



CHANGCHAI COMPANY, LIMITED

2025 Semi-Annual Report

August 2025

Part I Important Notes, Table of Contents and Definitions

The Board of Directors, Supervisory Committee, and all directors, supervisors, and senior management members of the Company warrant that the content of this semi-annual report is truthful, accurate, and complete, without any false records, misleading statements, or material omissions, and shall bear individual and joint legal liabilities accordingly.

Mr. Xie Guozhong, the legal representative of the Company; Mr. Xie Guozhong, the executive in charge of accounting; and Ms. Jiang He, the head of the accounting department (chief accounting officer), hereby confirm the truthfulness, accuracy, and completeness of the financial statements in this semi-annual report.

All directors attended the Board meeting convened to review this semi-annual report.

This report contains forward-looking statements regarding future plans, which do not constitute substantive commitments to investors. Investors are advised to exercise caution regarding investment risks.

The Company has comprehensively addressed potential risks in “Part III Management Discussion and Analysis” specifically under “X Risks and Countermeasures.”

The Company plans neither to distribute cash dividends, nor to issue bonus shares, nor to convert capital reserves into share capital.

Content

Part I Important Notes, Table of Contents and Definitions	2
Part II Corporate Information and Key Financial Information	6
Part III Management Discussion and Analysis	9
Part IV Corporate Governance, Environment, and Social Responsibility	26
Part V Significant Events	30
Part VI Share Changes and Shareholder Information	35
Part VII Preference Shares	41
Part VIII Financial Statements	42
Part IX Other Reported Information	174

Documents Available for Reference

1. Financial statements bearing the signatures and seals of the Company's legal representative, the executive in charge of accounting, and the head of the accounting department (chief accounting officer).
2. Original copies of all announcements and documents disclosed on the China Securities Regulatory Commission (CSRC)-designated websites during the reporting period.
3. Semi-annual reports published in other securities markets.

The above reference documents are kept in full at the office of the Company's Board Secretary.

This semi-annual report is prepared in both Chinese and English. In case of any discrepancy in interpretation, the Chinese version shall prevail.

Definitions

Term	Definition
“Changchai”, the “Company” or “we”	Changchai Company, Limited and its consolidated subsidiaries, except where the context otherwise requires
Changchai Benniu	Changzhou Changchai Benniu Diesel Engine Fittings Co., Ltd.
Changchai Wanzhou	Changchai Wanzhou Diesel Engine Co., Ltd.
Horizon Investment	Changzhou Horizon Investment Co., Ltd.
Horizon Agricultural Equipment	Changzhou Changchai Horizon Agricultural Equipment Co., Ltd.
Changchai Robin	Changzhou Fuji Changchai Robin Gasoline Engine Co., Ltd.
Changchai Machinery	Jiangsu Changchai Machinery Co., Ltd.
Xingsheng Real Estate Management	Changzhou Xingsheng Real Estate Management Co., Ltd.
Zhenjiang Siyang	Zhenjiang Siyang Diesel Engine Manufacturing Co., Ltd.
Changniu Company	Changzhou Changniu Machinery Co., Ltd.
RMB, RMB’0,000	Expressed in the Chinese currency of Renminbi, expressed in tens of thousands of Renminbi
The “Reporting Period” or “Current Period”	The period from 1 January 2025 to 30 June 2025

Part II Corporate Information and Key Financial Information

I Corporate Information

Stock name	Changchai, Changchai B	Stock code	000570、200570
Stock exchange for stock listing	Shenzhen Stock Exchange		
Company name in Chinese	常柴股份有限公司		
Abbr.	苏常柴		
Company name in English (if any)	CHANGCHAI COMPANY,LIMITED		
Abbr. (if any)	CHANGCHAI CO.,LTD.		
Legal representative	Xie Guozhong		

II Contact Information

	Board Secretary	Securities Representative
Name	He Jianjiang	
Address	123 Huaide Middle Road, Changzhou, Jiangsu, China	
Tel.	(86)519-68683155	
Fax	(86)519-86630954	
Email address	cchjj@changchai.com	

III Other Information

1. Company Contact Information

Whether there were any changes to the company's registered address, office address and postal code, website, or email during the reporting period

☐Applicable ☒Not Applicable

The company's registered address, office address and postal code, website, and email remained unchanged during the reporting period. For details, please refer to the 2024 Annual Report.

2. Information Disclosure and Storage Location

Whether there were any changes to the information disclosure and storage location during the reporting period

☐Applicable ☒Not Applicable

The stock exchange website and media names/URLs where the company disclosed its semi-annual report, as well as the storage location of the semi-annual report, remained unchanged during the reporting period. For details,

please refer to the 2024 Annual Report.

3. Other relevant materials

Whether there were changes to other relevant materials during the reporting period

☐Applicable ☒Not Applicable

VI Key Financial Information

Whether the Company needs to retrospectively adjust or restate prior-year accounting data

☐Yes ☒No

	Current Reporting Period	Same Period of Previous Year	YoY Change
Operating revenue (RMB)	1,561,186,625.83	1,495,909,152.63	4.36%
Net profit attributable to the listed company's shareholders (RMB)	73,422,814.69	50,097,655.15	46.56%
Net profit attributable to the listed company's shareholders before exceptional gains and losses (RMB)	56,297,500.59	59,846,264.97	-5.93%
Net cash generated from/used in operating activities (RMB)	-74,306,110.63	-161,814,513.00	——
Basic earnings per share (RMB/share)	0.1040	0.0710	46.48%
Diluted earnings per share (RMB/share)	0.1040	0.0710	46.48%
Weighted average return on equity (%)	2.14%	1.47%	0.67%
	30 June 2025	31 December 2024	Change of 30 June 2025 over 31 December 2024
Total assets (RMB)	5,495,820,689.71	5,381,900,903.82	2.12%
Equity attributable to the listed company's shareholders (RMB)	3,498,363,449.68	3,362,683,464.32	4.03%

V. Differences in Accounting Data Under Domestic and Foreign Accounting Standards

1. Differences in Net Profit and Net Assets Between Financial Reports Prepared Under International Accounting Standards and Chinese Accounting Standards

☐Applicable ☒Not Applicable

There were no differences in net profit or net assets between financial reports prepared under International Accounting Standards and Chinese Accounting Standards during the reporting period.

2. Differences in Net Profit and Net Assets Between Financial Reports Prepared Under Foreign Accounting Standards and Chinese Accounting Standards

☐ Applicable ☒ Not Applicable

There were no differences in net profit or net assets between financial reports prepared under foreign accounting standards and Chinese Accounting Standards during the reporting period.

VI Exceptional Gains and Losses

☒ Applicable ☐ Not applicable

Unit: RMB

Item	Amount	Note
Gain or loss on disposal of non-current assets (inclusive of impairment allowance write-offs)	2,797,353.31	
Government grants recognized in current profit or loss (exclusive of those that are closely related to the Company's normal business operations and given in accordance with defined criteria and in compliance with government policies, and have a continuing impact on the Company's profit or loss)	64,535.00	After deducting government grants related to assets transferred from deferred income totaling RMB 1,704,864.73, individual income tax refunds of RMB 53,705.85, and job stabilization subsidies of RMB 21,000.00,
Gains or losses from changes in fair value of financial assets and liabilities held by non-financial enterprises, as well as gains or losses from disposal of financial assets and liabilities, excluding effective hedging activities related to the company's normal business operations.	18,884,092.44	This was primarily attributable to wealth management income generated from the Company's cash management activities during the reporting period, as well as an increase in the fair value of shares held by wholly-owned subsidiary Horizon Investment in Jiangsu Liance Electromechanical Technology Co., Ltd. and Kailong High-Tech Co., Ltd. compared to the beginning of the period.
Other non-operating income and expenses not listed above.	113,416.17	
Less: Income tax effects	4,733,898.62	
Non-controlling interests effects (net of tax)	184.20	
Total	17,125,314.10	

Particulars about other items that meet the definition of exceptional gain/loss:

☐ Applicable ☒ Not applicable

No such cases for the Reporting Period.

Explanation of why the Company reclassifies as recurrent an exceptional gain/loss item listed in the Explanatory Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public—Exceptional Gain/Loss Items:

☐ Applicable ☒ Not applicable

No such cases for the Reporting Period.

Part III Management Discussion and Analysis

I Principal Business Activities of the Company During the Reporting Period

1. Industry Development Status

The Company operates in the internal combustion engine and components manufacturing sector within the general equipment manufacturing industry. Classified by fuel type, internal combustion engines are primarily categorized into diesel engines and gasoline engines. The Company's diesel and gasoline engine products are mainly used in off-road mobile machinery applications such as harvesters, tractors, plant protection equipment, compact construction machinery, and marine engines.

(1) Industry Overview

Internal combustion engines serve as a critical pillar supporting China's manufacturing security, energy security, and national defense security, representing a fundamental industry for both national economic development and defense construction. They are the thermal power devices with the highest power density, thermal efficiency, and most extensive application scope.

To implement the national development strategies of energy conservation, emissions reduction, and industrial transformation/upgrading, the internal combustion engine and agricultural machinery industries will strengthen independent innovation and R&D, accelerate the construction of common foundational technology platforms, optimize upstream and downstream industrial chain development, implement intelligent manufacturing, actively conduct international exchanges and cooperation, and expedite industrial technological upgrading.

(2) Industry Development Landscape and Trends

From the policy perspective, energy conservation and emissions reduction have been emphasized as key priorities, with green, circular, low-carbon, environmentally friendly, energy-efficient, emissions-reducing, and reliable development becoming the main themes guiding internal combustion engine advancement. The industry is progressively transitioning toward greener and smarter solutions through optimized combustion technologies, emission control systems, and intelligent monitoring - thereby reducing environmental impact while enhancing operational efficiency.

In recent years, China has introduced a series of policies supporting agricultural machinery market development, including agricultural equipment purchase subsidy programs, scrappage renewal subsidy policies, and support measures for agricultural machinery distribution sectors. The 2025 No. 1 Central Policy Document anchored goals of advancing comprehensive rural revitalization and building an agricultural powerhouse, proposing to promote high-quality development of agricultural machinery equipment, accelerate R&D and application of domestically produced advanced agricultural machinery, facilitate retirement and renewal of outdated agricultural equipment, and support smart agriculture development by expanding application scenarios for AI, big data, and low-altitude technologies. These initiatives have created new development opportunities for agricultural machinery while simultaneously imposing higher requirements for technological innovation and industrial upgrading.

During the first half of 2025, affected by persistently low grain prices and frequent extreme weather events among other factors, China's agricultural machinery market underperformed expectations overall, with sales declining across most product categories. For specific products, tractors as traditional mainstay products showed weak performance with declining production/sales. In the harvester segment, tracked harvesters achieved counter-trend growth leveraging export advantages while wheeled harvesters saw significant production/sales declines due to reduced wheat yields. The transplanter market exhibited divergent trends, with the sales proportion of walking

transplanters surpassing that of high-speed transplanters. Premium agricultural machinery demonstrated strong resilience - for instance, traditional mechanical transmission tractors are being displaced as power-shift models continue gaining market share.

Currently, the agricultural machinery market is undergoing structural adjustment. Regarding the competitive landscape, leading firms mastering core technologies are strengthening competitive advantages with increasing market concentration, while midstream/downstream enterprises face greater survival pressures amid accelerated industry consolidation. From the product structure perspective, high-end products have become key growth focuses, with some firms completing strategic transitions toward premium/intelligent solutions. In terms of development trends, technological innovation drives industrial upgrading while policy support expands market capacity. With rapid advances in AI, big data, new energy, and energy-saving/environmental technologies, agricultural machinery is transitioning from traditional mechanization toward premium, intelligent, digital, and green development - propelling a new round of structural transformation where enterprises simultaneously enter a high-quality development phase, accelerating advancement and application of advanced technologies/products in energy conservation, smart manufacturing, and efficiency improvement. New development opportunities are emerging within national strategic deployments and accelerated transformation/upgrading processes, indicating vast potential for agricultural machinery market expansion.

2. Principal Operations of the Company

We mainly specialize in the R&D, manufacture and sales of diesel engines under the brand "Changchai" and gasoline engines under the brand "Robin". Our products are mainly used in agricultural machinery, small engineering machinery, generator sets and shipborne machinery and other fields closely related to people's livelihood.

In the Reporting Period, there were no major changes in the Company's core business and main products.

3. Main Products of the Company

Our main products are divided into two categories: diesel engines and gasoline engines. The details are as follows:

Main products	Graphic display	Product description	Product features	Application fields
Diesel engine		Our diesel engine products include single-cylinder diesel engines and multi-cylinder engines, covering power range from 3kW to 129kW, and cylinder diameters from 65mm to 135mm. Besides sale in domestic market, our diesel engines are sold to Southeast Asia, South America, the Middle East and Africa.	High power, low oil consumption, low noise, compact structure, low emission, good reliability	Agricultural machinery, construction machinery, generator sets, shipborne machinery
Gasoline engine		Our gasoline engines are mainly general-purpose small gasoline engines, covering the power range from 1.5kW to 9.0kW. Besides sale in domestic market, our gasoline engines are sold to Southeast Asia, the Middle East, Europe and	Simple structure, good reliability, easy maintenance	Agricultural machinery, small construction machinery

		America, Africa, Japan and other countries and regions.		
--	--	---	--	--

4. Major Business Models

(1) R&D model

We have established an innovative technology management system for internal combustion engine based on market demand and forward-looking technologies. Prior to the new products or new technologies development, the marketing department first conducts market assessment and customer research, and then initiates a project according to the forecasted market demand; the technology center conducts development according to the project materials, and collects feedback information from the market and customers in real time during the development process to ensure technology leadership and product suitability.

(2) Purchasing model

We adopt the "purchase-to-order" purchasing model. The ERP system converts the sales orders, the sales plan developed by the sales department and the production plan drawn up by the production department into the demand of parts needed, and the purchasing department organizes the purchase according to such demand. Meanwhile, the purchasing department makes a plan to guide parts procurement according to the sales department's sales plan, and provide it to the supplier, and urge the supplier to prepare for the goods.

(3) Production model

We adopt the "make-to-order" production management model. The sales department makes sales plans for different stages according to the orders in hand, sales data in previous years, market demand judgment and feedback of existing customers' purchasing intentions. The Company's production department makes the production plan according to the sales orders displayed in the ERP system, the sales plan made by the sales department and the reserve inventory demand, and organizes the production task in strict accordance with the plan. During the production process, the quality assurance department arranges regular inspection to ensure the product quality.

(4) Sale model

We adopt the sales model of "direct selling + distribution", i.e. the direct selling model for the main engine factory, and the distribution model for the individual circulation market represented by farmers and overseas market.

5. The Company's position in the market

We mainly specialize in the R&D, manufacture and sales of diesel engines under the brand "Changchai" and gasoline engines under the brand "Robin". Up to now, we have successfully developed a number of advanced core technologies with independent intellectual property rights. In terms of diesel engine, according to the statistics of China Internal Combustion Engine Industry Association (CICEIA), as the largest small- and medium-sized single-cylinder diesel engine manufacturer in the agricultural machinery industry of China, we have maintained a high market share of single-cylinder engines, and our market share of single-cylinder diesel engines of some power ranges has ranked first in China. For many years, in the process of achieving steady economic development of the enterprise, we developed in a sound manner and cultivated the "Changchai" brand, a famous small diesel engine brand of China with independent intellectual property rights.

5. Key Performance Drivers

(1) National policy driver

In recent years, the Chinese government has introduced a series of policies to support the development of the agricultural machinery market, including subsidies for agricultural equipment purchases and replacements, as well as support policies for the agricultural machinery distribution industry. The 2025 No. 1 Central Policy Document proposed promoting high-quality development of agricultural machinery equipment, accelerating the research, development and application of domestically produced advanced agricultural machinery, facilitating the retirement and renewal of outdated agricultural equipment, and supporting the development of smart agriculture by expanding application scenarios for artificial intelligence, big data, low-altitude technologies and other innovations. China's agricultural machinery equipment industry layout has always taken innovation as the main line, focusing on core technologies and strengthening innovation capacity building. After the new three-year agricultural machinery subsidy plan clearly proposed to promote high-quality development of agricultural machinery equipment, relevant supporting policies have been continuously strengthened. The agricultural machinery subsidy policy favors advanced and applicable models, while relevant smart agriculture development policies have also created a favorable environment for the development of high-end products. The full implementation of China IV emission standards and the development orientation of high-end and intelligent agricultural machinery have brought the agricultural machinery industry into a new development stage. The trade-in action plan has accelerated the replacement process of outdated construction machinery equipment, creating a favorable policy environment for applications in the internal combustion engine field.

(2) Industrial chain synergy empowers sustainable corporate development

The company has built its own casting and machining plants to meet part of the demand for diesel engine components. Significant synergies have been formed between production and quality aspects and its internal combustion engine assembly sector. The casting manufacturing sector and internal combustion engine assembly sector jointly improve to form a mutually reinforcing positive feedback loop, thereby helping the company integrate the internal combustion engine industry chain and build differentiated industry barriers. In terms of production synergy, reducing external procurement is of great significance for reducing process flow, lowering intermediate losses, improving production efficiency, shortening delivery times and increasing procurement bargaining power. In terms of quality synergy, self-built foundries can enhance the company's quality control of components, thereby improving the yield rate and reliability of internal combustion engine products.

(3) Stable and efficient R&D team

The company has an experienced technical management team and a comprehensive technical support team. Core technical personnel and R&D management personnel have long been engaged in the research, development, design and manufacturing of internal combustion engines, possessing profound professional knowledge and rich practical experience, with strong foresight and scientific judgment in market direction and technical route selection. At the same time, the company has established an effective training mechanism to provide strong talent guarantee for subsequent R&D.

(4) Recognized brand with numerous prestigious clients

The company's predecessor was Changzhou Diesel Engine Factory, a century-old national industrial enterprise and one of China's earliest professional manufacturers of internal combustion engines. The company's diesel and gasoline engine products, as power sources for agricultural machinery and construction machinery, have demonstrated excellent performance in power range, reliability, specific power, noise control and emission standards, and have gained customer recognition. The company has maintained long-term cooperation with its major customers, with cumulative cooperation periods exceeding 15 years. Many of its OEM customers are well-known enterprises in the agricultural machinery industry, with market shares ranking at the forefront in their respective markets.

6. Business Operations During the Reporting Period

In the first half of 2025, against an increasingly complex and severe international environment, China's macroeconomy generally maintained stable growth while facing unresolved structural contradictions between supply and demand and insufficient consumption. The traditional agricultural machinery industry is currently in a critical period of adjustment and recovery, with slowing growth momentum, though emerging market segments and new application areas continue to show growth potential alongside increasing demand for mid-to-high-end products. As agricultural modernization advances, the agricultural machinery market is entering a new phase of higher-quality development. The company has united its workforce to uphold the development philosophy of "seeking progress while maintaining stability through innovation," focusing on annual objectives, product and market development, as well as quality and production, achieving stable and healthy corporate growth. During the reporting period, the company sold 355,100 diesel engines, gasoline engines, and generator sets, generating sales revenue of 1.561 billion yuan, representing a 4.36% year-on-year increase.

In product R&D and matching, the company promoted the integration of multi-cylinder engine products such as the 4G36V16A and 4H11V16 with OEM partners for new product applications, continuously improving product compatibility and performance based on market demand and feedback. China IV-compliant single-cylinder diesel engines have been fully launched into the market and entered serial production, with large-horsepower water-cooled single-cylinder models gaining increasing sales and market recognition both domestically and internationally. Small-horsepower water-cooled diesel engines have completed verification and entered the market for tracking feedback. In product development, the 4H13 diesel engine adopted a dual-path aftertreatment development strategy to support various power harvesters, while lightweight engine series products and large-displacement diesel engines progressed steadily according to plan. Additionally, the hybrid powertrain project achieved phased results, completing the design of a 120-140 horsepower tractor range-extender hybrid system configuration and related components, laying a solid foundation for subsequent R&D and applications.

In sales and services, the company strengthened channel management for single-cylinder engines to consolidate market share in existing industrial clusters, enhanced end-market coordination for multi-cylinder engines to maintain traditional strongholds while expanding into incremental harvester markets, and intensified efforts in non-agricultural sectors, with integrated charging stations successfully entering the aerial application market. Export sales achieved significant growth in emerging markets. The company continued optimizing service resource allocation, strengthening service collaboration to complete peak-season support, while expanding new media marketing to enhance outreach and quality.

In quality management, the company deepened quality engineering through cross-departmental collaboration for full-chain control, implementing strict, rapid, and precise standards throughout processes while effectively delivering quality improvements during busy farming seasons. For supply chains, the company established an SQE supplier quality management team to standardize supplier oversight, enhance technical exchanges, and introduce new suppliers, achieving notable cost reductions. Production systems maintained efficient operations through process optimization to lower costs and improve labor productivity, while leveraging emergency response teams, equipment maintenance specialists, and overseas training services. The company also optimized innovation incentive mechanisms to motivate employees.

In internal management, the company strengthened subsidiary oversight, deepened inter-subsidiary resource integration and equity structure adjustments, emphasized performance evaluation and risk self-inspections to ensure compliance, and improved operational efficiency. Continuous safety risk control and hazard effectively mitigated various risks, promoting stable safety performance. The Party Committee reinforced Party-building leadership, implemented the Central Eight-Point Regulations, and advanced integrated learning-inspection-reform initiatives. For talent development, the company intensified cadre training to rejuvenate leadership, implemented industry reform responsibility lists, promoted model worker innovation studios and skills competitions, and

refined incentive mechanisms to motivate staff.

During the reporting period, the government initiated the expropriation of buildings within the scope of the company's foundry plant and surrounding area redevelopment project (Phase I), which was approved at the 2025 First Interim Shareholders' Meeting, pending final compensation agreement signing. Wholly-owned subsidiary Changchai Robin completed the absorption of another wholly-owned subsidiary, Horizon Agricultural Equipment, assuming all assets, liabilities, businesses, and other rights/obligations, with Horizon's legal entity status deregistered. Another wholly-owned subsidiary, Changniu Machinery, is absorbing Changben Diesel Engine Parts, inheriting all assets, liabilities, businesses, rights/obligations, as well as the original registered capital, ownership structure, and governance framework of Changben. As of now, creditor notification and announcement procedures were completed, with industrial and commercial registration changes underway.

II Core Competitiveness Analysis

1. Brand Advantages

Changchai is a century-old national industrial enterprise and one of China's earliest professional manufacturers of internal combustion engines. The "Changchai" brand trademark was among the first in China's production materials sector to be recognized as a China Famous Trademark, while Changchai diesel engines are China Brand Name Products. The company has obtained ISO9001 and IATF16949 quality system certifications, ISO14001 environmental management system certification, and national export commodity inspection exemption status. Changchai has repeatedly been ranked among China's Top 100 Machinery Enterprises and China Industry Pioneer Enterprises, receiving numerous honors including National Contract-honoring & Creditworthy Enterprise, China Agricultural Machinery Components Leading Enterprise, AAA Credit-rated Agricultural Machinery Enterprise, Jiangsu Provincial Quality Management Excellence Award, and Changzhou Mayor's Quality Award. For consecutive years, it has been voted among the Top 10 Most Satisfactory After-sales Service Brands in the "Precision Cultivation Cup" awards. During the reporting period, the company was recognized as a National Product & Service Quality Integrity Commitment Enterprise, National Stable & Qualified Quality Inspection Product, and ranked among Jiangsu Province's Top 10 Agricultural Machinery Equipment Manufacturers in 2024. Over decades of stable economic development, Changchai has cultivated its proprietary "Changchai" brand - a renowned Chinese national brand in the small diesel engine sector with global recognition.

2. Technological Advantages

Changchai operates a National-level Technology Center, Postdoctoral Research Station, and Jiangsu Provincial Small & Medium Power Engine Engineering Research Center. As a leading producer of small-to-medium power single-cylinder and multi-cylinder diesel engines, Changchai maintains the industry's most comprehensive product portfolio with the broadest power coverage in China's small diesel sector, where all core products feature proprietary intellectual property. During the reporting period, the company secured authorization for 8 utility model patents. As of June 30, 2025, Changchai held 159 valid patents globally, including 18 domestic invention patents and 3 international invention patents.

3. Marketing Advantages

Changchai adheres to market-centric principles, continuously innovating marketing strategies to adapt to market evolution. The company implements an integrated "Five-in-One" management system encompassing complete machine sales, spare parts supply, warranty services, payment collection, and information feedback. Its nationwide sales and service network comprises 24 sales service centers and 742 authorized service stations covering urban and rural markets - the most extensive service coverage in China's small-to-medium power diesel engine industry. Under the unified coordination of Changchai's Customer Call Center at headquarters, all service outlets commit to

"proactive, rapid, convenient, and accurate" service principles to deliver premium pre-sales, in-sales, and after-sales support. To meet China Non-Road Stage IV emission standards and provide precise aftermarket services, the company has developed a proprietary service monitoring platform with distinctive Changchai features.

III Core Business Analysis

Overview

Please refer to the relevant content under "I. Principal Business Activities of the Company During the Reporting Period."

Year-over-year changes in key financial data:

Unit: RMB

	Current Reporting Period	Same Period of Previous Year	YoY Change	Reasons for Fluctuations
Operating revenue	1,561,186,625.83	1,495,909,152.63	4.36%	
Cost of sales	1,361,474,105.33	1,284,673,407.54	5.98%	
Selling expense	29,894,284.08	25,133,785.12	18.94%	
Administrative expense	50,718,409.56	53,480,629.46	-5.16%	
Finance costs	-5,618,946.80	-8,614,351.66	——	The main reason was the year-on-year decrease in foreign exchange gains and interest income during the reporting period.
Income tax expense	13,529,676.07	4,314,671.32	213.57%	The primary factor was the increase in fair value of trading financial assets held by wholly-owned subsidiary Horizon Investment, resulting in a corresponding increase in deferred tax liabilities.
R&D expense	38,891,905.33	38,765,247.04	0.33%	
Net cash generated from/used in operating activities	-74,306,110.63	-161,814,513.00	——	This was mainly due to the company's reduction in inventory carried over from the previous year, decreased cash payments to suppliers for purchases, and increased export tax rebates received during the reporting period.
Net cash generated from/used in investing activities	-97,167,644.92	-132,707,275.04	——	
Net cash generated from/used in financing activities	-7,056,925.07	-33,167,547.83	——	The principal cause was the reduction in cash dividend payments made by the company during the reporting period.

Net increase in cash and cash equivalents	-178,530,680.62	-327,689,335.87	—	This was primarily attributable to the company's inventory reduction from the previous year, decreased cash payments to suppliers for procurement, and the year-on-year reduction in cash dividend distributions during the reporting period.
---	-----------------	-----------------	---	---

Significant Changes in Profit Composition or Profit Sources During the Reporting Period

☐Applicable ☒Not Applicable

There were no significant changes in the Company's profit composition or profit sources during the reporting period.

Composition of Operating Revenue

Unit: RMB

	Current Reporting Period		Same Period of Previous Year		YoY Change
	Operating revenue	As % of total operating revenue (%)	Operating revenue	As % of total operating revenue (%)	
Total	1,561,186,625.83	100%	1,495,909,152.63	100%	4.36%
By operating division					
Internal combustion engines	1,537,977,952.94	98.51%	1,477,768,073.74	98.79%	4.07%
Other	23,208,672.89	1.49%	18,141,078.89	1.21%	27.93%
By product category					
Diesel engines	1,464,198,188.86	93.79%	1,397,237,787.65	93.40%	4.79%
Gasoline engines	71,014,743.76	4.55%	62,093,594.55	4.15%	14.37%
Other	25,973,693.21	1.66%	36,577,770.43	2.45%	-28.99%
By operating segment					
Domestic	1,327,242,298.54	85.01%	1,339,807,981.05	89.56%	-0.94%
Overseas	233,944,327.29	14.99%	156,101,171.58	10.44%	49.87%

Operating Division, Product Category, Operating Segment or Marketing Model Contributing over 10% of Operating Revenue or Operating Profit

☒Applicable ☐Not applicable

Unit: RMB

	Operating revenue	Cost of sales	Gross profit margin	YoY change in operating revenue (%)	YoY change in cost of sales (%)	YoY change in gross profit margin (%)
By operating division						

Internal combustion engines	1,537,977,952.94	1,342,621,700.34	12.70%	4.07%	8.89%	-3.87%
By product category						
Diesel engines	1,464,198,188.86	1,279,759,010.01	12.60%	4.79%	10.02%	-4.15%
Gasoline engines	71,014,743.76	60,161,457.71	15.28%	14.37%	14.72%	-0.26%
By operating segment						
Domestic	1,327,242,298.54	1,134,828,841.05	14.50%	-0.94%	3.34%	-3.54%
Overseas	233,944,327.29	226,645,264.28	3.12%	49.87%	52.13%	-1.44%

Core business data of the prior year restated according to the changed statistical caliber for the Reporting Period:

☐ Applicable ☒ Not applicable

IV Analysis of Non-Core Business Operations

☒ Applicable ☐ Not applicable

Unit: RMB

	Amount	As % of gross profit	Source	Recurrent or not
Return on investment	7,570,956.48	8.36%	The primary reason was dividend income from stocks and wealth management gains generated through cash management activities.	Yes
Gains/losses on changes in fair value	15,685,633.55	17.33%	During the reporting period, this was mainly attributable to the increase in fair value of shares held by the Company's wholly-owned subsidiary, Horizon Investment, in Jiangsu Liance Electromechanical Technology Co., Ltd. and Kailong High-Tech Co., Ltd. compared to the beginning of the period.	No
Asset impairment loss	-1,007,978.87	-1.11%	This was principally due to impairment provisions made for inventory during the current period.	No
Non-operating income	142,118.30	0.16%	The main factor was the receipt of compensation for trademark infringement.	No
Non-operating expense	28,702.13	0.03%	This was primarily caused by losses from the scrapping and write-off of non-current assets.	No

V Analysis of Assets and Liabilities

1. Significant Changes in Asset Composition

Unit: RMB

	30 June 2025		31 December 2024		Change in percenta ge (%)	Reason for any significant change
	Amount	As % of total assets	Amount	As % of total assets		
Cash and Cash Equivalents	858,358, 461.42	15.62%	1,063,700, 492.59	19.76%	-4.14%	
Accounts receivable	1,252,45 7,584.20	22.79%	444,254,2 40.02	8.25%	14.54%	The main reason was that most of the Company's multi-cylinder engine customers are OEM suppliers with relatively longer payment cycles. Concurrently, due to product emission upgrades, the Company increased market development efforts and moderately extended credit, leading to a significant increase in accounts receivable.
Inventories	563,967, 833.16	10.26%	819,201,9 98.42	15.22%	-4.96%	This was mainly attributable to increased product sales during the reporting period, which consumed the diesel engine inventory reserves from the beginning of the period.
Investment property	36,692,4 87.77	0.67%	37,740,84 4.55	0.70%	-0.03%	
Fixed assets	578,958, 440.32	10.53%	615,414,5 05.40	11.43%	-0.90%	
Construction in progress	5,332,99 4.97	0.10%	3,376,866. 69	0.06%	0.04%	The primary cause was the Company's investment in technological transformation projects during the reporting period.
Short-term borrowings	0.00	0.00%	94,471,78 7.41	1.76%	-1.76%	This was principally because the Company discounted bank acceptance bills with lower credit ratings in the previous year, while no such activities occurred in the current period.
Contract	23,469,3 40.44	0.43%	31,640,87 9.59	0.59%	-0.16%	

liabilities						
-------------	--	--	--	--	--	--

2. Indicate whether overseas assets take up a high percentage in total assets

☐ Applicable ☒ Not applicable

3. Assets and Liabilities at Fair Value

☒ Applicable ☐ Not applicable

Unit: RMB

Item	Beginning amount	Gain/loss on fair-value changes in the Reporting Period	Cumulative fair-value changes charged to equity	Impairment allowance for the Reporting Period	Purchased in the Reporting Period	Sold in the Reporting Period	Other change	Ending amount
Financial assets								
Held-for-trading financial assets (derivative financial assets exclusive)	303,667,459.65	30,678,609.65	0.00	0.00	699,253,500.00	613,365,000.00	0.00	420,234,569.30
Investment in other equity instruments	941,120,058.72	78,508,000.00	835,058,058.72	0.00	0.00	0.00	0.00	1,019,628,058.72
Subtotal of financial assets	1,244,787,518.37	123,756,348.65	835,058,058.72	0.00	699,253,500.00	613,365,000.00	0.00	1,439,862,628.02
Other	377,869,217.49	0.00	0.00	0.00	0.00	0.00	0.00	377,869,217.49
Total of above	1,622,656,735.86	123,756,348.65	835,058,058.72	0.00	699,253,500.00	613,365,000.00	0.00	1,817,731,845.51
Financial liabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Contents of other change: N/A

Significant changes to the measurement attributes of the major assets in the Reporting Period:

☐ Yes ☒ No

4. Restricted Asset Rights as at the Period-End

Unit: RMB

Item	At the period-end	Reason for restriction
Monetary assets	144,207,257.20	Bank acceptance bill guarantee deposits, Letter of guarantee deposits, Performance bond deposits, Term deposits and accrued interest
Notes receivable	85,332,514.94	Payment obligations for undiscounted but discounted bills

VI Investment Status Analysis**1. Overview**☐ Applicable ☒ Not applicable**2. Major Equity Investments Made in the Reporting Period**☐ Applicable ☒ Not applicable**3. Major Non-Equity Investments Ongoing in the Reporting Period**☐ Applicable ☒ Not applicable**4. Financial Investments****(1) Securities Investments**☒ Applicable ☐ Not applicable

Unit: RMB

Variety of security	Code of security	Name of security	Initial investment cost	Accounting measurement method	Beginning carrying amount	Gain/loss on fair value changes in the Reporting Period	Accumulated fair value changes recorded in equity	Purchased in the Reporting Period	Sold in the Reporting Period	Gain/loss in the Reporting Period	Ending carrying amount	Accounting title	Funding source
Domestic/foreign stock	600166	Foton Motor	41,784,000.00	Fair value method	362,695,000.00	0.00	349,811,000.00	0.00	0.00	0.00	391,595,000.00	Investment in other equity instrument	Self-funded

												ts	
Domestic/ foreign stock	6009 19	Bank of Jiang su	42,78 6,000 .00	Fair value meth od	229,7 88,00 0.00	0.00	236,6 10,00 0.00	0.00	0.00	5,016 ,960. 00	279,3 96,00 0.00	Investment in other equity instru ments	Self-fund ed
Domestic/ foreign stock	3009 12	Kailo ng High Tech nolo gy	20,00 1,268 .00	Fair value meth od	11,57 0,150 .00	3,209 ,459. 00	0.00	0.00	0.00	3,209 ,459. 00	14,77 9,609 .00	Held -for-t radin g finan cial asset s	Self-fund ed
Domestic/ foreign stock	6881 13	Lian ce Tech nolo gy	7,200 ,000. 00	Fair value meth od	40,70 8,800 .00	11,40 4,800 .00	0.00	0.00	0.00	11,66 5,440 .00	52,11 3,600 .00	Held -for-t radin g finan cial asset s	Self-fund ed
Domestic/ foreign stock	6053 68	Lanti an Gas	160,7 44.76	Fair value meth od	320,0 40.00	-44,5 20.00	0.00	0.00	0.00	-31,9 20.00	275,5 20.00	Held -for-t radin g finan cial asset s	Self-fund ed
Total			111,9 32,01 2.76	--	645,0 81,99 0.00	14,56 9,739 .00	586,4 21,00 0.00	0.00	0.00	19,85 9,939 .00	738,1 59,72 9.00	--	--

(2) Investments in Derivative Financial Instruments

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

5. Use of Raised Funds

☐ Applicable ☒ Not applicable

During the reporting period, the Company did not have any utilization of raised capital.

