CHANGCHAI COMPANY, LIMITED

ANNUAL REPORT 2024

April 2025

Part I Important Notes, Table of Contents and Definitions

The Board of Directors (or the "Board"), the Supervisory Committee as well as the directors, supervisors and senior management of Changchai Company, Limited (hereinafter referred to as the "Company") hereby guarantee the factuality, accuracy and completeness of the contents of this Report and its summary, and shall be jointly and severally liable for any misrepresentations, misleading statements or material omissions therein.

Xie Guozhong, the Company's legal representative and General Manager, and Jiang He, head of the Company's financial department (equivalent to financial manager) hereby guarantee that the Financial Statements carried in this Report are factual, accurate and complete.

All the Company's directors have attended the Board meeting for the review of this Report and its summary.

Any plans for the future and other forward-looking statements mentioned in this Report shall NOT be considered as absolute promises of the Company to investors. Therefore, investors are kindly reminded to pay attention to possible investment risks.

The Company has described in detail the risks it might face in "XI Prospects" in "Part III Management Discussion and Analysis" herein.

The Board has approved a final dividend plan as follows: based on the 705,692,507 shares, a cash dividend of RMB0.1 (tax inclusive) per 10 shares is to be distributed to the shareholders, with no bonus issue from either profit or capital reserves.

Table of Contents

Documents Available for Reference

1. The financial statements signed and sealed by the Company's legal representative, General Manager and head of the financial department.

2. The original copy of the Independent Auditor's Report signed and sealed by the CPAs, as well as sealed by the CPA firm.

3. The originals of all the Company's documents and announcements which were disclosed on Securities Time and Ta Kung Pao (HK) (newspapers designated by the CSRC for information disclosure) during the Reporting Period.

4. The Annual Report disclosed in other securities markets.

The above-mentioned documents available for reference are all kept in the Secretariat of the Board of Directors of the Company.

This Report has been prepared in both Chinese and English. Should there be any discrepancies or misunderstandings between the two versions, 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.
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 2024 to 31 December 2024

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		
Registered address	123 Huaide Middle Road, Changzhou, Jiangsu, China		
Zip code	213002		
Registered addresses previously used	N/A		
Office address	123 Huaide Middle Road, Changzhou, Jiangsu, China		
Zip code of office address	213002		
Company website	http://www.changchai.com.cn		
Email address	cctqm@public.cz.js.cn		

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 Media for Information Disclosure and Place where this Report Is Lodged

Stock exchange website where this Report is disclosed	http://www.szse.cn
Media and website where this Report is disclosed	Securities Times http://www.cninfo.com.cn

Place where this Report is lodged	Board Secretariat of the Company

IV Change to Company Registered Information

Unified social credit code	91320400134792410W
Change to principal activity of the Company since going public	No change
Every change of controlling shareholder since incorporation	On 22 November 2018, the State-owned Assets Supervision and Administration Commission of Changzhou Municipal People's Government transferred its entire holdings of 170,845,236 shares in the Company (a stake of 30.43%) to Changzhou Investment Group Co., Ltd. for no compensation, which has thus become the controlling shareholder of the Company.

V Other Information

The independent audit firm hired by the Company:

Name	Zhongxinghua Certified Public Accountants (Special General Partnership)
Office address	20th Floor, South Building, Building 1, Yard 20, Lize Road, Fengtai District, Beijing, China
Accountants writing signatures	Wang Jun, Pang Daliang

The independent sponsor hired by the Company to exercise constant supervision over the Company in the Reporting Period:

□ Applicable √ Not applicable

The independent financial advisor hired by the Company to exercise constant supervision over the Company in the Reporting Period:

□ Applicable √ Not applicable

VI Key Financial Information

Indicate by tick mark whether there is any retrospectively restated datum in the table below.

□ Yes √ No

	2024	2023	2024-over-2023 change (%)	2022
Operating revenue (RMB)	2,415,869,028.32	2,155,698,787.49	12.07%	2,182,043,095.61
Net profit attributable to the listed company's shareholders (RMB)	18,489,896.00	108,495,607.05	-82.96%	76,684,796.91
Net profit attributable to the listed company's shareholders before exceptional gains and losses (RMB)	52,958,683.45	-47,466,184.54	——	-73,636,511.02

Net cash generated from/used in operating activities (RMB)	-154,292,968.70	137,189,827.35	——	364,930,277.84
Basic earnings per share (RMB/share)	0.0262	0.1537	-82.95%	0.1087
Diluted earnings per share (RMB/share)	0.0262	0.1537	-82.95%	0.1087
Weighted average return on equity (%)	0.55%	3.19%	-2.64%	2.51%
	31 December 2024	31 December 2023	Change of 31 December 2024 over 31 December 2023(%)	31 December 2022
Total assets (RMB)	5,381,900,903.82	5,159,394,958.92	4.31%	5,219,359,853.42
Equity attributable to the listed company's shareholders (RMB)	3,362,683,464.32	3,398,946,911.23	-1.07%	3,284,710,665.90

Indicate by tick mark whether the lower of the net profit attributable to the listed company's shareholders before and after exceptional gains and losses was negative for the last three accounting years, and the latest independent auditor's report indicated that there was uncertainty about the Company's ability to continue as a going concern.

□ Yes √ No

Indicate by tick mark whether the lower of the net profit attributable to the listed company's shareholders before and after exceptional gains and losses was negative.

□ Yes √ No

VII Accounting Data Differences under China's Accounting Standards for Business Enterprises (CAS) and International Financial Reporting Standards (IFRS) and Foreign Accounting Standards

1. Net Profit and Equity under CAS and IFRS

□ Applicable √ Not applicable

No difference for the Reporting Period.

2. Net Profit and Equity under CAS and Foreign Accounting Standards

□ Applicable √ Not applicable

No difference for the Reporting Period.

VIII Key Financial Information by Quarter

Unit: RMB

	Q1	Q2	Q3	Q4
Operating revenue	836,479,520.73	659,429,631.90	462,057,774.62	457,902,101.07
Net profit attributable to the listed company's shareholders	32,382,777.70	17,714,877.45	-3,740,213.65	-27,867,545.50

Net profit attributable to the listed company's shareholders before exceptional gains and losses	39,340,826.68	20,505,438.29	-17,209,332.16	10,321,750.64
Net cash generated from/used in operating activities	-16,877,796.78	-144,936,716.22	-148,985,056.86	156,506,601.16

Indicate by tick mark whether any of the quarterly financial data in the table above or their summations differs materially from what have been disclosed in the Company's quarterly or interim reports.

□ Yes √ No

IX Exceptional Gains and Losses

√ Applicable □ Not applicable

Unit: RMB

Item	2024	2023	2022	Note
Gain or loss on disposal of non-current assets (inclusive of impairment allowance write-offs)	304,377.71	105,702,551.01	393,161.73	
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)	3,477,338.38	3,009,573.87	3,774,298.59	The government subsidies included in the current period's profit and loss amounted to RMB7,553,294.84. Deducting government grants related to assets transferred from deferred income totaling RMB3,409,729.46 and job retention subsidies of RMB666,227.00. The government subsidies included in the current period's non recurring profit and loss amounted to RMB3,477,338.38.
Gain or loss on fair-value changes in financial assets and liabilities held by a non-financial enterprise, as well as on disposal of financial assets and liabilities (exclusive of the effective portion of	-58,411,420.91	74,628,323.54	162,319,373.53	During the reporting period, the decrease was attributable to: (i) the decline in fair value of the Company's equity holdings in Jiangsu Horizon New Energy Technology Co., Ltd., and (ii) the drop in share prices of Jiangsu Liance

hedges that arise in the Company's ordinary course of business)				Electro-Mechanical Technology Co., Ltd. and Kailong High-Tech Co., Ltd. held by its wholly-owned subsidiary, Horizon Investment.
Reversed portions of impairment allowances for receivables which are tested individually for impairment	1,122,559.94			
Non-operating income and expense other than the above	7,735,818.14	21,618.24	30,000.00	
Negative goodwill due to business combination not under common control	267,434.70			
Less: Income tax effects	1,952,095.73	-254,543.89	1,735,346.51	
Non-controlling interests effects (net of tax)			1,904,132.58	
Total	-9,444,181.95	27,193,473.11	19,859,063.58	
Gain or loss on disposal of non-current assets (inclusive of impairment allowance write-offs)	361,173.09	-47,741.93	-24,058.57	
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)	-34,468,787.45	155,961,791.59	150,321,307.93	--

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 Industry Overview for the Reporting Period

We are a manufacturer of internal combustion engines and fittings in general equipment manufacturing. According to the classification of fuel used, internal combustion engines are mainly divided into diesel engines and gasoline engines. Our diesel engines and gasoline engines are mainly used in non-road mobile machinery fields such as harvesters, tractors, plant protection machinery, small engineering machinery, and shipborne machinery.

(1) Basic information on the industry

The internal combustion engine is an important support for China's manufacturing industry security, energy security and national defense security, and an important basic industry of national economy and national defense construction. The internal combustion engine is the most power-dense, thermally efficient and widely used heat engine power unit.

In order to implement the national overall development strategy of energy conservation, emission reduction, transformation, and upgrading, the internal combustion engine industry and agricultural machinery industry will strengthen independent innovation and research and development, accelerate the construction of a common basic technology platform, optimize the construction of the upstream and downstream industry chain, implement intelligent manufacturing, and actively carry out international exchange and cooperation to accelerate the realization of industrial technology upgrading.

(2) Development pattern and trend of the industry

From a policy perspective, there is a strong emphasis on prioritizing energy conservation and emissions reduction, promoting green, circular, low-carbon, and environmentally friendly practices. Energy efficiency, emission reduction, and reliability have become the main themes in the development of internal combustion engines. The industry is gradually transitioning toward greener and smarter solutions, leveraging optimized combustion technology, emission control, and intelligent monitoring to minimize environmental impact and enhance operational efficiency.

In recent years, the government has introduced a series of policies to support the agricultural machinery market, including purchase subsidies, scrappage and renewal incentives, and support for the agricultural equipment distribution sector. The 2025 Central No. 1 Document outlines goals for rural revitalization and building a strong agricultural sector, calling for high-quality development of agricultural machinery, accelerated R&D and adoption of advanced domestic farm equipment, and the phasing out of outdated machinery. It also supports smart agriculture, expanding the application of AI, big data, and low-altitude technologies. These initiatives present new growth opportunities for the agricultural machinery sector while demanding higher levels of technological innovation and industrial upgrading.

In 2024, the single-cylinder engine market continued to decline due to weakening agricultural demand, remaining on a downward trend. Meanwhile, multi-cylinder engines compliant with China IV emissions standards have fully entered the market. The overall agricultural machinery market remained stable, but low livestock, agricultural product, and grain prices, reduced operational income, and subsidy adjustments have dampened purchasing power, leading to insufficient demand. While the traditional agricultural machinery industry is in decline, emerging segments and new applications continue to grow, with rising demand for mid-to-high-end products. Leading companies are strengthening their competitive advantages, further consolidating market share and driving industry concentration.

From an industry development standpoint, technological innovation is fueling industrial upgrades, while policy support is expanding market potential. With the rapid advancement of AI, big data, new energy, and energy-saving technologies, agricultural machinery is evolving from traditional mechanization toward high-end, intelligent, digital, and green solutions, ushering in a new wave of structural transformation. Agricultural machinery companies are entering a high-quality development phase, accelerating the adoption of advanced technologies and products in energy efficiency, smart manufacturing, and productivity enhancement. Amid national strategic initiatives and accelerated industrial transformation, new growth opportunities are emerging, paving the way for expansive prospects in the agricultural machinery market.

II Principal Activity of the Company in the Reporting Period

1. 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.

2. 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 America, Africa, Japan and other countries and regions.	Simple structure, good reliability, easy maintenance	Agricultural machinery, small construction machinery

3. 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.

