income tax expenses at applicable tax rates	162,148,750.93
Effect of different tax rates on subsidiaries	1,276,746.41
Effect of adjustments to income tax on prior periods	207,211.30
Effect of non-taxable income	-4,173,883.74
Effect of non-deductible cost, expenses and loss	49,280.11
Effect of deductible temporary differences or deductible losses from deferred income tax assets not recognized in the current period	18,437,369.55
Additional deductions for research and development expenses and other expenses	-5,965,515.24
Effect of utilizing deductible losses from deferred income tax assets not recognized in prior periods	-10,684,045.97
Income tax expenses	161,295,913.35

Note 7. Net current assets

Item	Ending Balance	Opening 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	610,652,406.50	443,067,565.11

Note 8. Total assets minus current liabilities

Item	Ending Balance	Opening 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	8,286,453,210.42	7,772,657,684.22

Note 9. Segment reporting

Item	Agricultural machinery	Power machinery	Elimination	Total
1. Total operating revenue	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
2. Total profit (loss)	976,627,110.67	113,904,891.31	-9,540,329.09	1,080,991,672.89
3. Income tax expenses	159,814,629.31	1,481,284.04	0.00	161,295,913.35
4. Net profit (loss)	816,812,481.36	112,423,607.27	-9,540,329.09	919,695,759.54
5. Total assets	15,914,814,580.66	3,079,454,681.89	-4,213,008,355.17	14,781,260,907.38
6. Total liabilities	8,193,328,606.43	1,610,446,922.06	-2,789,893,662.68	7,013,881,865.81
7. 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

Note 10. Net asset returns and earnings per share

Items	Current period
Net profit attributable to shareholders of parent company	905,349,574.14
Non-recurring profit and loss attributable to the parent company	27,412,723.85
Net profit attributable to shareholders of parent company after deducting non-recurring profit and loss	877,936,850.29
Weighted average number of ordinary shares outstanding	1,123,645,275.00
Basic earnings per share (I) (before deducting non-recurring profit and loss)	0.8057
Basic earnings per share (II) (after deducting non-recurring profit and loss)	0.7813
Weighted average of net assets attributable to shareholders of parent company	7,085,400,295.70
Weighted average return on net assets (I) (before deducting non-recurring profit and loss)	12.78%
Weighted average return on net assets (II) (after deducting non-recurring profit and loss)	12.39%

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 listed company of RMB905 million, representing a year-on-year increase of 20.05%.

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.

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.

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.

ANALYSIS ON PRINCIPAL BUSINESSES

1. Analysis on changes in items of the financial statement

Item	<i>Unit: Yuan Currency: RMB</i>		Changes (%)
	Amount for the current period	Amount for the corresponding period of last year	
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

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.

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.

ANALYSIS OF ASSETS AND LIABILITIES

1. Assets and Liabilities

Unit: Yuan Currency: RMB

Item	Balance at the end of the Reporting Period	Balance at the end of the Reporting Period as a percentage of total assets (%)	Balance as at the end of the corresponding period of last year	Balance as at the end of the corresponding period of last year as a percentage of total assets (%)	Change in balance as at the end of the Reporting Period as compared with balance as at the end of the corresponding period of last year (%)	Explanation
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	Fulfilment of some performance obligations in the contract
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

Item	Balance at the end of the Reporting Period	Balance at the end of the Reporting Period as a percentage of total assets (%)	Balance as at the end of the corresponding period of last year	Balance as at the end of the corresponding period of last year as a percentage of total assets (%)	Change in balance as at the end of the Reporting Period as compared with balance as at the end of the corresponding period of last year (%)	Explanation
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.

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 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

(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.

(5) *Material Assets and Equity Disposals*

YTO Diesel Engine, a controlling subsidiary of the Company, sold its holdings of 0.8827% equity interest in Zhongyuan Bank through a public listing on the Beijing Equity Exchange. The counterparty of this substantial asset sale 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 listing 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 engaged an intended transferee. For details of the material asset disposal, please refer to the “Preliminary Proposal for 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 on the Progress of Material Asset Disposal of First Tractor Company Limited” continuously published by the Company on a monthly basis.

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
Tractors 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

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.

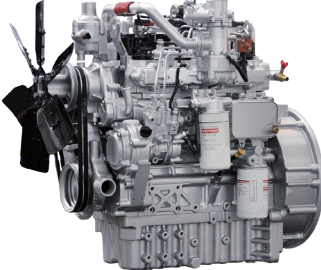

The Company will further deepen its overseas market deployment, accelerate channel expansion, and build up product competitive advantages by formulating different product and configuration portfolios. In addition, the Company will also focus on improving the capabilities of its business personnel, international 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.

BUSINESS OVERVIEW OF THE COMPANY

(I) Explanation on the Principal Businesses of the Company

The Company is a leading domestic agricultural machinery equipment manufacturing service provider, committed to providing cutting-edge technology and quality-reliable agricultural machinery for the mechanization 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		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.
Crawler tractor		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.

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 announcement.

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.

OTHER DISCLOSURE

1. Appointment or Dismissal of Accounting Firm

As considered and approved at the 2023 annual general meeting, the Company continued to appoint ShineWing Certified Public Accountants (Special General Partnership) as the financial auditor and the internal control auditor of the Company for the year 2024, and the Board was authorized to determine the remuneration of the auditor.

2. Material Litigation and Arbitration

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

3. Proposal of Profit Distribution or Capitalization from Capital Reserves

Payment of interim dividend for the six months ended 30 June 2024 was not recommended (the interim of 2023: Nil).