VII Sale of Major Assets and Equity Interests**1. Sale of Major Assets**

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

2. Sale of Major Equity Interests

☐ Applicable ☒ Not applicable

VIII Major Subsidiaries

☒ Applicable ☐ Not applicable

Major fully/majority-owned subsidiaries and those minority-owned subsidiaries with an over 10% effect on the Company's net profit:

Unit: RMB

Name	Relationship with the Company	Principal activity	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Changchai Benniu	Subsidiary	Production of diesel engine accessories	55,063,000.00	129,631,344.99	66,713,931.05	104,382,303.05	-1,001,867.46	-991,941.62
Changchai Wanzhou	Subsidiary	Diesel engine assembly	85,000,000.00	67,087,100.13	52,527,377.48	25,004,858.48	1,107,929.14	1,126,451.83
Horizon Investment	Subsidiary	External investment and consulting	40,000,000.00	91,109,282.58	80,570,605.85	0.00	14,936,447.95	11,270,679.92
Changchai Robin	Subsidiary	Gasoline engines assembly	37,250,000.00	106,256,422.03	94,717,924.27	71,014,743.76	4,688,259.86	4,088,041.44
Changchai Machinery	Subsidiary	Internal combustion engine and related accessories	300,000,000.00	732,554,094.53	519,718,630.41	499,681,127.23	8,624,737.07	8,631,462.73

Xingsheng Real Estate Management	Subsidiary	Real estate management service	1,000,000.00	3,639,154.67	2,589,650.18	1,872,667.07	654,369.35	621,650.88
Zhenjiang Siyang	Subsidiary	Manufacturing and marketing of diesel engines for ships	2,000,000.00	126,946,483.43	117,557,097.68	42,066,351.38	7,294,159.02	6,199,185.17

Subsidiaries obtained or disposed of in the Reporting Period:

☐ Applicable ☒ Not applicable

Other information about principal subsidiaries and joint stock companies:

1. Equity Ownership and Control of Zhenjiang Siyang

As of the end of the reporting period, the Company holds a 49% equity interest in Zhenjiang Siyang, making it the largest shareholder. Given that other shareholders are highly dispersed, and considering that 4 out of 7 board seats (including the Chairman) are appointed by the Company, the Company exercises actual control over Zhenjiang Siyang. Accordingly, Zhenjiang Siyang meets the criteria for consolidation under applicable accounting standards.

2. Wholly-owned subsidiary Changchai Robin completed the statutory merger through comprehensive absorption of another wholly-owned subsidiary Horizon Agricultural Equipment, assuming all assets, liabilities, business operations, and other rights/obligations. As of February 2025, Horizon Agricultural Equipment's independent legal entity status has been deregistered, marking the full completion of the merger between these two wholly-owned subsidiaries.

IX Structured Bodies Controlled by the Company

☐ Applicable ☒ Not applicable

X Risks and Countermeasures

(1) Market Risks

The agricultural machinery industry has entered a period of adjustment and recovery. Influenced by national equipment purchase subsidy policies, industrial development policies, and environmental regulations, traditional product markets are declining while emerging segments and new application areas maintain growth momentum with increasing demand for mid-to-high-end products. As agricultural modernization advances, the sector is transitioning toward higher-quality development. Most enterprises are intensifying product R&D and market expansion efforts amid escalating competition.

Countermeasures include: accelerating product upgrades to enhance technological capabilities; proactively adapting to domestic and international market changes to improve profitability; focusing on quality enhancement

for comprehensive quality management improvements; implementing refined management to strengthen full product lifecycle cost control; aligning with high-quality development needs through strategic talent acquisition; and strengthening Party leadership through strict governance implementation.

(2) Industrial Risks

The advancement of new energy technologies and related policies has prompted enterprises to accelerate R&D and market deployment of alternative power solutions, partially impacting diesel engine market share. While new energy applications in agricultural machinery still face challenges like high costs and complex operating environments, technological breakthroughs may gradually replace diesel engines in certain non-road applications.

Countermeasures include: developing products compliant with national energy conservation policies while optimizing product lines through smart technologies and new materials to enhance value and competitiveness; accelerating new energy powertrain R&D including hybrid solutions for sustainable development; and coordinating product operations with capital management to facilitate expansion into emerging industries.

(3) Foreign Trade Risks

The increasingly complex international environment, marked by geopolitical conflicts and trade disputes, has negatively impacted global economic recovery, food/energy security, and ecological stability, causing fluctuating trade policies and exchange rate volatility. Significant changes in political stability or trade policies could substantially affect export sales.

Countermeasures include: enhancing collaborative capabilities through resource sharing to improve trade efficiency; adapting products for overseas markets with high-performance solutions; developing key markets leveraging OEM partners' global channels with improved service training and overseas support networks; mitigating currency risks through optimal pricing/ settlement methods and export credit insurance; and adjusting product pricing/payment terms in response to material cost fluctuations.

(4) Raw Material Price Volatility Risks

Prices of key materials like steel and pig iron fluctuate due to macroeconomic conditions, production capacity, and demand changes, creating manufacturing cost pressures that may affect profitability.

Countermeasures include: strengthening internal management through technical improvements and cost optimization; building stable and efficient supply chains; and closely monitoring market trends with proactive inventory management to mitigate price volatility impacts.

(5) Talent Risks

As talent is crucial for sustainable development, inadequate compensation or incentive policies may lead to shortages in leadership, technical expertise, and succession pipelines, undermining innovation and competitiveness.

Countermeasures include: refining talent recruitment and training systems to optimize workforce structure; enhancing professional capabilities through systematic training; improving incentive mechanisms and performance evaluation to rejuvenate leadership teams; and fostering employee engagement through democratic management and union services.

XI Implementation of Market Value Management System and Valuation Enhancement Plan

Indicate whether the Company has disclosed the Market Value Management System

☐ Yes ☒ No

Indicate whether the Company has disclosed the Valuation Enhancement Plan

☐ Yes ☒ No

XII Implementation Status of the "Dual Enhancement of Quality and Returns" Initiative

Indicate whether the Company has disclosed the “Quality and Earnings Dual Improvement” Action Plan.

☐ Yes ☒ No

Part IV Corporate Governance, Environment, and Social Responsibility

I Changes in Company Directors, Supervisors, and Senior Management

☐ Applicable ☒ Not applicable

There were no changes to the Company's directors, supervisors, or senior management during the reporting period. For details, please refer to the 2024 Annual Report.

II Profit Distribution and Capital Reserve Conversion During the Reporting Period

☐ Applicable ☒ Not applicable

The Company plans to distribute no cash dividends, issue no bonus shares, and convert no capital reserves into share capital for the interim period.

III Implementation of Equity Incentive Plans, Employee Stock Ownership Plans, or Other Employee Incentive Measures

☐ Applicable ☒ Not applicable

The Company had no equity incentive plans, employee stock ownership plans, or other employee incentive measures implemented during the reporting period.

IV Environmental Information Disclosure

Whether the listed company and its major subsidiaries are included in the list of enterprises required to disclose environmental information in accordance with the law:

☒ Yes ☐ No

Number of Enterprises Included in the List of Enterprises Required to Disclose Environmental Information in Accordance with the Law (Unit: Companies)		4
No.	Name of company	Access Index for Environmental Information Disclosure Reports
1	Changchai Company, Limited	Official query portal: Jiangsu Provincial Department of Ecology and Environment - Enterprise Environmental Information Disclosure System (Jiangsu) http://ywxt.sthjt.jiangsu.gov.cn:18181/spsarchive-webapp/web/viewRunner.html?viewId=http://ywxt.sthjt.jiangsu.gov.cn:18181/spsarchive-webapp/web/sps/views/yfpl/views/yfplHomeNew/index.js
2	Changchai Company, Limited Changjiang branch	
3	Jiangsu Changchai Machinery Co., Ltd.	
4	Changzhou Changniu Machinery Co., Ltd.	

V Social Responsibility

During the reporting period, the Company attached great importance to and actively fulfilled its social responsibilities. Upholding the core values of "customer first, employee-oriented, shareholder returns, and social benefit," with the mission of "providing green power for a better life," the Company adhered to ethical operations, tax compliance, and continuously enhanced its self-development capabilities to achieve sustainable growth. It diligently safeguarded the legitimate rights and interests of shareholders, employees, customers, suppliers, and consumers, actively implemented measures to reduce energy consumption and pollution emissions, preserved a healthy living environment, pursued harmonious development between the Company and society, and actively contributed to societal well-being.

The Company's Party Committee advanced the integration of Party leadership into corporate governance, implemented the "three major and one large" decision-making system and the Party Committee's "pre-review procedures," and strictly adhered to decision-making and deliberation protocols. During the reporting period, the Committee conducted pre-review studies on 26 major operational matters, promptly addressing key challenges in production and operations, thereby providing strong support for the effective execution of critical projects and fully leveraging the Party Committee's role in guiding direction, managing, and ensuring implementation.

In compliance with the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Corporate Governance Guidelines for Listed Companies, the Shenzhen Stock Exchange Listing Rules, and other relevant laws and regulations, as well as the Company's Articles of Association, the Company continuously improved its corporate governance structure, established robust internal management and control systems, and further elevated its governance standards. The Company has built a governance framework centered on the Shareholders' Meeting, Board of Directors, and Supervisory Board, forming a modern corporate governance system with clear responsibilities, division of roles, and coordinated operations among all entities and management. On this foundation, the Company strictly adhered to internal control requirements, further clarified the boundaries and authority of all levels and departments, and continuously enhanced institutionalized and refined operations through optimized management processes and strengthened policy enforcement.

(1) Protection of Shareholder Rights

The Company strictly followed the Rules for Shareholders' Meetings of Listed Companies, its Articles of Association, and the Rules of Procedure for Shareholders' Meetings to standardize the convening, conduct, and decision-making processes of shareholders' meetings. In the first half of 2025, the Company held two shareholders' meetings, ensuring shareholders' rights to information and participation through standardized procedures and safeguarding their legitimate interests.

For information disclosure, the Company strictly complied with legal requirements to ensure the authenticity, accuracy, completeness, and timeliness of disclosed information. Disclosures included periodic reports such as the 2024 Annual Report, the Board of Directors' Work Report, the Supervisory Board's Work Report, and interim announcements on significant matters, enabling investors to stay informed about the Company's operations promptly and accurately.

In investor communications, the Company established multiple channels, including online earnings briefings, investor hotlines, email, and interactive platforms, adhering to principles of openness, fairness, and impartiality to actively engage with investors. During the reporting period, the Company conducted an online earnings briefing for the 2024 Annual Report, diligently managed investor relations, maintained effective communication with shareholders, protected their right to information, enhanced operational transparency, and safeguarded the interests of shareholders, especially minority shareholders.

Additionally, the Company successfully completed the 2024 annual dividend distribution, totaling RMB 7.0569 million. Over the past three years, the cumulative cash dividend payout ratio reached 69.64% of the average annual net profit, exceeding dividend commitments and rewarding shareholders with tangible actions.

Furthermore, the Company prioritized insider information management, mitigating risks of insider trading through robust internal controls. No insider trading occurred during the reporting period, nor were there any instances of harm to shareholder interests.

(2) Protection of Customer and Consumer Rights

The Company established a nationwide sales and service network with 24 sales service centers and 742 authorized service stations. To meet China Non-Road Stage IV emission standards and provide precise after-sales support, the Company developed a proprietary service monitoring platform. It fostered long-term partnerships with customers, delivering high-quality, efficient, and timely services, earning recognition as a preferred supplier for multiple OEMs. In recent years, the Company has been repeatedly honored as a "National Exemplary Enterprise for Product and Service Quality Integrity" and recognized as a top supplier by leading manufacturers, with its products and services widely acclaimed by customers and consumers.

(3) Protection of Supplier Rights

The Company strengthened supplier management based on the Parts Supply and Procurement Contracts and Supplier Quality Agreements, optimized production capacity allocation, improved inventory and planning management, and ensured timely payments to safeguard suppliers' legitimate interests. To enhance supply chain quality control, the Company refined systems and mechanisms, formed a Supplier Quality Engineer (SQE) team, and provided quality guidance through audits and collaborative problem-solving. Leveraging digital tools, it centralized and visualized supply chain data to prevent excess inventory and reduce supplier costs. A dynamic supplier evaluation system was implemented to continuously optimize the supply chain structure, support suppliers' technical growth, and foster mutually beneficial relationships.

(4) Protection of Employee Rights

The Company upheld a people-oriented philosophy, focusing on employees' comprehensive development through theoretical and practical training. It established HR departments and trade unions at all levels, alongside a legally compliant employee representative assembly system, to safeguard workers' rights. Labor policies were strictly followed to ensure equitable treatment and standardized employment practices.

The Company fostered a fair, inclusive, and harmonious workplace, continuously improving compensation and benefits. During the reporting period, it conducted over 700 employee visits, organized health initiatives such as medical check-ups and cancer screenings for female staff, and provided welfare support through union services. Cultural and sports activities, innovation campaigns, and safety programs enriched employees' lives while enhancing engagement and awareness. Occupational health lectures and volunteer initiatives further improved working conditions and well-being.

The Company optimized its workforce structure, offering robust platforms for growth, accelerated leadership rejuvenation, and implemented 38 training programs covering 210+ participants to upskill employees. Performance-based incentives were refined to motivate staff, aligning personal growth with corporate development.

(5) Workplace Safety

The Company enforced security, fire safety, and emergency response protocols. During the reporting period, 401 employees received fire safety training, and four drills were conducted to enhance emergency preparedness. Regular safety education improved employees' ability to handle emergencies involving operations, equipment, and occupational health.

(6) Environmental Protection and Sustainable Development

The Company embraced green development principles, prioritizing efficiency, energy conservation, and emission reduction to minimize environmental impact. Its operations, product design, and services adhered to the PDCA (Plan-Do-Check-Act) cycle, maintaining ISO 14001 certification.

Aligned with its business strategy, the Company advanced R&D of eco-friendly products to support agricultural modernization, improve energy efficiency, and protect the environment. It conscientiously fulfilled its social responsibilities to promote balanced economic, social, and environmental sustainability.

Part V Significant Events

I Fulfilled and Overdue Commitments by the Company's Actual Controller, Shareholders, Related Parties, Acquirers, and Other Commitment-Related Parties During the Reporting Period

☐ Applicable ☒ Not applicable

During the reporting period, there were no fulfilled or overdue commitments by the Company's actual controller, shareholders, related parties, acquirers, or other commitment-related parties.

II Non-Operational Fund Occupancy by Controlling Shareholders and Other Related Parties

☐ Applicable ☒ Not applicable

The Company did not experience any non-operational fund occupancy by controlling shareholders or their related parties during the reporting period.

III Irregular External Guarantees

☐ Applicable ☒ Not applicable

No irregular external guarantees occurred during the reporting period.

IV Appointment/Dismissal of Accounting Firms

Whether the interim financial report has been audited:

☐ Yes ☒ No

The Company's interim report was unaudited.

V Board and Supervisory Board Explanations Regarding "Non-Standard Audit Reports" for the Current Reporting Period

☐ Applicable ☒ Not applicable

VI Board's Explanations Regarding Prior Year's "Non-Standard Audit Report"

☐ Applicable ☒ Not applicable

VII Bankruptcy Reorganization Matters

☐ Applicable ☒ Not applicable

No bankruptcy reorganization events occurred during the reporting period.

VIII Litigation Matters

Major Litigation and Arbitration Matters

☐Applicable ☒Not applicable

The Company had no significant litigation or arbitration matters during the reporting period.

Other Litigation Matters

☐Applicable ☒Not applicable

IX Penalties and Rectifications

☐Applicable ☒Not applicable

The Company incurred no penalties or rectification requirements during the reporting period.

X Integrity Status of the Company and Its Controlling Shareholders/Actual Controllers

☒Applicable ☐Not applicable

The Company's actual controller is the State-owned Assets Supervision and Administration Commission of Changzhou Municipal People's Government, and its controlling shareholder is Changzhou Investment Group Co., Ltd. The controlling shareholder has no outstanding court judgments or significant debts that have become due but remain unpaid.

XI Material Related-Party Transactions

1. Related-party transactions related to daily operations

☐Applicable ☒Not applicable

No related-party transactions related to daily operations occurred during the reporting period.

2. Related-party transactions involving asset or equity acquisitions/disposals

☐Applicable ☒Not applicable

No related-party transactions involving asset or equity acquisitions/disposals occurred during the reporting period.

3. Related-party transactions involving joint external investments

☐Applicable ☒Not applicable

No related-party transactions involving joint external investments occurred during the reporting period.

4. Related-party creditor/debtor relationships

☐Applicable ☒Not applicable

No related-party creditor/debtor relationships existed during the reporting period.

5. Transactions with related financial companies

☐Applicable ☒Not applicable

The Company had no deposits, loans, credit extensions or other financial transactions with related financial companies and related parties.

6. Transactions between the Company's controlled financial companies and related parties

☐Applicable ☒Not applicable

The Company's controlled financial companies had no deposits, loans, credit extensions or other financial transactions with related parties.

7. Other material related-party transactions

☐Applicable ☒Not applicable

No other material related-party transactions occurred during the reporting period.

XII. Material Contracts and Their Performance**1. Trusteeship, contracting and leasing matters****(1) Trusteeship**

☐Applicable ☒Not applicable

No trusteeship arrangements existed during the reporting period.

(2) Contracting

☐Applicable ☒Not applicable

No contracting arrangements existed during the reporting period.

(3) Leasing

☐Applicable ☒Not applicable

No leasing arrangements existed during the reporting period.

2. Material guarantees

☐Applicable ☒Not applicable

No material guarantee arrangements existed during the reporting period.

3. Entrusted wealth management

☒Applicable ☐Not applicable

Unit: RMB 0,000

Specific type	Capital resources	Amount incurred	Undue balance	Unrecovered overdue amount	Unrecovered overdue amount with provision for impairment
Bank financial products	Self-funded	2,118.00	2,118.00	0.00	0.00
Broker financial products	Self-funded	38,075.00	33,070.00	0.00	0.00
Total		40,193.00	35,188.00	0.00	0.00

High-risk wealth management transactions with a significant single amount, or with low security, low liquidity:

☐Applicable ☒Not applicable

Where entrusted wealth management arrangements exhibit circumstances indicating potential recoverability of principal or other impairment triggers

☐Applicable ☒Not applicable

4. Other Major Contracts

☐Applicable ☒Not applicable

No such cases in the Reporting Period.

XIII Other Significant Events

☒Applicable ☐Not applicable

1. Expropriation and Compensation for the Company's Foundry Plant

On March 6, 2025, the Company received the Expropriation Decision for State-Owned Land and Buildings (Chang Xin Zheng [2025] No. 1) issued by the People's Government of Xinbei District, Changzhou. Due to public interest requirements for urban redevelopment, the Xinbei District Government decided to expropriate buildings within the scope of the Sanjing Subdistrict Foundry Plant and surrounding area urban renewal project (Phase I).

On May 8, 2025, the Company convened the Second Interim Board Meeting and Second Interim Supervisory Committee Meeting of 2025, approving the Proposal on Signing the Expropriation Compensation Agreement for Non-Residential Buildings in Xinbei District, Changzhou. The matter was further approved at the First Interim Shareholders' Meeting of 2025 on May 26, 2025, authorizing the Company to sign a compensation agreement with the Xinbei District Housing and Urban-Rural Development Bureau and Sanjing Subdistrict, with a total compensation amount of RMB 346.8569 million. The final signing of the expropriation agreement is pending completion of approval procedures by the Xinbei District Housing and Urban-Rural Development Bureau and the Sanjing Subdistrict Expropriation and Compensation Service Center.

2. Expropriation and Compensation for Part of the Company Headquarters (Street-Facing Shops)

On February 26, 2025, the Company received the Announcement on the Expropriation Compensation Plan for the West Hengjie Station Project of Changzhou Metro Line 5 issued by the People's Government of Zhonglou District, Changzhou. Due to public interest needs, the Zhonglou District Government proposed to expropriate part of the buildings at No. 123 Huaide Middle Road (i.e., the Company's street-facing shops at its headquarters).

On July 21, 2025, the Company convened the Fourth Interim Board Meeting and Third Interim Supervisory Committee Meeting of 2025, approving the Proposal on Signing the Expropriation Compensation Agreement for State-Owned Land and Buildings for the Headquarters' Street-Facing Shops. The matter was further approved at

the Second Interim Shareholders' Meeting of 2025 on August 6, 2025, authorizing the Company to sign a compensation agreement with the Zhonglou District Housing and Urban-Rural Development Bureau, with a total compensation amount of RMB 48.7877 million.

XIV Major Matters Concerning the Company's Subsidiaries

☒Applicable ☐Not applicable

1. Merger of Changchai Robin with Horizon Agricultural Equipment

On November 22, 2024, the Company convened the Fifth Interim Board Meeting of 2024 and approved the Proposal on the Merger of Changzhou Changchai Horizon Agricultural Equipment Co., Ltd. and Changzhou Fuji Changchai Robin Gasoline Engine Co., Ltd. The Board agreed that wholly-owned subsidiary Changzhou Fuji Changchai Robin Gasoline Engine Co., Ltd. ("Changchai Robin") would absorb and succeed all assets, liabilities, business operations, and other rights and obligations of wholly-owned subsidiary Changzhou Changchai Horizon Agricultural Equipment Co., Ltd. ("Horizon Agricultural Equipment") through statutory merger. Post-merger, Changchai Robin continues normal operations while Horizon Agricultural Equipment's independent legal entity status was deregistered. In February 2025, the Company received the Registration Notice (No. Deng Zi [2025] 02270081) issued by the Administrative Service Office of Changzhou High-Tech Industrial Development Zone (Xinbei District), confirming the deregistration of Horizon Agricultural Equipment and completion of the merger.

2. Merger of Changniu Company with Changchai Benniu

On June 9, 2025, the Company convened the Third Interim Board Meeting of 2025 and approved the Proposal on the Merger of Changzhou Changchai Benniu Diesel Engine Parts Co., Ltd. and Changzhou Changniu Machinery Co., Ltd. The Board agreed that Changzhou Changniu Machinery Co., Ltd. ("Changniu Company") would absorb all assets, liabilities, business operations, and other rights and obligations of Changzhou Changchai Benniu Diesel Engine Parts Co., Ltd. ("Changchai Benniu"), while inheriting Changchai Benniu's registered capital, ownership structure, and governance framework. Post-merger, Changniu Company continues normal operations, and Changchai Benniu's independent legal entity status will be deregistered.

Part VI Share Changes and Shareholder Information

I Share Changes

1. Share Changes

Unit: share

	Before		Increase/decrease in the Reporting Period (+/-)					After	
	Number	Percentage (%)	New issues	Shares as dividend converted from profit	Shares as dividend converted from capital reserves	Other	Subtotal	Number	Percentage (%)
1. Restricted shares	0	0.00%	0	0	0	0	0	0	0.00%
1.1 Shares held by government	0	0.00%	0	0	0	0	0	0	0.00%
1.2 Shares held by state-owned legal persons	0	0.00%	0	0	0	0	0	0	0.00%
1.3 Shares held by other domestic investors	0	0.00%	0	0	0	0	0	0	0.00%
Among which: Shares held by domestic legal persons	0	0.00%	0	0	0	0	0	0	0.00%
Shares held by domestic natural persons	0	0.00%	0	0	0	0	0	0	0.00%
1.4 Shares held by foreign investors	0	0.00%	0	0	0	0	0	0	0.00%
Among which: Shares held by foreign legal persons	0	0.00%	0	0	0	0	0	0	0.00%
Shares held by foreign natural	0	0.00%	0	0	0	0	0	0	0.00%

persons									
2. Unrestricted shares	705,692,507	100.00%	0	0	0	0	0	705,692,507	100.00%
2.1 RMB-denominated ordinary shares	555,692,507	78.74%	0	0	0	0	0	555,692,507	78.74%
2.2 Domestically listed foreign shares	150,000,000	21.26%	0	0	0	0	0	150,000,000	21.26%
2.3 Oversea listed foreign shares	0	0.00%	0	0	0	0	0	0	0.00%
2.4 Other	0	0.00%	0	0	0	0	0	0	0.00%
3. Total shares	705,692,507	100.00%	0	0	0	0	0	705,692,507	100.00%

Reasons for Share Capital Changes

☐Applicable ☒Not applicable

Approval Status of Share Capital Changes

☐Applicable ☒Not applicable

Transfer Procedures for Share Capital Changes

☐Applicable ☒Not applicable

Implementation Progress of Share Repurchase

☐Applicable ☒Not applicable

Implementation Progress of Repurchased Share Reduction Through Centralized Bidding

☐Applicable ☒Not applicable

Impact of Share Capital Changes on Key Financial Indicators

☐Applicable ☒Not applicable

Other Disclosures Deemed Necessary by the Company or Required by Securities Regulators

☐Applicable ☒Not applicable

2. Changes in Restricted Shares

☐Applicable ☒Not applicable

II Issuance and Listing of Securities

☐Applicable ☒Not applicable

III Number of Shareholders and Shareholding Structure

Unit: share

Total Number of Common Shareholders as of the End of the Reporting Period		49,433		Total Number of Preferred Shareholders with Restored Voting Rights as of the End of the Reporting Period (if applicable)			0	
Shareholding Status of Major Common Shareholders (Holding >5% Shares) or Top 10 Common Shareholders (Excluding Shares Lent Through Securities Lending)								
Name of shareholder	Nature of shareholder	Shareholding percentage	Total shares held at the period-end	Increase/decrease in the Reporting Period	Restricted shares held	Unrestricted shares held	Shares in pledge or frozen	
							Status	Shares
Changzhou Investment Group Co., Ltd	State-owned legal person	32.26%	227,663,417	0	0	227,663,417	Not applicable	0
Chen Jian	Domestic natural person	0.71%	4,995,800	1,368,000	0	4,995,800		
Dai Xuerong	Domestic natural person	0.56%	3,918,000	3,918,000	0	3,918,000		
KGI ASIA LIMITED	Foreign legal person	0.44%	3,100,195	0	0	3,100,195		
Bank of China Limited - Huashang Selective Return Mixed Securities Investment Fund	Others	0.42%	2,954,200	2,954,200	0	2,954,200		
BARCLAYS BANK PLC	Foreign legal person	0.41%	2,883,501	2,285,101	0	2,883,501		
Cao Yifan	Domestic natural person	0.32%	2,249,100	2,249,100	0	2,249,100		
China Minsheng Banking Corp., Ltd. - Jinyuan Shun'an Yuanqi Flexible Allocation Mixed Securities Investment Fund	Others	0.28%	1,950,000	750,000	0	1,950,000		
Wang Defu	Domestic	0.23%	1,638,800	751,400	0	1,638,800		

	natural person							
Li Suinan	Domestic natural person	0.23%	1,602,000	1,700	0	1,602,000		
Strategic Investors or Institutional Shareholders Becoming Top 10 Shareholders Through New Share Placements (if applicable)		Not applicable						
Explanations on Connected Relationships or Concerted Actions Among the Above-mentioned Shareholders		The Company is unaware of whether any connected relationships exist among its top 10 tradable shareholders or top 10 unrestricted tradable shareholders, or whether they constitute acting-in-concert parties as defined in the Shareholding Change Information Management Measures.						
Disclosure of Voting Rights Entrustment/Waiver Arrangements Involving the Above-mentioned Shareholders		Not applicable						
Special Notes Regarding Share Repurchase Accounts Among Top 10 Shareholders (if applicable)		Not applicable						
Shareholding Status of Top 10 Unrestricted Common Shareholders (Excluding shares lent through securities lending and executive lock-up shares)								
Name of shareholder	Number of Unrestricted Shares Held at the End of the Reporting Period	Share Types						
		Share Types	Number					
Changzhou Investment Group Co., Ltd	227,663,417	RMB-denominated Ordinary Shares	227,663,417					
Chen Jian	4,995,800	RMB-denominated Ordinary Shares	4,995,800					
Dai Xuerong	3,918,000	RMB-denominated Ordinary Shares	3,918,000					
KGI ASIA LIMITED	3,100,195	Domestic Listed Foreign-Investment Shares	3,100,195					
Bank of China Limited - Huashang Selective Return Mixed Securities Investment Fund	2,954,200	RMB-denominated Ordinary Shares	2,954,200					
BARCLAYS BANK PLC	2,883,501	RMB-denominated Ordinary Shares	2,883,501					
Cao Yifan	2,249,100	Domestic Listed Foreign-Investment Shares	2,249,100					
China Minsheng Banking Corp., Ltd. - Jinyuan Shun'an Yuanqi Flexible Allocation Mixed Securities Investment Fund	1,950,000	RMB-denominated Ordinary Shares	1,950,000					

Wang Defu	1,638,800	RMB-denominated Ordinary Shares	1,638,800
Li Suinan	1,602,000	Domestic Listed Foreign-Investment Shares	1,602,000
Explanations on Connected Relationships or Concerted Actions Among the Top 10 Unrestricted Tradable Shareholders, and Between the Top 10 Unrestricted Tradable Shareholders and the Top 10 Shareholders	The Company is unaware of whether any connected relationships exist among its top 10 tradable shareholders or top 10 unrestricted tradable shareholders, or whether they constitute acting-in-concert parties as defined in the Shareholding Change Information Management Measures.		
Disclosure on Margin Trading Activities of the Top 10 Common Shareholders	Shareholders Chen Jian and Wang Defu held 4,995,800 shares and 1,638,800 shares respectively through margin trading accounts.		

Shareholders Holding >5% Shares, Top 10 Shareholders, and Top 10 Unrestricted Tradable Shareholders' Participation in Securities Lending Business

☐Applicable ☒Not applicable

Changes in Top 10 Shareholders and Top 10 Unrestricted Tradable Shareholders Due to Securities Lending (Borrowing/Returning Shares) Compared to the Previous Period

☐Applicable ☒Not applicable

Whether the Top 10 Common Shareholders and Top 10 Unrestricted Common Shareholders Conducted Agreed Repurchase Transactions During the Reporting Period

☐Yes ☒No

The Top 10 common shareholders and Top 10 unrestricted common shareholders did not conduct any agreed repurchase transactions during the reporting period.

IV Changes in Shareholdings of Directors, Supervisors, and Senior Management

☐Applicable ☒Not applicable

There were no changes in the shareholdings of the Company's directors, supervisors, or senior management during the reporting period. For details, please refer to the 2024 Annual Report.

V Changes in Controlling Shareholder or Actual Controller

Change in controlling shareholder during the reporting period

☐Applicable ☒Not applicable

The Company's controlling shareholder remained unchanged during the reporting period.

Change in actual controller during the reporting period:

☐Applicable ☒Not applicable

The Company's actual controller remained unchanged during the reporting period.

VI. Preferred Shares Related Matters

☐Applicable ☒Not applicable

The Company had no preferred shares outstanding during the reporting period.

Part VII Preference Shares

☐Applicable ☒Not applicable

Part VIII Financial Statements

I Auditor's Report

Whether the Semi-Annual Report is Audited

☐ Yes ☒ No

The Company's semi-annual financial statements are unaudited.