4. 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 No. 1 Document issued by the central government has demonstrated the government's intention to attach greater importance to agriculture and strengthen agricultural development, so as to promote the development of agriculture and rural economy and society, and strengthen the support of agricultural technology and equipment. China's agricultural machinery and equipment industry layout has always been based on the main line of innovation, focused on core technology, strengthened the construction of innovation capacity, and strove to make up for the shortcomings and weaknesses. The full implementation of National Emission Standard IV and the high-end and intelligent trends of agricultural machinery have let the agricultural machinery industry towards a new stage of development. The Action Plan for Promoting Large-scale Equipment Renewals and Consumer Goods Trade-ins in 2024 clarifies that old agricultural and industrial machinery will be renewed, subsidy policies will be continuously implemented for agricultural machinery scrapping and renewal, the scrapping and renewal of old agricultural machinery will be promoted, and the structural adjustment of agricultural machinery will be accelerated. The acceleration of the replacement process of old equipment of engineering machinery has created a favorable policy environment for the application of internal combustion engines.

(2) Industrial chain synergy empowers the sustainable development of the Company

We have built our own casting manufacturing and processing plants to meet the use requirements of some diesel engine parts. In terms of production and quality, we have formed a significant synergy with its own internal combustion engine assembly team. Our casting manufacturing team and internal combustion engine assembly team work together to form a mutually reinforcing positive feedback loop to assist the Company in integrating the internal combustion engine industry chain and building differentiated industry barriers. In terms of collaborative production, the reduction of external purchase is of great significance for the Company to reduce process flow, reduce intermediate loss, improve production efficiency, shorten delivery time and increase purchasing bargaining power. In terms of quality coordination, the self-built foundry can improve our quality control of parts to improve the yield and reliability of internal combustion engines.

(3) Stable and efficient R&D team

We have experienced technical management team and perfect technical support team. Our key technical personnel and R&D management personnel have been engaged in internal combustion engine R&D design, production and manufacturing for a long time. With profound professional knowledge and rich practical experience, they can make strong forward-looking and scientific judgment in the market direction and technical route. Also, we have established an effective training mechanism to foster talented persons for the follow-up R&D.

(4) Well-known brand with many well-known customers

The Company, formerly known as Changzhou Diesel Engine Factory, is a national industrial enterprise with a history of a hundred years and one of the earliest professional internal combustion engine manufacturers in China. Our diesel and gasoline engines, as power sources of agricultural machinery and commercial vehicles, show excellent performance in power range, reliability, power per liter, noise control and emission standards, and have been recognized by customers. We maintained a long-term partnership with major customers, with cumulative partnership time exceeding 15 years. Many main engine plant customers of the Company are well-known enterprises in the agricultural machinery industry, with their market shares being at the forefront of the market.

III Core Competitiveness Analysis

1. Advantages in Brand

Changchai is a century-old national industrial enterprise and one of China’s earliest specialized manufacturers of internal combustion engines. The "Changchai" brand is recognized as a China Famous Trademark, and its diesel engines are China Brand Name Products. The company has obtained certifications including ISO 9001, IATF 16949 (Quality Management System), ISO 14001 (Environmental Management System), and IATF 16949 (Automotive Product Quality Management System), as well as the national qualification for export product exemption from inspection.

Changchai has been repeatedly listed among China’s Top 100 Machinery Industry Enterprises and China’s Industry Leading Enterprises. It has been honored with titles such as:

- National Contract-Honoring & Creditworthy Enterprise

- Leading Agricultural Machinery Components Enterprise in China
- AAA Credit-Rated Agricultural Machinery Enterprise
- Jiangsu Provincial Quality Management Excellence Award
- Changzhou Mayor’s Quality Award
- "Fine Farming Cup" Award for Top 10 Most Satisfactory After-Sales Service Brands (multiple years)

During the reporting period, the company was further recognized as:

- National Product & Service Quality Integrity Demonstration Enterprise
- China Agricultural Machinery Annual TOP50+ Supporting Supplier Award
- Key Large-Scale Machinery Industry Enterprise
- Outstanding Brand in Jiangsu Agricultural Equipment Industry
- Jiangsu Contract-Honoring & Creditworthy Enterprise

Over the years, while achieving steady economic growth, Changchai has cultivated and developed the "Changchai" brand—a renowned national brand in China’s small diesel engine industry with independent intellectual property rights and a strong reputation at home and abroad.

2. Technological Advantages

Changchai operates a National-Level Technical Center, a Postdoctoral Research Station, and the Jiangsu Provincial Small- and Medium-Power Internal Combustion Engine Engineering Research Center. The company specializes in manufacturing single- and multi-cylinder diesel engines in the small-to-medium power range, offering the most comprehensive product portfolio and broadest power coverage in China’s small diesel engine sector, with independent IP rights for all core products.

During the reporting period, Changchai:

- Won the First Prize for Outstanding Quality Management Achievements in China’s machinery industry (2024).
- Obtained 24 new patents, bringing its total to 172 valid patents (including 18 domestic and 3 international invention patents) by the end of 2024.

3. Marketing & Service Advantages

Changchai adopts a market-centric approach, continuously innovating its sales strategies. It implements an integrated "Five-in-One" management system covering:

- Whole-machine sales
- Spare parts supply
- Warranty services
- Payment collection
- Customer feedback

The company has built an extensive nationwide sales and service network, including:

- 24 sales service centers
- 736 authorized service stations
- Coverage extending to both urban and rural areas

This network ranks among the most comprehensive in China’s small-to-medium diesel engine industry. Through its Changchai Customer Call Center, the company delivers proactive, rapid, convenient, and precise pre-sales, in-sales, and after-sales services.

To comply with China Non-Road Stage IV emission standards and enhance after-sales precision, Changchai has developed a customized service monitoring platform, further strengthening its competitive edge in customer support.

IV Core Business Analysis

1. Overview

In 2024, the global economic situation continued to decline, with heightened international geopolitical tensions and complex global trade relations. Domestically, China's economy maintained stable growth, but structural supply-demand imbalances and insufficient effective demand persisted. With the full marketization of Non-Road China Stage IV products and factors such as low grain prices and subsidy adjustments, market demand decreased and competition intensified. While the overall situation remained stable, minor fluctuations were observed. The traditional agricultural machinery industry operated at a slower pace, while emerging segments and new applications continued to grow, driving the industry toward high-quality development with broad market prospects.

Adhering to its development strategy and annual operational objectives, the company actively adapted to market conditions. Through the united efforts of all employees, it achieved steady, orderly, and healthy development, maintaining its leading position in the small agricultural diesel engine industry. During the reporting period, the company sold 604,600 diesel engines, gasoline engines, and generator sets, generating RMB 2.416 billion in revenue, representing a 12.07% year-on-year increase.

In product R&D and supporting applications, the company continuously optimized its core products based on market demand, strengthening the integration of Non-Road China Stage IV multi-cylinder engines with new OEM equipment. The installation volume of lightweight diesel engines increased significantly year-on-year. The company accelerated product development and expanded its product line, speeding up the mass production of China Stage IV single-cylinder diesel engines, which entered the market in bulk and gained user recognition. Phased progress was made in the development and supporting work for multi-cylinder products. Meanwhile, the company increased investment in technological reserves, steadily advancing hybrid power R&D projects. The D25 outboard engine obtained ship inspection certification and completed production and supply chain integration.

In sales and services, the domestic market adopted multiple measures to consolidate its main markets and strengthen competitive products across various sectors, solidifying the company's share in the traditional agricultural machinery market while accelerating expansion into new fields such as construction, crop protection, electromechanical, low-altitude, and marine applications. The international market optimized its layout, significantly increasing sales in core and emerging markets. Leveraging synergies between domestic and international markets, the company refined its customer network, improved service resource allocation and coordination, and further enhanced service quality. It also expanded new media applications to boost marketing effectiveness and customer engagement through multiple channels.

In quality management, the company implemented measures such as component upgrades and production process improvements to address market quality issues. It strengthened technical and quality exchanges with suppliers and deepened quality engineering initiatives, effectively improving overall quality standards. The company continued its supply chain assurance efforts, focusing on strengthening, supplementing, and extending the supply chain to build a stable, efficient, and reliable supply system. By optimizing production processes and management models, it reduced production and operational costs while continuously improving efficiency. Safety training, risk identification, hazard rectification, emergency drills, and occupational health measures were incorporated into routine institutional management, and the environmental management system operated in an orderly and controlled manner. During the reporting period, the company passed external audits for ISO 9001 and IATF 16949 quality management systems.

In internal management, the company further strengthened oversight of subsidiaries, comprehensively improved its internal control system, and implemented multiple cost-reduction and efficiency-boosting measures to enhance operational performance and governance. In talent development, it intensified cadre training and rejuvenation efforts, refined performance evaluation and incentive mechanisms, and motivated employees to boost corporate vitality. Safety training, fire drills, and other activities were conducted, with increased emphasis on inspections and hazard rectification to ensure a safe foundation for stable and healthy development. Various cultural and sports activities were organized to create a secure, stable, and cohesive work environment and corporate culture. Externally, the company strengthened its corporate image and product promotion to enhance brand influence.

During the reporting period, wholly-owned subsidiary Changchai Robin absorbed and merged with wholly-owned subsidiary Horizon Agricultural Equipment, inheriting all assets, liabilities, business operations, and other rights and obligations. By February 2025, Horizon Agricultural Equipment's legal entity status was deregistered, completing the merger. Additionally, the company increased capital in wholly-owned subsidiary Changchai Machinery by RMB 291.8359 million through a "debt-to-capital reserve conversion," with the entire amount recorded as capital surplus.

2. Revenue and Cost Analysis

(1) Breakdown of Operating Revenue

Unit: RMB

	2024		2023		Change (%)
	Operating revenue	As % of total operating revenue (%)	Operating revenue	As % of total operating revenue (%)	
Total	2,415,869,028.32	100%	2,155,698,787.49	100%	12.07%
By operating division					
Internal combustion engines	2,371,931,691.41	98.18%	2,110,376,920.43	97.90%	12.39%
Other	43,937,336.91	1.82%	45,321,867.06	2.10%	-3.05%
By product category					
Diesel engines	2,243,543,689.25	92.87%	1,908,040,669.16	88.51%	17.58%
Gasoline engines	122,859,838.38	5.09%	153,677,944.53	7.13%	-20.05%
Other	49,465,500.69	2.05%	93,980,173.80	4.36%	-47.37%
By operating segment					
Domestic	2,059,623,002.73	85.25%	1,778,018,604.18	82.48%	15.84%
Overseas	356,246,025.59	14.75%	377,680,183.31	17.52%	-5.68%
By marketing model					

Distribution	961,865,962.18	39.81%	754,228,779.91	34.99%	27.53%
Direct sales	1,454,003,066.14	60.19%	1,401,470,007.58	65.01%	3.75%

(2) 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	2,371,931,691.41	2,084,092,192.19	12.14%	12.39%	12.12%	0.21%
By product category						
Diesel engines	2,243,543,689.25	1,937,324,581.91	13.65%	17.58%	13.40%	3.18%
Gasoline engines	122,859,838.38	108,205,868.99	11.93%	-20.05%	-15.52%	-4.73%
By operating segment						
Domestic	2,059,623,002.73	1,780,283,448.38	13.56%	15.84%	17.02%	-0.87%
Overseas	356,246,025.59	339,017,017.69	4.84%	-5.68%	-6.58%	0.93%
By marketing model						
Distribution	961,865,962.18	837,305,962.65	12.95%	27.53%	24.02%	2.47%
Direct sales	1,454,003,066.14	1,281,994,503.42	11.83%	3.75%	6.03%	-1.89%

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

□ Applicable √ Not applicable

(3) Whether Revenue from Physical Sales Is Higher than Service Revenue

√ Yes □ No

Operating division	Item	Unit	2024	2023	Change (%)
Diesel engines	Unit sales	Unit	477,592	478,280	-0.14%
	Output	Unit	473,719	513,177	-7.69%
	Inventory	Unit	95,891	99,764	-3.88%

Any over 30% YoY movements in the data above and why:

□ Applicable √ Not applicable

(4) Execution Progress of Major Signed Sales and Purchase Contracts in the Reporting Period

□ Applicable √ Not applicable

(5) Breakdown of Cost of Sales

Unit: RMB

Product category	Item	2024		2023		Change (%)
		Cost of sales	As % of total cost of sales (%)	Cost of sales	As % of total cost of sales (%)	
Diesel and gasoline engines	Raw materials	1,594,081,880.39	77.93%	1,458,317,249.89	77.39%	9.31%
	Labor cost	230,255,452.63	11.26%	225,056,024.38	11.94%	2.31%
	Depreciation	58,977,062.10	2.88%	58,676,870.45	3.11%	0.51%
	Energy	25,209,330.48	1.23%	24,344,615.38	1.29%	3.55%