4. 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.

5. Contingent Liabilities

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

6. Corporate Governance Code

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

7. Review by the Audit Committee

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

8. Securities Transactions by Directors and Supervisors

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

9. Changes in Shares and Information on Shareholders

1. *Changes in share capital*

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

2. *Shareholders information*

(1) *Total number of shareholders*

Total number of ordinary shareholders as at the end of the Reporting Period (shareholder)	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 (shareholder)	/

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

Unit: Share

Name of shareholder (full name)	Shareholdings of the top ten shareholders (excluding shares lent through refinancing)						
	Increase/ decrease during the Reporting Period	Number of shares held as at the end of the period	Percentage (%)	Number of shares held subject to selling restrictions	Pledged, marked or frozen Status of shares	Number	Nature of shareholder
YTO Group Corporation	0	548,485,853	48.81	0	Nil	/	State-owned legal person Overseas
HKSCC NOMINEES LIMITED (Note 1)	650,000	388,935,309	34.61	0	Unknown	/	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
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

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

Name of shareholder	Number of shares that can be traded without selling restrictions	Number and class of shares	
		Class	Number
YTO Group Corporation	548,485,853	Ordinary shares denominated in RMB	548,485,853
HKSCC NOMINEES LIMITED (<i>Note 1</i>)	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 (基本養老保險基金二二零三組合)	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

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

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

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

Note 3: The Company published the “Indicative Announcement in Relation to the Change in Interests of the Controlling Shareholder” on the website of the Shanghai Stock Exchange on 23 December 2023, in which YTO proposed to repurchase the entire 11.78% equity interests in YTO held by Luoyang Industrial Holding Group Co., Ltd.* (洛陽工業控股集團有限公司) (formerly 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, and at the same time, it would transfer part of its A-shares of First Tractor to Luoyang Industrial Holding Group Co., Ltd.* (洛陽工業控股集團有限公司) through a transfer agreement as the repurchase consideration of capital reduction. If the change of interests is successful, YTO will hold 482,483,247 shares of First Tractor, accounting for 42.94% of the total share capital, and Luoyang Industrial Holding Group Co., Ltd.* (洛陽工業控股集團有限公司) will hold 66,002,606 shares of First Tractor, accounting for 5.87% of the total share capital. As of the end of the Reporting Period, matters concerning the Share Transfer Agreement have not been implemented, and there is no change in the number of shares held by YTO in First Tractor.

10. Details of Preference Shares

The Company had no preference shares during the Reporting Period.

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

Neither the Company nor its subsidiaries had repurchased, sold or redeemed any of the Company's listed shares (including sales of treasury shares (as defined in the Listing Rules of the Stock Exchange)) during the Reporting Period. As of 30 June 2024, the Company did not hold any treasury shares.

12. 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.

DEFINITIONS

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

A Share(s)	ordinary share(s) as approved by the CSRC which is(are) issued to domestic investors and qualified foreign investors, traded on the PRC domestic stock exchange, denominated, subscribed for and traded in RMB
auditor, accountant	the financial statement auditor, ShineWing Certified Public Accountants (Special General Partnership), appointed by the Company as the Company's auditor for the year 2024.
agricultural machinery	various machinery used in crop farming and animal husbandry production, and the primary processing and treatment of agricultural and animal products
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
Listing Rules of the Shanghai Stock Exchange	the Rules Governing the Listing of Stocks on Shanghai Stock Exchange (as amended from time to time)
Listing Rules of the Stock Exchange	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
material asset disposal	Transfer by YTO Diesel Engine, the Company's controlled subsidiary, of its 0.8827% interest in Zhongyuan Bank by way of public listing on the Beijing Stock Exchange
mid-powered wheeled tractor	wheeled tractor with horsepower of 25 (inclusive) to 100
National IV	the fourth stage of the national motor vehicle emission standards, with effect from 1 December 2022. All production, import and sale of non-road mobile machinery under 560kW and its installed diesel engines should comply with the "National IV" standard
power machinery	products including diesel engines and fuel injection pump
Shanghai Stock Exchange	the Shanghai Stock Exchange
SINOMACH	China National Machinery Industry Corporation* (中國機械工業集團有限公司), the de facto controller of the Company
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

Tractors Research Company	Luoyang Tractors Research Institute Company Limited (洛陽拖拉機研究所有限公司), a controlled subsidiary of the Company
YTO	YTO Group Corporation* (中國一拖集團有限公司), the controlling shareholder of the Company
YTO Diesel Engine	YTO (Luoyang) Diesel Engine Co., Ltd. (一拖(洛陽)柴油機有限公司), a controlled subsidiary of the Company
YTO Finance	China YTO Group Finance Limited Liability Company (中國一拖集團財務有限責任公司) (deregistered)
YTO International Trade	YTO International Economy and Trade Company Limited (一拖國際經濟貿易有限公司), a wholly-owned subsidiary of the Company
Zhongyuan Bank	Zhongyuan Bank Co., Ltd.

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

Luoyang, the PRC

28 August 2024

As at the date of this announcement, the Board comprises Mr. Li Xiaoyu (Chairman) and Mr. Wei Tao as executive Directors; Mr. Fang Xianfa, Mr. Yang Jianhui and Mr. Miao Yu as non-executive Directors; and Mr. Edmund Sit, Mr. Wang Shumao and Mr. Xu Liyou as independent non-executive Directors.

* *For identification purposes only*