II Financial Statements

Currency unit for the financial statements and the notes thereto: RMB

1. Consolidated Balance Sheet

Prepared by Changchai Company, Limited

30 June 2025

Unit: RMB

Item	Closing balance	Opening balance
Current assets:		
Monetary assets	858,358,461.42	1,063,700,492.59
Settlement reserve		
Interbank loans granted		
Held-for-trading financial assets	420,234,569.30	303,667,459.65
Derivative financial assets		
Notes receivable	144,816,296.81	318,814,017.13
Accounts receivable	1,252,457,584.20	444,254,240.02
Accounts receivable financing	39,513,968.25	223,261,002.76
Prepayments	13,744,199.73	12,725,958.70
Premiums receivable		
Reinsurance receivables		
Receivable reinsurance contract reserve		
Other receivables	9,180,838.09	9,847,441.82
Including: Interest receivable		
Dividends receivable	5,016,960.00	7,165,080.00
Financial assets purchased under resale agreements		
Inventories	563,967,833.16	819,201,998.42
Including: Data resources		
Contract assets		
Assets held for sale		

Current portion of non-current assets		
Other current assets	19,676,778.70	54,605,021.67
Total current assets	3,321,950,529.66	3,250,077,632.76
Non-current assets:		
Loans and advances to customers		
Investments in debt obligations		
Investments in other debt obligations		
Long-term receivables		
Long-term equity investments		
Investments in other equity instruments	1,019,628,058.72	941,120,058.72
Other non-current financial assets	377,869,217.49	377,869,217.49
Investment property	36,692,487.77	37,740,844.55
Fixed assets	578,958,440.32	615,414,505.40
Construction in progress	5,332,994.97	3,376,866.69
Productive living assets		
Oil and gas assets		
Right-of-use assets		
Intangible assets	139,702,226.26	142,805,785.86
Including: Data resources		
Development costs		
Including: Data resources		
Goodwill		
Long-term prepaid expense	2,661,330.28	2,664,557.06
Deferred income tax assets	8,929,666.59	6,458,337.99
Other non-current assets	4,095,737.65	4,373,097.30
Total non-current assets	2,173,870,160.05	2,131,823,271.06
Total assets	5,495,820,689.71	5,381,900,903.82
Current liabilities:		
Short-term borrowings		94,471,787.41
Borrowings from the central bank		
Interbank loans obtained		
Held-for-trading financial liabilities		
Derivative financial liabilities		
Notes payable	631,444,212.92	491,643,629.88
Accounts payable	716,427,585.20	690,733,575.75
Advances from customers	30,222,448.06	30,183,376.84
Contract liabilities	23,469,340.44	31,640,879.59

Financial assets sold under repurchase agreements		
Customer deposits and interbank deposits		
Payables for acting trading of securities		
Payables for underwriting of securities		
Employee benefits payable	11,878,823.63	48,792,254.98
Taxes payable	4,176,010.33	4,214,324.70
Other payables	130,131,731.84	117,736,961.52
Including: Interest payable		
Dividends payable	3,891,433.83	3,891,433.83
Handling charges and commissions payable		
Reinsurance payables		
Liabilities directly associated with assets held for sale		
Current portion of non-current liabilities		
Other current liabilities	98,247,746.66	175,064,677.93
Total current liabilities	1,645,997,899.08	1,684,481,468.60
Non-current liabilities:		
Insurance contract reserve		
Long-term borrowings		
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities		
Long-term payables		
Long-term employee benefits payable		
Provisions	72,125,778.35	73,002,860.52
Deferred income	27,681,302.29	29,386,167.02
Deferred income tax liabilities	169,850,274.38	154,449,852.33
Other non-current liabilities		
Total non-current liabilities	269,657,355.02	256,838,879.87
Total liabilities	1,915,655,254.10	1,941,320,348.47
Shareholders' equity:		
Share capital	705,692,507.00	705,692,507.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserves	640,509,675.84	640,509,675.84

Less: Treasury stock		
Other comprehensive income	709,799,349.91	643,067,549.91
Specific reserve	24,541,362.09	21,959,066.35
Surplus reserves	367,826,665.27	367,826,665.27
General reserve		
Retained earnings	1,049,993,889.57	983,627,999.95
Total equity attributable to Shareholders of the Company as the parent	3,498,363,449.68	3,362,683,464.32
Non-controlling interests	81,801,985.93	77,897,091.03
Total shareholders' equity	3,580,165,435.61	3,440,580,555.35
Total liabilities and shareholders' equity	5,495,820,689.71	5,381,900,903.82

Legal representative: Xie Guozhong

General Manager: Xie Guozhong

Head of the accounting department: Jiang He

2. Balance Sheet of the Company as the Parent

Unit: RMB

Item	Closing balance	Opening balance
Current assets:		
Monetary assets	732,999,515.55	932,456,827.90
Held-for-trading financial assets	301,143,750.00	200,209,027.78
Derivative financial assets		
Notes receivable	134,353,496.75	291,060,042.38
Accounts receivable	1,216,497,263.15	424,946,666.41
Accounts receivable financing	39,513,968.25	215,854,639.00
Prepayments	11,373,339.38	8,720,127.77
Other receivables	23,253,949.64	24,288,767.65
Including: Interest receivable		
Dividends receivable	5,016,960.00	7,165,080.00
Inventories	331,218,921.07	551,350,588.20
Including: Data resources		
Contract assets		
Assets held for sale		
Current portion of non-current assets		
Other current assets	888,623.39	31,935,179.39
Total current assets	2,791,242,827.18	2,680,821,866.48
Non-current assets:		
Investments in debt obligations		
Investments in other debt obligations		
Long-term receivables		
Long-term equity investments	868,279,449.94	868,279,449.94
Investments in other equity instruments	1,019,628,058.72	941,120,058.72
Other non-current financial assets	377,869,217.49	377,869,217.49
Investment property	36,692,487.77	37,740,844.55
Fixed assets	170,537,891.18	188,539,011.23
Construction in progress	5,016,737.44	3,132,433.82
Productive living assets		
Oil and gas assets		
Right-of-use assets		
Intangible assets	54,450,735.24	56,046,446.22
Including: Data resources		
Development costs		
Including: Data resources		

Goodwill		
Long-term prepaid expense		
Deferred income tax assets	8,285,605.02	5,814,276.42
Other non-current assets	3,758,279.00	3,755,279.00
Total non-current assets	2,544,518,461.80	2,482,297,017.39
Total assets	5,335,761,288.98	5,163,118,883.87
Current liabilities:		
Short-term borrowings		49,843,838.91
Held-for-trading financial liabilities		
Derivative financial liabilities		
Notes payable	645,030,519.41	652,752,618.33
Accounts payable	643,108,648.44	572,396,386.79
Advances from customers	30,152,248.06	30,183,376.84
Contract liabilities	20,963,758.88	23,493,204.39
Employee benefits payable	4,801,445.59	39,221,119.16
Taxes payable	1,454,153.78	2,116,355.96
Other payables	117,888,204.64	111,060,096.07
Including: Interest payable		
Dividends payable	3,243,179.97	3,243,179.97
Liabilities directly associated with assets held for sale		
Current portion of non-current liabilities		
Other current liabilities	97,402,299.32	39,139,067.15
Total current liabilities	1,560,801,278.12	1,520,206,063.60
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities		
Long-term payables		
Long-term employee benefits payable		
Provisions	69,144,414.39	70,293,055.65
Deferred income	27,681,302.29	29,386,167.02
Deferred income tax liabilities	159,282,945.60	147,506,745.60
Other non-current liabilities		
Total non-current liabilities	256,108,662.28	247,185,968.27
Total liabilities	1,816,909,940.40	1,767,392,031.87
Shareholders' equity:		
Share capital	705,692,507.00	705,692,507.00

Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserves	659,418,700.67	659,418,700.67
Less: Treasury stock		
Other comprehensive income	709,799,349.91	643,067,549.91
Specific reserve	19,232,805.37	19,117,263.36
Surplus reserves	367,826,665.27	367,826,665.27
Retained earnings	1,056,881,320.36	1,000,604,165.79
Total shareholders' equity	3,518,851,348.58	3,395,726,852.00
Total liabilities and shareholders' equity	5,335,761,288.98	5,163,118,883.87

Legal representative: Xie Guozhong

General Manager: Xie Guozhong

Head of the accounting department: Jiang He

3. Consolidated Income Statement

Unit: RMB

Item	2025 Semi-Annual	2024 Semi-Annual
1. Revenue	1,561,186,625.83	1,495,909,152.63
Including: Operating revenue	1,561,186,625.83	1,495,909,152.63
Interest income		
Insurance premium income		
Handling charge and commission income		
2. Costs and expenses	1,485,288,910.96	1,402,397,808.63
Including: Cost of sales	1,361,474,105.33	1,284,673,407.54
Interest expense		
Handling charge and commission expense		
Surrenders		
Net insurance claims paid		
Net amount provided as insurance contract reserve		
Expenditure on policy dividends		
Reinsurance premium expense		
Taxes and surcharges	9,929,153.46	8,959,091.13
Selling expense	29,894,284.08	25,133,785.12
Administrative expense	50,718,409.56	53,480,629.46
R&D expense	38,891,905.33	38,765,247.04
Finance costs	-5,618,946.80	-8,614,351.66
Including: Interest expense	704,087.32	1,546,928.49
Interest income	7,108,599.23	7,969,452.65
Add: Other income	6,527,952.88	1,953,702.37
Return on investment (“-” for loss)	7,570,956.48	14,299,040.62
Including: Share of profit or loss of joint ventures and associates		
Income from the derecognition of financial assets at amortized cost (“-” for loss)		
Exchange gain (“-” for loss)		
Net gain on exposure hedges (“-” for loss)		
Gain on changes in fair value (“-” for loss)	15,685,633.55	-34,487,453.74
Credit impairment loss (“-” for loss)	-17,051,155.31	-17,838,282.66
Asset impairment loss (“-” for loss)	-1,007,978.87	-359,995.80
Asset disposal income (“-” for loss)	2,797,353.31	408,245.54
3. Operating profit (“-” for loss)	90,420,476.91	57,486,600.33
Add: Non-operating income	142,118.30	1,070,935.19
Less: Non-operating expense	28,702.13	267,734.59
4. Profit before tax (“-” for loss)	90,533,893.08	58,289,800.93

Less: Income tax expense	13,529,676.07	4,314,671.32
5. Net profit (“-” for net loss)	77,004,217.01	53,975,129.61
5.1 By operating continuity		
5.1.1 Net profit from continuing operations (“-” for net loss)	77,004,217.01	53,975,129.61
5.1.2 Net profit from discontinued operations (“-” for net loss)		
5.2 By shareholders’ equity		
5.2.1 Net profit attributable to shareholders of the Company as the parent	73,422,814.69	50,097,655.15
5.2.1 Net profit attributable to non-controlling interests	3,581,402.32	3,877,474.46
6. Other comprehensive income, net of tax	66,731,800.00	-44,237,400.00
Attributable to shareholders of the Company as the parent	66,731,800.00	-44,237,400.00
6.1 Items that will not be reclassified to profit or loss	66,731,800.00	-44,237,400.00
6.1.1 Changes caused by remeasurements on defined benefit schemes		
6.1.2 Other comprehensive income that will not be reclassified to profit or loss under the equity method		
6.1.3 Changes in the fair value of investments in other equity instruments	66,731,800.00	-44,237,400.00
6.1.4 Changes in the fair value arising from changes in own credit risk		
6.1.5 Other		
6.2 Items that will be reclassified to profit or loss		
6.2.1 Other comprehensive income that will be reclassified to profit or loss under the equity method		
6.2.2 Changes in the fair value of investments in other debt obligations		
6.2.3 Other comprehensive income arising from the reclassification of financial assets		
6.2.4 Credit impairment allowance for investments in other debt obligations		
6.2.5 Reserve for cash flow hedges		
6.2.6 Differences arising from the translation of foreign currency-denominated financial statements		
6.2.7 Other		
Attributable to non-controlling interests		
7. Total comprehensive income	143,736,017.01	9,737,729.61
Attributable to shareholders of the Company as the parent	140,154,614.69	5,860,255.15
Attributable to non-controlling interests	3,581,402.32	3,877,474.46
8. Earnings per share		

8.1 Basic earnings per share	0.1040	0.0710
8.2 Diluted earnings per share	0.1040	0.0710

Legal representative: Xie Guozhong

General Manager: Xie Guozhong

Head of the accounting department: Jiang He

4. Income Statement of the Company as the Parent

Unit: RMB

Item	2025 Semi-Annual	2024 Semi-Annual
1. Operating revenue	1,451,712,384.50	1,420,095,519.32
Less: Cost of sales	1,302,126,081.67	1,248,849,498.10
Taxes and surcharges	6,144,680.41	5,596,041.85
Selling expense	22,573,818.66	21,137,008.43
Administrative expense	37,086,364.52	38,925,179.53
R&D expense	35,215,371.58	34,813,766.30
Finance costs	-5,781,927.35	-12,954,483.76
Including: Interest expense	491,473.80	1,415,480.19
Interest income	7,720,759.20	11,403,739.83
Add: Other income	6,508,819.29	1,756,921.35
Return on investment (“-” for loss)	6,826,069.66	13,453,121.53
Including: Share of profit or loss of joint ventures and associates		
Income from the derecognition of financial assets at amortized cost (“-” for loss)		
Net gain on exposure hedges (“-” for loss)		
Gain on changes in fair value (“-” for loss)	1,143,750.00	
Credit impairment loss (“-” for loss)	268,082.12	-18,792,776.77
Asset impairment loss (“-” for loss)	-477,875.67	-349,743.48
Asset disposal income (“-” for loss)	2,793,207.25	421,678.54
2. Operating profit (“-” for loss)	71,410,047.66	80,217,710.04
Add: Non-operating income	6.36	567,599.20
Less: Non-operating expense	3,720.00	3,720.00
3. Profit before tax (“-” for loss)	71,406,334.02	80,781,589.24
Less: Income tax expense	8,072,254.38	11,155,612.41
4. Net profit (“-” for net loss)	63,334,079.64	69,625,976.83
4.1 Net profit from continuing operations (“-” for net loss)	63,334,079.64	69,625,976.83
4.2 Net profit from discontinued operations (“-” for net loss)		
5. Other comprehensive income, net of tax	66,731,800.00	-44,237,400.00
5.1 Items that will not be reclassified to profit or loss	66,731,800.00	-44,237,400.00
5.1.1 Changes caused by remeasurements on defined benefit schemes		
5.1.2 Other comprehensive income that will not be reclassified to profit or loss under the equity method		
5.1.3 Changes in the fair value of investments in other equity instruments	66,731,800.00	-44,237,400.00
5.1.4 Changes in the fair value arising from changes in own credit risk		

5.1.5 Other		
5.2 Items that will be reclassified to profit or loss		
5.2.1 Other comprehensive income that will be reclassified to profit or loss under the equity method		
5.2.2 Changes in the fair value of investments in other debt obligations		
5.2.3 Other comprehensive income arising from the reclassification of financial assets		
5.2.4 Credit impairment allowance for investments in other debt obligations		
5.2.5 Reserve for cash flow hedges		
5.2.6 Differences arising from the translation of foreign currency-denominated financial statements		
5.2.7 Other		
6. Total comprehensive income	130,065,879.64	25,388,576.83
7. Earnings per share		
7.1 Basic earnings per share		
7.2 Diluted earnings per share		

Legal representative: Xie Guozhong

General Manager: Xie Guozhong

Head of the accounting department: Jiang He

5. Consolidated Cash Flow Statement

Unit: RMB

Item	2025 Semi-Annual	2024 Semi-Annual
1. Cash flows from operating activities:		
Proceeds from sale of commodities and rendering of services	882,699,452.94	881,118,416.96
Net increase in customer deposits and interbank deposits		
Net increase in borrowings from the central bank		
Net increase in loans from other financial institutions		
Premiums received on original insurance contracts		
Net proceeds from reinsurance		
Net increase in deposits and investments of policy holders		
Interest, handling charges and commissions received		
Net increase in interbank loans obtained		
Net increase in proceeds from repurchase transactions		
Net proceeds from acting trading of securities		
Tax rebates	38,633,075.84	10,606,127.65
Cash generated from other operating activities	14,290,624.34	12,788,451.27
Subtotal of cash generated from operating activities	935,623,153.12	904,512,995.88
Payments for commodities and services	683,791,472.53	748,951,967.58
Net increase in loans and advances to customers		
Net increase in deposits in the central bank and in interbank loans granted		
Payments for claims on original insurance contracts		
Net increase in interbank loans granted		
Interest, handling charges and commissions paid		
Policy dividends paid		
Cash paid to and for employees	171,760,589.81	183,166,748.96
Taxes paid	44,828,633.07	38,069,979.90
Cash used in other operating activities	109,548,568.34	96,138,812.44
Subtotal of cash used in operating activities	1,009,929,263.75	1,066,327,508.88
Net cash generated from/used in operating activities	-74,306,110.63	-161,814,513.00
2. Cash flows from investing activities:		
Proceeds from disinvestment	643,428,229.00	385,750,000.00
Return on investment	3,992,501.83	14,299,040.62
Net proceeds from the disposal of fixed assets, intangible assets and other long-lived assets	3,530,738.93	76,305,099.30
Net proceeds from the disposal of subsidiaries and other business units		
Cash generated from other investing activities	12,600.00	
Subtotal of cash generated from investing activities	650,964,069.76	476,354,139.92

Payments for the acquisition of fixed assets, intangible assets and other long-lived assets	3,578,214.68	11,017,090.96
Payments for investments	744,553,500.00	598,044,324.00
Net increase in pledged loans granted		
Net payments for the acquisition of subsidiaries and other business units		
Cash used in other investing activities		
Subtotal of cash used in investing activities	748,131,714.68	609,061,414.96
Net cash generated from/used in investing activities	-97,167,644.92	-132,707,275.04
3. Cash flows from financing activities:		
Capital contributions received		
Including: Capital contributions by non-controlling interests to subsidiaries		
Borrowings raised		
Cash generated from other financing activities		
Subtotal of cash generated from financing activities		
Repayment of borrowings		
Interest and dividends paid	7,056,925.07	33,167,547.83
Including: Dividends paid by subsidiaries to non-controlling interests		
Cash used in other financing activities		
Subtotal of cash used in financing activities	7,056,925.07	33,167,547.83
Net cash generated from/used in financing activities	-7,056,925.07	-33,167,547.83
4. Effect of foreign exchange rates changes on cash and cash equivalents		
5. Net increase in cash and cash equivalents	-178,530,680.62	-327,689,335.87
Add: Cash and cash equivalents, beginning of the period	892,681,884.84	971,629,523.46
6. Cash and cash equivalents, end of the period	714,151,204.22	643,940,187.59

Legal representative: Xie Guozhong

General Manager: Xie Guozhong

Head of the accounting department: Jiang He

6. Cash Flow Statement of the Company as the Parent

Unit: RMB

Item	2025 Semi-Annual	2024 Semi-Annual
1. Cash flows from operating activities:		
Proceeds from sale of commodities and rendering of services	784,383,704.35	792,554,114.17
Tax rebates	34,098,461.67	5,571,468.42
Cash generated from other operating activities	9,834,418.79	10,526,359.52
Subtotal of cash generated from operating activities	828,316,584.81	808,651,942.11
Payments for commodities and services	658,698,461.72	723,988,549.96
Cash paid to and for employees	136,568,203.72	153,563,701.50
Taxes paid	34,259,403.60	28,596,026.83
Cash used in other operating activities	72,493,533.98	77,233,383.77
Subtotal of cash used in operating activities	902,019,603.02	983,381,662.06
Net cash generated from/used in operating activities	-73,703,018.21	-174,729,719.95
2. Cash flows from investing activities:		
Proceeds from disinvestment	550,000,000.00	370,000,000.00
Return on investment	3,198,458.89	13,453,121.53
Net proceeds from the disposal of fixed assets, intangible assets and other long-lived assets	3,138,377.83	76,421,678.54
Net proceeds from the disposal of subsidiaries and other business units		
Cash generated from other investing activities	612,159.97	
Subtotal of cash generated from investing activities	556,948,996.69	459,874,800.07
Payments for the acquisition of fixed assets, intangible assets and other long-lived assets	1,795,759.49	2,211,874.73
Payments for investments	650,000,000.00	572,000,000.00
Net payments for the acquisition of subsidiaries and other business units		
Cash used in other investing activities		
Subtotal of cash used in investing activities	651,795,759.49	574,211,874.73
Net cash generated from/used in investing activities	-94,846,762.80	-114,337,074.66
3. Cash flows from financing activities:		
Capital contributions received		
Borrowings raised		
Cash generated from other financing activities		
Subtotal of cash generated from financing activities		
Repayment of borrowings		
Interest and dividends paid	7,056,925.07	33,167,547.83
Cash used in other financing activities		
Subtotal of cash used in financing activities	7,056,925.07	33,167,547.83

Net cash generated from/used in financing activities	-7,056,925.07	-33,167,547.83
4. Effect of foreign exchange rates changes on cash and cash equivalents		
5. Net increase in cash and cash equivalents	-175,606,706.08	-322,234,342.44
Add: Cash and cash equivalents, beginning of the period	805,614,858.63	899,689,740.60
6. Cash and cash equivalents, end of the period	630,008,152.55	577,455,398.16

Legal representative: Xie Guozhong

General Manager: Xie Guozhong

Head of the accounting department: Jiang He

7. Consolidated Statements of Changes in Shareholders' Equity

Current Period

Unit: RMB

Item	2025 Semi-Annual														
	Equity attributable to shareholders of the Company as the parent													Non-cont rolling interests	Total sharehold ers’ equity
	Share capital	Other equity instruments			Capital reserve s	Less: Treasury stock	Other compreh ensive income	Specific reserve	Surplu s reserv es	Genera l reserve	Retain ed earnin gs	Ot her	Subtotal		
		Preferr ed shares	Perpet ual bonds	Oth er											
1. Balance as at the end of the prior year	705,692,507.00				640,509,675.84		643,067,549.91	21,959,066.35	367,826,665.27		983,627,999.95		3,362,683,464.32	77,897,091.03	3,440,580,555.35
Add: Adjustment for change in accounting policy															
Adjustment for correction of previous error															
Other adjustments															

2. Balance as at the beginning of the period	705,692,507.00				640,509,675.84		643,067,549.91	21,959,066.35	367,826,665.27		983,627,999.95		3,362,683,464.32	77,897,091.03	3,440,580,555.35
3. Increase/decrease in the period (“-” for decrease)	0.00						66,731,800.00	2,582,295.74			66,365,889.62		135,679,985.36	3,904,894.90	139,584,880.26
3.1 Total comprehensive income							66,731,800.00				73,422,814.69		140,154,614.69	3,581,402.32	143,736,017.01
3.2 Capital increased and reduced by shareholders															
3.2.1 Ordinary shares increased by shareholders															
3.2.2 Capital increased by holders of other equity instruments															

3.2.3 Share-based payments included in shareholders' equity															
3.2.4 Other															
3.3 Profit distribution											-7,056, 925.07		-7,056,9 25.07		-7,056,92 5.07
3.3.1 Appropriation to surplus reserves															
3.3.2 Appropriation to general reserve															
3.3.3 Appropriation to shareholders											-7,056, 925.07		-7,056,9 25.07		-7,056,92 5.07
3.3.4 Other															
3.4 Transfers within shareholders' equity															

3.4.1 Increase in capital (or share capital) from capital reserves															
3.4.2 Increase in capital (or share capital) from surplus reserves															
3.4.3 Loss offset by surplus reserves															
3.4.4 Changes in defined benefit schemes transferred to retained earnings															
3.4.5 Other comprehensive income transferred to retained earnings															

3.4.6 Other															
3.5 Specific reserve								2,582,295.74					2,582,295.74	323,492.58	2,905,788.32
3.5.1 Increase in the period								6,005,031.87					6,005,031.87	373,360.17	6,378,392.04
3.5.2 Used in the period								3,422,736.13					3,422,736.13	49,867.59	3,472,603.72
3.6 Other															
4. Balance as at the end of the period	705,692,507.00				640,509,675.84		709,799,349.91	24,541,362.09	367,826,665.27		1,049,993,889.57		3,498,363,449.68	81,801,985.93	3,580,165,435.61

Prior Period

Unit: RMB

Item	2024 Semi-Annual														
	Equity attributable to shareholders of the Company as the parent													Non-con trolling interests	Total sharehold ers' equity
	Share capital	Other equity instruments			Capital reserve s	Less: Treasu ry stock	Other compreh ensive income	Specific reserve	Surplus reserves	Gen eral reser ve	Retain ed earnin gs	Other	Subtot al		
		Preferre d shares	Perpe tual bond s	Other											
1. Balance as at the end of the prior year	705,692,5 07.00				640,50 9,675.8 4		667,180, 321.82	19,432,0 89.52	363,695, 592.34		1,002, 436,72 4.71		3,398,9 46,911. 23	71,121,2 08.35	3,470,068 ,119.58

Add: Adjustment for change in accounting policy															
Adjustment for correction of previous error															
Other adjustments															
2. Balance as at the beginning of the period	705,692,5 07.00				640,50 9,675.8 4		667,180, 321.82	19,432,0 89.52	363,695, 592.34		1,002, 436,72 4.71		3,398,9 46,911. 23	71,121,2 08.35	3,470,068 ,119.58
3. Increase/ decrease in the period (“-” for decrease)							-44,237, 400.00	650,615. 85			16,930 ,107.3 2		-26,65 6,676.8 3	3,877,47 4.46	-22,779,2 02.37
3.1 Total comprehensive income							-44,237, 400.00				50,097 ,655.1 5		5,860,2 55.15	3,877,47 4.46	9,737,729 .61
3.2 Capital increased and reduced by shareholders															

3.2.1 Ordinary shares increased by shareholders															
3.2.2 Capital increased by holders of other equity instruments															
3.2.3 Share-based payments included in shareholders' equity															
3.2.4 Other															
3.3 Profit distribution											-33,167,547.83		-33,167,547.83		-33,167,547.83
3.3.1 Appropriation to surplus reserves															
3.3.2 Appropriation to general reserve															

3.3.3 Appropriation to shareholders											-33,167,547.83		-33,167,547.83		-33,167,547.83
3.3.4 Other															
3.4 Transfers within shareholders' equity															
3.4.1 Increase in capital (or share capital) from capital reserves															
3.4.2 Increase in capital (or share capital) from surplus reserves															
3.4.3 Loss offset by surplus reserves															

3.4.4 Changes in defined benefit schemes transferred to retained earnings															
3.4.5 Other comprehensive income transferred to retained earnings															
3.4.6 Other															
3.5 Specific reserve								650,615.85					650,615.85		650,615.85
3.5.1 Increase in the period								3,083,166.06					3,083,166.06		3,083,166.06
3.5.2 Used in the period								2,432,550.21					2,432,550.21		2,432,550.21
3.6 Other															
4. Balance as at the end of the period	705,692,507.00				640,509,675.84		622,942,921.82	20,082,705.37	363,695,592.34		1,019,366,832.03		3,372,290,234.40	74,998,682.81	3,447,288,917.21

Legal representative: Xie Guozhong

General Manager: Xie Guozhong

Head of the accounting department: Jiang He

8. Statements of Changes in Shareholders' Equity of the Company as the Parent

Current Period

Unit: RMB

Item	2025 Semi-Annual											
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserve	Surplus reserves	Retained earnings	Other	Total shareholders' equity
		Preferr ed shares	Perpet ual bonds	Other								
1. Balance as at the end of the prior period	705,692,507.00				659,418,700.67		643,067,549.91	19,117,263.36	367,826,665.27	1,000,604,165.79		3,395,726,852.00
Add: Adjustment for change in accounting policy												
Adjustment for correction of previous error												
Other adjustments												
2. Balance as at the beginning of the period	705,692,507.00				659,418,700.67		643,067,549.91	19,117,263.36	367,826,665.27	1,000,604,165.79		3,395,726,852.00
3. Increase/ decrease in the period (“-” for decrease)							66,731,800.00	115,542.01		56,277,154.57		123,124,496.58
3.1 Total comprehensive income							66,731,800.00			63,334,079.64		130,065,879.64

3.2 Capital increased and reduced by shareholders												
3.2.1 Ordinary shares increased by shareholders												
3.2.2 Capital increased by holders of other equity instruments												
3.2.3 Share-based payments included in shareholders' equity												
3.2.4 Other												
3.3 Profit distribution										-7,056,925.07		-7,056,925.07
3.3.1 Appropriation to surplus reserves												
3.3.2 Appropriation to shareholders										-7,056,925.07		-7,056,925.07
3.3.3 Other												
3.4 Transfers within shareholders' equity												
3.4.1 Increase in capital (or share capital) from capital reserves												

3.4.2 Increase in capital (or share capital) from surplus reserves												
3.4.3 Loss offset by surplus reserves												
3.4.4 Changes in defined benefit schemes transferred to retained earnings												
3.4.5 Other comprehensive income transferred to retained earnings												
3.4.6 Other												
3.5 Specific reserve								115,542.01				115,542.01
3.5.1 Increase in the period								2,435,798.34				2,435,798.34
3.5.2 Used in the period								2,320,256.33				2,320,256.33
3.6 Other												
4. Balance as at the end of the period	705,692,507.00				659,418,700.67		709,799,349.91	19,232,805.37	367,826,665.27	1,056,881,320.36		3,518,851,348.58

Prior Period

Unit: RMB

Item	2024 Semi-Annual											
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserve	Surplus reserves	Retained earnings	Other	Total shareholders' equity
		Preferred shares	Perpetual bonds	Other								
1. Balance as at the end of the prior period	705,692,507.00				659,418,700.67		667,180,321.82	19,010,793.43	363,695,592.34	996,592,057.25		3,411,589,972.51
Add: Adjustment for change in accounting policy												
Adjustment for correction of previous error												
Other adjustments												
2. Balance as at the beginning of the period	705,692,507.00				659,418,700.67		667,180,321.82	19,010,793.43	363,695,592.34	996,592,057.25		3,411,589,972.51
3. Increase/ decrease in the period (“-” for decrease)							-44,237,400.00	183,198.84		36,458,429.00		-7,595,772.16
3.1 Total comprehensive income							-44,237,400.00			69,625,976.83		25,388,576.83

3.2 Capital increased and reduced by shareholders												
3.2.1 Ordinary shares increased by shareholders												
3.2.2 Capital increased by holders of other equity instruments												
3.2.3 Share-based payments included in shareholders' equity												
3.2.4 Other												
3.3 Profit distribution										-33,167,547.83		-33,167,547.83
3.3.1 Appropriation to surplus reserves												
3.3.2 Appropriation to shareholders										-33,167,547.83		-33,167,547.83
3.3.3 Other												
3.4 Transfers within shareholders' equity												

3.4.1 Increase in capital (or share capital) from capital reserves												
3.4.2 Increase in capital (or share capital) from surplus reserves												
3.4.3 Loss offset by surplus reserves												
3.4.4 Changes in defined benefit schemes transferred to retained earnings												
3.4.5 Other comprehensive income transferred to retained earnings												
3.4.6 Other												
3.5 Specific reserve								183,198.84				183,198.84
3.5.1 Increase in the period								2,333,560.45				2,333,560.45
3.5.2 Used in the period								2,150,361.61				2,150,361.61
3.6 Other												

4. Balance as at the end of the period	705,692,507 .00				659,418, 700.67		622,942,92 1.82	19,193,992. 27	363,695,592. 34	1,033,050 ,486.25		3,403,994,2 00.35
---	--------------------	--	--	--	--------------------	--	--------------------	-------------------	--------------------	----------------------	--	----------------------

Legal representative: Xie Guozhong

General Manager: Xie Guozhong

Head of the accounting department: Jiang He

III. Company Profile

1. Registered location, organization form and headquarters address of the Company

Changchai Company, Limited (hereinafter referred to as “the Company”) was founded on 5 May 1994, which is a company limited by shares promoted solely by Changzhou Diesel Engine Plant through the approval by the State Commission for Restructuring the Economic Systems with document TGS [1993] No. 9 on 15 January 1993 by way of public offering of shares. With the approval of the People’s Government of Jiangsu Province SZF [1993] No. 67, as well as reexamined and approved by China Securities Regulatory Commission (“CSRC”) through document ZJFSZ (1994) No. 9, the Company initially issued A shares to the public from 15 March 1994 to 30 March 1994. As approved by the Shenzhen Stock Exchange through document SZSFZ (1994) No. 15, such tradable shares of the public got listing on 1 July 1994 at Shenzhen Stock Exchange with “Changchai” for short of stock, as well as “0570” as stock code (present stock code is “000570”).

In 1996, upon recommendation by Document No. 13 [1996] of the General Office of Jiangsu Provincial People's Government, preliminary review by Document No. 24 [1996] of Shenzhen Securities Regulatory Office, and approval by Document No. 27 [1996] of the State Council Securities Commission, the Company privately placed 100 million B-shares to qualified investors from August 27 to August 30, 1996. The shares were listed on September 13, 1996, with the stock abbreviation "Changchai B" and stock code "2570" (current stock code: "200570").

Through years of bonus share distributions, rights offerings, capital reserve conversions, and additional share issuances, as of June 30, 2025, the Company's total issued share capital reached 705,692,507 shares, with registered capital of RMB 705,692,507.

Registered Address: 123 Huaide Middle Road, Changzhou, Jiangsu Province

Headquarters Address: 123 Huaide Middle Road, Changzhou, Jiangsu Province

Unified Social Credit Code: 91320400134792410W

2. Principal Business Operations of the Company

The Company operates in the manufacturing industry, with its business scope primarily covering: the manufacturing and sales of diesel engines, diesel engine components and castings, gasoline engines, gasoline engine components, grain harvesting machinery, rotary tillers, walking tractors, molds, and fixtures, as well as the assembly and sales of diesel engine units and gasoline engine units.

The Company's main products or services include: the production and sales of small and medium-sized single-cylinder and multi-cylinder diesel engines under the "Changchai" brand. The diesel engines produced and sold by the Company are mainly used in tractors, combine harvesters, light commercial vehicles, agricultural equipment, small construction machinery, generator sets, and marine engines.

During the reporting period, there were no changes to the Company's core business operations.

3. Authorization of Financial Statements

The financial report has been approved to be issued by the Board of Directors on August 20, 2025.

IV. Basis for Preparation of the Financial Report

1. Basis for Preparation

With the going-concern assumption as the basis and based on transactions and other events that actually occurred, the Group prepared financial statements in accordance with The Accounting Standards for Business

Enterprises—Basic Standard issued by the Ministry of Finance with Decree No. 33 and revised with Decree No. 76, the various specific accounting standards, the Application Guidance of Accounting Standards for Business Enterprises, the Interpretation of Accounting Standards for Business Enterprises and other regulations issued and revised from 15 February 2006 onwards (hereinafter jointly referred to as “the Accounting Standards for Business Enterprises”, “China Accounting Standards” or “CAS”), as well as the Rules for Preparation Convention of Disclosure of Public Offering Companies No.15 – General Regulations for Financial Reporting (revised in 2023) by China Securities Regulatory Commission.

In accordance with relevant provisions of the Accounting Standards for Business Enterprises, the Group adopted the accrual basis in accounting. Except for some financial instruments, where impairment occurred on an asset, an impairment reserve was withdrawn accordingly pursuant to relevant requirements.

2. Continuation

These financial statements are prepared on a going concern basis. The Company has the ability to continue as a going concern for at least 12 months from the end of the reporting period.

V. Important Accounting Policies and Estimations

Notification of specific accounting policies and accounting estimations:

The Company and its subsidiaries are principally engaged in the production and sales of small-to-medium sized single-cylinder and multi-cylinder diesel engines under the 'Changchai' trademark. In accordance with their actual production and operating characteristics and the relevant Accounting Standards for Business Enterprises, the Company and its subsidiaries have formulated specific accounting policies and accounting estimates for various transactions and events, as detailed in the following descriptions.

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

The financial statements prepared by the Company comply with the requirements of the Accounting Standards for Business Enterprises (ASBE) and present fairly, in all material respects, the consolidated and parent company's financial position as of June 30, 2025, and the consolidated and parent company's operating results and cash flows for the year then ended.

2. Fiscal Period

The Company's accounting periods are divided into fiscal years and interim periods. An interim accounting period refers to a reporting period shorter than a full fiscal year. The Company adopts the Gregorian calendar year as its fiscal year, which starts from January 1st and ends on December 31st each year.

3. Operating Cycle

A normal operating cycle refers to a period from the Group purchasing assets for processing to realizing cash or cash equivalents. An operating cycle for the Group is 12 months, which is also the classification criterion for the liquidity of its assets and liabilities.

4. Currency Used in Bookkeeping

Renminbi is the functional currency of the Company.

5. Accounting Methods for Business Combinations under the Same Control and Business Combinations not under the Same Control

Business Combination refers to transactions or events that integrate two or more separate enterprises into a single reporting entity. Business combinations are categorized into Business Combinations under the Same Control and Business Combinations not under the Same Control.

(1) Business combinations under the same control

The enterprises involved in combination are ultimately controlled by the same party or parties before and after the combination. The control is not temporary, and the combination is under the same control. For business combination under the same control, the party that obtains control over other participating enterprises on the purchase date is the acquirer, and other enterprises that participate in the combination are the acquirees. Combination date refers to the date on which the combining party actually obtains control to the combined party.

The Company measures the assets and liabilities obtained from consolidation of enterprises, according to the book value of consolidated party's assets and liabilities (including the goodwill arising from ultimate controller's acquisition of the consolidated party) in the ultimate controller's consolidated financial statement on the consolidation date; adjusts the capital premium in capital reserve, by the difference between obtained net asset book value and paid consolidated consideration book value (or total par value of shares issued), and adjusts retained earnings, if the capital premium in capital reserve is insufficient to offset.

The direct expenses generated by the acquirer for the purpose of business combinations shall be recorded into the profits and losses for the current period.

(2) Business combinations not under the same control

A business combination involving enterprises that are not ultimately controlled by the same party or parties both before and after the combination is a business combination not under common control. In a business combination not under common control, the party that obtains control over the other combining enterprises on the acquisition date is the acquirer, and the other enterprises participating in the combination are the acquirees. The acquisition date is the date on which the acquirer effectively obtains control of the acquiree.