(6) Changes in the Scope of Consolidated Financial Statements for the Reporting Period

□ Yes √ No

(7) Major Changes to the Business Scope or Product or Service Range in the Reporting Period

□ Applicable √ Not applicable

(8) Major Customers and Suppliers

Major customers:

Total sales to top five customers (RMB)	1,177,094,563.31
Total sales to top five customers as % of total sales of the Reporting Period (%)	48.72%
Total sales to related parties among top five customers as % of total sales of the Reporting Period (%)	0.00%

Information about top five customers:

No.	Customer	Sales revenue contributed for the Reporting Period (RMB)	As % of total sales revenue (%)
1	Customer A	694,759,928.51	28.76%
2	Customer B	208,352,865.36	8.62%
3	Customer C	127,606,552.93	5.28%
4	Customer D	78,389,441.53	3.24%
5	Customer E	67,985,774.98	2.81%

Total	--	1,177,094,563.31	48.72%

Other information about major customers:

□ Applicable √ Not applicable

Major suppliers:

Total purchases from top five suppliers (RMB)	398,156,825.26
Total purchases from top five suppliers as % of total purchases of the Reporting Period (%)	22.79%
Total purchases from related parties among top five suppliers as % of total purchases of the Reporting Period (%)	0.00%

Information about top five suppliers:

No.	Supplier	Purchase in the Reporting Period (RMB)	As % of total purchases (%)
1	Supplier A	128,079,527.00	7.33%
2	Supplier B	103,700,959.42	5.94%
3	Supplier C	70,755,470.41	4.05%
4	Supplier D	53,533,925.01	3.06%
5	Supplier E	42,086,943.42	2.41%
Total	--	398,156,825.26	22.79%

Other information about major suppliers:

□ Applicable √ Not applicable

3. Expense

Unit: RMB

	2024	2023	Change (%)	Reason for any significant change
Selling expense	60,617,254.43	54,069,774.62	12.11%	
Administrative expense	115,466,341.90	123,981,333.99	-6.87%	
Finance costs	-23,423,038.69	-11,284,676.92	——	This growth mainly resulted from increased interest income and exchange gains.
R&D expenses	83,401,477.60	90,339,104.33	-7.68%	

4. R&D Investments

√ Applicable □ Not applicable

Major R&D project	Purpose	Progress	Specific objectives	Expected impact on the Company

4H11V16 Diesel Engine Development Project	Develop higher-performance diesel engines that meet emission requirements	In progress	Optimize diesel engine performance to meet Non-Road China Stage IV emission standards.	Post-implementation, the upgraded diesel engine will comply with Non-Road China Stage IV emission standards, with broad and promising market application prospects.
4H13V16 Diesel Engine Development Project	Develop higher-performance diesel engines compliant with emission regulations	In progress	Enhance diesel engine performance to effectively reduce harmful emissions and promote energy conservation and emission reduction.	Upon project completion, the product will meet Non-Road China Stage IV requirements, advancing the company's non-road product technology maturity while demonstrating excellent market potential.
4G36V16A Diesel Engine Development Project	Optimize and upgrade diesel engine performance to meet market demand	In progress	Improve product performance, reach the advanced level of similar foreign products, and meet emission requirements.	After the implementation of the project, the product will meet market demand and complies with the Non-Road China Stage IV emission standards, with broad market prospects in the future.
4G33TC Diesel Engine Matching Tractor Development Project	Develop higher-performance, energy-saving and emission-reducing diesel engines	In progress	Refine diesel engine performance to achieve high-efficiency output with energy-saving and emission-reducing benefits.	Upon project completion, the product will meet the requirements of Non-Road China Stage IV emission standards and market demand.
L22 China Stage IV Diesel Engine Development Project	Develop Non-Road China Stage IV mechanical pump engines that meet emission requirements and market demand	In progress	Improve product performance, reach the advanced level of similar foreign products, and meet emission requirements.	Upon project completion, the product will meet the requirements of Non-Road China Stage IV emission standards, the product has broad market prospects.
L24 Common Rail China Stage IV Diesel Engine Optimization Project	Develop higher-performance diesel engines with energy conservation and emission reduction	In progress	Upgrade engine performance to achieve best-in-class domestic reliability while meeting Non-Road China Stage IV emission requirements.	Upon project completion, the product will meet the requirements of Non-Road China Stage IV emission standards and market demand, the product has broad market prospects.
390	Develop	In	Improve product	After the implementation of the

Turbocharged Diesel Engine Development	higher-performance diesel engines with energy conservation and emission reduction	progress	performance, reach the advanced level of similar foreign products, and meet emission requirements.	project, the product will meet the emission requirements, have a clear target market positioning and broad market prospects.
4L88 China Stage IV Diesel Engine Development	Develop high-efficiency, environmentally-friendly diesel engines meeting emission requirements	In progress	Improve product performance, and meet emission requirements.	Post-project products will maintain existing OEM application compatibility while expanding market opportunities.
Mining Pickup Truck Engine Development	Develop higher-performance mining pickup engines with energy conservation and emission reduction	In progress	Improve product performance, meet non road national emission regulations and related requirements, and achieve leading domestic indicators.	After the implementation of the project, the company's product line will be further expanded to meet emission requirements and have broad market prospects
178FA Air-Cooled China Stage IV Diesel Engine Development	Develop high-efficiency, energy-saving diesel engines compliant with emission standards	In progress	Improve product performance, reach the advanced level of similar foreign products, and meet emission requirements.	After the implementation of the project, the product will meet market demand, comply with energy-saving and environmental protection policies, and have broad market prospects.
L12 Water-Cooled China Stage IV Diesel Engine Development	Develop high-efficiency, eco-friendly and energy-efficient single-cylinder diesel engines	In progress	Enhance product reliability and energy efficiency while meeting Stage IV emission regulations.	Implementation will expand product applications, enrich technical reserves, and meet both regulatory and market demands.
3M82 Diesel Engine Development Project	Develop higher-performance diesel engines satisfying emission standards	Completed	Improve product performance, reach the advanced level of similar foreign products, and meet emission requirements.	Upon project completion, the product will meet the requirements of Non-Road China Stage IV emission standards, the product has broad market prospects.
Development of 173FA Air-Cooled China IV Diesel Engine	Development of high-efficiency, energy-saving diesel engines that meet emission requirements	Completed	Improve product performance metrics, achieve energy-saving and emission reduction, and comply with the Non-Road China IV emission standards.	Upon project completion, the products will meet market demand, comply with energy-saving and environmental protection policies, and demonstrate broad market prospects.

Mechanical Pump Single-Cylinder Diesel Engine Non-Road China Stage IV Development Project	Develop higher-performance mechanical pump single-cylinder diesel engines meeting Non-Road China Stage IV emission requirements	Completed	Improve power performance, fuel economy, service life and Non-Road China Stage IV compliance.	Upon project completion, the product will meet the requirements of Non-Road China Stage IV emission standards and market demand.
4G29 Diesel Engine Development Project	Develop higher-performance diesel engines conforming to emission regulations	Completed	Elevate all performance metrics to domestic advanced levels while satisfying Non-Road China Stage IV standards.	Upgraded engines will achieve Non-Road China Stage IV certification, advancing the company's technological capabilities in this sector.
Motorcycle Tricycle Specialized Diesel Engine Development Project	Develop lightweight single-cylinder water-cooled high-speed diesel engines	Completed	Improve product performance, reach the advanced level of similar foreign products, and meet emission requirements.	Upon project completion, the product will enrich the company's products, further explore the power market, and meet emission regulations.

Details about R&D investments:

	2024	2023	Change (%)
Number of R&D personnel	214	225	-4.89%
R&D personnel as % of total employees	8.84%	8.74%	0.10%
Educational background of R&D personnel			
Bachelor’s degree	91	96	-5.21%
Master’s degree	9	6	50.00%
Age structure of R&D personnel			
Below 30	17	31	-45.16%
30~40	81	77	5.19%

Details about R&D investments:

	2024	2023	Change (%)
R&D investments (RMB)	83,401,477.60	90,339,104.33	-7.68%
R&D investments as % of operating revenue	3.45%	4.19%	-0.74%
Capitalized R&D investments (RMB)	0.00	0.00	——

Capitalized R&D investments as % of total R&D investments	0.00%	0.00%	——

Reasons for any significant change in the composition of R&D personnel and the impact:

□ Applicable √ Not applicable

Reasons for any significant YoY change in the percentage of R&D expense in operating revenue:

□ Applicable √ Not applicable

Reasons for any sharp variation in the percentage of capitalized R&D expense and rationale:

□ Applicable √ Not applicable

5. Cash Flows

Unit: RMB

Item	2024	2023	Change (%)
Subtotal of cash generated from operating activities	2,325,383,619.26	2,169,305,862.90	7.19%
Subtotal of cash used in operating activities	2,479,676,587.96	2,032,116,035.55	22.02%
Net cash generated from/used in operating activities	-154,292,968.70	137,189,827.35	——
Subtotal of cash generated from investing activities	1,206,915,907.12	1,197,150,475.33	0.82%
Subtotal of cash used in investing activities	1,198,878,172.96	1,044,165,754.31	14.82%
Net cash generated from/used in investing activities	8,037,734.16	152,984,721.02	-94.75%
Subtotal of cash generated from financing activities	94,412,090.20	0.00	——
Subtotal of cash used in financing activities	33,168,340.22	131,365,400.07	-74.75%
Net cash generated from/used in financing activities	61,243,749.98	-131,365,400.07	——
Net increase in cash and cash equivalents	-78,947,638.62	161,278,557.41	——

Explanation of why any of the data above varies significantly:

√Applicable ☐ Not applicable

The significant year-on-year fluctuation in net cash flow from operating activities was primarily attributable to extended payment terms granted to most of the Company's multi-cylinder engine customers (OEM suppliers), coupled with increased market expansion expenditures for emission-standard upgraded products, resulting in slower cash collection and relatively higher procurement payments to suppliers during the reporting period.

The material change in net cash flow from investing activities was mainly due to increased investments in wealth management products during the reporting period.

The substantial variation in net cash flow from financing activities principally arose from the discounting of bank acceptance bills with lower credit ratings during the reporting period, as no such activities were conducted in the previous period.

Reason for any big difference between the net operating cash flow and the net profit for this Reporting Period

√Applicable ☐ Not applicable

The significant variance between the Company's net cash flow from operating activities and its net profit for the reporting period was primarily attributable to (i) the impact of fair value changes in financial assets held by the Company on current-period earnings, and (ii) increased procurement payments made to suppliers during the reporting period.