For a business combination not under common control, the cost of combination includes the fair value, at the acquisition date, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer in exchange for control of the acquiree. Professional fees such as audit, legal, valuation and consulting services, as well as other administrative costs related to the business combination, are expensed as incurred. Transaction costs incurred by the acquirer in issuing equity or debt instruments as consideration for the combination are included in the initial recognition amount of the equity or debt instruments. Any contingent consideration is included in the cost of combination at its fair value at the acquisition date. If new or additional evidence relating to circumstances existing at the acquisition date arises within twelve months after the acquisition date and results in an adjustment to the contingent consideration, the amount of goodwill is adjusted accordingly. The acquirer measures the cost of combination and the identifiable assets and liabilities acquired at their fair values at the acquisition date. The excess of the cost of combination over the acquirer's interest in the fair value of the identifiable net assets of the acquiree at the acquisition date is recognized as goodwill. If the cost of combination is less than the acquirer's interest in the fair value of the identifiable net assets of the acquiree, the acquirer first reassesses the measurement of the identifiable assets, liabilities and contingent liabilities acquired and the cost of combination. If the cost of

combination remains less than the acquirer's interest in the fair value of the identifiable net assets of the acquiree after the reassessment, the difference is recognized in profit or loss for the period.

If the acquirer obtains deductible temporary differences of the acquiree that do not meet the recognition criteria for deferred tax assets at the acquisition date and are therefore not recognized, and if within twelve months after the acquisition date new or additional information becomes available indicating that the relevant circumstances existed at the acquisition date and that the economic benefits associated with the deductible temporary differences of the acquiree at the acquisition date are probable, the related deferred tax assets are recognized with a corresponding decrease in goodwill. If the goodwill is insufficient to absorb the decrease, the excess is recognized in profit or loss. In all other cases, deferred tax assets arising from a business combination are recognized in profit or loss.

A business combination not under common control achieved in stages through multiple transactions is accounted for by reference to the preceding paragraphs and Note V.14 "Long-term equity investments" if the transactions are part of a single arrangement. If the transactions are not part of a single arrangement, the accounting treatment is differentiated between the separate financial statements and the consolidated financial statements:

In the separate financial statements, the initial cost of the investment is the sum of the carrying amount of the equity investment in the acquiree held prior to the acquisition date and the cost of the additional investment incurred on the acquisition date. If the equity investment in the acquiree held prior to the acquisition date involves other comprehensive income, the related other comprehensive income is accounted for on the same basis as if the acquiree had directly disposed of the related assets or liabilities when the investment is disposed of (i.e., except for the relevant share of changes arising from the acquiree's remeasurement of defined benefit plan net liabilities or assets accounted for under the equity method, the remainder is reclassified to investment income in the current period).

In the consolidated financial statements, the equity investment in the acquiree held prior to the acquisition date is remeasured at its fair value on the acquisition date, with any difference between the fair value and the carrying amount recognized in investment income for the period. If the equity investment in the acquiree held prior to the acquisition date involves other comprehensive income, the related other comprehensive income is accounted for on the same basis as if the acquiree had directly disposed of the related assets or liabilities (i.e., except for the relevant share of changes arising from the acquiree's remeasurement of defined benefit plan net liabilities or assets accounted for under the equity method, the remainder is reclassified to investment income in the period in which the acquisition date falls).

6. Criteria for Determining Control and Methods for Preparing Consolidated Financial Statements

(1) Criteria for Determining Control

The scope of consolidation is determined based on control. Control means that the Company has power over an investee, is exposed, or has rights, to variable returns from its involvement with the investee, and has the ability to use its power over the investee to affect the amount of the returns. This generally includes situations where: the parent holds more than half of the voting rights of the investee; or the parent holds half or less of the voting rights but has more than half of the voting rights through agreements with other investors; or has the power to govern the financial and operating policies of the investee under the investee's articles of association or agreements; or has the power to appoint or remove the majority of the members of the board of directors of the investee; or has the majority of voting rights at the board of directors of the investee.

(2) Methods for Preparing Consolidated Financial Statements

The Company includes subsidiaries in the consolidated financial statements from the date on which it obtains

control over the subsidiaries' net assets and operating decisions, and excludes them from the date on which such control ceases. For subsidiaries disposed of, the results of operations and cash flows prior to the disposal date are properly included in the consolidated income statement and consolidated cash flow statement; for subsidiaries disposed of during the period, the opening balances of the consolidated balance sheet are not adjusted. For subsidiaries acquired in business combinations not under common control, their results of operations and cash flows after the acquisition date are properly included in the consolidated income statement and consolidated cash flow statement, and the opening balances and comparative figures in the consolidated financial statements are not adjusted. For subsidiaries acquired in business combinations under common control and entities acquired through mergers, their results of operations and cash flows from the beginning of the period in which the combination occurs to the combination date are properly included in the consolidated income statement and consolidated cash flow statement, and the comparative figures in the consolidated financial statements are adjusted accordingly.

When preparing the consolidated financial statements, if the accounting policies or reporting periods adopted by a subsidiary differ from those of the Company, the subsidiary's financial statements are adjusted to conform to the Company's accounting policies and reporting periods. For subsidiaries acquired in business combinations not under common control, their financial statements are adjusted based on the fair values of the identifiable net assets at the acquisition date.

All significant intercompany balances, transactions and unrealized profits are eliminated in full in the consolidated financial statements.

The portion of equity and net profit or loss of subsidiaries attributable to non-controlling interests is presented separately in the consolidated financial statements under equity and net profit, respectively. The portion of net profit or loss of subsidiaries attributable to non-controlling interests is presented as "non-controlling interests" under net profit in the consolidated income statement. Losses attributable to non-controlling interests in a subsidiary that exceed the non-controlling interests' share of equity in the subsidiary at the beginning of the period are allocated against non-controlling interests.

When control over a former subsidiary is lost due to disposal of part of the equity investment or other reasons, the remaining equity interest is remeasured at its fair value at the date when control is lost. The difference between the sum of the consideration received from the disposal and the fair value of the remaining equity interest, and the share of the carrying amount of the former subsidiary's net assets attributable to the original equity interest from the acquisition date, is recognized in profit or loss for the period in which control is lost. Other comprehensive income related to the equity investment in the former subsidiary is accounted for on the same basis as if the investee had directly disposed of the related assets or liabilities when control is lost (i.e., except for the relevant share of changes arising from the investee's remeasurement of defined benefit plan net liabilities or assets, the remainder is reclassified to profit or loss for the current period). Subsequently, the remaining equity interest is accounted for in accordance with the relevant provisions of Accounting Standards for Business Enterprises No. 2 – Long-term Equity Investments or Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments. For details, see Note 5.14 "Long-term Equity Investments" or Note V.10 "Financial Instruments".

When the Company loses control over a subsidiary through multiple transactions that involve disposing of equity investments in the subsidiary step by step, it is necessary to determine whether the transactions should be accounted for as a single transaction. The terms, conditions and economic effects of the transactions meet one or more of the following circumstances, which generally indicate that the transactions should be accounted for as a single transaction: (1) the transactions are entered into simultaneously or in contemplation of one another; (2) the transactions form a single transaction to achieve an overall commercial effect; (3) the occurrence of one transaction depends on the occurrence of at least one other transaction; or (4) one transaction considered alone is

not economically justified, but is economically justified when considered together with other transactions. If the transactions are not part of a single transaction, each transaction is accounted for separately as appropriate under the principles applicable to “partial disposal of long-term equity investments in subsidiaries without loss of control” and “loss of control over former subsidiaries due to disposal of part of equity investments or other reasons”. If the transactions are part of a single transaction, they are accounted for as a single transaction involving disposal of the subsidiary and loss of control; however, the difference between the consideration received from each disposal before the loss of control and the share of the subsidiary’s net assets attributable to the disposed investment is recognized as other comprehensive income in the consolidated financial statements and reclassified to profit or loss for the period in which control is lost.

7. Classification of Joint Arrangements and Accounting Treatment for Joint Operations

A joint arrangement is an arrangement of which two or more parties have joint control. The Company classifies joint arrangements into joint operations and joint ventures based on the rights and obligations arising from the arrangement. A joint operation is a joint arrangement whereby the Company has rights to the assets and obligations for the liabilities relating to the arrangement. A joint venture is a joint arrangement whereby the Company has rights to the net assets of the arrangement.

The Company accounts for its investments in joint ventures using the equity method, applying the accounting policies described in Note V.14(2) ② "Long-term Equity Investments Accounted for Using the Equity Method".

As a joint operator in a joint operation, the Company recognizes its individually held assets and assumed liabilities, as well as its share of jointly held assets and jointly assumed liabilities; recognizes revenue from the sale of its share of the output from the joint operation; recognizes its share of revenue arising from the sale of output by the joint operation; and recognizes expenses it incurs individually as well as its share of expenses incurred by the joint operation.

When the Company, as a joint operator, contributes or sells assets (which do not constitute a business, the same below) to a joint operation, or purchases assets from a joint operation, the Company only recognizes the portion of gains or losses arising from the transaction that is attributable to the other joint operators until such assets are sold to third parties. If these assets meet the criteria for impairment losses as stipulated in Accounting Standards for Business Enterprises No. 8 - Impairment of Assets and other relevant standards, the Company fully recognizes such losses for assets contributed or sold to the joint operation by the Company, and recognizes its share of such losses for assets purchased from the joint operation by the Company.

8. Determination of cash and cash equivalents

The Company’s cash and cash equivalents include cash on hand, deposits that can be used for payment at any time, investments that owned by the Company which are in short-term (usually due within three months from the purchase date), highly liquid, easy to convert to a known amount of cash, low risk of value change.

9. Foreign currency operations

(1) Translation Methods for Foreign Currency Transactions

The Company translates foreign currency transactions into the functional currency amount at the spot exchange rate on the transaction date upon initial recognition. However, for foreign currency exchange transactions or transactions involving currency exchange conducted by the Company, the actual exchange rate adopted is used for

translation into the functional currency amount.

(2) Translation Methods for Foreign Currency Monetary Items and Non-monetary Items

At the balance sheet date, foreign currency monetary items are translated using the spot exchange rate on that date. The resulting exchange differences are recognized in profit or loss, except for: ① exchange differences arising from foreign currency-specific borrowings related to the acquisition or construction of qualifying assets, which are accounted for in accordance with the principles for capitalizing borrowing costs; and ② exchange differences arising from changes in the carrying amount of available-for-sale foreign currency monetary items other than amortized cost, which are recognized in other comprehensive income.

Non-monetary items denominated in foreign currency and measured at historical cost continue to be translated using the spot exchange rate on the transaction date. Non-monetary items denominated in foreign currency and measured at fair value are translated using the spot exchange rate on the date when the fair value is determined. The difference between the translated functional currency amount and the original functional currency amount is treated as a fair value change (including exchange rate effects) and recognized in profit or loss or other comprehensive income.

10. Financial Instruments

A financial asset or financial liability is recognized when the Company becomes a party to the financial instrument contract.

(1) Classification, confirmation and measurement of financial assets

Based on business model of managing financial assets and contractual cash flow characteristics of financial assets, the Company divides financial assets into: financial assets measured at amortized cost; financial assets measured at fair value with changes included in other comprehensive income; financial assets measured at fair value through profit and loss.

Financial assets are measured at fair value at initial recognition. For the financial assets at fair value and through current profit or loss, the transaction expenses thereof should be recognized directly in profit or loss; for other categories of financial assets, the transaction expenses thereof should be recognized into initially recognized amount. For the accounts receivable or bills receivable arising from product sales or labor service provision excluding or not considering significant financing components, the Company regards the amount of consideration expected to charge as the initial recognition amount.

① Financial assets measured at amortized costs

The corporate business model for managing financial assets measured at amortized cost aims at charging contractual cash flow, and the contractual cash flow characteristics of such financial assets are consistent with basic borrowing and loan arrangements, namely cash flow is generated on a specific date, only for payment of principal and interests based on outstanding principal amount. The Company utilizes effective interest rate method for such financial assets, and performs subsequent measurement as per amortized cost, with gains or losses arising from amortization or impairment included in current profits and losses.

② Financial assets measured at fair value with changes included in other comprehensive income

The corporate business model for managing such financial assets aims at both contractual cash flow charging and sales, and the contractual cash flow characteristics of such financial assets are consistent with basic borrowing and loan arrangements. The Company measures such financial assets at fair value with changes included in other comprehensive income, but impairment losses or gains, exchange gains and losses, and interest income calculated according to the actual interest rate method are included in current profits and losses.

In addition, the Company designates some non-trading equity instrument investments as financial assets measured at fair value with changes included in other comprehensive income. The Company records relevant dividend income of such financial assets into current profits and losses, and records fair value changes into other comprehensive income. When such financial assets are derecognized, the cumulative gains or losses previously recorded in other comprehensive income will transfer from other comprehensive income into retained earnings, excluded in current profits and losses.

③ Financial Liabilities measured at fair value through profit and loss

The Company classifies the above financial assets measured at amortized cost and the financial assets other than the financial assets measured at fair value with changes included in other comprehensive income as the financial assets measured at fair value through profit and loss. In addition, during initial recognition, in order to eliminate or significantly reduce accounting mismatches, the Company designates some financial assets as financial assets measured at fair value through profit and loss. For such financial assets, the Company uses fair value for subsequent measurement, and fair value changes are included in current profits and losses.

(2) Classification, recognition and measurement of financial liabilities

Financial liabilities are classified during initial recognition as the financial liabilities measured at fair value through profit and loss, and other financial liabilities. For financial liabilities at fair value through profit or loss, the transaction expenses thereof should be recognized directly in current profit or loss, and for other financial liabilities, the transaction expenses thereof should be recognized into initially recognized amount.

① Financial liabilities measured at fair value through profit and loss

Financial liabilities measured at fair value through profit and loss contain transactional financial liabilities (including derivatives that belong to financial liabilities) and financial liabilities designated as measured at fair value during initial recognition with changes included in current profits and losses.

Transactional financial liabilities (including derivatives that belong to financial liabilities) are subsequently measured at fair value, and except for those related to hedge accounting, the fair value changes are included in current profits and losses.

The financial liabilities designated as measured at fair value with changes included in current profits and losses, such liabilities are caused by the Company's own credit risk changes, with fair value changes included in other comprehensive income, and when the liabilities are derecognized, they are included in other comprehensive income, caused by own credit risk changes, with cumulative fair value changes transferred into retained earnings. The remaining fair value changes are included in current profits and losses. If treatment of own credit risk change impact of such financial liabilities in the above manner will cause or expand accounting mismatch in profits and losses, the Company includes all gains or losses of such financial liabilities (including the amount of corporate own credit risk change impact) in current profits and losses.

② Other financial liabilities

Except the financial liabilities and financial guarantee contract arising from financial asset transfer at variance with derecognition conditions or continuous involvement of transferred financial assets, other financial liabilities are classified as financial liabilities measured at amortized cost, and subsequently measured at amortized cost, with gains or losses resulting from derecognition or amortization included in current profits and losses.

(3) Recognition basis and measurement method of financial assets transfer

Financial assets are derecognized in one of the following conditions: ① the contractual right to receive cash flow of such financial assets is terminated; ② such financial assets have been transferred, and almost all risks and rewards on the financial asset Ownership are transferred to the transferee; ③ such financial assets have been transferred, and although the Company has neither transferred nor retained almost all risks and rewards on the

financial asset Ownership, it has given up control of such financial assets.

If the enterprise neither transfers nor retains substantially all the risks and rewards of Ownership of a financial asset, and it has not abandoned the control of that financial asset, the relevant financial asset is recognized at the extent of continuing involvement in the transferred financial asset and the corresponding liability is recognized accordingly. The degree of continuous involvement in the transferred financial asset refers to the risk level that the enterprise faces due to the change of the value of the financial asset.

Where a transfer of a financial asset in its entirety meets the criteria of de-recognition, the difference between the carrying amount of the financial asset transferred and the sum of the consideration received from the transfer and any cumulative change in fair value that has been recognized in other comprehensive income is recognized in current profit or loss.

Where a transfer of financial asset partly meets the criteria of de-recognition, the carrying amount of the financial asset transferred should be amortized between the part that is derecognized and the part that is not derecognized according to the fair value, and the difference between the sum of the consideration received from the transfer and any cumulative change in fair value that has been recognized in other comprehensive income and should be amortized to the derecognized part, and the amortized carrying amount of the above-mentioned financial asset, shall be recorded into current profit or loss.

When the Company uses financial assets sold with recourse or sells financial assets held in an endorsement, it must determine whether all risks and rewards of Ownership of the financial assets have been almost transferred. If all the risks and rewards of Ownership of the financial asset are almost transferred to the transferee, and the financial asset is derecognized; if all the risks and rewards on the Ownership of the financial asset are retained, the financial asset is not derecognized; all the risks and rewards of Ownership of financial assets are not almost transferred or retained, continue to determine whether the Company retains the control over the assets and perform the accounting operation based on the principles described in the preceding paragraphs.

(4) De-recognition of financial liabilities

If current obligations of financial liabilities (or a part thereof) are removed, the Company derecognizes such financial liabilities (or a part thereof). If the Company (borrower) signs an agreement with the lender, to replace the original financial liabilities by bearing new financial liabilities, and contract clauses of new financial liabilities and original financial liabilities are substantially different, the original financial liabilities are derecognized, while recognizing a new financial liability. If the Company makes substantial modification to the contractual clauses of original financial liabilities (or a part thereof), the original financial liabilities are derecognized, and a new financial liability is recognized according to the clauses after modification.

If financial liabilities (or a part thereof) are derecognized, the Company records the difference between their book value and consideration paid (including non-cash assets transferred out or liabilities assumed) into current profits and losses.

(5) Offset of financial assets and financial liabilities

When the Company has legal right to offset financial assets and financial liabilities of the recognized amount, and such legal rights are currently enforceable, meanwhile, the Company plans to settle by net assets or concurrently liquidate such financial assets and repay such financial liabilities, financial assets and financial liabilities are presented in the balance sheet by net amounts after mutual offset. In addition, financial assets and financial liabilities are separately presented in the balance sheet, which are not offset by each other.

(6) Determining method of the fair value of financial assets and financial liabilities

Fair value refers to the price that a market participant can be received for the sale of an asset or the price he needs to pay for transferring a liability in an orderly transaction occurring on the measurement date. Where the financial

instruments exist on active market, the Company determines their fair value by using quotation on active market. Quoted market prices in an active market refer to the prices that are readily to be get regularly from the exchange, the broker, the trade association, pricing services institution, etc., and they represent the actual market transaction prices in the fair transactions. Where the financial instruments do not exist on active market, the Company determines their fair value by using valuation techniques. Valuation techniques include refers to the prices used in recent market transactions by the parties that are familiar to the situation and are voluntary to participate in the transaction, refers to the current fair values of other essentially the same financial instruments, discount cash flow valuation, option pricing models, etc. At the time of valuation, the Company leverages valuation techniques that are applicable in the current circumstances and adequately supported by available data and other information, chooses the input value consistent with the characteristics of assets or liabilities considered by market participants in transaction of relevant assets or liabilities, and prefers to use the relevant observable input value. The value that cannot be inputted is utilized, when the relevant observable input value is unavailable or unfeasible to obtain.

11. Impairment of financial assets

The Company assesses impairment losses for the following financial assets: Financial assets measured at amortized cost; Debt instruments measured at fair value through other comprehensive income (FVOCI); These primarily include: Notes receivable; Accounts receivable; Contract assets; Other receivables; Debt investments; Other debt investments; Long-term receivables; Additionally, impairment provisions and credit impairment losses for certain financial guarantee contracts are recognized in accordance with the accounting policies outlined below.

(1) Method for Recognizing Impairment Provisions

The Company measures expected credit losses (ECL) for the above items using either the general approach or the simplified approach, depending on their applicability, and recognizes corresponding credit impairment losses.

Credit loss refers to the present value of all contractual cash flows the Company is entitled to receive under the contract, discounted at the original effective interest rate, minus the present value of all expected cash flows to be collected. For purchased or originated credit-impaired (POCI) financial assets, the discount rate applied is the credit-adjusted effective interest rate.

General Approach for ECL Measurement

At each reporting date, the Company assesses whether the credit risk of a financial asset has increased significantly since initial recognition:

If credit risk has increased significantly, the Company measures the loss allowance at an amount equal to lifetime ECL.

If credit risk has not increased significantly, the loss allowance is measured at 12-month ECL.

The assessment incorporates all reasonable and supportable information, including forward-looking data.

For financial instruments with low credit risk at the reporting date, the Company assumes no significant increase in credit risk since initial recognition and applies the 12-month ECL approach.

(2) Criteria for Determining Significant Increase in Credit Risk

A significant increase in credit risk is presumed if the probability of default (PD) over the remaining lifetime at the reporting date is substantially higher than the PD estimated at initial recognition. Unless exceptional circumstances exist, the Company uses changes in the 12-month PD as a reasonable proxy for lifetime PD changes to determine whether credit risk has increased significantly.

Factors considered in assessing significant increases in credit risk:

Actual or expected material deterioration in the debtor's operating performance;

Material adverse changes in the debtor's regulatory, economic, or technological environment;

Significant decline in collateral value or quality of third-party guarantees/credit enhancements, which may reduce the debtor's economic incentive to repay or affect PD;

Material changes in the debtor's expected behavior or repayment patterns;

Changes in the Company's credit management practices for the financial instrument.

Low credit risk presumption:

At the reporting date, if a financial instrument is determined to have low credit risk, the Company assumes no significant increase in credit risk since initial recognition. A financial instrument is considered low risk if:

The debtor has a strong capacity to meet short-term contractual cash flow obligations;

Adverse economic or operational conditions over a longer period would not necessarily impair the debtor's ability to fulfill its obligations.

(3) Portfolio-Based Assessment of Expected Credit Risk

The Company evaluates credit risk individually for financial assets with distinctly different risk profiles, such as:

Receivables under dispute, litigation, or arbitration;

Receivables with clear evidence indicating the debtor's inability to repay.

For all other financial assets, the Company groups them based on shared credit risk characteristics, including:

Financial instrument type

Credit risk rating

Aging profile (e.g., current, overdue segments)

(4) Accounting Treatment for Financial Asset Impairment

At period-end, the Company calculates ECL for each category of financial assets:

If the ECL exceeds the current carrying amount of the impairment allowance, the difference is recognized as an impairment loss;

If the ECL is lower than the current allowance, the difference is recognized as an impairment gain.

(5) Method for recognizing credit losses of various financial assets

① Bills receivable

The Company measures loss provision for bills receivable based on the amount equivalent to expected credit losses throughout the existence period. Based on credit risk characteristics of bills receivable, they are divided into different portfolios:

Items	Basis of determining the portfolio
Bank acceptance bill	Acceptors are banks with low credit risks
Bank Acceptance Draft (Issued by Finance Companies)	Issued by Finance Companies
Commercial acceptance bill	All of commercial acceptance bill

② Accounts receivable and contract assets

With regard to accounts receivable and contract assets excluding major financing components, the Company measures loss reserve at the amount equivalent to the expected credit loss throughout the duration.

With regard to accounts receivable and contract assets including major financing components, the Company chooses to always measure loss reserve at the amount equivalent to the expected credit loss throughout the duration.

In addition to accounts receivable with individual assessment of credit risks, they are divided into different portfolios based on their credit risk characteristics:

Items	Basis of determining the portfolio
Credit risk characteristics portfolio	Portfolio based on aging of receivables as credit risk characteristic
Related party within consolidation scope	Related party within consolidation scope

a. The aging of the Company's receivables is calculated from the date of occurrence.

For the portfolio, the aging-based grouping method is adopted to measure expected credit losses (ECL):

Aging	Provision ratios of notes Receivable (%)	Provision ratios of accounts receivable (%)	Provision ratios of contract assets (%)	Provision ratios of other receivables (%)
Within 1 year	2.00	2.00	2.00	2.00
1-2 years	5.00	5.00	5.00	5.00
2-3 years	15.00	15.00	15.00	15.00
3-4 years	30.00	30.00	30.00	30.00
4-5 years	60.00	60.00	60.00	60.00
Over 5 years	100.00	100.00	100.00	100.00

b. Criteria for Recognizing Individually Assessed Bad Debt Provisions:

A financial asset is considered credit-impaired when one or more events that have a detrimental impact on the asset's expected future cash flows occur. Observable evidence of credit impairment includes, but is not limited to, the following:

The issuer or debtor is experiencing significant financial difficulties.

The debtor has breached contractual terms, such as defaulting or delaying payments of interest or principal.

The creditor has granted concessions to the debtor (e.g., payment extensions, reduced interest rates, or principal forgiveness) that would not otherwise be considered due to the debtor's financial distress.

The debtor is likely to enter bankruptcy or undergo financial restructuring.

The active market for the financial asset has disappeared due to the financial difficulties of the issuer or debtor.

The financial asset was acquired or originated at a significant discount, reflecting incurred credit losses.

Credit impairment may result from a combination of factors and does not necessarily stem from a single identifiable event.

③Receivables Financing

Financial assets classified as notes receivable and accounts receivable measured at fair value through other comprehensive income (FVTOCI) shall be presented as follows:

"Receivables financing" for portions with original maturities of one year or less from the date of acquisition;

"Other debt investments" for portions with original maturities exceeding one year from the date of acquisition.

Except for individually assessed accounts receivable, these financial assets are grouped into different portfolios based on their credit risk characteristics.

Item	Basis of determining the portfolio
Notes receivable	Bank acceptance drafts issued by banks with high credit ratings
Accounts receivable	This portfolio uses the aging of receivables as the credit risk characteristic.

④ Other receivables

The Company measures impairment losses based on whether the credit risks of other receivables have increased significantly since initial recognition, by using the amount equivalent to expected credit losses within the next 12 months or throughout the existence period. In addition to other receivables with individual assessment of credit risks, they are divided into different portfolios based on their credit risk characteristics:

Item	Basis of determining the portfolio
Aging portfolio	Other receivables excluding related parties
Related party within consolidation scope	Other receivables from related parties within the scope of consolidation

12. Inventories

(1) Classification of Inventories

Inventories mainly include raw materials, materials in outside processing, work in progress, finished goods, and low-value consumables.

(2) Measurement Method for Issuance

All categories of inventories are purchased and received at planned costs, and issued using the weighted average method. Finished goods costs are transferred at actual costs incurred during the period, while cost of sales is recognized using the weighted average method.

(3) Inventory Counting System

The perpetual inventory system is adopted.

(4) Amortization Method for Low-Value Consumables and Packaging Materials

Low-value consumables are fully amortized upon issuance (one-time amortization method). Packaging materials are fully amortized upon issuance (one-time amortization method).

(5) Recognition Criteria and Provision Method for Inventory Write-Down

The net realizable value (NRV) of inventory refers to the estimated selling price in the ordinary course of business, minus the estimated costs to complete, selling expenses, and related taxes. The determination of NRV is based on reliable evidence, while also considering the purpose of holding the inventory and the impact of events after the reporting period.

At the balance sheet date, inventories are measured at the lower of cost or NRV. Based on a comprehensive year-end physical count, provisions are made for inventories that are damaged, obsolete, priced below cost, or otherwise unrecoverable. Write-downs are recognized for individual inventory items where cost exceeds NRV, with the loss recorded in profit or loss.

Methods for Determining NRV:

- Finished goods, merchandise, and materials held for sale: $NRV = \text{Estimated selling price} - \text{Estimated selling expenses} - \text{Related taxes}$.
- Materials requiring further processing: $NRV = \text{Estimated selling price of finished products} - \text{Estimated costs to complete} - \text{Estimated selling expenses} - \text{Related taxes}$.
- Partial contract pricing: If part of an inventory item has a contract price while the remainder does not, NRV is determined separately.
- Aggregate assessment: For inventories with similar use or produced/sold in the same region, write-downs are assessed collectively if individual valuation is impractical.
- High-volume, low-cost items: Write-downs are assessed by inventory category.

If the factors that previously caused inventory write-downs no longer exist, resulting in NRV exceeding the carrying amount, the reversal (limited to the original provision amount) is recognized in profit or loss.

13. Assets held for sale

(1) Non-current Assets and Disposal Groups Held-for-sale

The Company classifies a non-current asset or disposal group as held-for-sale if its carrying amount will be recovered principally through a sale transaction (including non-monetary asset exchanges with commercial substance, the same applies below) rather than through continuing use. The specific criteria are that all of the following conditions are met: (i) the non-current asset or disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets or disposal groups; (ii) the Company has approved the sale plan and obtained a firm purchase commitment; and (iii) the sale is expected to be completed within one year. A disposal group refers to a group of assets to be disposed of, by sale or otherwise, together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction. If the goodwill acquired in a business combination was allocated to a cash-generating unit or group of cash-generating units to which the disposal group belongs under Accounting Standards for Business Enterprises No. 8—Impairment of Assets, the disposal group shall include the goodwill allocated to it.

When initially measuring or remeasuring non-current assets or disposal groups classified as held-for-sale at the balance sheet date, if their carrying amount exceeds their fair value less costs to sell, the carrying amount is written down to fair value less costs to sell. The amount of the write-down is recognized as an impairment loss in profit or loss for the current period, and a provision for impairment of held-for-sale assets is made. For disposal groups, the recognized impairment loss is first allocated to reduce the carrying amount of any goodwill in the disposal group, and then to reduce the carrying amounts of the other non-current assets in the disposal group that are subject to the measurement requirements of Accounting Standards for Business Enterprises No. 42—Non-current Assets Held-for-sale and Discontinued Operations (hereinafter referred to as the "held-for-sale standards") on a pro-rata basis. If the fair value less costs to sell of a held-for-sale disposal group increases in subsequent balance sheet dates, the previously recognized impairment loss shall be reversed. The reversal is limited to the cumulative impairment loss recognized for the non-current assets in the disposal group that are subject to the measurement requirements of the held-for-sale standards after classification as held-for-sale, and the reversal amount is recognized in profit or loss for the current period. The carrying amounts of the non-current assets in the disposal group that are subject to the measurement requirements of the held-for-sale standards (excluding goodwill) are increased on a pro-rata basis according to their relative carrying amounts. The carrying amount of goodwill that has been reduced, as well as impairment losses recognized for non-current assets subject to the measurement requirements of the held-for-sale standards before classification as held-for-sale, shall not be

reversed.

Non-current assets in a disposal group classified as held-for-sale are not depreciated or amortized, while interest and other expenses on liabilities in a held-for-sale disposal group continue to be recognized.

When a non-current asset or disposal group no longer meets the criteria for classification as held-for-sale, the Company ceases to classify it as held-for-sale or removes the non-current asset from the held-for-sale disposal group, and measures it at the lower of: (i) its carrying amount before classification as held-for-sale, adjusted for any depreciation, amortization, or impairment that would have been recognized had it not been classified as held-for-sale; and (ii) its recoverable amount.

(2) Criteria for Identifying and Presentation Methods for Discontinued Operations

A discontinued operation is a component of the Company that either has been disposed of or is classified as held-for-sale and meets any of the following criteria: (i) the component represents a separate major line of business or geographical area of operations; (ii) the component is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or (iii) the component is a subsidiary acquired exclusively with a view to resale.

The Company presents the relevant profit or loss from discontinued operations in the income statement and discloses the effects of discontinued operations in the notes.

14. Long-term Equity Investments

The long-term equity investments referred to in this section are those in which the Company has control, joint control, or significant influence over the investee. Long-term equity investments in which the Company does not have control, joint control, or significant influence are accounted for as financial assets measured at fair value through profit or loss. For non-trading investments, the Company may elect at initial recognition to classify them as financial assets measured at fair value through other comprehensive income, as detailed in Note V.10 "Financial Instruments."

Joint control refers to the Company's shared control over an arrangement in accordance with relevant agreements, where decisions regarding the relevant activities of the arrangement require unanimous consent from all parties sharing control. Significant influence refers to the Company's power to participate in the financial and operating policy decisions of the investee but not to control or jointly control those policies with other parties.

(1) Determination of Investment Cost

For long-term equity investments acquired through business combinations under common control, the initial investment cost is measured at the share of the carrying value of the acquiree's equity in the consolidated financial statements of the ultimate controlling party on the combination date. The difference between the initial investment cost and the sum of the cash paid, the carrying value of non-cash assets transferred, and liabilities assumed is adjusted against capital reserve. If capital reserve is insufficient, the remaining difference is adjusted against retained earnings. If equity instruments are issued as consideration, the initial investment cost is measured at the share of the carrying value of the acquiree's equity in the consolidated financial statements of the ultimate controlling party on the combination date, with the total par value of the shares issued recognized as share capital. The difference between the initial investment cost and the total par value of the shares issued is adjusted against capital reserve. If capital reserve is insufficient, the remaining difference is adjusted against retained earnings. For step-by-step acquisitions of equity in an acquiree under common control that ultimately result in a business combination under common control, the transactions are accounted for separately based on whether they constitute a "package transaction." If they constitute a "package transaction," the transactions are treated as a single transaction to obtain control. If not, the initial investment cost on the combination date is measured at the

share of the carrying value of the acquiree's equity in the consolidated financial statements of the ultimate controlling party. The difference between the initial investment cost and the sum of the carrying value of the long-term equity investment before the combination and the carrying value of additional consideration paid on the combination date is adjusted against capital reserve. If capital reserve is insufficient, the remaining difference is adjusted against retained earnings. Other comprehensive income recognized for equity investments held before the combination date under the equity method or as financial assets measured at fair value through other comprehensive income is not accounted for at this stage.

For long-term equity investments acquired through business combinations not under common control, the initial investment cost is measured at the combination cost on the acquisition date. The combination cost includes the sum of the fair value of assets paid, liabilities incurred or assumed, and equity instruments issued by the acquirer. For step-by-step acquisitions of equity in an acquiree that ultimately result in a business combination not under common control, the transactions are accounted for separately based on whether they constitute a "package transaction." If they constitute a "package transaction," the transactions are treated as a single transaction to obtain control. If not, the initial investment cost of the long-term equity investment accounted for under the cost method is the sum of the carrying value of the previously held equity investment and the additional investment cost. Other comprehensive income related to the previously held equity investment accounted for under the equity method is not accounted for at this stage.

Intermediary fees such as audit, legal, and valuation consulting services, as well as other related administrative expenses incurred by the combining or acquiring party for the business combination, are recognized in profit or loss when incurred.

For other equity investments not formed through business combinations, the initial measurement is based on cost, which is determined according to the actual cash purchase price paid by the Company, the fair value of equity instruments issued by the Company, the value agreed in the investment contract or agreement, the fair value or original carrying value of assets exchanged in non-monetary asset exchanges, or the fair value of the long-term equity investment itself. Directly attributable costs, taxes, and other necessary expenses are also included in the investment cost. For additional investments that enable the Company to exert significant influence or joint control over the investee (but not control), the cost of the long-term equity investment is the sum of the fair value of the previously held equity investment determined in accordance with Accounting Standards for Business Enterprises No. 22—Recognition and Measurement of Financial Instruments and the additional investment cost.

(2) Subsequent Measurement and Profit/Loss Recognition Methods

Long-term equity investments in which the Company has joint control (excluding joint operations) or significant influence are accounted for using the equity method. Additionally, the Company's financial statements use the cost method to account for long-term equity investments that enable the Company to control the investee.

① Long-term Equity Investments Accounted for Using the Cost Method

Under the cost method, long-term equity investments are measured at initial investment cost, with adjustments made for additional investments or disposals. Investment income for the period is recognized based on the Company's share of cash dividends or profits declared by the investee, excluding any dividends or profits declared but not yet distributed at the time of investment.