V Analysis of Non-Core Businesses

√Applicable ☐ Not applicable

Unit: RMB

	Amount	As % of gross profit	Source	Recurrent or not
Return on investment	24,265,851.27	158.01%	The increase was primarily attributable to dividends received from equity holdings and investment income generated from cash management activities.	Yes
Gains/losses on changes in fair value	-65,938,196.89	-429.38%	During the reporting period, the fair value of the Company's equity interest in Jiangsu Horizon New Energy Technology Co., Ltd. declined, and the share prices of Jiangsu Liance Electromechanical Technology Co., Ltd. and Kailong High-Tech Co., Ltd., held by wholly-owned subsidiary Horizon Investment, decreased compared to the beginning of the period.	No
Asset impairment loss	-14,403,371.83	-93.79%		No
Non-operating income	2,838,603.42	18.48%		No
Non-operating expense	886,507.69	5.77%		No
Asset disposal income	304,377.71	1.98%		No

VI Analysis of Assets and Liabilities

1. Significant Changes in Asset Composition

Unit: RMB

	31 December 2024		1 January 2024		Change in percentage (%)	Reason for any significant change
	Amount	As % of total assets	Amount	As % of total assets		
Cash and Cash Equivalents	1,063,700,492.59	19.76%	1,083,867,966.87	21.01%	-1.25%	

Accounts receivable	444,254,240.02	8.25%	316,543,159.91	6.14%	2.11%	The primary reasons were that most of the Company's multi-cylinder engine customers are OEM suppliers with relatively longer payment terms. Meanwhile, due to product emission upgrades, the Company intensified market expansion efforts during the reporting period and appropriately extended credit terms, resulting in a significant increase in accounts receivable.
Inventories	819,201,998.42	15.22%	789,220,185.68	15.30%	-0.08%	
Investment property	37,740,844.55	0.70%	39,837,558.11	0.77%	-0.07%	
Fixed assets	615,414,505.40	11.43%	675,596,920.95	13.09%	-1.66%	
Construction in progress	3,376,866.69	0.06%	4,275,622.18	0.08%	-0.02%	
Short-term borrowings	94,471,787.41	1.76%	0.00	0.00%	1.76%	The variance was principally attributable to the Company's discounting of bank acceptance bills with lower credit ratings during the reporting period, as no such transactions were conducted in the previous period.
Contract liabilities	31,640,879.59	0.59%	33,352,877.66	0.65%	-0.06%	

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

□ Applicable √ Not applicable

2. 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								
1. Held-for-trading financial assets (derivative financial assets exclusive)	225,641,429.94	-33,023,970.29	0.00	0.00	1,179,550,000.00	1,068,500,000.00	0.00	303,667,459.65
2. Investment in other equity instruments	969,488,025.67	0.00	756,550,058.72	0.00	0.00	0.00	0.00	941,120,058.72
Subtotal of financial assets	1,195,129,455.61	-33,023,970.29	756,550,058.72	0.00	1,179,550,000.00	1,068,500,000.00	0.00	1,244,787,518.37
Other	453,688,086.55	-35,045,359.31	0.00	0.00	0.00	0.00	0.00	377,869,217.49
Total of above	1,648,817,542.16	-68,069,329.60	756,550,058.72	0.00	1,179,550,000.00	1,068,500,000.00	0.00	1,622,656,735.86
Financial liabilities	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

3. Restricted Asset Rights as at the Period-End

Unit: RMB

Item	At the period-end	Reason for restriction
Monetary assets	171,018,607.75	Bank acceptance bill guarantee deposits、Letter of guarantee deposits、Performance bond deposits、Term deposits and accrued interest
Notes receivable	70,878,200.00	Payment obligations for undiscounted but discounted bills

Notes receivable	163,858,135.20	Payment obligations for undiscounted but transferred bills

VII Investments Made

1. Total Investment Amount

√ Applicable □ Not applicable

Investments made in Reporting Period (RMB)	Investments made in same period of last year (RMB)	+/-%
291,835,919.91	7,170,000.00	3,970.24%

The Company increased its capital contribution in its wholly-owned subsidiary Jiangsu Changchai Machinery Co., Ltd. by RMB291,835,919.91 (including unpaid loan interest of RMB4,958,090.18) through a "debt-to-capital reserve" arrangement, with the entire amount being recorded as capital reserve.

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	394,485,000.00	0.00	320,911,000.00	0.00	0.00	0.00	362,695,000.00	Investment in other equity	Self-funded

												instruments	
Domestic/foreign stock	600919	Bank of Jiangsu	42,786,000.00	Fair value method	156,546,000.00	0.00	187,002,000.00	0.00	0.00	18,163,080.00	229,788,000.00	Investment in other equity instruments	Self-funded
Domestic/foreign stock	300912	Kailong High Technology	20,001,268.00	Fair value method	18,119,861.00	-6,549,711.00	0.00	0.00	0.00	-6,549,711.00	11,570,150.00	Held-for-trading financial assets	Self-funded
Domestic/foreign stock	688113	Liance Technology	7,200,000.00	Fair value method	66,873,600.00	-26,164,800.00	0.00	0.00	0.00	-23,864,413.59	40,708,800.00	Held-for-trading financial assets	Self-funded
Domestic/foreign stock	605368	Lantian Gas	160,744.76	Fair value method	301,560.00	18,480.00	0.00	0.00	0.00	58,577.36	320,040.00	Held-for-trading financial assets	Self-funded
Total			111,932,012.76	--	636,326,021.00	-32,696,031.00	507,913,000.00	0.00	0.00	-12,192,467.23	645,081,990.00	-12,192,467.23	--

(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.

VIII 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

IX 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	167,733,258.21	67,329,303.86	197,317,344.78	-9,939,698.59	-9,624,659.68
Changchai Wanzhou	Subsidiary	Diesel engine assembly	85,000,000.00	66,453,054.91	51,118,130.95	40,738,284.52	827,260.03	679,056.41
Horizon Investment	Subsidiary	External investment	40,000,000.00	76,280,278.94	69,299,925.93	0.00	-30,041,548.20	-22,323,511.82

		and consulting						
Horizon Agricultural Equipment	Subsidiary	agricultural machinery product of rice transplanter etc.	10,000,000.00	657,162.26	-16,245,594.49	2,016,906.93	-483,407.44	-242,516.86
Changchai Robin	Subsidiary	Gasoline engines assembly	37,250,000.00	124,877,704.42	106,160,750.36	127,473,497.67	6,480,470.70	5,921,004.60
Changchai Machinery	Subsidiary	Internal combustion engine and related accessories	300,000,000.00	807,891,051.24	510,083,511.24	863,773,492.51	721,291.82	102,653.19
Xingsheng Real Estate Management	Subsidiary	Real estate management service	1,000,000.00	3,561,461.17	1,967,999.30	3,102,209.12	526,235.32	508,897.27
Zhenjiang Siyang	Subsidiary	Manufacturing and marketing of diesel engines for ships	2,000,000.00	127,544,513.83	110,945,413.11	69,479,046.40	12,926,717.65	11,482,443.77

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. Acquisition of Remaining Stake in Horizon Agricultural Equipment (Horizon Agricultural Equipment)

In June 2024, the Company acquired the remaining 25% equity interest in Horizon Agricultural Equipment from Horizon Investment. As of the reporting period end, the Company now holds 100% Ownership of Horizon Agricultural Equipment.

X Structured Bodies Controlled by the Company

□ Applicable √ Not applicable

XI Prospects

1. Development strategy of the Company

The Company’s development strategy is to base on farm machinery, become stronger in the engine business, explore more markets and develop in a scientific way.

The comprehensive national policies on rural revitalization and accelerated development of an agricultural powerhouse will generate significant positive impacts on the industry. The Company will fully capitalize on policy dividends from the government's strong support for agricultural production and farm machinery development. We will steadfastly advance:

(1) Accelerating Technological Upgrades and Market Expansion for Existing Products

First, the Company will prioritize the optimization and enhancement of its core products.

1）By aligning with market demand and leveraging the Company's competitive products and technologies, we will stabilize supply share with major OEM partners for single-cylinder engines, increase market penetration in key industrial clusters, tap into high-potential sales regions, and consolidate our industry leadership position. For multi-cylinder engines, we will accelerate product optimization and upgrades, expedite R&D and commercialization of policy-compliant new products, enhance profitability of existing products, expand product line offerings, strengthen supporting services in core market segments, and increase market share in specialized applications.

2）To meet overseas market demands, we will innovatively upgrade existing product technologies and develop export-oriented models with enhanced reliability and superior performance. Leveraging OEM partners' global distribution channels, we will expand our international market presence. Through optimized resource allocation and synergies, we aim to improve overall export efficiency, enhance market service quality, and actively increase customer satisfaction.

Second, we will focus on value chain extension by developing premium product offerings.

1）The Company will continue to optimize its power unit products and distribution network, pursuing premium and specialized development in niche markets to move up the value chain. This includes expanding applications in specialized vehicles, UAV crop protection, stationary power, and telecommunications markets. Our independently developed integrated UAV charging system has been launched with positive market feedback.

2）Aligned with the industry trends of electrification, connectivity, and intelligently in agricultural machinery, the Company is integrating advanced technologies including Internet of Things (IoT), big data analytics, artificial intelligence, and new materials into product development. These innovations enhance intelligent control systems, real-time monitoring capabilities, and big data collection/analysis functions in diesel engines, thereby increasing product value-added features and better meeting end-user requirements.

Third, we will extend its market reach toward end-user applications. The Company's core products consist of small-to-medium power diesel engines and general-purpose gasoline engines, primarily serving off-road applications including agricultural machinery, crop protection equipment, construction machinery, and marine engines. We are intensifying R&D efforts and market penetration in generator sets, outboard motors, cold chain systems, fishing vessels, and telecommunication tower applications.

Through our subsidiary Zhenjiang Siyang, we continue to optimize our marine engine business structure and strengthen collaborative partnerships to ensure sustainable development. Ongoing improvements to our outboard motor power platforms include:

- Establishing comprehensive domestic and international sales networks
- Continuous product optimization based on market demand and feedback
- Expanding product line offerings
- Enhancing overall business structure.

(2) Driving Industrial Transformation Through New Energy Integration

While the rapid advancement of new energy technologies has impacted traditional power systems in certain applications, creating substitution risks, long-term opportunities for conventional engines remain. Leveraging our expertise in light-duty power solutions, we are:

- Expanding New Energy Product Lines: Developing hybrid power systems and advancing their integration across multiple downstream applications
- Accelerating Alternative Fuel R&D: Intensifying efforts in hydrogen combustion technology and other clean energy solutions
- Strengthening Industry Collaboration: Building strategic partnerships with green technology providers to enhance market penetration

2. 2025 Operational Plan

Strengthen our position in the traditional agricultural machinery market while expanding into emerging power segments. We will enhance product quality to solidify our core competitiveness, drive continuous innovation to boost vitality, implement lean management to improve efficiency, and optimize resource allocation for high-performance operations. The Company targets RMB 2.4 billion in sales revenue for 2025, including USD 55 million in export revenue.

3. Potential Risks and the Company's Countermeasures

(1) Market Risks

The agricultural machinery industry has entered a period of deep adjustment dominated by optimization and upgrading. Due to the impact of national equipment purchase subsidy policies, industrial development policies, and environmental regulations, the traditional product market is declining, competition in the existing market is intensifying, and the industry is moving toward high-end and intelligent development. Most companies are continuously strengthening product R&D and optimization in line with market demand, increasing market maintenance and expansion efforts. With the full market entry of China IV emission standard products, industry competition has further intensified.

Countermeasures: First, closely follow policy guidance, optimize product structure, adhere to the principle of profitable sales, and strengthen both domestic and international markets. Second, focus on market demand, accelerate product R&D and innovation, consolidate traditional supporting fields, make further breakthroughs in advantageous areas, and expand product applications in high-end industrial chain markets. Third, enhance innovation awareness, actively promote the application of advanced technologies such as internet, big data, artificial intelligence, and new materials, accelerate the development of smart terminals and hybrid power systems, and build new competitive advantages. Fourth, aim for quality improvement and efficiency enhancement, strengthen internal and external quality responsibilities, and improve corporate governance and operational efficiency. Fifth, emphasize talent development, use human resources as support, and promote efficient internal collaboration.

(2) Industry Risks

The advancement of new energy application technologies and related policies has prompted enterprises to accelerate research, application, and market deployment in new energy power systems, which has affected the market share of diesel engines in certain supporting fields to some extent. Currently, new energy power systems still face challenges such as high costs and complex operating environments in agricultural machinery applications. However, with continuous breakthroughs in new energy technologies, some application scenarios of non-road diesel engines may be replaced by new energy power systems.

Countermeasures: First, develop products that comply with national energy conservation and emission reduction policies, optimize and upgrade product lines according to market demand, strengthen the application of artificial intelligence and new materials, enhance product added value and competitiveness, and consolidate market advantages. Second, accelerate the research and development of new energy power systems, leverage the company's advantages in light-duty power systems to expand new energy hybrid products and supporting fields, and promote sustainable corporate development. Third, maintain coordinated development between product operations and capital operations, focus on emerging industries, and utilize capital markets to accelerate the pace of external expansion.

(3) International Trade Risks

In recent years, the global landscape has become increasingly complex, with frequent geopolitical conflicts and international trade disputes. These developments have severely impacted regional politics and security, global economic recovery, food and energy security, and ecological environments, leading to varying degrees of influence on foreign trade policies worldwide. Significant changes in the political stability or trade policies of overseas markets could substantially affect our export sales.

Countermeasures: First, enhance collaborative service capabilities through complementary sharing of internal/external resources, information, and products to drive incremental market demand and improve overall trade efficiency. Second, innovate and adapt products according to overseas market needs, expanding promotion of high-performance products and new application solutions. Third, cultivate key markets by leveraging overseas distribution channels of downstream OEMs, strengthening local service personnel training, service capacity building, and authorized overseas service stations.

(4) Exchange Rate Risks

Recent years have seen growing challenges and uncertainties in the global political and economic environment, with increased volatility in exchange rates. As our products are widely exported, currency fluctuations may adversely affect sales.

Countermeasures: First, closely monitor exchange rate movements, selecting optimal currencies for pricing/settlement while mitigating risks through payment method adjustments and export credit insurance. Second, implement timely measures like product price adjustments and revised payment terms to address exchange rate and material cost fluctuations. Third, enhance product and service competitiveness to reduce the impact of currency volatility on sales.

(5) Raw Material Price Volatility Risk

The market prices of raw materials are subject to fluctuations due to macroeconomic conditions, production capacity, and demand changes. Price volatility of key inputs such as steel and pig iron will increase our manufacturing costs and impact corporate profitability.

Countermeasures: First, we will strengthen internal management through technological improvements and enhanced cost control measures to optimize workflows and improve production efficiency. Second, we will continue implementing supply assurance initiatives to build a stable, efficient and reliable supply system. Third, we will closely monitor market trends and strengthen inventory management to mitigate the adverse impacts of raw material price fluctuations.

(6) Talent Risk

Talent is one of the key factors for the Company's development. We require talented personnel to enhance operational efficiency and accelerate development. If the Company's compensation policies and talent incentive mechanisms are inadequate, it may lead to insufficient high-level management and technical talents, as well as a lack of talent reserves, ultimately affecting R&D innovation capabilities and core competitiveness.

Countermeasures: First, in accordance with the Company's development plan and actual operational needs, we will continuously improve talent recruitment mechanisms and talent cultivation systems, optimize workforce structure, and comprehensively enhance overall employee quality. Second, based on business development requirements, we will consistently upgrade employees' professional capabilities through systematic training programs. Third, we will refine talent incentive methods and performance evaluation systems, accelerate the rejuvenation of management teams, and improve overall human resource contribution efficiency. Fourth, we will strengthen the employee representative congress system and union services to create a harmonious development environment and enhance employees' sense of belonging and well-being.

XII Communications with the Investment Community such as Researches, Inquiries and Interviews during the Reporting 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
23 April 2024	Online meeting	Online exchange	Other	Investors and the public	The Company's production and operation, development and construction, investment and wealth management, etc.	Information on 000570 Changchai's Results Presentation and Roadshow on www.cninfo.com.cn dated 23 April 2024

XIII 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

XIV. 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

I General Information of Corporate Governance

In the Reporting Period, the Company was strictly in line with laws, statutes such as Company Law, Securities Laws, Code of Corporate Governance of Listed Companies, Guide Opinion on Establishment of Independent Director System by Listed Companies and Guidelines on Internal Controls of Listed Companies and so on, continuously perfected corporate governance, established and accomplished internal management and control system, consistently and deeply put forward corporate governance activities, so as to further normalized operation of the Company, raising corporate governance level, laying a guard for steady and healthy development of the Company, protect legal rights and interests of the Company and all shareholders.

The Company promulgated or revised a series of internal control system through all aspects of normal operation and management activities in accordance with each national laws and regulations, characteristics of the industry, operation and self-managing business, and improved it continuously, and finally formed a normative management system. And formulated a series of management system, process and standard covered each operation link and level of the financial assets control, human resources management, quality environment management and internal audit supervisor etc., which ensured all the work had rules to follow.

Indicate by tick market whether there is any material incompliance with the applicable laws, administrative regulations and regulations issued by the CSRC governing the governance of listed companies.

□ Yes √ No

No such cases in the Reporting Period.

II The Company's Independence from Its Controlling Shareholder and Actual Controller in Asset, Personnel, Financial Affairs, Organization and Business

The Company was independent from the controlling shareholder Changzhou Investment Group Co., Ltd in terms of assets, business, personnel, organization and financing, with independent & complete business and capability to operate independently.

1. Assets: The property rights relationship between the Company and the controlling shareholder is clear, assets are clearly defined, and there are no funds, assets and other resources being occupied or used without compensation between them.

2. Personnel: The Company and the controlling shareholder are independent of each other in terms of labor, personnel and salary management, and each has an independent management organization, a sound management policy, and an independent personnel appraisal and assessment system.

3. Finance: The Company has set up a special finance department, established an independent accounting system and financial management policy, opened an independent bank account, and implemented independent accounting and independent tax payments. There is no interference in the financial activities of the Company by the controlling shareholder.

4. Institution: The Company has a complete and independent corporate governance structure and has established a sound organizational system that meets its own production and operation needs, which operates independently and well, and there is no subordinate relationship with the functional departments of the controlling shareholder.

5. Business: The Company has an independent and complete business system with independent and autonomous production and operational capability. The Company conducts related transactions reasonably on the principle of independence.

III Horizontal Competition

□ Applicable √ Not applicable

IV Annual and Special General Meetings Convened during the Reporting Period

1. General Meeting Convened during the Reporting Period

Meeting	Type	Investor participation ratio	Date of the meeting	Disclosure date	Resolution
The 2023 Annual General Meeting	Annual General Meeting	32.34%	8 May 2024	9 May 2024	All proposals were approved. See Announcement No. 2024-016 on Resolutions of the 2023 Annual General Meeting.
The 1st Extraordinary General Meeting of 2024	Extraordinary General Meeting	32.58%	30 July 2024	31 July 2024	All proposals were approved. See Announcement No. 2024-024 on Resolutions of the 1st Extraordinary General Meeting of 2024.

2. Special General Meetings Convened at the Request of Preferred Shareholders with Resumed Voting Rights

□ Applicable √ Not applicable

V Directors, Supervisors and Senior Management

1. General Information

Name	Gender	Age	Office title	Incumbent/Former	Start of tenure	End of tenure	Beginning shareholding (share)	+/- (share)	Ending shareholding (share)
Li Desen	Male	43	Chairman of the Board	Incumbent	12 June 2023	1 January 2025	0	0	0
Zhang Xin	Male	58	Vice Chairman of the Board	Incumbent	12 June 2023	Ongoing	0	0	0
Xie	Male	55	Director	Incum	12 June 2023	Ongoin	0	0	0

Guozhong			General Manager	bent		g			
Tan Jie	Female	45	Director	Incumbent	12 June 2023	Ongoing	0	0	0
Jiang He	Male	52	Director Chief Accountant	Incumbent	16 April 2020	Ongoing	0	0	0
Yang Feng	Male	52	Director	Incumbent	16 April 2020	Ongoing	0	0	0
Wang Mancang	Male	61	Independent director	Incumbent	16 April 2020	Ongoing	0	0	0
Zhang Yan	Female	54	Independent director	Incumbent	16 April 2020	Ongoing	0	0	0
Jia Bin	Male	46	Independent director	Incumbent	12 June 2023	Ongoing	0	0	0
Ni Mingliang	Male	57	Chairman of the Supervisory Committee	Incumbent	12 June 2023	Ongoing	0	0	0
Shi Xingyu	Female	44	Supervisor	Incumbent	12 June 2023	Ongoing	0	0	0
Lu Zhonggui	Male	57	Supervisor	Incumbent	18 October 2016	Ongoing	0	0	0
Liu Yi	Male	55	Supervisor	Incumbent	18 October 2016	Ongoing	0	0	0
Lin Wei	Male	42	Supervisor	Incumbent	12 June 2023	Ongoing	0	0	0
Sun Jianzhong	Male	52	Vice-general Manager	Incumbent	16 April 2020	Ongoing	0	0	0
He Jianjiang	Male	45	Vice-general Manager Secretary of the Board	Incumbent	13 December 2021 18 October 2016	Ongoing	0	0	0
Wang Jing	Male	37	Vice-general Manager	Incumbent	12 June 2023	Ongoing	0	0	0
Wang Weifeng	Male	53	Chief Engineer	Incumbent	12 June 2023	Ongoing	0	0	0
Total	--	--	--	--	--	--	0	0	0

Disclosures on Departures of Directors, Supervisors, and Dismissals of Senior Management During the Reporting Period

□ Yes √ No

Changes in the Company's Directors, Supervisors and Senior Management

□ Applicable √ Not applicable

2. Biographical Information

Professional backgrounds, major work experience and current duties in the Company of the incumbent directors, supervisors and senior management:

Li Desen: Previously served as Director of the Office of Qishuyan Rail Transit Industrial Park Management Committee, Deputy Secretary of the Qishuyan Subdistrict Party Working Committee and Director of the Subdistrict Office, Director of the Financial Development Bureau of Changzhou Economic Development Zone, Deputy Director and Party Leadership Group Member of Changzhou Local Financial Supervision Bureau, Standing Committee Member of Wujin District Committee of Changzhou, Minister of the United Front Work Department, Deputy District Chief and Party Leadership Group Member of the District Government, Deputy Secretary of the Party Leadership Group of the District Political Consultative Conference, Chairman of the Board of Directors and Party Committee Secretary of Changzhou Investment Group Co., Ltd., and Party Committee Secretary and Chairman of the Board of Directors of the Company. Currently serves as Deputy Secretary and District Chief of Changzhou Zhonglou District. (On January 1, 2025, Mr. Li Desen resigned from his positions as Chairman of the Board, Director, Chairman and Member of the Board Strategy Committee, and Member of the Board Remuneration and Appraisal Committee of the Company due to work reassignment. Following his resignation from the above positions, Mr. Li Desen no longer holds any other positions in the Company.)

Zhang Xin: Previously served as Manager of the Company's Sales Company, Assistant General Manager, Deputy General Manager, and General Manager. Currently serves as Vice Chairman of the Board of Directors of the Company, acting on behalf of the Chairman's duties.

Xie Guozhong: Previously served as General Manager, Assistant General Manager, and Deputy General Manager of the Company's Sales Company. Currently serves as Deputy Secretary of the Party Committee, Director, General Manager of the Company, Director of Changchai Machinery, and Supervisor of Beiqi Foton Motor Co., Ltd.

Tan Jie: Previously served as Deputy Director of the Accounting Department and Deputy Director of the Personnel and Education Department of Changzhou Municipal Finance Bureau, Deputy Secretary-General of Changzhou Certified Public Accountants Association and Secretary of the Youth League Committee, Director of the Comprehensive Department, Director of the Agriculture Department, Director of the Agriculture and Rural Affairs Department, and Director of the Administrative and Political-Legal Department of Changzhou Municipal Finance Bureau, and Assistant President of Changzhou Investment Group Co., Ltd. Currently serves as Member of the Party Committee, Director, and Vice President of Changzhou Investment Group Co., Ltd., and Director of the Company.

Jiang He: Previously served as Accountant, Assistant Minister, and Deputy Minister of the Finance Department of the Company. Currently serves as Director, Chief Accountant, and Minister of the Finance Department of the Company.

Yang Feng: Previously served as Business Manager of the Shanghai Investment Banking Department of China Economic Development Trust & Investment Corp., Business Director of the Investment Banking Department of Orient Securities Co., Ltd., General Manager of the Investment Banking Department and Operation Management Headquarters and Assistant to the Chairman of AJ Securities, Executive General Manager of the Corporate Development Financing Department and Investment Banking Department of CITIC Securities Co., Ltd., and Managing Director of Daiwa Securities China Co., Ltd. Currently serves as Executive Director of De Xin Investment Management (Hong Kong) Co., Ltd., Independent Director of Shanghai Kindly Enterprise Development Group Co., Ltd., and Director of the Company.

Wang Mancang: Previously served as Teacher and Lecturer in the Department of Management, Lecturer and Professor in the Department of Finance at Northwest University School of Economics and Management. Currently serves as Director of the Department of Finance at Northwest University School of Economics and Management, Director of the Public Economics Research Institute, Counselor of Xi'an Municipal Government, Expert of the "Finance and Fiscal Group" of the Government Decision-making Advisory Committee, Independent Director of Xi'an Focuslight Technologies Co., Ltd., Independent Director of Xi'an Wonder Energy Chemical Co., Ltd., and Independent Director of the Company.