② Long-term Equity Investments Accounted for Using the Equity Method

Under the equity method, if the initial investment cost exceeds the Company's share of the investee's identifiable net assets at fair value at the investment date, the initial investment cost is not adjusted. If the initial investment cost is less than the Company's share of the investee's identifiable net assets at fair value at the investment date, the difference is recognized in profit or loss, and the cost of the long-term equity investment is adjusted

accordingly.

Under the equity method, the Company recognizes investment income and other comprehensive income based on its share of the investee's net profit or loss and other comprehensive income, adjusting the carrying value of the long-term equity investment accordingly. The carrying value is reduced by the Company's share of profits or cash dividends declared by the investee. For other changes in the investee's equity not included in net profit or loss, other comprehensive income, or profit distribution, the carrying value of the long-term equity investment is adjusted and recognized in capital reserve. When recognizing the share of the investee's net profit or loss, the investee's net profit is adjusted based on the fair value of identifiable assets at the investment date. If the investee's accounting policies or reporting periods differ from the Company's, the investee's financial statements are adjusted to align with the Company's policies and periods before recognizing investment income and other comprehensive income.

For transactions between the Company and its associates or joint ventures where the assets contributed or sold do not constitute a business, unrealized internal transaction profits or losses attributable to the Company are eliminated based on the Company's share, and investment income is recognized after this adjustment. However, unrealized internal transaction losses attributable to impairment losses on the transferred assets are not eliminated. If the Company contributes assets constituting a business to a joint venture or associate and obtains long-term equity investment without control, the fair value of the contributed business is used as the initial investment cost of the new long-term equity investment. The difference between the initial investment cost and the carrying value of the contributed business is fully recognized in profit or loss. Similarly, if the Company sells assets constituting a business to a joint venture or associate, the difference between the consideration received and the carrying value of the business is fully recognized in profit or loss. If the Company purchases assets constituting a business from an associate or joint venture, the transaction is accounted for under Accounting Standards for Business Enterprises No. 20—Business Combinations, with gains or losses fully recognized.

When recognizing the share of the investee's net losses, the carrying value of the long-term equity investment and other long-term interests that substantially constitute a net investment in the investee are reduced to zero. If the Company has an obligation to assume additional losses, a provision is recognized for the estimated obligation and included in investment losses for the period. If the investee subsequently reports net profits, the Company resumes recognizing its share of profits after offsetting unconfirmed loss shares.

③ Acquisition of Minority Interests

When preparing consolidated financial statements, the difference between the additional long-term equity investment from acquiring minority interests and the share of the subsidiary's net assets calculated based on the additional Ownership percentage, continuously measured from the acquisition date (or combination date), is adjusted against capital reserve. If capital reserve is insufficient, the remaining difference is adjusted against retained earnings.

④ Disposal of Long-term Equity Investments

In consolidated financial statements, if the parent partially disposes of its long-term equity investment in a subsidiary without losing control, the difference between the disposal proceeds and the share of the subsidiary's net assets corresponding to the disposed long-term equity investment is recognized in equity. If the partial disposal results in loss of control over the subsidiary, the relevant accounting policy described in Note 5.6(2) "Preparation Methods for Consolidated Financial Statements" applies.

For other disposals of long-term equity investments, the difference between the carrying value of the disposed equity and the actual proceeds is recognized in profit or loss.

For long-term equity investments accounted for under the equity method, if the remaining equity after disposal

continues to be accounted for under the equity method, the portion of other comprehensive income previously recognized in equity is accounted for on the same basis as if the investee had directly disposed of the related assets or liabilities. Changes in equity recognized due to other changes in the investee's equity (excluding net profit or loss, other comprehensive income, and profit distribution) are proportionally reclassified to profit or loss.

For long-term equity investments accounted for under the cost method, if the remaining equity after disposal continues to be accounted for under the cost method, other comprehensive income recognized before obtaining control under the equity method or financial instrument standards is accounted for on the same basis as if the investee had directly disposed of the related assets or liabilities and proportionally reclassified to profit or loss. Changes in equity recognized under the equity method due to other changes in the investee's equity (excluding net profit or loss, other comprehensive income, and profit distribution) are proportionally reclassified to profit or loss.

If the Company loses control of an investee due to partial disposal of equity investments, in its separate financial statements, the remaining equity that enables the Company to exert joint control or significant influence over the investee is reclassified to the equity method, with adjustments made as if the equity method had been applied from the initial acquisition. If the remaining equity does not enable joint control or significant influence, it is reclassified under the financial instrument standards, with the difference between fair value and carrying value at the date of losing control recognized in profit or loss. Other comprehensive income recognized before obtaining control under the equity method or financial instrument standards is accounted for on the same basis as if the investee had directly disposed of the related assets or liabilities. Changes in equity recognized under the equity method due to other changes in the investee's equity (excluding net profit or loss, other comprehensive income, and profit distribution) are reclassified to profit or loss at the date of losing control. For remaining equity accounted for under the equity method, other comprehensive income and other equity changes are proportionally reclassified. For remaining equity reclassified under the financial instrument standards, other comprehensive income and other equity changes are fully reclassified.

If the Company loses joint control or significant influence over an investee due to partial disposal of equity investments, the remaining equity is reclassified under the financial instrument standards, with the difference between fair value and carrying value at the date of losing joint control or significant influence recognized in profit or loss. Other comprehensive income recognized under the equity method is accounted for on the same basis as if the investee had directly disposed of the related assets or liabilities when the equity method is discontinued. Changes in equity recognized due to other changes in the investee's equity (excluding net profit or loss, other comprehensive income, and profit distribution) are fully reclassified to investment income when the equity method is discontinued.

If the Company disposes of its equity investments in a subsidiary step-by-step through multiple transactions until control is lost, and these transactions constitute a "package transaction," they are treated as a single transaction to dispose of the subsidiary's equity investments and lose control. Before losing control, the difference between the disposal proceeds and the carrying value of the disposed equity corresponding to the long-term equity investment is initially recognized in other comprehensive income and reclassified to profit or loss at the time control is lost.

15. Investment Properties

Investment properties refer to properties held to earn rental income or for capital appreciation, or both. These include leased land use rights, land use rights held for future appreciation and transfer, and leased buildings.

Investment properties are initially measured at cost. Subsequent expenditures related to investment properties are capitalized if it is probable that future economic benefits associated with the property will flow to the Company and the cost can be measured reliably. All other subsequent expenditures are recognized in profit or loss as

incurred.

The Company applies the cost model for subsequent measurement of investment properties and depreciates or amortizes them using policies consistent with those applied to buildings or land use rights.

The impairment testing method and provision method for investment properties are detailed in Note V.20 "Impairment of Long-term Assets."

When owner-occupied properties or inventories are converted to investment properties, or vice versa, the carrying amount prior to conversion is used as the post-conversion carrying amount.

When the use of an investment property changes to owner-occupied, the property is reclassified as fixed assets or intangible assets from the date of change. When the use of owner-occupied property changes to rental or capital appreciation purposes, the fixed asset or intangible asset is reclassified as an investment property from the date of change.

For conversions:

To investment properties measured using the cost model, the pre-conversion carrying amount is used as the post-conversion carrying amount.

To investment properties measured using the fair value model, the fair value at the conversion date is used as the post-conversion carrying amount.

An investment property is derecognized when disposed of or permanently withdrawn from use with no expected future economic benefits. Gains or losses from the sale, transfer, retirement, or damage of investment properties are calculated as the disposal proceeds minus the carrying amount and related taxes/expenses, and are recognized in profit or loss.

16. Fixed Assets

(1) Recognition Criteria for Fixed Assets

Fixed assets are tangible assets held for the production of goods, provision of services, rental, or administrative purposes with a useful life exceeding one accounting year. Fixed assets are recognized only when it is probable that related economic benefits will flow to the Company and their costs can be reliably measured. Fixed assets are initially measured at cost, taking into account the effects of estimated abandonment costs.

(2) Depreciation Methods for Various Categories of Fixed Assets

Depreciation of fixed assets is calculated on a straight-line basis over their useful lives, commencing from the month following the date when the assets are ready for intended use. The useful lives, estimated residual values, and annual depreciation rates for each category of fixed assets are as follows:

Category	Depreciation method	Estimated useful life (years)	Depreciation rate (%)
Houses and buildings	Straight-line method	20-40	2.50-5
Machinery equipment	Straight-line method	6-15	6.67-16.67
Transportation equipment	Straight-line method	5-10	10-20
Other equipment	Straight-line method	5-10	10-20

(2) Estimated residual value refers to the amount that the Company currently expects to obtain from disposal of the asset, after deducting estimated disposal expenses, assuming the fixed asset has reached the end of its expected

useful life and is in the expected condition at that time.

(3) The impairment testing method and provision method for fixed assets are detailed in Note V.20 "Impairment of Long-term Assets."

(4) Other Disclosures

Subsequent expenditures related to fixed assets are capitalized if it is probable that future economic benefits associated with the fixed asset will flow to the Company and the cost can be measured reliably. The carrying amount of replaced parts is derecognized. All other subsequent expenditures are recognized in profit or loss as incurred.

A fixed asset is derecognized when it is disposed of or when no future economic benefits are expected from its use or disposal. Gains or losses arising from the sale, transfer, retirement or damage of fixed assets are calculated as the disposal proceeds minus the carrying amount and related taxes/expenses, and are recognized in profit or loss.

The Company reviews the useful lives, estimated residual values and depreciation methods of fixed assets at least at each financial year-end. Changes in estimates are accounted for as changes in accounting estimates.

17. Construction in progress

The Company classifies construction in progress into two types: self-constructed and contractor-constructed. Construction in progress is transferred to fixed assets when the project is completed and reaches the intended usable condition. The criteria for determining the intended usable condition shall meet any of the following circumstances:

- The physical construction (including installation) of the fixed asset has been fully completed or substantially completed;
- Trial production or test operation has been conducted, and the results indicate that the asset can operate normally or stably produce qualified products, or the test operation results show that it can operate or function normally;
- The amount of expenditures on the construction of the fixed asset is minimal or almost no longer occurs;
- The constructed or acquired fixed asset has met or substantially met the design or contract requirements.

When construction in progress reaches the intended usable condition, it is transferred to fixed assets at the actual project cost. For projects that have reached the intended usable condition but have not yet completed final settlement, they are first transferred to fixed assets at an estimated value. After final settlement is completed, the original provisional value is adjusted to the actual cost, but no adjustment is made to previously calculated depreciation.

The impairment testing method and provision method for construction in progress are detailed in Note V.20 "Impairment of Long-term Assets."

18. Borrowing Costs

Borrowing costs include interest expenses on borrowings, amortization of discounts or premiums, ancillary costs, and exchange differences arising from foreign currency borrowings. Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized when:

- Expenditures for the asset have been incurred;
- Borrowing costs have been incurred; and

- Activities necessary to prepare the asset for its intended use or sale have commenced.

Capitalization ceases when the qualifying asset reaches its intended usable or saleable condition. All other borrowing costs are recognized as expenses in the period in which they are incurred.

For specific borrowings, the amount to be capitalized is the actual interest expense incurred during the period, less any interest income earned on the unused portion of the borrowings deposited in banks or from temporary investments.

For general borrowings, the amount to be capitalized is determined by multiplying the weighted average of accumulated expenditures on the qualifying asset in excess of specific borrowings by the capitalization rate applicable to the general borrowings. The capitalization rate is calculated based on the weighted average interest rate of the general borrowings.

During the capitalization period, exchange differences on foreign currency specific borrowings are fully capitalized, while exchange differences on foreign currency general borrowings are recognized in profit or loss.

A qualifying asset refers to assets such as fixed assets, investment properties and inventories that require a substantial period of time for their acquisition, construction or production before they are ready for their intended use or sale.

If the acquisition, construction or production of a qualifying asset is interrupted abnormally and the interruption lasts for more than three consecutive months, the capitalization of borrowing costs shall be suspended until the acquisition, construction or production activities recommence.

A qualifying asset refers to assets such as fixed assets, investment properties and inventories that require a substantial period of time for their acquisition, construction or production before they are ready for their intended use or sale.

19. Intangible Assets

(1) Intangible Assets

Intangible assets refer to identifiable non-monetary assets without physical form that are owned or controlled by the Company.

Intangible assets are initially measured at cost. Expenditures related to intangible assets are capitalized if it is probable that future economic benefits will flow to the Company and the costs can be reliably measured. All other expenditures are recognized as expenses when incurred.

Land use rights acquired are normally accounted for as intangible assets. For self-constructed buildings such as factories, the related land use rights expenditures and building construction costs are accounted for as intangible assets and fixed assets separately. For purchased buildings, the purchase price is allocated between the land use rights and buildings. If the allocation cannot be made reasonably, the entire amount is accounted for as fixed assets.

Intangible assets with finite useful lives are amortized on a straight-line basis over their estimated useful lives from the date when they are available for use, based on the original cost less estimated residual value and accumulated impairment losses. Intangible assets with indefinite useful lives are not amortized.

At the end of each period, the useful lives and amortization methods of intangible assets with finite useful lives are reviewed. Any changes are treated as changes in accounting estimates. In addition, the useful lives of intangible assets with indefinite useful lives are reviewed. If evidence indicates that the period of economic benefits from the intangible asset is foreseeable, its useful life is estimated and amortized according to the policy for intangible assets with finite useful lives.

(2) Research and Development Expenditures

The Company classifies internal research and development project expenditures into research phase expenditures and development phase expenditures.

Expenditures in the research phase are recognized as expenses when incurred.

The Company's R&D expenditures include materials consumed, labor and service costs, amortization of R&D equipment, amortization of other intangible assets and fixed assets used in the development process, and utilities expenses.

The Company's specific criteria for distinguishing between research phase and development phase expenditures:

The research phase refers to the stage of original and planned investigation undertaken to gain new scientific or technical knowledge. The development phase refers to the stage of applying research findings or other knowledge to a plan or design to produce new or substantially improved materials, devices, products, etc. before commercial production or use.

Development phase expenditures are recognized as intangible assets only when all the following conditions are met. Otherwise, they are recognized as expenses when incurred:

- ① Technical feasibility of completing the intangible asset for use or sale;
- ② Intention to complete and use or sell the intangible asset;
- ③ Ability to generate economic benefits, including demonstrating a market for products using the intangible asset or for the intangible asset itself, or its usefulness for internal use;
- ④ Availability of adequate technical, financial and other resources to complete development and to use or sell the intangible asset;
- ⑤ Ability to reliably measure expenditures attributable to the development phase.

The Company's specific conditions for capitalizing development phase expenditures: technical feasibility of completion; intention to complete and use/sell; ability to generate economic benefits; availability of adequate resources; and reliable measurement of attributable expenditures.

If research phase and development phase expenditures cannot be distinguished, all R&D expenditures are recognized as expenses when incurred.

(3) Impairment Testing Method and Provision Method for Intangible Assets

The impairment testing method and provision method for intangible assets are detailed in Note V.20 "Impairment of Long-term Assets."

20. Long-term Asset Impairment

For non-current non-financial assets such as fixed assets, construction in progress, intangible assets with finite useful lives, right-of-use assets, investment properties measured at cost model, and long-term equity investments in subsidiaries, joint ventures and associates, the Company assesses at each balance sheet date whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated to determine the impairment loss. Goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, regardless of whether there is any indication of impairment.

When the recoverable amount is less than the carrying amount, an impairment loss is recognized for the difference. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. Fair value is determined based on the price in the sales agreement under fair transactions; if there is no sales agreement but

an active market exists, fair value is determined based on the asset's bid price; if neither exists, fair value is estimated based on the best available information. Costs of disposal include legal fees, related taxes, transportation costs and other direct costs to bring the asset to a saleable condition. Value in use is determined by discounting the estimated future cash flows expected from the asset's continuing use and ultimate disposal at an appropriate discount rate. Impairment losses are calculated and recognized for individual assets. If it is difficult to estimate the recoverable amount of an individual asset, the recoverable amount is determined for the cash-generating unit to which the asset belongs. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows independently.

For goodwill presented separately in the financial statements, the carrying amount of goodwill is allocated to cash-generating units or groups of cash-generating units expected to benefit from the synergies of the business combination when performing impairment tests. If the recoverable amount of a cash-generating unit or group of units including allocated goodwill is less than its carrying amount, the impairment loss is recognized. The impairment loss is first allocated to reduce the carrying amount of goodwill allocated to the unit or group, then to other assets of the unit or group pro rata based on their carrying amounts.

Once recognized, impairment losses for the above assets are not reversed in subsequent periods.

21. Long-term Deferred Expenses

Long-term deferred expenses refer to expenses incurred but to be amortized over more than one year in the current and future periods. The Company measures long-term deferred expenses at actual cost and amortizes them evenly over the expected benefit period. For long-term deferred expenses that will not benefit future accounting periods, their carrying amounts are fully recognized in profit or loss when determined.

22. Contract Liabilities

Contract liabilities represent the Company's obligation to transfer goods or services to customers for which consideration has been received or is receivable. If the customer has paid consideration or the Company has obtained an unconditional right to payment before transferring goods or services, the Company presents the amount received or receivable as a contract liability at the earlier of when payment is actually received or when payment is due. Contract assets and liabilities under the same contract are presented net, while those under different contracts are not offset.

23. Employee Benefits

The Company's employee benefits mainly include short-term employee benefits, post-employment benefits and termination benefits.

Short-term benefits mainly include wages, bonuses, allowances and subsidies, employee welfare expenses, medical insurance, maternity insurance, work injury insurance, housing provident fund, labor union funds and employee education funds, and non-monetary benefits. The Company recognizes actual short-term employee benefits as liabilities during the accounting periods when employees render services, and charges them to profit or loss or relevant asset costs. Non-monetary benefits are measured at fair value.

Post-employment benefits mainly include basic pension insurance and unemployment insurance. Post-employment benefit plans include defined contribution plans. For defined contribution plans, the corresponding payable amounts are charged to relevant asset costs or profit or loss when incurred.

Termination benefits are recognized as employee benefit liabilities when the Company can no longer unilaterally withdraw the termination benefits offered under the redundancy plan or proposal, or when the Company recognizes costs related to restructuring involving termination benefits, whichever is earlier, and charged to profit or loss. However, termination benefits expected to be paid more than twelve months after the reporting period are treated as other long-term employee benefits.

Internal retirement plans are accounted for using the same principles as termination benefits above. The Company recognizes salaries and social insurance contributions to be paid to internally retired employees from the date they stop rendering services to the normal retirement date as profit or loss (termination benefits) when the recognition criteria for provisions are met.

Other long-term employee benefits provided by the Company are accounted for as defined contribution plans if they meet the criteria; otherwise, they are accounted for as defined benefit plans.

24. Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are initially measured at the best estimate of the expenditure required to settle the present obligation, and the carrying amounts are reviewed at each balance sheet date.

If all or part of the expenditure required to settle a provision is expected to be reimbursed by a third party, the reimbursement is recognized as a separate asset when its receipt is virtually certain, and the amount recognized does not exceed the carrying amount of the provision.

25. Share-based Payment

(1) Accounting Treatment for Share-based Payment

Share-based payment refers to transactions in which equity instruments are granted or liabilities based on equity instruments are assumed in exchange for services provided by employees or other parties. Share-based payments are classified into equity-settled share-based payments and cash-settled share-based payments.

① Equity-settled Share-based Payment

For equity-settled share-based payments to obtain employee services, the fair value of the equity instruments granted is measured at the grant date.

- If the vesting of the equity instruments is conditional upon completing a specified service period or meeting performance conditions, the fair value is recognized over the vesting period on a straight-line basis, based on the best estimate of the number of instruments expected to vest, with corresponding increases in capital reserves.
- If the equity instruments vest immediately upon grant, the fair value is recognized as an expense on the grant date, with a corresponding increase in capital reserves.

At each balance sheet date during the vesting period, the Company revises its estimate of the number of equity instruments expected to vest based on the latest information (e.g., changes in the number of employees eligible for vesting). Any adjustments are recognized in the current period's costs or expenses, with corresponding adjustments to capital reserves.

For equity-settled share-based payments to obtain services from non-employees:

If the fair value of the services received can be reliably measured, the expense is recognized based on the fair value of the services at the acquisition date.

If the fair value of the services cannot be reliably measured but the fair value of the equity instruments can, the expense is recognized based on the fair value of the equity instruments at the service acquisition date, with a corresponding increase in shareholders' equity.

② Cash-settled Share-based Payment

Cash-settled share-based payments are measured at the fair value of the liability incurred, determined based on shares or other equity instruments.

- If the instruments vest immediately upon grant, the liability is recognized on the grant date as an expense.
- If vesting is conditional upon completing a service period or meeting performance conditions, the expense is recognized over the vesting period based on the best estimate of the number of instruments expected to vest, with a corresponding increase in liabilities.

At each balance sheet date until settlement, the liability is remeasured at fair value, with changes recognized in profit or loss.

(2) Accounting for Modifications or Terminations of Share-based Payment Plans

- If a modification increases the fair value of the equity instruments granted, the incremental fair value (i.e., the difference between the fair value before and after modification) is recognized as additional service cost.
- If a modification reduces the total fair value or is otherwise unfavorable to employees, the original accounting treatment continues as if the modification never occurred, unless the equity instruments are partially or fully canceled.
- If granted equity instruments are canceled during the vesting period, the remaining unvested amount is recognized immediately in profit or loss as an accelerated vesting expense, with a corresponding adjustment to capital reserves. If employees or other parties fail to meet non-vesting conditions (despite having the option to do so), the grant is treated as canceled.

(3) Accounting for Share-based Payments Involving the Company's shareholders or Controlling Parties

For share-based payment transactions between the Company and its shareholders or controlling parties, where one party (the settlement entity) is within the Company's consolidated scope and the other (the service recipient) is outside:

Consolidated Financial Statements Treatment:

- If the settlement entity settles using its own equity instruments, the transaction is treated as an equity-settled share-based payment. Otherwise, it is treated as a cash-settled share-based payment.
- If the settlement entity is an investor in the service recipient, it recognizes a long-term equity investment at the grant-date fair value of the equity instruments or liability, with a corresponding increase in capital reserves (other capital reserves) or liabilities.
- If the service recipient has no settlement obligation or grants its own equity instruments to employees, the transaction is treated as equity-settled. If the service recipient has a settlement obligation and grants instruments other than its own equity, the transaction is treated as cash-settled.

Individual Financial Statements Treatment:

For transactions between entities within the Company's consolidated scope where the service recipient and settlement entity differ, each entity accounts for the transaction in its individual financial statements following the above principles.

26. Other Financial Instruments Such as Preference Shares and Perpetual Bonds

(1) Classification of Perpetual Bonds and Preference Shares

Financial instruments such as perpetual bonds and preference shares issued by the Company shall be classified as equity instruments only if they meet all of the following conditions:

- ① The instrument does not impose any contractual obligation to deliver cash or other financial assets to another party, or to exchange financial assets or liabilities under potentially unfavorable conditions;
- ② If settlement may or must occur using the Company's own equity instruments in the future:
 - For non-derivative instruments, there is no contractual obligation to deliver a variable number of the Company's own equity instruments for settlement;
 - For derivative instruments, settlement can only be made by exchanging a fixed number of the Company's own equity instruments for a fixed amount of cash or other financial assets.

Financial instruments issued by the Company that do not meet the above conditions shall be classified as financial liabilities.

For compound financial instruments issued by the Company:

- The liability component is measured at fair value and recognized as a liability.
- The residual amount (total proceeds received minus the fair value of the liability component) is recognized as "other equity instruments."
- Transaction costs are allocated between the liability and equity components in proportion to their respective shares of the total issuance proceeds.

(2) Accounting Treatment for Perpetual Bonds and Preference Shares

For perpetual bonds and preference shares classified as financial liabilities:

Interest, dividends, gains/losses, and gains/losses from redemption or refinancing are recognized in profit or loss, except for borrowing costs eligible for capitalization (see Note III.18 "Borrowing Costs").

For perpetual bonds and preference shares classified as equity instruments:

Issuance (including refinancing), repurchase, sale, or cancellation is treated as a change in equity, with related transaction costs deducted from equity.

- Distributions to holders of equity instruments are treated as profit distributions.
- The Company does not recognize changes in the fair value of equity instruments.

27. Revenue

The Company recognizes revenue when control of the relevant goods is transferred to the customer, provided all the following conditions are met: the contract has been approved by all parties who are committed to fulfilling their respective obligations; the contract clearly specifies the rights and obligations of each party regarding the goods or services to be transferred; the contract contains clear payment terms related to the goods to be transferred; the contract has commercial substance, meaning its performance will change the risk, timing or amount of the Company's future cash flows; and the consideration to which the Company is entitled for transferring goods to the customer is probable of collection.

At contract inception, the Company identifies the distinct performance obligations in the contract and allocates the transaction price to each performance obligation based on the relative stand-alone selling prices of the goods or services promised. In determining the transaction price, the Company considers the effects of variable

consideration, significant financing components in the contract, non-cash consideration, and consideration payable to customers.

For each performance obligation, the Company recognizes revenue over time by measuring progress toward complete satisfaction of that performance obligation if any of the following criteria are met: the customer simultaneously receives and consumes the benefits as the Company performs; the customer controls the asset as it is created or enhanced; or the asset has no alternative use and the Company has an enforceable right to payment for performance completed to date. Progress is measured using an input method appropriate to the nature of the goods transferred. When progress cannot be reasonably measured, revenue is recognized to the extent of costs incurred that are expected to be recoverable until progress can be reasonably measured.

If none of the above criteria are met, revenue is recognized at the point in time when control of the goods is transferred to the customer. In assessing whether control has transferred, the Company considers indicators including: the Company's present right to payment; transfer of legal title; physical possession; transfer of significant risks and rewards of Ownership; customer acceptance; and other indicators of control transfer.

For contracts with variable consideration, the Company estimates the amount using either the expected value or most likely amount method. The transaction price including variable consideration does not exceed the amount for which it is highly probable that cumulative revenue recognized will not reverse when uncertainty is resolved. At each reporting date, the Company reassesses estimates of variable consideration included in the transaction price.

Consideration payable to a customer is deducted from the transaction price unless it is for distinct goods or services, with the reduction recognized at the later of revenue recognition or payment (or commitment to pay) date.

The Company assesses whether it is a principal or agent based on whether it controls the goods or services before transfer to the customer. As principal, revenue is recognized at the gross amount of consideration; as agent, revenue is recognized at the net amount retained after paying other parties.

The Company's specific revenue recognition methods are as follows:

Sales contracts typically contain a single performance obligation to transfer goods, satisfied at a point in time.

Domestic sales revenue is recognized when: goods are delivered and accepted per contract; payment is received or collectability is probable; significant risks/rewards are transferred; and legal title passes.

Export sales revenue is recognized when: goods are cleared through customs with bill of lading obtained; payment is received or collectability is probable; significant risks/rewards are transferred; and legal title passes.

Interest income is recognized based on time and effective interest rate.

28. Contract Costs

Contract costs comprise costs to fulfill and costs to obtain contracts.

Costs to fulfill are capitalized as assets if:

- (1) Directly related to a contract (labor, materials, overhead, client-reimbursable costs);
- (2) Enhance resources for future performance; and
- (3) Probable of recovery.

Incremental costs to obtain contracts are capitalized if probable of recovery, unless the amortization period would be one year or less.

Capitalized contract costs are amortized consistently with revenue recognition.

Impairment losses are recognized when carrying amount exceeds the higher of:

- (1) Expected remaining consideration; and
- (2) Estimated costs to complete transfer.

Reversals cannot exceed the carrying amount that would have existed without impairment.

29. Government Grants

Government grants refer to monetary or non-monetary assets obtained by the Company from the government without compensation, excluding capital contributions made by the government as an investor with corresponding Ownership rights. Government grants are classified into asset-related government grants and income-related government grants. Grants obtained for the acquisition or construction of long-term assets through other means are defined as asset-related government grants; other government grants are defined as income-related government grants. If government documents do not explicitly specify the grant recipient, the following methods are used to classify the grants:

- (1) For government documents that specify particular projects, classification is based on the relative proportion of expenditures forming assets versus expenses in the project budget, with this proportion reviewed at each balance sheet date and adjusted if necessary;
- (2) For government documents that only provide general descriptions of usage without specifying particular projects, the grants are treated as income-related government grants.

Government grants in the form of monetary assets are measured at the amount received or receivable. Government grants in the form of non-monetary assets are measured at fair value; if fair value cannot be reliably determined, they are measured at nominal amount. Government grants measured at nominal amount are directly recognized in current period profit or loss.

The Company generally recognizes and measures government grants based on the actual amount received. However, at period-end, if there is conclusive evidence that the Company meets the relevant conditions of fiscal support policies and expects to receive fiscal support funds, the grants are measured at the receivable amount. Government grants measured at receivable amount must simultaneously meet the following conditions:

- (1) The receivable grant amount has been confirmed by the competent government authority or can be reasonably estimated based on officially released fiscal fund management regulations, with no significant uncertainty expected in the amount;
- (2) The grants are based on fiscal support projects and corresponding fiscal fund management regulations officially released by local finance departments in accordance with the "Government Information Disclosure Regulations," and such regulations must be universally applicable (available to any enterprise meeting the specified conditions) rather than specifically designed for particular enterprises;
- (3) The relevant grant approval documents clearly specify the payment timeline, and the payment is supported by corresponding fiscal budgets, thereby reasonably ensuring receipt within the stipulated period.

Asset-related government grants are recognized as deferred income and systematically amortized into current period profit or loss over the useful life of the relevant assets. Income-related government grants used to compensate for future related costs, expenses, or losses are recognized as deferred income and amortized into current period profit or loss when the related costs, expenses, or losses are recognized; those used to compensate for already incurred related costs, expenses, or losses are directly recognized in current period profit or loss.

Government grants containing both asset-related and income-related components are accounted for separately by component; if the components cannot be reasonably distinguished, the entire grant is classified as income-related.

Government grants related to the Company's ordinary activities are recognized in other income or offset against

related costs and expenses based on the economic substance of the transaction; grants unrelated to ordinary activities are recognized in non-operating income or expenses.

When recognized government grants need to be returned, any remaining deferred income balance is first offset, with any excess recognized in current period profit or loss; in other cases, the return is directly recognized in current period profit or loss.

30. Deferred Tax Assets/Deferred Tax Liabilities

Deferred tax assets or deferred tax liabilities are recognized based on the differences between the carrying amounts and tax bases of assets and liabilities (including items not recognized as assets or liabilities but having determinable tax bases under tax laws), calculated using the applicable tax rates expected to apply when the assets are recovered or liabilities are settled.

Deferred tax assets are recognized only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. At the balance sheet date, if there is conclusive evidence indicating sufficient taxable profit will likely be available in future periods to utilize deductible temporary differences, previously unrecognized deferred tax assets are recognized.

At each balance sheet date, the carrying amounts of deferred tax assets are reviewed. If it is no longer probable that sufficient taxable profit will be available to realize the benefit of the deferred tax asset, the carrying amount is reduced. The reduction is reversed when it becomes probable that sufficient taxable profit will be available.

The Company's current tax and deferred tax are recognized as income tax expense or income in profit or loss, except for income taxes arising from: business combinations; and transactions or events recognized directly in equity.

When the Company has a legally enforceable right to settle current tax assets and liabilities on a net basis and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously, current tax assets and current tax liabilities are presented net.

31. Leases

(1) The Company as a Lessee

The Company's leased assets are primarily buildings.

At the commencement date of the lease term, the Company recognizes right-of-use assets and lease liabilities for leases other than short-term leases and leases of low-value assets, and recognizes depreciation expenses and interest expenses separately during the lease term.

For short-term leases and leases of low-value assets, the Company recognizes lease payments on a straight-line basis as expenses in the respective periods of the lease term.

① Right-of-use Assets

Right-of-use assets represent the lessee's right to use the leased asset during the lease term. At the commencement date of the lease term, right-of-use assets are initially measured at cost, which includes:

The initial measurement amount of the lease liability;

Lease payments made at or before the commencement date, less any lease incentives received;

Initial direct costs incurred by the lessee;

Estimated costs to be incurred by the lessee for dismantling and removing the leased asset, restoring the site where the asset is located, or returning the asset to the condition required by the lease terms.

The Company depreciates right-of-use assets using the straight-line method by category. For assets where Ownership is reasonably certain to be obtained at the end of the lease term, depreciation is calculated over the remaining useful life of the leased asset. For assets where Ownership cannot be reasonably determined, depreciation is calculated over the shorter of the lease term or the remaining useful life of the leased asset.

The Company determines whether right-of-use assets are impaired and accounts for them in accordance with the relevant provisions of Accounting Standards for Business Enterprises No. 8—Impairment of Assets.

② Lease Liabilities

Lease liabilities are initially measured at the present value of lease payments not yet paid at the commencement date of the lease term. Lease payments include:

Fixed payments (including in-substance fixed payments), less any lease incentives;

Variable lease payments that depend on an index or rate;

Amounts expected to be payable under residual value guarantees provided by the lessee;

The exercise price of purchase options, if the lessee is reasonably certain to exercise the option;

Payments required to exercise termination options, if the lease term reflects the lessee exercising the termination option.

The Company uses the interest rate implicit in the lease as the discount rate; if this cannot be reasonably determined, the Company's incremental borrowing rate is used. Interest expenses on lease liabilities are calculated using a fixed periodic interest rate and recorded in financial expenses. The periodic interest rate is the discount rate or revised discount rate used by the Company.

Variable lease payments not included in the measurement of lease liabilities are recognized in profit or loss when incurred.

When the Company's assessment of renewal options, termination options, or purchase options changes, the lease liability is remeasured at the present value of the revised lease payments using the revised discount rate, with corresponding adjustments to the carrying amount of the right-of-use asset. When in-substance fixed payments, expected payments under residual value guarantees, or variable lease payments dependent on an index or rate change, the lease liability is remeasured at the present value of the revised lease payments using the original discount rate, with corresponding adjustments to the carrying amount of the right-of-use asset.

③ Short-term Leases and Leases of Low-value Assets

For short-term leases (leases with a term of 12 months or less at commencement date) and leases of low-value assets (value below RMB 2,000), the Company applies a simplified approach by not recognizing right-of-use assets or lease liabilities, and instead recognizes lease payments on a straight-line basis or another systematic and rational basis as expenses in the respective periods of the lease term.

(2) The Company as a Lessor

① Operating Leases

The Company recognizes lease receipts from operating leases as rental income on a straight-line basis over the lease term. Variable lease payments not included in lease receipts are recognized in profit or loss when incurred.

② Finance Leases

At the commencement date of the lease term, the Company recognizes finance lease receivables and derecognizes the leased assets. Finance lease receivables are initially measured at the net investment in the lease (the sum of the unguaranteed residual value and the present value of lease receipts not yet received at the commencement date, discounted using the interest rate implicit in the lease), with interest income recognized during the lease term using a fixed periodic interest rate. Variable lease payments not included in the measurement of the net investment

in the lease are recognized in profit or loss when incurred.