Zhang Yan: Previously served as Chief Accountant of Changzhou Zhengda Certified Public Accountants Co., Ltd. and Executive Deputy Chief Accountant of Jiangsu Gongzheng Certified Public Accountants Co., Ltd. Currently serves as Associate Professor at Jiangsu University of Technology School of Management, Director of Changzhou Communications Holding Group Co., Ltd., Director of Changzhou Transportation Industry Group Co., Ltd., Independent Director of DinoPark Cultural Tourism Group Co., Ltd., Independent Non-executive Director of Seazen Enjoy Services Group Limited, Independent Director of Jiangsu Tianmu Lake Tourism Co., Ltd., and Independent Director of the Company.

Jia Bin: Previously served as Deputy Director of the First Research Office of Tianjin Internal Combustion Engine Research Institute, Assistant Secretary-General and Deputy Secretary-General of China Internal Combustion Engine Industry Association, and Secretary-General of Small Gasoline Engine Branch of China Internal Combustion Engine Industry Association. Currently serves as Director of the First Research Office of Tianjin Internal Combustion Engine Research Institute (Tianjin Motorcycle Technology Center), Secretary-General of China Internal Combustion Engine Industry Association, Independent Director of Lutian Machinery Co., Ltd., Director of Tianjin Tianbo Keda Technology Co., Ltd., and Independent Director of the Company.

Ni Mingliang: Previously served as Clerk and Vice Chairman of the Labor Union of the Company. Currently serves as Deputy Secretary of the Party Committee, Chairman of the Board of Supervisors, Chairman of the Labor Union of the Company, Chairman of the Board of Directors of the Property Management Company, and Director of Horizon Investment.

Shi Xingyu: Previously served as Clerk, Section Chief, Deputy General Manager and General Manager of the Finance Department of Changzhou Investment Group Co., Ltd. Currently serves as General Manager of Changzhou Xinhui Venture Capital Co., Ltd., Director of Donghai Securities Co., Ltd., and Supervisor of the Company.

Lu Zhonggui: Previously served as Clerk of the Organization and Personnel Department, Full-time Discipline Inspector of the Discipline Inspection Commission, and Deputy Secretary of the Organ Party General Branch of the Company. Currently serves as Secretary of the Organ Party General Branch, Minister of the Political Department, Director of the Office, Employee Supervisor of the Company, and Director of Xingsheng Real Estate Management.

Liu Yi: Previously served as Assistant Minister of the Enterprise Management Department, Deputy Minister of the Finance Department and Deputy Minister of the Auditing Department of the Company. Currently serves as Minister of the Auditing Department, Employee Supervisor of the Company, Director of Zhenjiang Siyang, Supervisor of Changchai Wanzhou, Supervisor of Changchai Benniu, Supervisor of Horizon Investment, Supervisor of Horizon Agricultural Equipment, Supervisor of Changchai Robin, Supervisor of Changchai Machinery, and Supervisor of Xingsheng Real Estate Management.

Lin Wei: Previously served as Clerk, Deputy Minister and Minister of the Enterprise Management Department, and Deputy General Manager of Changchai Machinery of the Company. Currently serves as Supervisor and Minister of the Human Resources Department of the Company.

Sun Jianzhong: Previously served as Director of the Technology Center and Assistant General Manager of the Company. Currently serves as Deputy General Manager of the Company and General Manager of Changchai Machinery.

He Jianjiang: Previously served as Clerk, Assistant Minister and Deputy Minister of the Investment and Development Department, and Securities Affairs Representative of the Company. Currently serves as Deputy

General Manager, Board Secretary and Minister of the Investment and Development Department of the Company, Chairman and General Manager of Horizon Investment, Director of Horizon Agricultural Equipment, Chairman of Zhenjiang Siyang, Director of Jiangsu Horizon New Energy Technology Co., Ltd., and Supervisor of Donghai Securities Co., Ltd.

Wang Jing: Previously served as Foreign Trade Salesperson of the Overseas Business Division, Technician, Deputy Workshop Director, Assistant Factory Director, Deputy Factory Director and Secretary of the Single-Cylinder Party General Branch of the Single-Cylinder Engine Factory, and Assistant General Manager of the Company. Currently serves as Deputy General Manager of the Company and Chairman of Changchai Benniu.

Wang Weifeng: Previously served as Designer of the Development Department, Designer of the Technology Center and Deputy Chief Engineer of the Company. Currently serves as Chief Engineer and Deputy Director of the Technology Center of the Company.

Offices held concurrently in shareholding entities:

√ Applicable □ Not applicable

Name	Shareholding entity	Office held in the shareholding entity	Start of tenure	End of tenure	Remuneration or allowance from the shareholding entity
Li Desen	Changzhou Investment Group Co., Ltd.	Secretary of the Party Committee, Chairman of the Board	January 2024	January 2025	Yes
Tan Jie		Member of the Party Committee, Director, Vice President	April 2023	Ongoing	Yes
Shi Xingyu		General Manager of Finance Department	November 2021	May 2024	Yes
Notes	Nil				

Offices held concurrently in other entities:

√ Applicable □ Not applicable

Name	Other entity	Office held in the entity	Start of tenure	End of tenure	Remuneration or allowance from the entity
Xie Guozhong	Beiqi Foton Motor Co., Ltd.	Supervisor	15 November 2022	Ongoing	No
He	Donghai Securities Co., Ltd.	Supervisor	18 January 2023	Ongoing	No

Jianjiang	Jiangsu Horizon New Energy Technology Co., Ltd.	Director	28 July 2023	Ongoing	
Yang Feng	De Xin Investment Manage Co., Limited	Executive Director	1 June 2022	Ongoing	No
	Shanghai Kindly Enterprise Development Group Co., Ltd.	Independent Director	17 April 2023	Ongoing	
Shi Xingyu	Donghai Securities Co., Ltd.	Director	20 May 2021	Ongoing	No
	Changzhou Xinhui Venture Capital Co., Ltd.	General Manager	11 November 2024	Ongoing	Yes
Wang Mancang	Department of Finance of the School of Economics and Management of Northwest University	Head of Department, Professor	1 September 2006	Ongoing	Yes
	Public Economics Research Institute	Director		Ongoing	
	Xi'an Municipal Government	Counselor		Ongoing	
	Financial and Fiscal Affairs Panel of the Government Decision-making Advisory Committee	Expert		Ongoing	
	Focuslight Technologies Inc.	Independent Director	2 May 2019	Ongoing	Yes
	Xi'an Wonder Energy Chemical Co., Ltd.	Independent Director	24 June 2020	Ongoing	Yes
	Ccoop Group Co., Ltd.	Independent Director	18 September 2020	26 April 2024	Yes
	Shaanxi Construction Machinery Co., Ltd.	Independent Director	16 November 2018	5 February 2024	Yes
	Chang'an International Trust Co., Ltd.	Director	1 September 2018	11 November 2024	
	Xi'an Guolian Quality Testing Technology Co., Ltd.	Director	1 June 2020	2 September 2024	
Jia Bin	Tianjin Internal Combustion Engine Research Institute	Director of the First Research Office	March 2009	Ongoing	Yes
	China Internal Combustion Engine Industry Association	Secretary-General	December 2024	Ongoing	No
	Lutian Machinery Co., Ltd.	Independent Director	31 December 2019	Ongoing	Yes
	Suzhou Parsun Power Machinery Co., Ltd.	Independent Director	31 July 2021	31 October 2024	Yes
	Tianjin Tianbo Keda Technology Co., Ltd.	Director	18 August 2020	Ongoing	No

Zhang Yan	Jiangsu University of Technology	Associate professor	August 2008	Ongoing	Yes
	Jiangsu Tianmu Lake Tourism Co., Ltd.	Independent Director	8 February 2021	Ongoing	Yes
	S-Enjoy Service Group Co., Limited	Independent non-executive Director	20 October 2018	Ongoing	Yes
	DinoPark Cultural Tourism Group Co., Ltd.	Independent Director	September 2024	Ongoing	Yes
	Changzhou Communications Holding Group Co., Ltd.	Director	23 April 2024	Ongoing	Yes
	Changzhou Transportation Industrial Group Co., Ltd.	Director	14 April 2022	Ongoing	Yes
Notes	Nil				

Punishments imposed in the recent three years by the securities regulator on the incumbent directors, supervisors and senior management as well as those who left in the Reporting Period:

□ Applicable √ Not applicable

3. Remuneration of Directors, Supervisors and Senior Management

Decision-making procedure, determination basis and actual payments of remuneration for directors, supervisors and senior management:

In 2024, the monthly salaries of directors, supervisors, and senior management personnel who received remuneration from the Company were disbursed in accordance with the Company's regulations on salary management and grade standards. Year-end incentive compensation was paid based on the Company's performance and assessment results. Current directors Li Desen and Tan Jie, as well as supervisor Shi Xingyu, receive their remuneration from shareholder entities.

Remuneration of directors, supervisors and senior management for the Reporting Period

Unit: RMB'0,000

Name	Gender	Age	Office title	Incumbent/Former	Total before-tax remuneration from the Company	Any remuneration from related party
Li Desen	Male	43	Chairman of the Board	Incumbent	0	Yes
Zhang Xin	Male	58	Vice Chairman of the Board	Incumbent	90.11	No

Xie Guozhong	Male	55	Director General Manager	Incumbent	90.11	No
Tan Jie	Female	45	Director	Incumbent	0	Yes
Jiang He	Male	52	Director Chief Accountant	Incumbent	78.26	No
Yang Feng	Male	52	Director	Incumbent	0	No
Wang Mancang	Male	61	Independent director	Incumbent	10	No
Zhang Yan	Female	54	Independent director	Incumbent	10	No
Jia Bin	male	46	Independent director	Incumbent	10	No
Ni Mingliang	Male	57	Chairman of the Supervisory Committee	Incumbent	85.36	No
Shi Xingyu	Female	44	Supervisor	Incumbent	0	Yes
Lu Zhonggui	Male	57	Supervisor	Incumbent	26.59	No
Liu Yi	Male	55	Supervisor	Incumbent	26.05	No
Lin Wei	Male	42	Supervisor	Incumbent	24.72	No
Sun Jianzhong	male	52	Vice-general Manager	Incumbent	77.86	No
He	Male	45	Vice-general	Incumbent	76.23	No

Jianjiang			Manager Secretary of the Board			
Wang Jing	Male	37	Vice-general Manager	Incumbent	77.86	No
Wang Weifeng	Male	53	Chief Engineer	Incumbent	78.67	No
Total	--	--	--	--	761.82	--

Other situation explanations：

□ Applicable √ Not applicable

VI Performance of Duty by Directors in the Reporting Period

1. Board Meetings Convened in the Reporting Period

Meeting	Date of meeting	Disclosure date	Resolution
The 4th Meeting of the 10th Board of Directors	January 26, 2024	/	The meeting reviewed and approved the "2023 General Manager Work Report," "2024 Company Operational Policy Objectives," "2023 Senior Management Performance Evaluation Results," "2024 Senior Management Assessment Plan," and "Proposal on Applying for 2024 Bank Credit Lines."
The 5th Meeting of the 10th Board of Directors	April 10, 2024	April 12, 2024	The meeting reviewed and approved the "2023 Annual Report and Its Summary," "2023 Board of Directors Work Report," "Proposal on Amending the Articles of Association," "Proposal on Amending the Rules of Procedure for Shareholders' Meetings," "Proposal on Amending the Rules of Procedure for Board Meetings," "Proposal on Amending the Independent Director System," "Proposal on Revising the Three-Year (2023–2025) Shareholder Return Plan," "2023 Profit Distribution and Capital Reserve Capitalization Proposal," "Proposal on Establishing the 'Accounting Firm Selection Policy,'" "Proposal on Making 2023 Credit Impairment and Asset Impairment Provisions," "Special Report on the Deposit and Use of 2023 Raised Funds," "2023 Internal Control Self-Assessment Report," "2023 Corporate Social Responsibility and ESG Report," and "Proposal on Convening the 2023 Annual General Meeting of Shareholders."
The 1st Extraordinary Meeting of the Board of Directors in 2024	April 29, 2024	April 30, 2024	The meeting reviewed and approved the "2024 First Quarter Report."