32. Methods for Determining Materiality Thresholds and Basis for Selection

√Applicable □Not applicable

Disclosure Matters Involving Materiality Judgment Criteria	Materiality Threshold Determination Methods and Selection Basis
Significant individually assessed receivables with specific bad debt provisions	Receivables with ending balance exceeding RMB 1,000,000
Material construction in progress	Construction in progress projects either transferred to fixed assets or with ending balance exceeding RMB 3,000,000
Significant accounts payable aged over one year or past due	Accounts payable with ending balance exceeding RMB 1,000,000
Material advance receipts aged over one year	Advance receipts with ending balance exceeding RMB 1,000,000
Material contract liabilities aged over one year	Contract liabilities with ending balance exceeding RMB 1,000,000
Material other payables aged over one year	Other payables with ending balance exceeding RMB 1,000,000
Significant cash receipts related to investing activities	Individual investing activities with cash inflows exceeding RMB 3,000,000
Significant cash payments related to investing activities	Individual investing activities with cash outflows exceeding RMB 3,000,000
Material non-wholly owned subsidiaries	Subsidiaries whose total assets exceed 5% of consolidated total assets

33. Other Significant Accounting Policies and Accounting Estimates

Debt Restructuring

(1) Timing of Recognizing Debt Restructuring Gains and Losses

The Company may derecognize the relevant receivables and payables and recognize gains and losses related to debt restructuring only on the debt restructuring completion date when the derecognition conditions for financial assets and financial liabilities are met. The debt restructuring completion date refers to the date when the board of directors and shareholders' meeting resolutions have been approved, the debt restructuring agreement has been signed or the court ruling has been issued, the relevant assets have been transferred to the creditor, the debt has been converted into capital, or the modified debt terms have commenced execution.

For debt restructuring through asset settlement, the recognition point is when the relevant assets have been delivered and the Ownership transfer procedures have been completed. For debt restructuring through conversion of debt into equity, the recognition point is when the industrial and commercial registration procedures or the equity registration with the registration authority have been completed. For debt restructuring through modification of debt terms, the recognition point is when it is determined that the terms can be performed and execution has commenced. Debt restructuring negotiations that commenced during the reporting period but were completed after the balance sheet date are not treated as post-balance-sheet events.

(2) Accounting Treatment by the Creditor

When the Company acts as a creditor, the difference between the fair value of the relinquished claim and its carrying amount is recognized in profit or loss.

(3) Accounting Treatment by the Debtor

A. For debt restructuring through asset settlement, the relevant assets and the settled debt are derecognized when the derecognition conditions are met. The difference between the carrying amount of the settled debt and the carrying amount of the transferred assets is recognized in profit or loss.

B. For debt restructuring through conversion of debt into equity instruments, the settled debt is derecognized when the derecognition conditions are met. The difference between the carrying amount of the settled debt and the amount determined based on the fair value of the equity instruments is recognized in profit or loss.

C. For debt restructuring through modification of other terms, the restructured debt is re-recognized and remeasured. The difference between the remeasured debt and the original debt is recognized in profit or loss.

D. For debt restructuring through settlement with multiple assets or a combination of methods, the equity instruments and restructured debt are recognized and measured in accordance with the Accounting Standards for Business Enterprises. The difference between the carrying amount of the settled debt and the sum of the carrying amounts of the transferred assets and the recognized amounts of the equity instruments and restructured debt is recognized in profit or loss.

34. Changes in Main Accounting Policies and Estimates

(1) Change of Accounting Policies

☒ Applicable ☐ Not applicable

(2) Changes in Accounting Estimates

☐ Applicable ☒ Not applicable

(3) Adjustments to Opening Balance Sheet Items for Initial Application of New Accounting Standards Effective 2025

☐ Applicable ☒ Not applicable

VI. Taxation

1. Main Taxes and Tax Rate

Category of taxes	Tax rate
VAT	Output VAT is calculated on taxable revenue at rates of 13%, 9%, 6% and 5%, with VAT payable being the balance after deducting input VAT credits allowable in the current period.
Urban maintenance and construction tax	Payment is calculated and made in accordance with local tax regulations applicable to each tax-paying unit.
Enterprise income tax	See the table below for details.

Notes of the disclosure situation of the taxpaying bodies with different enterprises income tax rates

Name	Income tax rate
Changchai Company, Limited	15%
Changchai Wanzhou Diesel Engine Co., Ltd.	15%
Changzhou Changchai Benniu Diesel Engine Fittings Co., Ltd.	25%
Changzhou Horizon Investment Co., Ltd.	25%
Changzhou Fuji Changchai Robin Gasoline Engine Co., Ltd.	15%
Jiangsu Changchai Machinery Co., Ltd.	25%
Changzhou Xingsheng Real Estate Management Co., Ltd.	5%
Zhenjiang Siyang Diesel Engine Manufacturing Co., Ltd.	15%

2. Tax Preference

(1) On November 6, 2024, the Company renewed its High-Tech Enterprise Certification and continued to enjoy a preferential corporate income tax rate of 15% during the reporting period.

(2) Controlled subsidiary Changchai Wanzhou Diesel Engine Co., Ltd. qualifies for the 15% reduced corporate income tax rate from January 1, 2011 to December 31, 2030 under the Notice on Tax Policies for the Implementation of the Western Development Strategy (jointly issued by the Ministry of Finance, General Administration of Customs, and State Taxation Administration) and the Announcement on Extending Western Development Enterprise Income Tax Policies (Ministry of Finance Announcement [2020] No. 23).

(3) On November 6, 2023, wholly-owned subsidiary Changzhou Fuji Changchai Robin Gasoline Engine Co., Ltd. renewed its High-Tech Enterprise Certification and applied the 15% preferential tax rate during the reporting period.

(4) Wholly-owned subsidiary Changzhou Xingsheng Property Management Co., Ltd., as a qualified small and low-profit enterprise, applied the 5% reduced tax rate for such entities during the reporting period.

(5) Subsidiary Zhenjiang Siyang Diesel Engine Manufacturing Co., Ltd. obtained its High-Tech Enterprise Certification on December 12, 2022 and maintained the 15% preferential tax rate during the reporting period.

VII. Notes to Major Items in the Consolidated Financial Statements of the Company

1. Monetary Assets

Unit: RMB

Item	Ending balance	Beginning balance
Cash on hand	112,615.57	84,482.59
Bank deposits	753,342,442.15	933,972,475.61
Other monetary assets	104,903,403.70	129,643,534.39
Total	858,358,461.42	1,063,700,492.59
Including: Total amount of funds deposited overseas		
Total amount of funds with usage restrictions due to mortgage, pledge, freezing or other reasons	144,207,257.20	171,018,607.75

Additional Notes:

At the end of the reporting period, other monetary funds included:

Accrued interest on time deposits: RMB 312,507.76

Restricted funds comprising:

Bill guarantees: RMB 102,991,363.01

Guarantee bonds and performance bonds: RMB 1,903,386.43

Time deposits: RMB 39,312,507.76

2. Trading Financial Assets

Unit: RMB

Item	Ending balance	Beginning balance
Financial assets at fair value through profit or loss	420,234,569.30	303,667,459.65
Of which:		
Stocks	67,168,729.00	52,598,990.00
Financial products	353,065,840.30	251,068,469.65
Of which:		
Total	420,234,569.30	303,667,459.65

3. Notes Receivable

(1) Notes Receivable Listed by Category

Unit: RMB

Item	Ending balance	Beginning balance
Bank acceptance bill	144,816,296.81	318,814,017.13
Total	144,816,296.81	318,814,017.13

(2) Disclosure by Withdrawal Methods for Bad Debts

Unit: RMB

Category	Ending balance					Beginning balance				
	Carrying amount		Bad debt provision		Carrying value	Carrying amount		Bad debt provision		Carrying value
	Amount	Proportion	Amount	Withdrawal proportion		Amount	Proportion	Amount	Withdrawal proportion	
Notes receivable for which bad debt provision separately accrued	0.00	0.00%	0.00	0.00%	0.00	0.00	0.00%	0.00	0.00%	0.00
Of which:										
Notes receivable for which bad debt provision accrued by group	144,816,296.81	100.00%	0	0.00%	144,816,296.81	318,814,017.13	100.00%	0.00	0.00%	318,814,017.13
Of which:										
Bank acceptance bills	144,816,296.81	100.00%	0	0.00%	144,816,296.81	318,814,017.13	100.00%	0.00	0.00%	318,814,017.13
Total	144,816,296.81	100.00%	0	0.00%	144,816,296.81	318,814,017.13	100.00%	0.00	0.00%	318,814,017.13

The allowance for doubtful accounts on notes receivable was recognized based on the general expected credit loss model.

☐Applicable ☒Not applicable

(3) Notes Receivable Pledged by the Company at the Period-end: None**(4) Notes Receivable which been Had Endorsed by the Company or had been Discounted but had not Due on the Balance Sheet Date at the Period-end**

Unit: RMB

Item	Amount of recognition termination at the period-end	Amount of not terminated recognition at the period-end
Bank acceptance bill		85,332,514.94
Total		85,332,514.94

(5) Notes Transferred to Accounts Receivable Due to Non-performance by Issuers at Period-end

As of the period-end, there were no notes transferred to accounts receivable due to non-performance by issuers.

4. Accounts Receivable**(1) Disclosure by Aging**

Unit: RMB

Aging	Ending carrying amount	Beginning carrying amount
Within 1 year (including 1 year)	1,263,684,510.89	441,388,545.87
1 to 2 years	8,053,442.86	6,801,120.23
2 to 3 years	2,139,949.67	936,696.44
Over 3 years	139,096,251.41	140,104,147.16
3 to 4 years	4,156,657.52	4,100,421.27
4 to 5 years	5,117,397.97	4,863,744.65
Over 5 years	129,822,195.92	131,139,981.24
Total	1,412,974,154.83	589,230,509.70

(2) Disclosure by Withdrawal Methods for Bad Debts

Unit: RMB

Category	Ending balance					Beginning balance				
	Carrying amount		Bad debt provision		Carrying value	Carrying amount		Bad debt provision		Carrying value
	Amount	Proportion	Amount	Withdrawal proportion		Amount	Proportion	Amount	Withdrawal proportion	

Accounts receivable withdrawal of bad debt provision separately accrued	25,386,678.05	1.80%	25,386,678.05	100.00%	0.00	26,856,788.69	4.56%	26,856,788.69	100.00%	0.00
Of which:										
Accounts receivable withdrawal of bad debt provision by group	1,387,587,476.78	98.20%	135,129,892.58	9.74%	1,252,457,584.20	562,373,721.01	95.44%	118,119,480.99	21.00%	444,254,240.02
Of which:										
Accounts receivable for which bad debt provision accrued by credit risk features group	1,387,587,476.78	98.20%	135,129,892.58	9.74%	1,252,457,584.20	562,373,721.01	95.44%	118,119,480.99	21.00%	444,254,240.02
Total	1,412,974,154.83	—	160,516,570.63	—	1,252,457,584.20	589,230,509.70	—	144,976,269.68	—	444,254,240.02

Individually Assessed Bad Debt Provisions: RMB 25,386,678.05, including significant impairment items of RMB 23,609,074.17. The details are presented below:

Unit: RMB

Name	Beginning balance		Ending balance			
	Carrying amount	Bad debt provision	Carrying amount	Bad debt provision	Withdrawal proportion	Reason for withdrawal
Customer 1	5,972,101.90	5,972,101.90	5,972,101.90	5,972,101.90	100.00%	Difficult to recover
Customer 2	4,592,679.05	4,592,679.05	4,592,679.05	4,592,679.05	100.00%	Difficult to recover
Customer 3	2,797,123.26	2,797,123.26	2,797,123.26	2,797,123.26	100.00%	Difficult to recover
Customer 4	2,584,805.83	2,584,805.83	2,584,805.83	2,584,805.83	100.00%	Difficult to recover

Customer 5	2,025,880.18	2,025,880.18	2,025,880.18	2,025,880.18	100.00%	Difficult to recover
Customer 6	1,902,326.58	1,902,326.58	1,902,326.58	1,902,326.58	100.00%	Difficult to recover
Customer 7	1,759,397.30	1,759,397.30	1,759,397.30	1,759,397.30	100.00%	Difficult to recover
Customer 8	1,564,000.07	1,564,000.07	1,564,000.07	1,564,000.07	100.00%	Difficult to recover
Customer 9	1,470,110.64	1,470,110.64	0.00	0.00	—	Difficult to recover
Customer 10	410,760.00	410,760.00	410,760.00	410,760.00	100.00%	Difficult to recover
Total	25,079,184.81	25,079,184.81	23,609,074.17	23,609,074.17	--	--

Withdrawal of bad debt provision by group: Provision for bad debts by credit risk characteristic group

Unit: RMB

Name	Ending balance		
	Carrying amount	Bad debt provision	Withdrawal proportion
Within 1 year	1,263,684,510.89	25,273,690.22	2.00%
1 to 2 years	8,053,442.86	402,672.14	5.00%
2 to 3 years	2,139,949.67	320,992.45	15.00%
3 to 4 years	3,614,394.86	1,084,318.46	30.00%
4 to 5 years	5,117,397.97	3,070,438.78	60.00%
Over 5 years	104,977,780.53	104,977,780.53	100.00%
Total	1,387,587,476.78	135,129,892.58	--

The allowance for doubtful accounts on accounts receivable was recognized based on the general expected credit loss model:

☐Applicable ☒Not applicable

(3) Bad Debt Provision Withdrawal, Reversed or Recovered in the Current Period

Withdrawal of bad debt provision:

Unit: RMB

Category	Beginning balance	Changes in the current period				Ending balance
		Withdrawal	Reversed or recovered	Verification	Others	
Bad debt provision separately accrued	26,856,788.69			1,470,110.64		25,386,678.05

Withdrawal of bad debt provision by group	118,119,480.99	17,010,411.59				135,129,892.58
Total	144,976,269.68	17,010,411.59		1,470,110.64		160,516,570.63

(4) Accounts Receivable Written-off in Current Period

Unit: RMB

Item	Written-off amount
Accounts receivable with actual verification	1,470,110.64

Of which the verification of significant accounts receivable:

Unit: RMB

Name of the entity	Nature of the accounts receivable	Verified amount	Reason for verification	Verification procedures performed	Arising from related-party transactions or not
Customer 1	Accounts receivable for goods	1,470,110.64	The court-ruled termination of bankruptcy liquidation.	Minutes of the Executive Office	No
Total		1,470,110.64			

(5) Top 5 of the Ending Balance of the Accounts Receivable and the Contract Assets Collected according to Arrears Party

Unit: RMB

Name of the entity	Ending balance of accounts receivable	Ending balance of contract assets	Ending balance of accounts receivable and contract assets	Proportion to total ending balance of accounts receivable and contract assets	Ending balance of bad debt provision of accounts receivable and impairment provision for contract assets
Customer 1	574,387,933.74	0.00	574,387,933.74	40.65%	11,487,758.68
Customer 2	245,184,220.00	0.00	245,184,220.00	17.35%	5,172,394.61
Customer 3	68,402,423.71	0.00	68,402,423.71	4.84%	1,368,048.47
Customer 4	48,905,454.18	0.00	48,905,454.18	3.46%	978,109.09
Customer 5	44,809,044.30	0.00	44,809,044.30	3.17%	896,180.89
Total	981,689,075.93	0.00	981,689,075.93	69.47%	19,902,491.74

5. Accounts Receivable Financing**(1) Accounts Receivable Financing Listed by Category**

Unit: RMB

Item	Ending balance	Beginning balance
Bank acceptance bills	39,513,968.25	223,261,002.76
Total	39,513,968.25	223,261,002.76

(2) Notes Receivable Pledged by the Company at the Period-end: None**(3) Accounts receivable financing which had been endorsed by the Company or had discounted but had not due at the period-end**

Unit: RMB

Category	Amount of recognition termination at the period-end	Amount of not terminated recognition at the period-end
Bank acceptance bill	491,724,648.34	
Total	491,724,648.34	

(4) Changes in Receivables Financing and Fair Value Fluctuations During the Reporting Period

Unit: RMB

Item	Beginning balance		Changes in the current period		Ending balance	
	Cost	Fair Value Changes	Cost	Fair Value Changes	Cost	Fair Value Changes
Notes Receivable	223,261,002.76		-183,747,034.51		39,513,968.25	

6. Other Receivables

Unit: RMB

Item	Ending balance	Beginning balance
Interest receivable	0.00	0.00
Dividend receivable	5,016,960.00	7,165,080.00
Other receivables	4,163,878.09	2,682,361.82
Total	9,180,838.09	9,847,441.82

(1) Dividend receivable

Unit: RMB

Projects (or Investee Entities)	Ending balance	Beginning balance
Jiangsu Bank	5,016,960.00	7,165,080.00
Total	5,016,960.00	7,165,080.00

(2) Other Receivables**1) Other Receivables Classified by Accounts Nature**

Unit: RMB

Nature	Ending carrying value	Beginning carrying value
Margin and cash pledge	1,300.00	1,300.00
Intercourse funds	24,460,949.84	23,292,830.56
Petty cash and borrowings by employees	1,229,119.81	865,253.08
Other	14,168,017.12	14,177,743.14
Total	39,859,386.77	38,337,126.78

2) Disclosure by Aging

Unit: RMB

Aging	Ending carrying amount	Beginning carrying amount
Within 1 year (including 1 year)	3,995,234.65	2,514,999.73
1 to 2 years	115,661.98	103,639.66
2 to 3 years	364,826.07	354,590.84
Over 3 years	35,383,664.07	35,363,896.55
3 to 4 years	291,173.68	281,647.36
4 to 5 years	40,541.20	30,300.00
Over 5 years	35,051,949.19	35,051,949.19
Total	39,859,386.77	38,337,126.78

3) Disclosure by Withdrawal Methods for Bad Debts

√Applicable □Not applicable

Provision for bad debts based on general model of expected credit losses

Unit: RMB

Bad debt provision	First stage	Second stage	Third stage	Total
	Expected credit loss of the next 12 months	Expected loss in the duration (credit impairment not occurred)	Expected loss in the duration (credit impairment occurred)	
Balance of 1 January 2025	50,296.59	44,388.98	35,560,079.39	35,654,764.96
Balance of 1 January 2025 in the Current Period				
--Transfer to Second stage				
-- Transfer to Third stage				
-- Reverse to Second stage				
-- Reverse to First stage				
Withdrawal of the Current Period	40,743.72			40,743.72
Reversal of the Current Period				
Write-offs of the Current Period				
Verification of the Current Period				
Other changes				
Balance of 30 June 2025	91,040.31	44,388.98	35,560,079.39	35,695,508.68

The basis for the division of each stage and the withdrawal proportion of bad debt provision: None

Changes of carrying amount with significant changes in amount of loss provision in the current period

☐Applicable ☒Not applicable

4) Bad Debt Provision Withdrawn, Reversed or Recovered in the Current Period

Withdrawal of bad debt provision:

Unit: RMB

Category	Beginning balance	Changes in the current period				Ending balance
		Withdrawal	Reversed or recovered	Charged-off /Written-off	Others	

Bad debt provision separately accrued	5,615,869.55					5,615,869.55
Withdrawal of bad debt provision by group	30,038,895.41	40,743.72				30,079,639.13
Total	35,654,764.96	40,743.72				35,695,508.68

5) Write-off of Other Receivables During the Reporting Period: None

6) Top 5 of the Ending Balance of Other Receivables Collected according to the Arrears Party

Unit: RMB

Name of the entity	Nature	Ending balance	Aging	Proportion to total ending balance of other receivables %	Ending balance of bad debt provision
Changzhou Compressor Factory	Intercourse funds	2,940,000.00	Over 5 years	7.38%	2,940,000.00
Changchai Group Imp. & Exp. Co., Ltd.	Intercourse funds	2,853,188.02	Over 5 years	7.16%	2,853,188.02
Changzhou New District Accounting Center	Intercourse funds	1,626,483.25	Over 5 years	4.08%	1,626,483.25
Changchai Group Settlement Center	Intercourse funds	1,128,676.16	Over 5 years	2.83%	1,128,676.16
Chuangye Diesel Engine Repair Factory	Intercourse funds	1,000,000.00	Over 5 years	2.51%	1,000,000.00
Total		9,548,347.43		23.96%	9,548,347.43

7. Prepayments

(1) Prepayment Listed by Aging Analysis

Unit: RMB

Aging	Ending balance		Beginning balance	
	Amount	Proportion	Amount	Proportion

Within 1 year	12,575,782.99	91.50%	11,874,660.61	93.32%
1 to 2 years	557,791.77	4.06%	355,228.45	2.79%
2 to 3 years	591,751.85	4.31%	489,219.64	3.84%
Over 3 years	18,873.12	0.14%	6,850.00	0.05%
Total	13,744,199.73	--	12,725,958.70	--

(2) Top 5 Prepayment in Ending Balance Collected according to the Prepayment Target

Unit: RMB

Name of the entity	Ending balance	Proportion of Total Prepayment Balance at Period-End (%)
Suppliers 1	7,817,369.19	56.88%
Suppliers 2	686,364.94	4.99%
Suppliers 3	672,454.04	4.89%
Suppliers 4	553,229.00	4.03%
Suppliers 5	377,033.06	2.74%
Total	10,106,450.23	73.53%

8. Inventories

Whether the Company needs to comply with the disclosure requirements for the real estate industry: No

(1) Category of Inventory

Unit: RMB

Item	Ending balance			Beginning balance		
	Carrying amount	Depreciation reserves of inventories or impairment provision for contract performance costs	Carrying value	Carrying amount	Depreciation reserves of inventories or impairment provision for contract performance costs	Carrying value
Raw materials	227,059,659.84	9,276,544.07	217,783,115.77	210,549,278.77	9,266,290.45	201,282,988.32

Materials processed on commission	17,687,468.0 ₂	0.00	17,687,468.0 ₂	13,598,683.1 ₃	0.00	13,598,683.1 ₃
Goods in process	76,560,884.2 ₇	3,708,580.55	72,852,303.7 ₂	79,357,978.3 ₄	4,128,144.66	75,229,833.6 ₈
Finished goods	285,159,910.70	31,001,488.6 ₉	254,158,422.01	559,878,239.54	32,330,091.1 ₆	527,548,148.38
Low priced and easily worn articles	1,486,523.64	0.00	1,486,523.64	1,542,344.91	0.00	1,542,344.91
Total	607,954,446.47	43,986,613.3 ₁	563,967,833.16	864,926,524.69	45,724,526.2 ₇	819,201,998.42

(2) Falling Price Reserves of Inventory and Impairment Reserves for Contract Performance Costs

Unit: RMB

Item	Beginning balance	Increase		Decrease		Ending balance
		Withdrawal	Others	Transferred-back or charged-off	Others	
Raw materials	9,266,290.45	196,786.24		186,532.62		9,276,544.07
Goods in process	4,128,144.66			419,564.11		3,708,580.55
Finished goods	32,330,091.16	811,192.63		2,139,795.10		31,001,488.69
Total	45,724,526.27	1,007,978.87		2,745,891.83		43,986,613.31

9. Other Current Assets

Unit: RMB

Item	Ending balance	Beginning balance
The VAT tax credits	19,196,570.08	51,823,671.46
Prepaid corporate income tax	418,076.10	2,705,816.46
Prepaid expense	62,132.52	75,533.75
Total	19,676,778.70	54,605,021.67

10. Other Equity Instrument Investment

Unit: RMB

Item	Beginning balance	Gains recorded	Losses recorded	Accumulated gains	Accumulated	Dividend income	Ending balance	Reason for
------	-------------------	----------------	-----------------	-------------------	-------------	-----------------	----------------	------------

		in other comprehensive income in the current period	in other comprehensive income in the current period	recorded in other comprehensive income in the current period	losses recorded in other comprehensive income in the current period	recognized in current year		assigning to measure in fair value of which changes included other comprehensive income
Non-trading equity investment	941,120,058.72	78,508,000.00		835,058,058.72		5,016,960.00	1,019,628,058.72	Non-trading equity investment
Total	941,120,058.72	78,508,000.00		835,058,058.72		5,016,960.00	1,019,628,058.72	

Non-trading equity instrument investment disclosed by category

Unit: RMB

Item	Dividend income recognized	Accumulated e gains	Accumulated e losses	Amount of other comprehensive income transferred to retained earnings	Reason for assigning to measure by fair value of which changes are included to other comprehensive income	Reason for other comprehensive income transferred to retained earnings
Changzhou Synergetic Innovation Private Equity Fund (Limited Partnership)		248,637,058.72			Non-trading equity investment	
Foton Motor Co., Ltd.		349,811,000.00			Non-trading equity investment	
Bank of Jiangsu Co., Ltd.	5,016,960.00	236,610,000.00			Non-trading equity investment	

11. Long-term Equity Investment

Unit: RMB

Investees	Beginning balance (carrying value)	Beginning balance of depreciation reserves	Increase/decrease								Ending balance (carrying value)	Ending balance of depreciation reserves
			Additional investment	Reduced investment	Gain or loss recognized under the equity method	Adjustment of other comprehensive income	Changes in other equity	Cash bonus or profit announced to issue	Withdrawal of depreciation reserves	Other		
I. Joint venture												
Subtotal	0.00	0.00									0.00	0.00
II. Associated enterprises												
Beijing Tsinghua Industrial Investment Management Co., Ltd.	0.00	44,182.50									0.00	44,182.50
Subtotal	0.00	44,182.50									0.00	44,182.50
Total	0.00	44,182.50									0.00	44,182.50

The recoverable amount is determined based on the net amount of the fair value minus disposal costs

☐ Applicable ☒ Not applicable

The recoverable amount is determined by the present value of the forecasted future cash flow.

☐ Applicable ☒ Not applicable

The reason for the discrepancy between the foregoing information and the information used in the impairment tests in prior years or external information: Not applicable

The reason for the discrepancy between the information used in the Company's impairment tests in prior years and the actual situation of those years: Not applicable

12. Other Non-current Financial Assets

Unit: RMB

Item	Ending balance	Beginning balance
Financial Assets at Fair Value Through Profit or Loss (Including: Equity Instrument Investments)	377,869,217.49	377,869,217.49
Total	377,869,217.49	377,869,217.49

13. Investment Property

(1) Investment Property Adopting the Cost Measurement Mode

√ Applicable □ Not applicable

Unit: RMB

Item	Houses and buildings	Total
I. Original carrying value		
1. Beginning balance	93,077,479.52	93,077,479.52
2. Increased amount of the period		
(1) Outsourcing		
(2) Transfer from inventories/fixed assets/construction in progress		
(3) Enterprise combination increase		
3. Decreased amount of the period		
(1) Disposal		
(2) Other transfer		
4. Ending balance	93,077,479.52	93,077,479.52
II. Accumulative depreciation and accumulative amortization		
1. Beginning balance	55,336,634.97	55,336,634.97
2. Increased amount of the period	1,048,356.78	1,048,356.78
(1) Withdrawal or amortization	1,048,356.78	1,048,356.78
3. Decreased amount of the period		
(1) Disposal		
(2) Other transfer		
4. Ending balance	56,384,991.75	56,384,991.75
III. Depreciation reserves		
1. Beginning balance		
2. Increased amount of the period		
(1) Withdrawal		
3. Decreased amount of the period		

(1) Disposal		
(2) Other transfer		
4. Ending balance		
IV. Carrying value		
1. Ending carrying value	36,692,487.77	36,692,487.77
2. Beginning carrying value	37,740,844.55	37,740,844.55

The recoverable amount is determined based on the net amount of the fair value minus disposal costs

☐ Applicable ☒ Not applicable

The recoverable amount is determined by the present value of the forecasted future cash flow.

☐ Applicable ☒ Not applicable

The reason for the discrepancy between the foregoing information and the information used in the impairment tests in prior years or external information: Not applicable

The reason for the discrepancy between the information used in the Company's impairment tests in prior years and the actual situation of those years: Not applicable

14. Fixed Assets

Unit: RMB

Item	Ending balance	Beginning balance
Fixed assets	577,527,877.32	615,414,505.40
Disposal of fixed assets	1,430,563.00	0.00
Total	578,958,440.32	615,414,505.40

(1) List of Fixed Assets

Unit: RMB

Item	Houses and buildings	Machinery equipment	Transportation equipment	Other equipment	Total
I. Original carrying value					
1. Beginning balance	642,502,995.83	1,119,970,538.22	16,042,052.10	62,228,077.38	1,840,743,663.53
2. Increased amount of the period	90,458.72	101,547.80	48,672.57	792,034.50	1,032,713.59
(1) Purchase		61,946.91	48,672.57	792,034.50	902,653.98

(2) Transfer from construction in progress	90,458.72	39,600.89			130,059.61
(3) Enterprise combination increase					
3. Decreased amount of the period		53,218,825.87	13,000.00	24,910.85	53,256,736.72
(1) Disposal or scrap		53,218,825.87	13,000.00	24,910.85	53,256,736.72
4. Ending balance	642,593,454.55	1,066,853,260.15	16,077,724.67	62,995,201.03	1,788,519,640.40
II. Accumulated Depreciation					
1. Beginning balance	307,135,363.74	863,454,931.23	10,774,847.02	43,666,795.44	1,225,031,937.43
2. Increased amount of the period	9,960,597.51	24,780,063.27	661,454.95	2,855,756.32	38,257,872.05
(1) Withdraw	9,960,597.51	24,780,063.27	661,454.95	2,855,756.32	38,257,872.05
3. Decreased amount of the period	0.00	52,557,356.25	13,000.00	24,910.85	52,595,267.10
(1) Disposal or scrap		52,557,356.25	13,000.00	24,910.85	52,595,267.10
4. Ending balance	317,095,961.25	835,677,638.25	11,423,301.97	46,497,640.91	1,210,694,542.38
III. Impairment Provision					
1. Beginning balance		297,220.70			297,220.70
2. Increased amount of the period					0.00
(1) Withdraw					0.00

3. Decreased amount of the period					0.00
(1) Disposal or scrap					0.00
4. Ending balance		297,220.70			297,220.70
IV. Carrying value					
1. Ending carrying value	325,497,493.30	230,878,401.20	4,654,422.70	16,497,560.12	577,527,877.32
2. Beginning carrying value	335,367,632.09	256,218,386.29	5,267,205.08	18,561,281.94	615,414,505.40

(2) List of Temporarily Idle Fixed Assets

Unit: RMB

Item	Original carrying value	Accumulative depreciation	Depreciation reserves	Carrying value	Note
Houses and buildings	59,157,112.16	53,291,756.21		5,865,355.95	Refer to note 1
Transportation equipment	15,654,026.86	14,471,987.16		1,182,039.70	
Other equipment	55,205.86	42,500.63		12,705.23	
Machinery equipment	309,407.50	12,186.80	297,220.70		

Note 1: Due to public interest requirements for urban redevelopment, the People's Government of Xinbei District, Changzhou has decided to expropriate buildings within the scope of the Sanjing Subdistrict Foundry Plant and surrounding area urban renewal project (Phase I). The expropriation area covers the Company's former foundry base, where some fixed assets of the original foundry base remain idle.

(3) Disposal of Fixed Assets

Unit: RMB

Item	Ending balance	Beginning balance
Compensation for Tenants of Street-Facing Shops Along Metro Line 5 Due to Demolition	1,430,563.00	0.00
Total	1,430,563.00	0.00

15. Construction in Progress

Unit: RMB

Item	Ending balance	Beginning balance
Construction in progress	5,332,994.97	3,376,866.69
Engineering materials	0.00	0.00
Total	5,332,994.97	3,376,866.69

(1) List of Construction in Progress

Unit: RMB

Item	Ending balance			Beginning balance		
	Carrying amount	Depreciation reserves	Carrying value	Carrying amount	Depreciation reserves	Carrying value
Technology Center Innovation Capability Construction Project	597,345.00		597,345.00	898,041.60		898,041.60
Equipment Installation Pending Project	4,735,649.97		4,735,649.97	2,478,825.09		2,478,825.09
Miscellaneous Engineering Works	5,332,994.97		5,332,994.97	3,376,866.69		3,376,866.69

(2) Significant Changes in Construction-in-Progress Projects During the Current Period

Unit: RMB

Item	Beginning balance	New additions	Transfers to fixed assets	Transfers to intangible assets	Ending balance	Sources of Funds
Equipment Installation Works	2,478,825.09	2,386,884.49	130,059.61		4,735,649.97	Equity Funds
Total	2,478,825.09	2,386,884.49	130,059.61		4,735,649.97	--

(3) Impairment Test of Construction in Progress

□Applicable √Not applicable

16. Intangible Assets**(1) List of Intangible Assets**

Unit: RMB

Item	Land use right	Software	License fee	Trademark use right	Total
I. Original carrying value					
1. Beginning balance	205,187,775.71	21,573,652.88	5,538,000.00	1,650,973.47	233,950,402.06
2. Increased amount of the period					
(1) Purchase					
(2) Internal R&D					
(3) Business combination increase					
3. Decreased amount of the period					
(1) Disposal					
4. Ending balance	205,187,775.71	21,573,652.88	5,538,000.00	1,650,973.47	233,950,402.06
II. Accumulated amortization					
1. Beginning balance	67,655,245.52	18,451,335.78	4,348,933.06	689,101.84	91,144,616.20
2. Increased amount of the period	2,090,911.68	655,417.29	274,399.97	82,830.66	3,103,559.60
(1) Withdrawal	2,090,911.68	655,417.29	274,399.97	82,830.66	3,103,559.60
3. Decreased amount of the period					
(1) Disposal					
4. Ending balance	69,746,157.20	19,106,753.07	4,623,333.03	771,932.50	94,248,175.80
III. Depreciation reserves					
1. Beginning balance					
2. Increased amount of the period					

(1) Withdrawal					
3. Decreased amount of the period					
(1) Disposal					
4. Ending balance					
IV. Carrying value					
1. Ending carrying value	135,441,618.51	2,466,899.81	914,666.97	879,040.97	139,702,226.26
2. Beginning carrying value	137,532,530.19	3,122,317.10	1,189,066.94	961,871.63	142,805,785.86

17. Long-term Prepaid Expenses

Unit: RMB

Item	Beginning balance	Increase	Amortized amount	Decrease	Ending balance
Trademark renewal fee	276,383.95	205,967.03	49,982.25		432,368.73
External power line access project	2,388,173.11		159,211.56		2,228,961.55
Total	2,664,557.06	205,967.03	209,193.81		2,661,330.28

18. Deferred Income Tax Assets/Deferred Income Tax Liabilities

(1) Deferred Income Tax Assets that Had not Been Off-set

Unit: RMB

Item	Ending balance		Beginning balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Bad debt provision	29,469,410.60	4,420,411.59	12,526,884.12	1,949,082.99
Provisions	61,700.00	9,255.00	61,700.00	9,255.00
Advance tax paid on pre-collected demolition compensation	30,000,000.00	4,500,000.00	30,000,000.00	4,500,000.00
Total	59,531,110.60	8,929,666.59	42,588,584.12	6,458,337.99

(2) Deferred Income Tax Liabilities Had Not Been Offset

Unit: RMB

Item	Ending balance		Beginning balance	
	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities
Assets evaluation appreciation for business combination not under the same control	5,308,792.40	796,318.85	5,308,792.40	796,318.85
Changes of fair value of other equity instrument investments	1,101,483,992.45	169,053,955.53	1,008,689,955.98	153,653,533.48
Total	1,106,792,784.85	169,850,274.38	1,013,998,748.38	154,449,852.33

(3) List of Unrecognized Deferred Income Tax Assets

Unit: RMB

Item	Ending balance	Beginning balance
Deductible temporary differences	210,729,282.02	214,123,380.22
Deductible tax losses	94,504,005.70	94,504,005.70
Total	305,233,287.72	308,627,385.92

(4) Deductible Losses of Unrecognized Deferred Income Tax Assets will be due in the Following Years

Unit: RMB

Years	Ending balance	Beginning balance
2029	4,463,227.36	4,463,227.36
2030	1,489,106.18	1,489,106.18
2031	1,470,853.20	1,470,853.20
2032	18,875,202.03	27,506,664.76
2033	50,340,092.01	50,340,092.01
2034	9,234,062.19	9,234,062.19
2035	991,941.62	
Total	86,864,484.59	94,504,005.70

19. Other Non-current Assets

Unit: RMB

Item	Ending balance			Beginning balance		
	Carrying amount	Depreciated on reserves	Carrying value	Carrying amount	Depreciated on reserves	Carrying value
Prepayments for the acquisition of long-term assets	1,448,809.45		1,448,809.45	1,448,809.45		1,448,809.45
Assets held for disposal	2,924,287.85		2,924,287.85	2,924,287.85		2,924,287.85
Total	4,373,097.30		4,373,097.30	4,373,097.30		4,373,097.30

20. Assets with Restricted Ownership or Right of Use

Unit: RMB

Item	Ending balance				Beginning balance			
	Carrying amount	Carrying value	Type of restriction	Status of restriction	Carrying amount	Carrying value	Type of restriction	Status of restriction
Monetary assets	144,207,257.20	144,207,257.20	Occupied as cash deposit	Bank Acceptance Bill Guarantees, Letter of Guarantee Deposits, Performance Bonds, Time Deposits, and Accrued Interest	171,018,607.75	171,018,607.75	Occupied as cash deposit	Bank Acceptance Bill Guarantees, Letter of Guarantee Deposits, Performance Bonds, Time Deposits and Accrued Interest, etc.
Notes receivable -- outstanding					70,878,200.00	70,878,200.00	Payment Obligations for Discounte	At the end of the reporting period,

ng discounte d notes							d Bills Before Maturity	the Company had discounte d bills that remained outstandi ng as of the balance sheet date
Notes receivabl e -- outstandi ng transferr ed notes	85,332,51 4.94	85,332,51 4.94	Payment Obligatio ns for Transferr ed Bills Before Maturity	At the end of the reporting period, the Company had endorsed bills that remained outstandi ng as of the balance sheet date.	163,858,1 35.20	163,858,1 35.20	Payment Obligatio ns for Transferr ed Bills Before Maturity	At the end of the reporting period, the Company had endorsed bills that remained outstandi ng as of the balance sheet date
Total	229,539,7 72.14	229,539,7 72.14			405,754,9 42.95	405,754,9 42.95		

21. Short-term Borrowings

(1) Category of Short-term Borrowings

Unit: RMB

Item	Ending balance	Beginning balance
Bank acceptance bills with financing nature	0.00	94,471,787.41
Total	0.00	94,471,787.41

22. Notes Payable

Unit: RMB

Item	Ending balance	Beginning balance
Bank acceptance bill	631,444,212.92	491,643,629.88
Total	631,444,212.92	491,643,629.88

At the end of the current period, there were no notes payable due and not paid.