The 2nd Extraordinary Meeting of the Board of Directors in 2024	July 12, 2024	July 13, 2024	The meeting reviewed and approved the "Proposal on Appointing the 2024 Financial Audit Firm and Its Audit Fees," "Proposal on Appointing the 2024 Internal Control Audit Firm and Its Audit Fees," and "Proposal on Convening the 2024 First Extraordinary General Meeting of Shareholders."
The 3rd Extraordinary Meeting of the Board of Directors in 2024	August 21, 2024	August 23, 2024	The meeting reviewed and approved the "2024 Interim Report" and "Proposal on Making 2024 Interim Credit Impairment and Asset Impairment Provisions."
The 4th Extraordinary Meeting of the Board of Directors in 2024	August 29, 2024	August 30, 2024	The meeting reviewed and approved the "Proposal on Capital Increase in Jiangsu Changchai Machinery Co., Ltd."
The 6th Meeting of the 10th Board of Directors	October 28, 2024	October 30, 2024	The meeting reviewed and approved the "2024 Third Quarter Report."
The 5th Extraordinary Meeting of the Board of Directors in 2024	November 22, 2024	November 23, 2024	The meeting reviewed and approved the "Proposal on Continuing to Use Idle Own Funds for Wealth Management Products," "Proposal on the Merger of Changzhou Changchai Horizon Agricultural Equipment Co., Ltd. and Changzhou Fuji Changchai Robin Gasoline Engine Co., Ltd.," and "Proposal on Extending the Operating Period of Changzhou Collaborative Innovation Equity Investment Partnership (Limited Partnership)."

2. Attendance of Directors at Board Meetings and General Meetings

Attendance of directors at board meetings and general meetings							
Director	Total number of board meetings the director was eligible to attend	Board meetings attended on site	Board meetings attended by way of telecommunication	Board meetings attended through a proxy	Board meetings the director failed to attend	The director failed to attend two consecutive board meetings (yes/no)	General meetings attended
Li Desen	8	2	6	0	0	No	1
Zhang Xin	8	2	6	0	0	No	2
Xie Guozhong	8	2	6	0	0	No	2
Tan Jie	8	2	6	0	0	No	2
Jiang He	8	2	6	0	0	No	2
Yang Feng	8	2	6	0	0	No	2
Wang Mancang	8	2	6	0	0	No	2
Zhang Yan	8	2	6	0	0	No	2
Jia Bin	8	0	8	0	0	No	2

Explanation of why any director failed to attend two consecutive board meetings: N/A

3. Objections Raised by Directors on Matters of the Company

Indicate by tick mark whether any directors raised any objections on any matter of the Company.
□ Yes √ No
No such cases in the Reporting Period.

4. Other Information about the Performance of Duty by Directors

Indicate by tick mark whether any suggestions from directors were adopted by the Company.
√ Yes □ No
Suggestions from directors adopted or not adopted by the Company:
All directors of the Company in line with the law, rules, normative documents and obligations given by the Company of the Company law, Article of Associations, Rules of Procedure of the Board and Independent Directors System, comprehensively focused on the development and operation of the Company, actively attended the general meeting of shareholder and meeting of board of directors. Independent directors given independent opinions for the significant events of the Company, and effectively maintained the profits of the Company and all the shareholders. The Company actively listened to the suggestions from directors upon the significant events and adopted them. For more details, please refer to the Report on the Work of the Board of Directors for 2024 disclosed by the Company on http://www.cninfo.com.cn dated 11 April 2025.

VII Special Committees under the Board of Directors during the Reporting Period

Name of committee	Members	Number of meetings convened	Date of meeting	Contents	Important comments and suggestions	Other performance of duties	Specific details of the objection matter
Audit Committee	Zhang Yan, Wang Mancang, Lin Tian	8	January 4, 2024	The meeting reviewed and approved the "2023 Annual Report Audit Plan."	Nil	Nil	Nil
			January 25, 2024	The meeting reviewed and approved the "Preliminary Review Communication Matters for the 2023 Annual Report," "Audit Department's 2023 Work Summary and 2024 Work Plan," and "Special Report on the Deposit and Use of 2023 Raised Funds."	The Company's 2023 annual report audit plan is relatively reasonable, and the key communication matters align with the Company's actual situation. It is expected that the Company's management will continue to work closely with the accounting firm to ensure the smooth completion of the disclosure		

					of the Company's 2023 annual report.		
			April 7, 2024	The meeting reviewed and approved the "2023 Annual Report," "Proposal on Making 2023 Credit Impairment and Asset Impairment Provisions," "Proposal on Establishing the 'Accounting Firm Selection Policy,'" and "2023 Assessment Report on the Accounting Firm's Performance and the Board Audit Committee's Report on Supervisory Duties over the Accounting Firm."	The financial statements fairly present, in all material respects, the Company's financial position as of December 31, 2023, as well as its operating results and cash flows for the year 2023. It is agreed to submit the "2023 Annual Report," the "Proposal on Making 2023 Credit Impairment and Asset Impairment Provisions," and the "Proposal on Establishing the 'Accounting Firm Selection Policy'" to the Board of Directors for review.		
			April 26, 2024	The meeting reviewed the "Audit Department's Q1 2024 Work Summary" and approved the "2024 First Quarter Report."	Agreed to submit the proposal to the Board of Directors for review.		
			June 6, 2024	The meeting reviewed and approved the "2024 Accounting Firm Selection Work Plan."	The content of the Company's "2024 Accounting Firm Selection Work Plan" is scientific and reasonable. The selection method, workflow, and evaluation criteria for the accounting firm comply with the requirements of the "Accounting Firm Selection Policy." It is agreed that the Company's selection working group shall implement this work plan and submit it for internal decision-making procedures for review and approval after the bidding results are finalized.		

			July 8, 2024	The meeting reviewed and approved the "Proposal on Changing the Accounting Firm."	Agreed to submit the proposal to the Board of Directors for review.		
			August 20, 2024	The meeting reviewed and approved the "2024 Interim Report" and "Proposal on Making 2024 Interim Credit Impairment and Asset Impairment Provisions."	Agreed to submit the proposal to the Board of Directors for review.		
			October 25, 2024	The meeting reviewed the "Audit Department's Q3 2024 Work Report" and approved the "2024 Third Quarter Report."	Agreed to submit the "2024 Third Quarter Report" to the Board of Directors for review.		
Strategic Development Committee	Li Desen, Zhang Xin, Xie Guozhong, Wang Mancang, Jia Bin	1	January 26, 2024	The meeting reviewed and approved the "2023 General Manager Work Report" and "2024 Company Operational Policy Objectives."	Agreed to submit all proposals to the Board of Directors for review.		
Remuneration and Appraisal Committee	Wang Mancang, Li Desen, Jia Bin	1	January 26, 2024	The meeting reviewed and approved the "2023 Senior Management Assessment Results" and "2024 Senior Management Assessment Plan."	Agreed to submit all proposals to the Board of Directors for review.		

VIII Performance of Duty by the Supervisory Committee

Indicate by tick mark whether the Supervisory Committee found any risk to the Company during its supervision in the Reporting Period.

□ Yes √ No

The Supervisory Committee raised no objections in the Reporting Period.

IX Employees

1. Number, Functions and Educational Backgrounds of Employees

Number of in-service employees of the Company as the parent at the period-end	1,886
Number of in-service employees of major subsidiaries at the period-end	535
Total number of in-service employees at the period-end	2,421
Total number of paid employees in the Reporting Period	2,421
Number of retirees to whom the Company as the parent or its major subsidiaries need to pay retirement pensions	0
Functions	
Function	Employees
Production	1,574
Sales	179
Technical	327
Financial	43
Administrative	262
Other	36
Total	2,421
Educational backgrounds	
Educational background	Employees
Junior high school graduates and below	982
High school graduates	633
College graduates and technical secondary school graduates	494
Bachelors	292
Masters and above	20
Total	2,421

2. Employee Remuneration Policy

The Company always adhered to the principle of tilting the remuneration incentive mechanism towards excellent talents, so as to display the roles of various professional technicians, management staffs and skilled backbones. Besides, it adhered to the principle of increasing the employee's income integrated with increasing labor production efficiency and production & operation efficiency, so as to perfect the salary structure and further increase employees' income steadily.

3. Employee Training Plans

The Company established the Management Rules on the Education & Training for Employees, aiming to enhance employees' quality and try its best to cultivate a team of faithful and highly professional talents. Besides, it innovated the training mechanism, optimized the training environment, and reinforced to encourage employees to attend various training, so as to inspire the employees' potential to the maximum extent and further promote the sustainable development of the Company.

4. Labor Outsourcing

□ Applicable √ Not applicable

X Profit Distributions (in the Form of Cash and/or Stock)

How the profit distribution policy, especially the cash dividend policy, was formulated, executed or revised in the Reporting Period:

√ Applicable □ Not applicable

In Articles of Association, which had confirmed the specific profits distribution and cleared out the conditions, standards and proportion of the cash bonus, stipulated the decision-making progress of the formulation and alternation of the profits distribution policies and the chapters as well as the regulations fully ensure the opportunities for the medium and small shareholders to exert the functions and to provide advices as well as appeals. The cash bonus of recent 3 years of the Company met with the regulations of the Articles of Association and during the decision-making process of the profit's distribution proposal, fully respected the advices from the medium and small shareholders. The profits distribution pre-plan and the turning capital reserve into share capital preplan of the Company were both met with the relevant regulations of the Articles of Association and so on.

Special statement about the cash dividend policy	
In compliance with the Company's Articles of Association and resolution of general meeting	Yes
Specific and clear dividend standard and ratio	Yes
Complete decision-making procedure and mechanism	Yes
Independent directors faithfully performed their duties and played their due role	Yes
Specific reasons and the next steps it intend to take to enhance the investor return level if the Company did not pay cash dividend:	N/A
Non-controlling interests are able to fully express their opinion and desire and their legal rights and interests are fully protected	Yes
In case of adjusting or changing the cash dividend policy, the conditions and procedures involved are in compliance with applicable regulations and transparent	N/A

Indicate by tick mark whether the Company fails to put forward a cash dividend proposal despite the facts that the Company has made profits in the Reporting Period and the profits of the Company as the parent distributable to shareholders are positive.

□ Applicable √ Not applicable

Final dividend plan for the Reporting Period:

√ Applicable □ Not applicable

Bonus shares for every 10 shares (share)	0

Dividend for every 10 shares (RMB) (tax inclusive)	0.1
Additional shares to be converted from capital reserve for every 10 shares (share)	0
Total shares as the basis for the profit distribution proposal (share)	705,692,507
Cash dividends (RMB) (tax inclusive)	7,056,925.07
Cash dividends in other forms (such as share repurchase) (RMB)	0
Total cash dividends (including those in other forms) (RMB)	7,056,925.07
Distributable profit (RMB)	983,627,999.95
Total cash dividends (including those in other forms) as % of total profit distribution	100%
Cash dividend policy	
Other	
Particulars about the dividend plan	
The profit distribution plan approved by the Board of Directors is as follows: Based on the Company's total share capital as of December 31, 2024, a cash dividend of RMB 0.1 per 10 shares (tax inclusive) will be distributed to all shareholders, with no bonus shares issued and no capital reserve converted into share capital.	

XI Equity Incentive Plans, Employee Stock Ownership Plans or Other Incentive Measures for Employees

□ Applicable √ Not applicable

No such cases in the Reporting Period.

XII Formulation and Implementation of Internal Control System during the Reporting Period

1. Internal Control Formulation and Implementation

During the Reporting Period, the Company strictly complied with national laws and regulations and relevant regulations such as the Basic Code for Internal Control of Enterprises and the Guidelines for Application of Enterprise Internal Control, as well as the provisions and requirements of the Company's internal control standards, and optimized important business processes and improved and perfected the internal control system through continuous supervision and effective evaluation of the operation of the Company's internal control, so as to adapt to the changing external environment and internal management requirements and improve the efficiency of the Company's operation and management. By doing so, the Company effectively prevented risks in operation and management, and promoted the achievement of internal control objectives. The Company's internal control system can cover the major aspects of the Company's operation and management, and the internal control design is sound and reasonable, with no material omissions.