23. Accounts Payable**(1) List of Accounts Payable**

Unit: RMB

Item	Ending balance	Beginning balance
Payment for goods	716,427,585.20	690,733,575.75
Total	716,427,585.20	690,733,575.75

(2) Significant Accounts Payable Aging over One Year or Overdue

Unit: RMB

Item	Ending balance	Unpaid/ Un-carried-over reason
Payables for goods and services	75,525,725.11	Not yet settled
Payables for construction works and equipment	6,611,150.27	Not yet settled
Total	82,136,875.38	

24. Other Payables

Unit: RMB

Item	Ending balance	Beginning balance
Interest payable	0.00	0.00
Dividends payable	3,891,433.83	3,891,433.83
Other payables	126,240,298.01	113,845,527.69
Total	130,131,731.84	117,736,961.52

(1) Dividends Payable

Unit: RMB

Item	Ending balance	Beginning balance
Ordinary share dividends	3,243,179.97	3,243,179.97

Dividends for non-controlling shareholders	648,253.86	648,253.86
Total	3,891,433.83	3,891,433.83

The reason for non-payment for over one year: Not received by shareholders yet.

(2) Other Payables

1) Other Payables Listed by Nature of Account

Unit: RMB

Item	Ending balance	Beginning balance
Margin & cash pledged	2,635,426.32	2,595,993.50
Intercompany balances	7,250,284.54	14,989,385.23
Personal advances and receivables	685,263.25	647,001.19
Sales discounts and product warranties	98,296,760.66	78,652,203.86
Other	17,372,563.24	16,960,943.91
Total	126,240,298.01	113,845,527.69

2) Significant Other Payables Aging over One Year

The significant other payables with aging over one year at period-end mainly consist of unsettled temporary receipts and outstanding payables.

25. Advances from customers

(1) List of Advances from customers

Unit: RMB

Item	Ending balance	Beginning balance
Advance rental receipts	222,448.06	183,376.84
Advance receipts for land compensation	30,000,000.00	30,000,000.00
Total	30,222,448.06	30,183,376.84

26. Contract liabilities

Unit: RMB

Item	Ending balance	Beginning balance
Advance receipts from contracts	23,469,340.44	31,640,879.59

Total	23,469,340.44	31,640,879.59
-------	---------------	---------------

27. Employee benefits payable

(1) List of employee benefits payable

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
I. Short-term salary	48,792,254.98	149,916,121.34	186,829,552.69	11,878,823.63
II. Post-employment benefit-defined contribution plans		16,563,731.02	16,563,731.02	
III. Termination benefits				
IV. Current portion of other benefits				
Total	48,792,254.98	166,479,852.36	203,393,283.71	11,878,823.63

(2) List of Short-term Salary

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
1. Salary, bonus, allowance, subsidy	40,690,742.07	126,058,062.82	162,971,494.17	3,777,310.72
2. Employee welfare	1,592.74	1,532,653.23	1,532,653.23	1,592.74
3. Social insurance		9,190,596.41	9,190,596.41	
Of which: Medical insurance premiums		7,639,627.52	7,639,627.52	
Work-related injury insurance		764,992.76	764,992.76	
Maternity insurance		785,976.13	785,976.13	
4. Housing fund		10,791,951.00	10,791,951.00	
5. Labor union budget and employee education budget	8,099,920.17	2,342,857.88	2,342,857.88	8,099,920.17

6. Short-term absence with salary				
7. Short-term profit sharing scheme				
Total	48,792,254.98	149,916,121.34	186,829,552.69	11,878,823.63

(3) List of Defined Contribution Plans

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
1. Basic pension benefits		16,054,596.20	16,054,596.20	
2. Unemployment insurance		509,134.82	509,134.82	
3. Enterprise annuities				
Total		16,563,731.02	16,563,731.02	

28. Taxes Payable

Unit: RMB

Item	Ending balance	Beginning balance
VAT	529,550.32	239,602.32
Corporate income tax	385,112.82	611,800.65
Personal income tax	151,818.37	210,290.78
Urban maintenance and construction tax	44,166.17	19,983.59
Property tax	1,715,080.20	1,715,080.20
Land use tax	943,261.64	943,261.64
Stamp duty	351,365.61	437,390.87
Education Surcharge	31,747.23	14,240.95
Comprehensive fees	23,907.97	22,673.70
Environmental protection tax	4,176,010.33	4,214,324.70

29. Other Current Liabilities

Unit: RMB

Item	Ending balance	Beginning balance
------	----------------	-------------------

Sale service fee	629,835.18	485,055.17
Transportation storage fee	525,632.32	353,692.31
Electric charge	2,882,683.36	2,530,866.25
Tax to be transferred	4,025,698.40	3,818,328.30
Estimated share value added tax	744,480.00	745,360.75
Obligation to pay bills transferred before maturity	85,332,514.94	163,858,135.20
Other withholding expenses	4,106,902.46	3,273,239.95
Total	98,247,746.66	175,064,677.93

30. Provisions

Unit: RMB

Item	Ending balance	Beginning balance	Reason for formation
Product warranty	72,125,778.35	73,002,860.52	Estimated after-sales expenses
Total	72,125,778.35	73,002,860.52	

31. Deferred Income

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance	Reason for formation
Government grants	29,386,167.02		1,704,864.73	27,681,302.29	Government funding appropriation
Total	29,386,167.02		1,704,864.73	27,681,302.29	--

Note:

Liability items involving government grants

Unit: RMB

Item	Beginning balance	Amount of new subsidy	Amount recorded into other income in the Reporting Period	Ending balance	Related to assets/related income
National major project special allocations- Flexible processing production line for cylinders of diesel engines	8,482,569.00		759,633.00	7,722,936.00	Related to assets

Remove compensation	16,515,843.12		332,986.81	16,182,856.31	Related to assets
Research and development and industrialization allocations of national III/IV standard high-powered efficient diesel engine for agricultural use	4,387,754.90		612,244.92	3,775,509.98	Related to assets
Total	29,386,167.02		1,704,864.73	27,681,302.29	—

32. Share Capital

Unit: RMB

	Beginning balance	Increase/decrease (+/-)					Ending balance
		New shares issued	Bonus shares	Bonus issue from profit	Other	Subtotal	
The sum of shares	705,692,507.00						705,692,507.00

33. Capital Reserves

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
Capital premium (premium on stock)	620,338,243.21			620,338,243.21
Other capital reserves	20,171,432.63			20,171,432.63
Total	640,509,675.84			640,509,675.84

34. Other Comprehensive Income

Unit: RMB

Item	Beginn	Reporting Period	Ending
------	--------	------------------	--------

	ing balanc e	Income before taxation in the Current Period	Less: Recorded in other comprehe nsive income in prior period and transferred in profit or loss in the Current Period	Less: Recorded in other comprehensiv e income in prior period and transferred in retained earnings in the Current Period	Less: Income tax expens e	Attributa ble to the Compan y as the parent after tax	Attributa ble to non-cont rolling interests after tax	balance
I. Other comprehens ive income that will not be reclassified to profit or loss	643,06 7,549.9 1	78,508,0 00.00			11,776, 200.00	66,731,8 00.00		709,799,3 49.91
Changes in fair value of other equity instrument investment	643,06 7,549.9 1	78,508,0 00.00			11,776, 200.00	66,731,8 00.00		709,799,3 49.91
Total of other comprehens ive income	643,06 7,549.9 1	78,508,0 00.00			11,776, 200.00	66,731,8 00.00		709,799,3 49.91

Other notes, including the adjustment of the effective gain/loss on cash flow hedges to the initial recognized amount: None

35. Specific Reserve

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
Safety production cost	21,959,066.35	6,005,031.87	3,422,736.13	24,541,362.09
Total	21,959,066.35	6,005,031.87	3,422,736.13	24,541,362.09

36. Surplus Reserves

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
Statutory surplus reserves	354,669,807.37			354,669,807.37
Discretionary surplus reserves	13,156,857.90			13,156,857.90
Total	367,826,665.27			367,826,665.27

Surplus reserve explanation: Pursuant to the Company Law of the People's Republic of China and the company's articles of association, the Company appropriates 10% of its net profit as statutory surplus reserve.

37. Retained Earnings

Unit: RMB

Item	Reporting Period	Same period of last year
Beginning balance of retained earnings before adjustments	983,627,999.95	1,002,436,724.71
Total retained earnings at the beginning of the adjustment period ("+" means up, "-" means down)		
Beginning balance of retained earnings after adjustments	983,627,999.95	1,002,436,724.71
Add: Net profit attributable to shareholders of the Company as the parent	73,422,814.69	50,097,655.15
Less: Withdrawal of statutory surplus reserves		
Withdrawal of discretionary surplus reserves		
Withdrawal of general reserve		
Dividend of ordinary shares payable	7,056,925.07	33,167,547.83
Dividends of ordinary shares transferred as share capital		
Ending retained earnings	1,049,993,889.57	1,019,366,832.03

Adjustments to opening retained earnings details:

- (1) Retrospective adjustment due to the Accounting Standards for Business Enterprises and related new regulations: RMB 0.00 impact on opening retained earnings.
- (2) Change in accounting policies: RMB 0.00 impact on opening retained earnings.
- (3) Correction of material accounting errors: RMB 0.00 impact on opening retained earnings.
- (4) Changes in consolidation scope due to transactions under common control: RMB 0.00 impact on opening

retained earnings.

(5) Other adjustments, net impact on opening retained earnings: RMB 0.00.

38. Operating Revenue and Cost of Sales

Unit: RMB

Item	Reporting Period		Same period of last year	
	Operating revenue	Cost of sales	Operating revenue	Cost of sales
Main operations	1,537,977,952.94	1,342,621,700.34	1,477,768,073.74	1,232,962,844.33
Other operations	23,208,672.89	18,852,404.99	18,141,078.89	14,141,225.72
Total	1,561,186,625.83	1,361,474,105.33	1,495,909,152.63	1,247,104,070.05

Revenue-related information:

Contract Classification	Segment revenue 1		Total	
	Operating revenue	Cost of sales	Operating revenue	Cost of sales
By business type				
Of which:				
Diesel Engines - Single-Cylinder	560,334,413.42	503,705,338.31	560,334,413.42	503,705,338.31
Diesel Engines - Multi-Cylinder	817,669,643.35	724,204,343.91	817,669,643.35	724,204,343.91
Other Products	99,606,060.35	61,214,042.02	99,606,060.35	61,214,042.02
Parts & Accessories	60,367,835.82	53,497,976.10	60,367,835.82	53,497,976.10
By geographical segment				
Of which:				
Domestic Sales	1,304,033,625.65	1,115,976,436.06	1,304,033,625.65	1,115,976,436.06
Export sales	233,944,327.29	226,645,264.28	233,944,327.29	226,645,264.28
Total	1,537,977,952.94	1,342,621,700.34	1,537,977,952.94	1,342,621,700.34

The revenue amount corresponding to performance obligations under contracts signed as of the end of the reporting period that have not yet been fulfilled or partially fulfilled is RMB 0.00.

39. Taxes and Surtaxes

Unit: RMB

Item	Reporting Period	Same period of last year
Urban maintenance and construction tax	1,698,090.57	1,206,347.65

Education surcharge	1,333,390.93	892,462.87
Property tax	3,460,896.66	3,460,896.66
Land use tax	2,237,252.61	2,237,252.61
Vehicle and vessel use tax	1,401.76	403.52
Stamp duty	1,146,892.36	1,054,326.09
Environment tax	51,228.57	102,132.33
Other		5,269.40
Total	9,929,153.46	8,959,091.13

40. Administrative Expense

Unit: RMB

Item	Reporting Period	Same period of last year
Employee benefits	28,224,056.35	27,401,986.86
Office expenses	5,107,134.84	5,393,754.21
Depreciation and amortization	8,395,187.65	8,902,514.69
Safety expenses	3,422,736.13	2,432,550.21
Repair charge	358,383.99	529,280.85
Inventory scrap and inventory loss (profit)	129,856.36	133,065.37
Consulting fees	121,539.52	0.00
Insurance premiums	842,173.89	877,421.66
Utilities expenses	949,597.73	913,006.72
Other	3,167,743.10	6,897,048.89
Total	50,718,409.56	53,480,629.46

41. Selling Expense

Unit: RMB

Item	Reporting Period	Same period of last year
Employee benefits	23,101,018.93	21,109,483.94
Office expenses	4,210,906.58	2,588,140.70
Advertising and exhibition expenses	645,263.25	55,147.17
Depreciation and amortization	356,069.67	357,084.57
Other	1,581,025.65	1,023,928.74
Total	29,894,284.08	25,133,785.12

42. Development Costs

Unit: RMB

Item	Reporting Period	Same period of last year
Direct input expense	21,849,718.28	22,523,758.26
Employee benefits	11,604,885.34	11,317,402.28
Depreciation and amortization	2,761,687.13	2,749,281.31
Entrusted development charges	2,675,614.58	2,174,805.19
Other	38,891,905.33	38,765,247.04

43. Finance Costs

Unit: RMB

Item	Reporting Period	Same period of last year
Interest expense	704,087.32	1,546,928.49
Less: Interest income	7,108,599.23	7,969,452.65
Net foreign exchange gains or losses	773,408.70	-2,334,179.75
Other	12,156.41	142,352.25
Total	-5,618,946.80	-8,614,351.66

44. Other Income

Unit: RMB

Sources	Reporting Period	Same period of last year	Amount included in non-recurring profit or loss for the current period
VAT additional deduction	4,683,847.30		
Withholding individual income tax handling fee refund	53,705.85		
Government grants recognized directly in current period profit or loss	85,535.00	248,837.64	64,535.00
Government grants related to deferred income	1,704,864.73	1,704,864.73	

The details of government subsidies are as follows:

Unit: RMB

Items	Reporting Period	Asset-related grants/ Income-related
-------	------------------	---

		grants
National Major Special Fund Allocation - Flexible Machining Production Line for Diesel Engine Cylinder Blocks	759,633.00	Asset-related grants
Demolition Compensation - Hehai Road Land	133,666.75	Asset-related grants
Demolition Compensation - Hehai Road Base Main Workshop	199,320.06	Asset-related grants
National III/IV Standard High-Power Efficient Agricultural Diesel Engine R&D and Industrialization Fund	612,244.92	Asset-related grants
2024 Postdoctoral Work Assessment and Incentive Award	50,000.00	Income-related grants
Municipal Science and Technology Innovation Incentive Fund & Technology Program Grant	14,535.00	Income-related grants
Job Stabilization Subsidy	21,000.00	Income-related grants
Total	1,790,399.73	—

45. Gain on Changes in Fair Value

Unit: RMB

Sources	Reporting Period	Same period of last year
Held-for-trading financial assets	15,685,633.55	-34,487,453.74
Total	15,685,633.55	-34,487,453.74

46. Investment Income

Unit: RMB

Item	Reporting Period	Same period of last year
Investment income from holding of trading financial assets	270,311.71	654,815.85
Investment income from disposal of trading financial assets	3,198,458.89	
Dividend income from holding of other equity instrument investment	5,016,960.00	10,998,000.00
Interest Income from Debt Investments During Holding Period		499,852.62
Securities Lending Business Revenue		74,524.00
Investment Income from Wealth Management Products	474,575.11	3,371,852.31

Accounts Receivable Financing - Discount Interest on Bank Acceptance Bills	-1,389,349.23	-1,300,004.16
Total	7,570,956.48	14,299,040.62

47. Credit Impairment Loss

Unit: RMB

Item	Reporting Period	Same period of last year
Bad debt loss of accounts receivable	-17,010,411.59	-17,840,474.15
Bad debt loss of other receivables	-40,743.72	2,191.49
Total	-17,051,155.31	-17,838,282.66

48. Asset Impairment Loss

Unit: RMB

Item	Reporting Period	Same period of last year
Loss on inventory valuation and contract performance cost	-1,007,978.87	-359,995.80
Total	-1,007,978.87	-359,995.80

49. Asset Disposal Income

Unit: RMB

Sources	Reporting Period	Same period of last year	Amount included in non-recurring profit or loss for the current period
Disposal income of fixed assets and intangible assets	2,797,353.31	408,245.54	2,797,353.31

50. Non-operating Income

Unit: RMB

Item	Reporting Period	Same period of last year	Amount included in non-recurring profit or loss for the current period
Income from penalty	20,162.47	13,396.22	20,162.47
Accounts not required to be paid		410,870.50	

Other	121,955.83	646,668.47	121,955.83
Total	142,118.30	1,070,935.19	142,118.30

51. Non-operating Expense

Unit: RMB

Item	Reporting Period	Same period of last year	Amount included in non-recurring profit or loss for the current period
Donation		264,014.59	
Other	28,702.13	3,720.00	28,702.13
Total	28,702.13	267,734.59	28,702.13

52. Income Tax Expense**(1) List of Income Tax Expense**

Unit: RMB

Item	Reporting Period	Same period of last year
Current income tax expense	12,376,782.62	12,974,889.92
Deferred income tax expense	1,152,893.45	-8,660,218.60
Total	13,529,676.07	4,314,671.32

(2) Adjustment Process of Accounting Profit and Income Tax Expense

Unit: RMB

Item	Reporting Period
Profit before taxation	90,533,893.08
Current income tax expense accounted at statutory/applicable tax rate	13,580,083.96
Influence of applying different tax rates by subsidiaries	1,425,300.84
Influence of income tax before adjustment	
Influence of non-taxable income	-752,544.00
Impact of non-deductible costs, expenses and losses	612,353.25
Impact of utilizing previously unrecognized deductible tax losses	
Impact of unrecognized deductible temporary differences and tax losses in current period	1,129,808.34
Impact of super-deduction incentives on income tax	-2,465,326.32
Income tax expense	13,529,676.07

53. Other Comprehensive Income

See Note VII 34 for details.

54. Cash Flow Statement**(1) Cash Related to Operating Activities**

Cash Generated from Other Operating Activities

Unit: RMB

Item	Reporting Period	Same period of last year
Subsidy and appropriation	55,752.64	55,752.64
Other intercourses in cash	6,861,841.50	4,561,973.63
Interest income	7,108,599.23	7,969,452.65
Other	264,430.97	201,272.35
Total	14,290,624.34	12,788,451.27

Cash Used in Other Operating Activities

Unit: RMB

Item	Reporting Period	Same period of last year
Expense-type Expenditures	108,145,899.71	93,802,271.50
Other transactions	704,087.32	1,546,928.49
Other	698,581.31	789,612.45
Total	109,548,568.34	96,138,812.44

55. Supplemental Information for Cash Flow Statement**(1) Supplemental Information for Cash Flow Statement**

Unit: RMB

Supplemental information	Reporting Period	Same period of last year
1. Reconciliation of net profit to net cash flows generated from operating activities		
Net profit	77,004,217.01	53,975,129.61
Add: Provision for impairment of assets	1,007,978.87	-359,995.80
Credit impairment loss	17,051,155.31	
Depreciation of fixed assets, of investment properties	39,306,228.83	38,972,508.82
Depreciation of right-of-use assets		
Amortization of intangible assets	3,103,559.60	3,046,858.77

Amortization of long-term deferred expenses	209,193.81	500,129.64
Losses on disposal of fixed assets, intangible assets and other long-term assets (gains by “-”)	-2,797,353.31	-408,245.54
Losses on the scrapping of fixed assets (gains by “-”)		
Losses on the changes in fair value (gains by “-”)	-15,685,633.55	34,487,453.74
Financial expenses (gains by “-”)	1,477,496.02	-8,614,351.66
Investment losses (gains by “-”)	-8,960,305.71	-14,299,040.62
Decrease in deferred income tax assets (increase by “-”)	-2,471,328.60	-2,655,243.07
Increase in deferred income tax liabilities (decrease by “-”)	3,624,222.05	-16,785,433.67
Decrease in inventory (increase by “-”)	252,488,273.43	169,505,166.76
Decrease in accounts receivable from operating activities (increase by “-”)	-585,436,816.45	-431,702,702.30
Increase in payables from operating activities (decrease by “-”)	145,773,002.06	12,523,252.32
Other		
Net cash flows generated from operating activities	-74,306,110.63	-161,814,513.00
2. Investing and financing activities that do not involve cash receipts and payment:		
Debt transferred as capital		
Convertible corporate bond due within one year		
Fixed assets from financing lease		
3. Net increase in cash and cash equivalents		
Ending balance of cash	714,151,204.22	643,940,187.59
Less: Beginning balance of cash	892,681,884.84	971,629,523.46
Add: Ending balance of cash equivalents		
Less: Beginning balance of cash equivalents		
Net increase in cash and cash equivalents	-178,530,680.62	-327,689,335.87

(2) Cash Flows from Significant Investing Activities Received or Paid

Unit: RMB

Item	Reporting Period
Cash received from significant investing activities	
Including: Cash Received from Redemption of Wealth Management Products, Structured Deposits, and Debt Investments	643,428,229.00
Cash paid for significant investing activities	
Including: Cash paid for purchase of wealth management products and structured deposits	744,553,500.00

(3) Cash and Cash Equivalents

Unit: RMB

Item	Ending balance	Beginning balance
I. Cash	714,151,204.22	892,681,884.84
Including: Cash on hand	112,615.57	84,482.59
Bank deposit on demand	713,413,662.01	891,972,475.61
Other monetary assets on demand	624,926.64	624,926.64
Accounts deposited in the central bank available for payment		
Deposits in other banks		
Accounts of interbank		
II. Cash equivalents		
Of which: Bond investment expired within three months		
III. Ending balance of cash and cash equivalents	714,151,204.22	892,681,884.84
Of which: Cash and cash equivalents with restriction in use for the Company as the parent or subsidiaries of the Group		

(4) Disclosure of changes in financing-related liabilities from opening to closing balances by category

Unit: RMB

Item	Opening balance	Increase		Decrease		Closing balance
		Cash changes	Non-cash changes	Cash changes	Non-cash changes	
Short-term borrowings	94,471,787.41			94,471,787.41		0.00
Other payables-dividends payable	3,891,433.83			0.00		3,891,433.83
Total	98,363,221.24			94,471,787.41		3,891,433.83

56. Foreign Currency Monetary Items**(1) Foreign Currency Monetary Items**

Unit: RMB

Item	Ending foreign currency balance	Exchange rate	Ending balance converted to RMB
Monetary assets			245,480,049.55
Of which: USD	34,241,839.01	7.1586	245,123,628.74
HKD	390,833.72	0.91195	356,420.81
Accounts receivable			117,699,051.07
Of which: USD	16,510,399.71	7.1884	118,683,357.28
Contract liabilities			984,306.21
Of which: EUR	117,145.84	8.4024	984,306.21

(2) Notes to Overseas Entities Including: for Significant Oversea Entities, Main Operating Place, Recording Currency and Selection Basis Shall Be Disclosed; if there Are Changes in Recording Currency, Relevant Reasons Shall Be Disclosed.

☐Applicable ☒Not applicable

57. Lease**(1) The Company Was Lessor:**

Operating leases with the Company as lessor

☒Applicable ☐Not applicable

Unit: RMB

Item	Rental income	Of which: income related to variable lease payments not included in lease receipts
Lease income	900,700.15	
Total	900,700.15	

Finance leases with the Company as lessor

☐Applicable ☒Not applicable

Undiscounted lease receipts for each of the next five years

☐Applicable ☒Not applicable

Reconciliation of undiscounted lease receipts to net investment in leases: Not applicable

VIII. Research and Development Expenditure

Unit: RMB

Item	Amount for the current period	Amount for the previous period
Direct input	21,849,718.28	22,523,758.26
Employee remuneration	11,604,885.34	11,317,402.28
Depreciation and amortization	2,761,687.13	2,749,281.31
Outsourcing development fees	2,675,614.58	2,174,805.19
Others	38,891,905.33	38,765,247.04
Total	38,891,905.33	38,765,247.04
Of which: Expensed research and development expenditure	0.00	0.00

IX. Changes in the Scope of Consolidation

1. Changes in the Scope of Consolidation Due to Other Reasons

Description of changes in the scope of consolidation caused by other factors (e.g., newly established subsidiaries, liquidated subsidiaries, etc.) and related circumstances:

During the reporting period, wholly-owned subsidiary Changzhou Fuji Changchai Robin Gasoline Engine Co., Ltd. ("Changchai Robin") absorbed and succeeded all assets, liabilities, business operations, and other rights and obligations of wholly-owned subsidiary Changzhou Changchai Horizon Agricultural Equipment Co., Ltd. ("Horizon Agricultural Equipment") through a statutory merger. In February 2025, the Company received the Registration Notice (No. Deng Zi [2025] 02270081) issued by the Administrative Service Office of Changzhou High-Tech Industrial Development Zone (Xinbei District), confirming the deregistration of Horizon Agricultural Equipment's independent legal entity status and the completion of the merger between the two wholly-owned subsidiaries.

X. Equity in Other Entities

1. Equity in Subsidiary

(1) Subsidiaries

Unit: RMB

Name	Registered capital	Main operating place	Registration place	Nature of business	Holding percentage (%)		Way of gaining
					Directly	Indirectly	
Changchai Wanzhou Diesel Engine Co., Ltd.	85,000,000.00	Chongqing	Chongqing	Industry	60.00%		Set-up

Changzhou Changchai Benniu Diesel Engine Fittings Co., Ltd.	55,063,000.00	Changzhou	Changzhou	Industry	99.00%	1.00%	Set-up
Changzhou Horizon Investment Co., Ltd.	40,000,000.00	Changzhou	Changzhou	Service	100.00%		Set-up
Changzhou Fuji Changchai Robin Gasoline Engine Co., Ltd.	37,250,000.00	Changzhou	Changzhou	Industry	100.00%		Combination not under the same control
Jiangsu Changchai Machinery Co., Ltd.	300,000,000.00	Changzhou	Changzhou	Industry	100.00%		Set-up
Changzhou Xingsheng Property Management Co., Ltd.	1,000,000.00	Changzhou	Changzhou	Service	100.00%		Set-up
Zhenjiang Siyang Diesel Engine Manufacturing Co., Ltd.	2,000,000.00	Zhenjiang	Zhenjiang	Industry	49.00%		Combination not under the same control

Notes:

1. Zhenjiang Siyang Diesel Engine Manufacturing Co., Ltd. (Zhenjiang Siyang)

The Company holds a 49% equity stake in Zhenjiang Siyang, making it the largest shareholder.

Other shareholders are dispersed, with no single entity holding significant influence.

Board Composition: Among the 7 board members, 4 are appointed by the Company, including the Chairman.

Control Status: The Company is the de facto controller of Zhenjiang Siyang, meeting the consolidation criteria under applicable accounting standards.

2. Merger of Wholly-Owned Subsidiaries

Changchai Robin (wholly-owned subsidiary) absorbed and succeeded all assets, liabilities, business operations, and other rights/obligations of Horizon Agricultural Equipment (wholly-owned subsidiary) through a statutory merger.

As of February 2025, Horizon Agricultural Equipment's independent legal entity status was deregistered, completing the merger process.

(2) Significant Non-wholly-owned Subsidiary

Unit: RMB

Name	Shareholding	The profit or loss	Declaring	Balance of
------	--------------	--------------------	-----------	------------

	proportion of non-controlling interests	attributable to the non-controlling interests	dividends distributed to non-controlling interests	non-controlling interests at the period-end
Changchai Wanzhou Diesel Engine Co., Ltd.	40.00%	450,580.73		21,010,950.99
Zhenjiang Siyang Diesel Engine Manufacturing Co., Ltd.	51.00%	3,161,584.44		60,791,034.94

Holding proportion of non-controlling interests in subsidiary different from voting proportion: Not applicable

(3) The Main Financial Information of Significant Not Wholly-owned Subsidiary

Unit: RMB

Name	Ending balance						Beginning balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liability	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liability	Total liabilities
Changchai Wanzhou Diesel Engine Co., Ltd.	46,029,166.63	21,057,933.50	67,087,100.13	14,559,722.65		14,559,722.65	44,920,697.17	21,532,357.74	66,453,054.91	15,334,923.96		15,334,923.96
Zhenjiang Siyang Diesel Engine Manufacturing Co., Ltd.	104,907,071.31	21,726,905.36	126,633,976.67	9,015,178.99	61,700.00	9,076,878.99	104,849,374.35	22,695,139.48	127,544,513.83	16,537,400.72	61,700.00	16,599,100.72

Unit: RMB

Name	Reporting Period				Same period of last year			
	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities

Changchai Wanzhou Diesel Engine Co., Ltd.	25,004,858.48	1,126,451.83	1,126,451.83	638,950.01	20,436,838.02	487,315.76	487,315.76	494,183.89
Zhenjiang Siyang Diesel Engine Manufacturing Co., Ltd.	42,066,351.38	6,199,185.17	6,199,185.17	7,429,071.74	40,212,271.49	6,294,954.12	6,294,954.12	291,189.20

2. Equity in the Structured Entity Excluded in the Scope of Consolidated Financial Statements

Notes to the structured entity excluded in the scope of consolidated financial statements:

In 2017, the Company set up Changzhou Xietong Private Equity Fund (Limited Partnership) together with Synergetic Innovation Fund Management Co., Ltd. through joint investment. On 18 October 2018 and 3 December 2020, new partners were respectively added. Partnership Shares transfer was made on 29 December 2022 and 10 October 2023. In line with the revised Partnership Agreement, the general partner is Synergetic Innovation Fund Management Co., Ltd., and the limited partners are Changchai Company, Limited, Changzhou Zhongyou Petroleum Sales Co., Ltd., Changzhou Fuel Co., Ltd., Tong Yinzhu, Tong Yinxin, Anhui Haiyunzhou Equity Investment Partnership Enterprise (Limited), Shenzhen Jiaxin One Venture Capital Partnership (limited partnership), Zhong Wende and Qingdao Yinjiahui Industrial Investment Partnership Enterprise (Limited Partnership). In accordance with the Partnership Agreement, the limited partner does not execute the partnership affairs. Thus, the Company does not control Changzhou Xietong Private Equity Fund (Limited Partnership) and did not include it into the scope of consolidated financial statements.

XI. Government Grants

1. Government Grants Recognized at the End of the Reporting Period at the Amount Receivable

☐Applicable ☒Not applicable

Reasons for failing to receive government grants in the estimated amount at the estimated point in time

☐Applicable ☒Not applicable

2. Liability Items Involving Government Grants

☒Applicable ☐Not applicable

Unit: RMB

Accounting items	Beginning balance	Amount of new subsidy	Amount recorded into	Amount recorded into other	Other changes	Ending balance	Related to assets/related income
------------------	-------------------	-----------------------	----------------------	----------------------------	---------------	----------------	----------------------------------

			non-operating income in the Reporting Period	income in the Reporting Period			
Deferred income	29,386,167.02			1,704,864.73		27,681,302.29	Related to assets

3. Government Grants Recognized as Current Profit or Loss

√Applicable ☐Not applicable

Unit: RMB

Accounting items	Amount for the current period	Amount for the previous period
Other income	1,790,399.73	1,897,949.73

XII. The Risk Related to Financial Instruments

1. Various Types of Risks Arising from Financial Instruments

The Company's principal financial instruments include financial assets at fair value through profit or loss, other equity instrument investments, other non-current financial assets, accounts receivable, accounts payable, etc. Detailed disclosures of these financial instruments are provided in the relevant sections of Note VII. The risks associated with these financial instruments, as well as the Company's risk management policies to mitigate such risks, are described below. The Company's management manages and monitors these risk exposures to ensure they remain within defined limits.

The Company employs sensitivity analysis to assess the potential impact of reasonably possible changes in risk variables on current period profit or loss or shareholders' equity. Since risk variables rarely change in isolation and the correlation between variables significantly influences the ultimate impact of changes in any single variable, the following analysis assumes each variable changes independently.

1. Risk Management Objectives and Policies

The Company's risk management objectives are to achieve an appropriate balance between risk and return, minimize the adverse impact of risks on operational performance, and maximize the interests of shareholders and other equity investors. Based on these objectives, the Company's fundamental risk management strategy involves identifying and analyzing risks, establishing risk tolerance thresholds, implementing risk management measures, and conducting reliable monitoring to maintain risks within defined limits.

(1) Market Risk

① Foreign Exchange Risk

Foreign exchange risk refers to the risk of loss due to exchange rate fluctuations. The Company is primarily exposed to foreign exchange risk related to USD and EUR. Apart from overseas operations denominated in USD and EUR, the Company's other major business activities are settled in RMB. As of June 30, 2025, the Company's foreign currency monetary items include cash and cash equivalents, accounts receivable, and accounts payable (see Note VII.57). The foreign exchange risk arising from these assets and liabilities may impact the Company's financial performance.

The Company closely monitors the effects of exchange rate fluctuations on its foreign exchange risk exposure.

② Interest Rate Risk – Cash Flow Variability Risk

The Company's exposure to cash flow variability due to interest rate changes primarily relates to floating-rate

bank deposits. The Company's policy is to maintain these deposits at floating rates.

③ Other Price Risk

The Company's investments classified as financial assets at fair value through profit or loss or fair value through other comprehensive income are measured at fair value at the balance sheet date. Consequently, the Company is exposed to price volatility in the securities market. The Company mitigates equity price risk by maintaining a diversified portfolio of equity securities.

(2) Credit Risk

Credit risk refers to the risk that one party to a financial instrument fails to fulfill its obligations, resulting in financial loss to the other party.

The Company's credit risk primarily arises from receivables. To manage this risk, the Company has implemented the following measures:

- Transactions are conducted only with approved and creditworthy third parties.
- Credit assessments are performed for all customers requesting credit terms.
- Accounts receivable balances are continuously monitored to avoid significant bad debt exposure.

Credit Risk Exposure:

- Cash and bank acceptance bills have low credit risk as they involve reputable, highly rated banks.
- Other financial assets (e.g., accounts receivable, other receivables) are exposed to counterparty default risk, with maximum exposure equal to their carrying amounts.

The Company does not require collateral, as it transacts only with approved and creditworthy parties. Credit risk concentration is managed by customer. As of June 30, 2025, 69.47% of the Company's accounts receivable balance was attributable to its top five customers. No collateral or credit enhancements are held for accounts receivable.

Criteria for Significant Increase in Credit Risk:

At each reporting date, the Company assesses whether credit risk has increased significantly since initial recognition. This evaluation considers qualitative and quantitative factors, including historical data, external credit ratings, and forward-looking information.

A significant increase in credit risk is deemed to occur when one or more of the following triggers are met:

- Quantitative: Probability of default (PD) increases by a material margin compared to initial recognition.
- Qualitative: Material adverse changes in the debtor's financial condition or inclusion in a watchlist.

Definition of Credit-Impaired Assets:

To determine credit impairment, the Company aligns with internal risk management objectives and considers quantitative and qualitative indicators, including:

- Significant financial difficulty of the debtor;
- Breach of contract (e.g., payment default or delinquency);
- Concessions granted due to the debtor's financial distress;
- Likelihood of bankruptcy or restructuring;
- Disappearance of an active market for the asset;
- Purchase or origination of a financial asset at a deep discount reflecting credit loss.

Expected Credit Loss (ECL) Measurement Parameters:

ECL is measured based on 12-month or lifetime expected credit losses, depending on whether credit risk has

increased significantly or impairment has occurred. Key parameters include:

- Probability of Default (PD): Likelihood of default within 12 months or the remaining lifetime. Adjusted for forward-looking macroeconomic factors.
- Loss Given Default (LGD): Expected loss severity upon default, varying by counterparty type, recourse, and collateral.
- Exposure at Default (EAD): Amount expected to be owed at the time of default.

Forward-Looking Information:

ECL calculations incorporate forward-looking macroeconomic indicators, analyzed through historical data regression and expert judgment.

(3) Liquidity Risk

The Company manages liquidity risk by maintaining sufficient cash and cash equivalents, monitored to meet operational needs and mitigate cash flow volatility. Management ensures compliance with borrowing agreements and monitors bank loan utilization.

2. Financial Assets

(1) Classification of Transfer Methods

☒Applicable ☐Not applicable

Unit: RMB

Transfer method	Nature of transferred financial assets	Amount of transferred financial assets	Recognition termination or not	Basis for recognition termination
Endorsement	Notes receivable	85,332,514.94	Not derecognized	The Company retains substantially all of the risks and rewards, including the risk of default associated with its
Endorsement /discount	Accounts receivable financing	491,724,648.34	Derecognized	The Company transfers almost all the risks and rewards
Total		577,057,163.28		

(2) Financial Assets Derecognized due to Transfer

☒Applicable ☐Not applicable

Unit: RMB

Item	Transfer method of financial assets	Amount of derecognized financial assets	Gains or losses related to derecognition
Accounts receivable financing	Endorsement	461,724,648.34	
Accounts receivable financing	Discount	30,000,000.00	-1,389,349.23
Total		491,724,648.34	-1,389,349.23

(3) Continued Involvement in the Transfer of Assets Financial Assets√Applicable ☐Not applicable

Unit: RMB

Item	Transfer method of assets	Amount of assets resulting from continued involvement	Amount of liabilities resulting from continued involvement
Notes receivable	Endorsement	85,332,514.94	85,332,514.94
Total		85,332,514.94	85,332,514.94

XIII. The Disclosure of Fair Value**1. Ending Fair Value of Assets and Liabilities at Fair Value**

Unit: RMB

Item	Ending fair value			
	Fair value measurement items at level 1	Fair value measurement items at level 2	Fair value measurement items at level 3	Total
I. Consistent fair value measurement	--	--	--	--
(I) Trading financial assets				
1. Financial assets at fair value through profit or loss				
(1) Debt instrument investment				
(2) Equity instrument investment	67,168,729.00			67,168,729.00
(3) Derivative financial assets				
(4) Wealth management investments		353,065,840.30		353,065,840.30
2. Financial assets designated to be measured at fair value and the changes included into the current profit or loss				
(1) Debt instrument investment				
(2) Equity instrument investment				
(II) Other				

investments in debt obligations				
(III) Other equity instrument investment	670,991,000.00		348,637,058.72	1,019,628,058.72
(IV) Investment property				
1. Land use right for lease				
2. Buildings leased out				
3. Land use right held and planned to be transferred once appreciating				
(V) Living assets				
1. Consumptive living assets				
2. Productive living assets				
Accounts receivable financing			39,513,968.25	39,513,968.25
Other non-current financial assets			377,869,217.49	377,869,217.49
Total assets consistently measured by fair value	738,159,729.00	353,065,840.30	766,020,244.46	1,857,245,813.76
(VI) Trading financial liabilities				
Of which: Issued trading bonds				
Derivative financial liabilities				
Other				
(VII) Financial liabilities designated to be measured at fair value and the changes recorded into the current profit or loss				
Total liabilities consistently measured by fair value				
II. Inconsistent fair value measurement				

(1) Assets held for sale				
Total assets inconsistently measured by fair value				
Total liabilities inconsistently measured by fair value				

2. Market Price Recognition Basis for Consistent and Inconsistent Fair Value Measurement Items at Level 1

For the listed company stocks held by the company in the held-for-trading financial assets measured at fair value, the closing market price on the balance sheet date was the basis for the measurement of fair value.

3. Valuation Technique Adopted and Nature and Amount Determination of Important Parameters for Consistent and Inconsistent Fair Value Measurement Items at Level 2

Wealth management and investment: The underlying assets of investment in wealth management products include bond assets, deposit assets, fund assets, etc. The portfolio of investment assets should be dynamically managed. The fair value of wealth management products should be adjusted according to the yield of similar products provided by the counterparty.

4. Valuation Technique Adopted and Nature and Amount Determination of Important Parameters for Consistent and Inconsistent Fair Value Measurement Items at Level 3

(1) Accounts receivable financing: Accounts receivable financing is a bank acceptance with high credit rating, short maturity and low risk. The par amount is close to the fair value and is used as the fair value.

(2) Among other non-current financial assets:

The equity instrument investment in Jiangsu Horizon New Energy Technology Co., Ltd. (a manufacturer of lithium battery separators whose main products include coated products and base films, primarily used in new energy vehicle power batteries, 3C consumer batteries, and energy storage batteries) is characterized by high technical complexity, lengthy R&D cycles, and substantial capital investment. The company is in a rapid development phase, with numerous investment projects still under construction that have not yet generated stable revenue or profits. However, financing activities have been frequent, with five equity financings conducted in the past three years. Accordingly, the Company has determined the fair value of this equity investment using the most recent financing price adjustment method and engaged an appraisal firm to validate the valuation.

(3) Among other equity instrument investments:

The investments in Chengdu Changwan Diesel Engine Sales Co., Ltd., Chongqing Wanzhou Changwan Diesel Engine Parts Co., Ltd., Changzhou Economic and Technological Development Company, Changzhou Tractor Company, Changzhou Industrial Capital Mutual Aid Association of the Economic Commission, and Beijing Engineering Machinery Agricultural Machinery Company, totaling RMB 1.21 million, are measured at a fair value of RMB 0.00 due to the recoverability of the invested amounts.

For Changzhou Collaborative Innovation Equity Investment Partnership (Limited Partnership), established in October 2017, the year-end partners' equity has increased due to fair value changes in its equity holdings. No material changes have occurred in its operating environment, business conditions, or financial position. Thus, the Company has determined its fair value based on the partnership's net asset value at the period-end.

5. Transfers Between Fair Value Hierarchy Levels for Recurring Fair Value Measurements: Reasons for Transfers and Policies for Determining Transfer Timing

During the current year, no transfers occurred between Level 1 and Level 2 of the fair value hierarchy for the Company's financial assets and liabilities, nor were there any transfers into or out of Level 3.

6. Changes in Valuation Techniques and Reasons for Such Changes During the Period

No changes were made to valuation techniques during the reporting period.

7. Fair Value Information of Financial Assets and Liabilities Not Measured at Fair Value

The financial assets and liabilities measured at amortization cost mainly include notes receivable, accounts receivable, other receivables, short-term borrowings, accounts payable, other payables, etc. The difference between the carrying value and fair value for financial assets and liabilities not measured at fair value is small.

XIV. Related Party and Related-party Transactions

1. Information Related to the Company as the Parent of the Company

Name	Registration place	Nature of business	Registered capital	Proportion of share held by the Company as the parent against the Company	Proportion of voting rights owned by the Company as the parent against the Company
Changzhou Investment Group Co., Ltd.	Changzhou	Investment and operations of state-owned assets, assets management (excluding financial business), investment consulting (excluding consulting on investment in securities and options), etc.	RMB1.2 billion	32.26%	32.26%

Information about the parent company of the enterprise:

The parent company of the enterprise is Changzhou Investment Group Co., Ltd. According to the "Implementation Plan for Transferring Part of State-owned Capital to Enrich Social Security Funds in Jiangsu Province" (Su Zhengfa [2020] No. 27) issued by the provincial government, the "Notice on Transferring Part of State-owned Capital in Cities and Counties to Enrich Social Security Funds" (Su Caigongmao [2020] No. 139) issued by Jiangsu Provincial Department of Finance and five other departments, and the "Notice on Transferring

Part of Municipal (District) State-owned Capital to Enrich Social Security Funds" (Chang Caigongmao [2020] No. 4) issued by Changzhou Municipal Finance Bureau and four other departments, 10% of the state-owned equity of the Investment Group held by the People's Government of Changzhou City was transferred to Jiangsu Provincial Department of Finance without compensation. After the equity transfer, the People's Government of Changzhou City holds 90% of the state-owned equity of Changzhou Investment Group Co., Ltd., and Jiangsu Provincial Department of Finance holds 10% of the state-owned equity of Changzhou Investment Group Co., Ltd. According to the document of the People's Government of Changzhou City (Chang Zhengfa [2006] No. 62), Changzhou Investment Group Co., Ltd. is an enterprise where the State-owned Assets Supervision and Administration Commission of Changzhou City performs the investor's responsibilities as authorized by the People's Government of Changzhou City. Therefore, Changzhou Investment Group Co., Ltd. is the controlling shareholder of the company, and the State-owned Assets Supervision and Administration Commission of Changzhou City remains the actual controller of the company. The ultimate controlling party of the enterprise is the State-owned Assets Supervision and Administration Commission of Changzhou City.

2. Subsidiaries of the Company

Refer to Note X for details.

3. Situation of joint ventures and associated enterprises of the company

For details, refer to Note VII.11 "Long-term Equity Investments" in the accompanying financial statements.

4. Information on Other Related Parties

Name	Relationship with the Company
Changzhou Synergetic Innovation Private Equity Fund (Limited Partnership)	Participated in establishing the industrial investment fund
Jiangsu Horizon New Energy Technology Co., Ltd.	Shareholding enterprise of the Company

5. Related Party Transactions: None

XV. Commitments and Contingency

1. Significant Commitments

Significant commitments on balance sheet date:

As of 30 June 2025, there was no significant commitment for the Company to disclose.

2. Contingency**(1) Significant Contingency on Balance Sheet Date: None****(2) Despite no Significant Contingency to Disclose, the Company Shall Also Make Relevant Statements**

There was no significant contingency in the Company.

XVI. Events after Balance Sheet Date**1. Profit Distribution: None****2. Notes to Other Events after Balance Sheet Date**

As of the date of this report, the Company has no other significant post-balance-sheet events requiring disclosure.

XVII. Other Significant Events**1. Segment Information****(1) Basis for Determining Reportable Segments and Accounting Policies**

As the Company and its major subsidiaries operate similar business activities under unified management without separate business units, the Company operates as a single reportable segment.

2. Other Significant Transactions and Events Relevant to Investors' Decision-Making: None**XVIII. Notes of Main Items in the Financial Statements of the Company as the Parent****1. Accounts Receivable****(1) Disclosure by Aging**

Unit: RMB

Aging	Ending carrying amount	Beginning carrying amount
Within one year (including 1 year)	1,227,288,459.74	421,962,024.85
One to two years	8,009,829.79	6,757,507.16
Two to three years	2,139,949.67	936,696.44
More than three years	98,641,285.62	99,831,716.27
Three to four years	4,097,432.37	4,041,196.12
Four to five years	4,454,600.04	4,363,228.39
Over 5 years	90,089,253.21	91,427,291.76
Total	1,336,079,524.82	529,487,944.72

(2) Disclosure by Withdrawal Methods for Bad Debts

Unit: RMB

Category	Ending balance					Beginning balance				
	Carrying amount		Bad debt provision		Carrying value	Carrying amount		Bad debt provision		Carrying value
	Amount	Proportion	Amount	Withdrawal proportion		Amount	Proportion	Amount	Withdrawal proportion	
Accounts receivable withdrawal of Bad debt provision separately accrued	12,637,872.12	0.95%	12,637,872.12	100.00%	0.00	14,107,982.76	2.66%	14,107,982.76	100.00%	0.00
Of which:										
Accounts receivable withdrawal of bad debt provision of by group	1,323,441,652.70	99.05%	106,944,389.55	8.08%	1,216,497,263.15	515,379,961.96	97.34%	90,433,295.55	17.55%	424,946,666.41
Of which:										
Accounts receivable with provision for bad debts based on credit risk characteristics portfolio	1,320,650,739.02	98.85%	106,944,389.55	8.10%	1,213,706,349.47	514,704,286.47	97.21%	90,433,295.55	17.57%	424,270,990.92
Accounts receivable with provision for bad debts based on related-party transactions portfolio within the consolidation scope	2,790,913.68	0.21%	0.00	0.00	2,790,913.68	675,675.49	0.13%	0.00	0.00	675,675.49

Total	1,336,079,524.82	—	119,582,261.67	—	1,216,497,263.15	529,487,944.72	—	104,541,278.31	—	424,946,666.41
-------	------------------	---	----------------	---	------------------	----------------	---	----------------	---	----------------

Provision for bad debts assessed individually: RMB 12,637,872.12, including significant impairment items totaling RMB 11,018,413.04. The details are as follows:

Unit: RMB

Name	Beginning balance		Ending balance			
	Carrying amount	Bad debt provision	Carrying amount	Bad debt provision	Withdrawal proportion	Reason for withdraw
Customer 1	2,797,123.26	2,797,123.26	2,797,123.26	2,797,123.26	100.00%	Difficult to recover
Customer 2	2,584,805.83	2,584,805.83	2,584,805.83	2,584,805.83	100.00%	Difficult to recover
Customer 3	1,902,326.58	1,902,326.58	1,902,326.58	1,902,326.58	100.00%	Difficult to recover
Customer 4	1,759,397.30	1,759,397.30	1,759,397.30	1,759,397.30	100.00%	Difficult to recover
Customer 5	1,564,000.07	1,564,000.07	1,564,000.07	1,564,000.07	100.00%	Difficult to recover
Customer 6	1,470,110.64	1,470,110.64	0.00	0.00	—	Difficult to recover
Customer 7	410,760.00	410,760.00	410,760.00	410,760.00	100.00%	Difficult to recover
Total	12,488,523.68	12,488,523.68	11,018,413.04	11,018,413.04	--	--

For receivables within the portfolio, the allowance for bad debts is recognized based on credit risk characteristics.

Unit: RMB

Item	Ending balance		
	Carrying amount	Bad debt provision	Withdrawal proportion
Within 1 year	1,224,497,546.06	24,489,950.93	2.00 %
1 to 2 years	8,009,829.79	400,491.49	5.00 %
2 to 3 years	2,139,949.67	320,992.45	15.00%
3 to 4 years	3,555,169.71	1,066,550.91	30.00%
4 to 5 years	4,454,600.04	2,672,760.02	60.00%
Over 5 years	77,993,643.75	77,993,643.75	100.00%
Total	1,320,650,739.02	106,944,389.55	

Please refer to the relevant information of disclosure of bad debt provision of other accounts receivable if

adopting the general mode of expected credit loss to withdraw bad debt provision of accounts receivable.

☐Applicable ☒Not applicable

(3) Bad Debt Provision Withdrawal, Reversed or Recovered in the Current Period

Unit: RMB

Category	Beginning balance	Changes in the current period				Ending balance
		Withdrawal	Reversed or recovered	Verification	Others	
Bad debt provision accrued by item	14,107,982.76			1,470,110.64		12,637,872.12
Withdrawal of bad debt provision by group	90,433,295.55	16,511,094.00				106,944,389.55
Total	104,541,278.31	16,511,094.00	0.00	1,470,110.64		119,582,261.67

(4) Accounts Receivable Written-off in Current Period

Unit: RMB

Item	Written-off amount
Accounts receivable with actual verification	1,470,110.64

Of which the verification of significant accounts receivable:

Unit: RMB

Name of the entity	Nature of the accounts receivable	Verified amount	Reason for verification	Verification procedures performed	Arising from related-party transactions or not
Customer 1	Accounts receivable for goods	1,470,110.64	Court-Ordered on the conclusion of Bankruptcy Liquidation	Minutes of the Executive Office	No
Total		1,470,110.64			

(5) Top 5 of the Ending Balance of the Accounts Receivable and the Contract Assets Collected according to Arrears Party

Unit: RMB

Name of the entity	Ending balance of accounts receivable	Ending balance of contract assets	Ending balance of accounts receivable and	Proportion to total ending balance of	Ending balance of bad debt provision of
--------------------	---------------------------------------	-----------------------------------	---	---------------------------------------	---

			contract assets	accounts receivable and contract assets	accounts receivable and impairment provision for contract assets
Customer 1	574,387,933.74	0.00	574,387,933.74	42.99%	11,487,758.68
Customer 2	245,184,220.00	0.00	245,184,220.00	18.35%	5,172,394.61
Customer 3	68,402,423.71	0.00	68,402,423.71	5.12%	1,368,048.47
Customer 4	48,905,454.18	0.00	48,905,454.18	3.66%	978,109.09
Customer 5	44,809,044.30	0.00	44,809,044.30	3.35%	896,180.89
Total	981,689,075.93	0.00	981,689,075.93	73.47%	19,902,491.74

2. Other Receivables

Unit: RMB

Item	Ending balance	Beginning balance
Interest receivable		
Dividend receivable	5,016,960.00	7,165,080.00
Other receivables	18,236,989.64	17,123,687.65
Total	23,253,949.64	24,288,767.65

(1) Dividend receivable

Unit: RMB

Projects (or Investee Entities)	Ending balance	Beginning balance
Jiangsu Bank	5,016,960.00	7,165,080.00
Total	5,016,960.00	7,165,080.00

(2) Other Receivables

1) Other Receivables Classified by Accounts Nature

Unit: RMB

Nature	Ending carrying value	Beginning carrying value
Related-party transactions within the consolidation scope	14,568,060.16	31,828,957.95
Margin and cash pledge	1,300.00	1,300.00
Other entity current accounts	21,584,387.52	20,438,842.07
Petty cash and borrowings by employees	1,127,706.36	763,839.63

Other	13,782,691.74	13,697,080.26
Total	51,064,145.78	66,730,019.91

2) Disclosure by Aging

Unit: RMB

Aging	Ending carrying amount	Beginning carrying amount
Within 1 year (including 1 year)	3,065,811.22	5,982,988.63
1 to 2 years	6,115,661.98	11,494,533.03
2 to 3 years	9,364,996.07	16,754,590.84
Over 3 years	32,517,676.51	32,497,907.41
3 to 4 years	291,175.26	281,647.36
4 to 5 years	40,541.20	30,300.00
Over 5 years	32,185,960.05	32,185,960.05
Total	51,064,145.78	66,730,019.91

3) Disclosure by Withdrawal Methods for Bad Debts

Provision for bad debts based on general model of expected credit losses

Unit: RMB

Bad debt provision	First stage	Second stage	Third stage	Total
	Expected credit loss of the next 12 months	Expected loss in the duration (credit impairment not occurred)	Expected loss in the duration (credit impairment occurred)	
Balance of 1 January 2025	38,895.08	44,388.98	49,523,048.20	49,606,332.26
Balance of 1 January 2025 in the Current Period	—	—	—	—
--Transfer to Second stage				
-- Transfer to Third stage				
-- Reverse to Second stage				
-- Reverse to First stage				

Withdrawal of the Current Period	49,781.83			49,781.83
Reversal of the Current Period			16,828,957.95	16,828,957.95
Write-offs of the Current Period				
Verification of the Current Period				
Other changes				
Balance of 30 June 2025	88,676.91	44,388.98	32,694,090.25	32,827,156.14

The basis for the division of each stage and the withdrawal proportion of bad debt provision: None

Changes of carrying amount with significant amount changed of loss provision in the current period

☐Applicable ☒Not applicable

4) Bad Debt Provision Withdrawn, Reversed or Recovered in the Current Period

Withdrawal of bad debt provision:

Unit: RMB

Category	Beginning balance	Changes in the current period				Ending balance
		Withdrawal	Reversed or recovered	Charged -off/Written-off	Others	
Bad debt provision separately accrued	22,444,827.50		16,828,957.95			5,615,869.55
Withdrawal of bad debt provision by group	27,161,504.76	49,781.83				27,211,286.59
Total	49,606,332.26	49,781.83	16,828,957.95			32,827,156.14

5) Write-off of Other Receivables During the Reporting Period: None

6) Top 5 of the Ending Balance of Other Receivables Collected according to the Arrears Party

Unit: RMB

Name of the entity	Nature	Ending balance	Aging	Proportion to total ending balance of other receivables %	Ending balance of bad debt provision
--------------------	--------	----------------	-------	---	--------------------------------------

Changzhou Changniu Machinery Co., Ltd.	Intercompany Transactions with Consolidated Entities	15,000,000.00	1-3 years	29.37%	
Changzhou Compressor Factory	Intercompany funds	2,940,000.00	Over 5 years	5.76%	2,940,000.00
Changchai Group Imp. & Exp. Co., Ltd.	Intercompany funds	2,853,188.02	Over 5 years	5.59%	2,853,188.02
Changchai Group Settlement Center	Intercompany funds	1,626,483.25	Over 5 years	3.19%	1,626,483.25
Chuangye Diesel Engine Repair Factory	Intercompany funds	1,128,676.16	Over 5 years	2.21%	1,128,676.16
Total		23,548,347.43		46.12%	8,548,347.43

3. Long-term Equity Investment

Unit: RMB

Item	Ending balance			Beginning balance		
	Carrying amount	Depreciation reserves	Carrying value	Carrying amount	Depreciation reserves	Carrying value
Investment to subsidiaries	868,279,449.94	0.00	868,279,449.94	875,279,449.94	7,000,000.00	868,279,449.94
Investment to joint ventures and associated enterprises	44,182.50	44,182.50		44,182.50	44,182.50	
Total	868,323,632.44	44,182.50	868,279,449.94	875,323,632.44	7,044,182.50	868,279,449.94

(1) Investment to Subsidiaries

Unit: RMB

Investee	Beginning	Beginnin	Increase/decrease for the current period	Ending	Ending
----------	-----------	----------	--	--------	--------

	balance (carrying value)	g balance of depreciat ion reserve	Additi onal investme nt	Reduced investme nt	Withdra wal of impairm ent provisio n	Others	balance (carrying value)	balance of depreciat ion reserve
Changchai Wanzhou Diesel Engine Co., Ltd.	51,000,00 0.00						51,000,00 0.00	
Changzhou Changchai Benniu Diesel Engine Fittings Co., Ltd.	96,466,50 0.00						96,466,50 0.00	
Changzhou Horizon Investment Co., Ltd.	40,000,00 0.00						40,000,00 0.00	
Changzhou Changchai Horizon Agricultural Equipment Co., Ltd.	0.00	7,000,00 0.00		7,000,00 0.00		7,000,00 0.00	0.00	0.00
Changzhou Fuji Changchai Robin Gasoline Engine Co., Ltd.	47,286,23 0.03						47,286,23 0.03	
Jiangsu Changchai Machinery Co., Ltd.	591,835,9 19.91						591,835,9 19.91	

Changzhou Xingsheng Property Management Co., Ltd.	1,000,000.00						1,000,000.00	
Zhenjiang Siyang Diesel Engine Manufacturing Co., Ltd.	40,690,800.00						40,690,800.00	
Total	868,279,449.94	7,000,000.00		7,000,000.00		7,000,000.00	868,279,449.94	0.00

(2) Investment to Joint Ventures and Associated Enterprises

Unit: RMB

Investee	Beginning balance (carrying value)	Beginning balance of depreciation reserve	Increase/decrease for the current period								Ending balance (Carrying value)	Ending balance of depreciation reserve
			Additi onal invest ment	Red uce d invest ment	Gains and losses recog nized under the equity metho d	Adjus tment of other comp rehen sive incom e	Chan ges of other equity	Cash bonus or profits announ ced to issue	Withdr awal of impair ment provisi on	Ot her s		
I. Joint ventures												
Subtotal	0.00	0.00									0.00	0.00
II. Associated enterprises												
Beijing Tsinghua Xingye Industrial Investment Management Co., Ltd.	0.00	44,182.50									0.00	44,182.50
Subtotal	0.00	44,182.50									0.00	44,182.50
Total	0.00	44,182.50									0.00	44,182.50

The recoverable amount is determined based on the net amount of the fair value minus disposal costs

☐ Applicable ☒ Not applicable

The recoverable amount is determined by the present value of the forecasted future cash flow.

☐ Applicable ☒ Not applicable

The reason for the discrepancy between the foregoing information and the information used in the impairment tests in prior years or external information: Not applicable

The reason for the discrepancy between the information used in the Company's impairment tests in prior years and the actual situation of those years: Not applicable

4. Operating Revenue and Cost of Sales

Unit: RMB

Item	Reporting Period		Same period of last year	
	Operating revenue	Cost of sales	Operating revenue	Cost of sales
Main operations	1,390,026,293.94	1,240,388,539.57	1,366,413,377.99	1,162,530,395.97
Other operations	61,686,090.56	61,737,542.10	53,682,141.33	49,682,288.16
Total	1,451,712,384.50	1,302,126,081.67	1,420,095,519.32	1,212,212,684.13

Breakdown information of operating income and operating cost:

Unit: RMB

Category of contracts	Segment 1		Total	
	Operating Revenue	Operating cost	Operating Revenue	Operating cost
Business Type				
Of which:				
Single-cylinder diesel engines	560,494,020.58	516,663,643.98	560,494,020.58	516,663,643.98
Multi-cylinder diesel engines	775,603,291.97	675,750,680.27	775,603,291.97	675,750,680.27
Other products	28,591,316.59	25,646,410.98	28,591,316.59	25,646,410.98
Fittings	25,337,664.80	22,327,804.34	25,337,664.80	22,327,804.34
Classification by operating region				
Of which:				
Sales in domestic market	1,193,987,469.51	1,050,466,126.46	1,193,987,469.51	1,050,466,126.46
Export sales	196,038,824.43	189,922,413.11	196,038,824.43	189,922,413.11
Total	1,390,026,293.94	1,240,388,539.57	1,390,026,293.94	1,240,388,539.57

Information in relation to the transaction price apportioned to the residual contract performance obligation:

The amount of revenue corresponding to performance obligations of contracts signed but not performed or not fully performed yet was RMB0 at the period-end.

5. Investment Income

Unit: RMB

Item	Reporting Period	Same period of last year
Investment income from disposal of held-for-trading financial assets	3,198,458.89	3,180,749.07
Dividend income from holding of other equity instrument investment	5,016,960.00	10,998,000.00
Interest income from holding of debt obligation investments		499,852.62
Accounts receivable financing-discount interest of bank acceptance bills		74,524.00
Income from refinancing operations	-1,389,349.23	-1,300,004.16
Total	6,826,069.66	13,453,121.53

XIX. Supplementary Materials

1. Items and Amounts of Non-recurring Profit or Loss

√Applicable □Not applicable

Unit: RMB

Item	Amount	Note
Gain or loss on disposal of non-current assets	2,797,353.31	
Government grants recognized in current profit or loss (excluding those closely related to the company's normal business operations, in compliance with national policies, granted based on predetermined standards, and having a sustained impact on the company's profit or loss).	64,535.00	Excluding government grants related to assets transferred from deferred income amounting to RMB 1,704,864.73, individual income tax refunds of RMB 53,705.85, and job stabilization subsidies of RMB 21,000.00.
Gains or losses from changes in fair value of financial assets and financial liabilities held by non-financial enterprises, as well as gains or losses from the disposal of financial assets and financial liabilities (excluding effective hedging activities related to the company's normal business operations).	18,884,092.44	This was mainly due to the financial investment income generated from the company's cash management during the reporting period, as well as the increase in the fair value of shares held by the wholly-owned subsidiary Horizon Investment in Jiangsu Liance Electromechanical Technology Co., Ltd. and KaiLong High-Tech Co., Ltd. compared to the beginning of the period.
Other non-operating income and expenses not listed above.	113,416.17	
Less: Income tax effects	4,733,898.62	
Non-controlling interests effects (after tax)	184.20	
Total	17,125,314.10	

Others that meet the definition of non-recurring gain/loss:

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

Explain the reasons if the Company classifies any extraordinary gain/loss item mentioned in the Explanatory Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public—Non-recurring Gains and Losses as a recurrent gain/loss item

☐ Applicable ☒ Not applicable

2. Return on Equity and Earnings Per Share

Profit as of Reporting Period	Weighted average ROE (%)	EPS (Yuan/share)	
		EPS-basic	EPS-diluted
Net profit attributable to ordinary shareholders of the Company	2.14%	0.1040	0.1040
Net profit attributable to ordinary shareholders of the Company after deduction of non-recurring profit or loss	1.67%	0.0811	0.0811

3. Differences between Accounting Data under Domestic and Overseas Accounting Standards

(1) Differences between Disclosed Net Profits and Net Assets in Financial Report in accordance with International Accounting Standards and Chinese Accounting Standards

☐ Applicable ☒ Not applicable

(2) Differences between Disclosed Net Profits and Net Assets in Financial Report in accordance with Overseas Accounting Standards and Chinese Accounting Standards

☐ Applicable ☒ Not applicable

(3) Explain Reasons for the Differences between Accounting Data Under Domestic and Overseas Accounting Standards; for Any Adjustment Made to the Difference Existing in the Data Audited by the Foreign Auditing Agent, Such Foreign Auditing Agent's Name Shall Be Clearly Stated

☐ Applicable ☒ Not applicable

Part IX Other Reported Information

I Other major social security issues

Indicate whether the listed company and its subsidiaries have other major social security issues.

☐ Yes ☒ No ☐ Not applicable

Indicate whether any administrative penalty was imposed during the report period.

☐ Yes ☒ No ☐ Not applicable

II Research, communication, interviews and other activities received during the Report Period

☒ Applicable ☐ Not applicable

Date of visit	Place of visit	Way of visit	Type of visitor	Visitor	Contents and materials provided	Index to main inquiry information
29 April 2025	Online meeting	Online exchange	Other	Investors and the public	The Company's operating performance, profitability, development and construction, equity investment, etc.	Information on 000570 C hangchai's Results Presentation and Roadshow on www.cninfo.com.cn dated 29 April 2025

III Financial transactions between the listed company and its controlling shareholder and other related parties

☒ Applicable ☐ Not applicable

Unit: RMB 0,000

Name of transaction party	Nature of transaction	Opening balance	Amount incurred during the report period	Amount repaid during the report period	Ending balance	Interest income	Interest expense
Horizon Agricultural Equipment	non-operating transactions	1,682.90	2.54	1,685.44	0.00		
Changniu Company	non-operating transactions	1,500.00	145.05	163.72	1,500.00	18.67	
Changchai Wanzhou	non-operating transactions	0.00	40.45	40.45	0.00		
Changchai Robin	non-operating transactions	0.00	35.24	35.24	0.00		
Changchai Machinery	0.00	0.00	3,852.82	0.00	0.00		

Zhenjiang Siyang	0.00	0.00	98.19	0.00	0.00		
Xingsheng Real Estate Management	0.00	0.00	38.85	0.00	0.00		
Total	--	3,182.90	4,213.14	5,914.71	1,500.00	18.67	0.00
Related decision-making procedures	All the above-mentioned counterparties are the company's subsidiaries and sub-subsidiaries. The non-operating fund transactions between the company and its subsidiaries as well as sub-subsidiaries are normal intercompany payments, and the company has gone through the corresponding approval procedures in accordance with its internal control system.						
Fund security measures	The above-mentioned fund transactions of the company occur in accordance with the needs of daily operations, and the fund risks are controllable. The company has established a sound fund management system and performs necessary approval procedures in accordance with the requirements of the internal control system. The company's internal audit department conducts regular audits on the transactions between the company and its subsidiaries and grand-subsidiaries, and supervises, inspects and evaluates the implementation of internal controls to ensure the safety of funds and the normal operation of business activities. The company and its subsidiaries strictly control fund transactions, strengthen management, ensure the safety of funds, and avoid and reduce the occurrence of bad debt losses.						

The Board of Directors
Changchai Company, Limited
22 August 2025