2. Material Internal Control Weaknesses Identified for the Reporting Period

□ Yes √ No

XIII Management of Subsidiaries by the Company during the Reporting Period

Subsidiary	Integration plan	Progress on integration	Problems found in integration	Solutions taken	Solution progress	Subsequent solution
Nil	Nil	Nil	Nil	Nil	Nil	Nil

XIV Self-Evaluation Report or Independent Auditor's Report on Internal Control

1. Internal Control Self-Evaluation Report

Disclosure date of the internal control self-evaluation report	11 April 2024	
Index to the disclosed internal control self-evaluation report	2025-014	
Evaluated entities' combined assets as % of consolidated total assets	100.00%	
Evaluated entities' combined operating revenue as % of consolidated operating revenue	100.00%	
Identification standards for internal control weaknesses		
Type	Financial reporting	Non-financial reporting
Nature standard	The Company classifies internal control deficiencies based on their impact severity into material weaknesses, significant deficiencies, and general deficiencies: (1) Material Weakness: One or more control deficiencies that could result in a severe deviation from control objectives; (2) Significant Deficiency: One or more control deficiencies with lesser severity and economic consequences than a material weakness but still likely to cause deviation from control objectives; (3) General Deficiency: Deficiencies not classified as material weaknesses or significant deficiencies. Qualitative Criteria: A deficiency	A deficiency shall be identified as a material weakness if it exhibits any of the following characteristics: (1) Serious violations of national laws, administrative regulations, and regulatory documents; (2) Failure to follow collective decision-making procedures for "three major and one big" matters; (3) Lack of systematic controls or complete failure of control systems for critical business operations related to corporate production and management; (4) Failure of internal controls over information disclosure, resulting in public censure by regulatory authorities;

	shall be identified as a material weakness if it exhibits any of the following characteristics: (1) Involves fraud by directors, supervisors, or senior management; Requires restatement of previously issued financial statements; (2) External auditors identify a material misstatement in current financial statements that internal controls failed to detect; (3) The Audit Committee and internal audit function are ineffective in overseeing internal controls.	(5) Material weaknesses identified in internal control assessments that remain unaddressed.
Quantitative standard	Quantitative Criteria: Based on the 2024 consolidated financial statements data, the quantitative thresholds for determining the materiality of misstatements (including omissions) in the Company's consolidated financial statements are as follows: Material Weakness: Misstatement ≥ 5% of annual profit; Significant Deficiency: 2.5% of annual profit ≤ Misstatement < 5% of annual profit; General Deficiency: Misstatement < 2.5% of annual profit.	Quantitative Criteria: With reference to the quantitative standards for internal control deficiencies in financial reporting, the quantitative thresholds for determining the significance of non-financial reporting internal control deficiencies in the listed company are as follows: Material Weakness: Potential direct loss ≥ 0.1% of net assets; Significant Deficiency: 0.05% of net assets ≤ potential direct loss < 0.1% of net assets; General Deficiency: Potential direct loss < 0.05% of net assets.
Number of material weaknesses in internal control over financial reporting	0	
Number of material weaknesses in internal control not related to financial reporting	0	
Number of serious weaknesses in internal control over financial reporting	0	
Number of serious weaknesses in	0	

internal control not related to financial reporting	

2. Independent Auditor's Report on Internal Control

√ Applicable □ Not applicable

Opinion paragraph in the independent auditor's report on internal control	
We believed that Changchai Company, Limited maintained effective internal control of the financial report in significant aspects according to the Basic Norms of Internal Control and relevant regulations on 31 December 2024.	
Independent auditor's report on internal control disclosed or not	Disclosed
Disclosure date	11 April 2025
Index to such report disclosed	Zhongxinghua Audit (2025) No. 020590
Type of the auditor's opinion	Unmodified unqualified opinion
Material weaknesses in internal control not related to financial reporting	None

Indicate by tick mark whether any modified opinion is expressed in the independent auditor's report on the Company's internal control.

□ Yes √ No

Indicate by tick mark whether the independent auditor's report on the Company's internal control is consistent with the internal control self-evaluation report issued by the Company's Board.

√ Yes □ No

XV Remediation of Problems Identified by Self-inspection in the Special Action on the Governance of Listed Companies

Nil

Part V Environmental and Social Responsibility

I Major Environmental Issues

Indicate by tick mark whether the Company or any of its subsidiaries was identified as a key polluter by the environment authorities.

□ Yes √ No

Administrative punishments received in the Reporting Period due to environmental issues:

Company or subsidiary	Reason for punishment	Violation	Punishment	Impact on the Company	Rectification measures of the Company
N/A	N/A	N/A	N/A	N/A	N/A

Other environmental information disclosed with reference to key polluters:

N/A

Actions taken during the Reporting Period to reduce carbon emissions and the impact:

√ Applicable □ Not applicable

See the 2024 Social Responsibility and ESG Report of Changchai Company, Limited disclosed on http://www.cninfo.com.cn dated 11 April 2025.

The reason for not disclosing other environmental information: The Company and its subsidiaries are not listed as key polluting units by the environmental protection department. The production and operation of the Company and its subsidiaries strictly comply with relevant national laws and regulations. The Company will continue to strengthen environmental supervision and management to ensure that the development of the enterprise complies with environmental protection policies and regulations.

II Social Responsibility

See the 2024 Social Responsibility and ESG Report of Changchai Company, Limited disclosed on http://www.cninfo.com.cn dated 11 April 2025.

III Efforts in Poverty Alleviation and Rural Revitalization

Nil

Part VI Significant Events

I Fulfillment of Commitments

1. Commitments of the Company’s De Facto Controller, Shareholders, Related Parties and Acquirers, as well as the Company Itself and Other Entities Fulfilled in the Reporting Period or Ongoing at the Period-End

√ Applicable □ Not applicable

Commitment	Promisor	Type of commitment	Details of commitment	Date of commitment making	Term of commitment	Fulfillment
Commitments made in refinancing	Changzhou Investment Group Co., Ltd.	About share trading restriction	The shares subscribed by our company in this private placement shall not be transferred within 36 months from the listing date of Changchai Co., Ltd.'s non-publicly issued A-shares.	July 5, 2021	July 5, 2021 - July 5, 2024	Fully Performed
Commitments Made During Initial Public Offering or Refinancing	Changzhou Investment Group Co., Ltd.	Other	1. Commit to not overstep authority in interfering with the Company's operational and management activities, and not to appropriate the Company's interests; 2. Commit to not providing benefits to other entities or individuals free of charge or under unfair conditions, nor taking any other actions that may harm the Company's interests; 3. From the date of this commitment until the completion of the Company's current private placement, if the China Securities Regulatory Commission (CSRC) issues new regulatory requirements regarding measures to mitigate dilution of returns and related commitments, and if the above commitments do not satisfy such CSRC requirements, the undersigned further commits to supplementing this undertaking in accordance with the CSRC's latest regulations; 4. Commit to earnestly fulfilling the Company's measures to mitigate dilution of returns and any related commitments made	April 11, 2020	April 11, 2020 - December 31, 9999	Ongoing

			herein. If the undersigned violates these commitments and causes losses to the Company or its investors, it shall bear corresponding compensation liabilities in accordance with the law.			
Other commitments made to minority shareholders	Changchai Company, Limited	Dividend Commitment	Shareholder Return Plan for the Next Three Years (2023-2025): Under the premise that the Company's distributable profit (i.e., after-tax profit after making up for losses and withdrawing statutory reserves) is positive in a given year or semi-annual period, and that the Company has sufficient cash flow to ensure that cash dividend distribution will not affect its sustainable operations, the Company shall distribute no less than 10% of the annual distributable profit of the parent company in cash each year. Additionally, the cumulative cash dividends distributed over any three consecutive fiscal years shall be no less than 30% of the average annual distributable profit during those three years.	May 18, 2023	2023 - 2025	Ongoing
Fulfilled on time or not	Yes					
Specific reasons for failing to fulfill commitments on time and plans for next step (if any)	N/A					

2. Where there had been an-earnings forecast for an asset or project and the Reporting Period was still within the forecast period, explain why the forecast has been reached for the Reporting Period.

□ Applicable √ Not applicable

II Occupation of the Company's Capital by the Controlling Shareholder or any of Its Related Parties for Non-Operating Purposes

□ Applicable √ Not applicable

No such cases in the Reporting Period.

III Irregularities in the Provision of Guarantees

□ Applicable √ Not applicable

No such cases in the Reporting Period.

IV Explanations Given by the Board of Directors Regarding the Independent Auditor's "Modified Opinion" on the Financial Statements of the Latest Period

□ Applicable √ Not applicable

V Explanations Given by the Board of Directors, the Supervisory Board and the Independent Directors (if any) Regarding the Independent Auditor's "Modified Opinion" on the Financial Statements of the Reporting Period

□ Applicable √ Not applicable

VI YoY Changes to Accounting Policies, Estimates and Correction of Material Accounting Errors

√Applicable □ Not applicable

Changes to the accounting policies and why	Impact on the Company's financial statements	Impact Amount
1. Implementation of "Accounting Standards for Business Enterprises Interpretation No. 17" In October 2023, the Ministry of Finance issued "Accounting Standards for Business Enterprises Interpretation No. 17" (Cai Kuai [2023] No. 21), which stipulates provisions regarding "the classification of current and non-current liabilities", "disclosures for supplier financing arrangements", and "accounting treatment for sale-and-leaseback transactions". This interpretation became effective on January 1, 2024. The Company has adopted the provisions of Interpretation No. 17 starting from January 1, 2024. The application of Interpretation No. 17 has no material impact on the Company's financial statements for the reporting period.	The implementation of Interpretation No. 17 has no material impact on the Company's financial statements for the reporting period.	0.00
2. Implementation of "Accounting Standards for Business Enterprises Interpretation No. 18" In December 2024, the Ministry of Finance issued "Accounting Standards for Business Enterprises Interpretation No. 18" (Cai Kuai [2024] No. 24), which stipulates that for assurance-type warranties that do not constitute separate performance obligations, entities shall account for them in accordance with the relevant provisions of "Accounting Standards for Business Enterprises No. 13 - Contingencies". Specifically, entities shall debit "Cost of Main Business" or "Cost of	Refer to "Notes to Changes in Accounting Policies" for details.	Refer to "Notes to Changes in Accounting Policies" for details.

Other Business" and credit "Estimated Liabilities" based on the determined amount of provisions. This interpretation became effective upon issuance and allows early adoption in the year of release.		

Notes to Changes in Accounting Policies:

Implementation of "Accounting Standards for Business Enterprises Interpretation No. 18" had the following impacts on the financial statements as of January 1, 2024:

Unit: RMB

Items	Consolidated Financial Statements		Parent Company Financial Statements	
	Amount as of December 31, 2023 (Before)	Amount as of January 1, 2024 (After)	Amount as of December 31, 2023 (Before)	Amount as of January 1, 2024 (After)
Provisions		60,070,382.24		60,070,382.24
Other Payables	159,023,382.81	98,953,000.57	151,919,473.64	91,849,091.40

(continued)

Items	FY2023			
	Consolidated Financial Statements		Parent Company Financial Statements	
	Amount before change	Amount after change	Amount before change	Amount after change
Operating Costs	1,838,755,831.41	1,884,289,338.95	1,788,129,884.67	1,831,801,124.99
Selling Expenses	99,603,282.16	54,069,774.62	92,935,731.73	49,264,491.41

VII YoY Changes to the Scope of the Consolidated Financial Statements

□ Applicable √ Not applicable

VIII Engagement and Disengagement of Independent Auditor

Current independent auditor:

Name of the domestic independent auditor	Zhongxinghua Certified Public Accountants (Special General Partnership)
The Company's payment to the domestic independent auditor (RMB'0,000)	60
How many consecutive years the domestic independent auditor has provided audit service for the Company	1
Names of the certified public accountants from the domestic independent auditor writing signatures on the auditor's report	Wang Jun, Pan Daliang
How many consecutive years the certified public accountants have provided audit service for the	One year for Wang Jun, One year for Pan Daliang

Company	

Indicate by tick mark whether the independent auditor was changed for the Reporting Period.

√ Yes □ No

Whether There Was a Change of Accounting Firms During the Audit Period

□ Yes √ No

Whether the Replacement of the Accounting Firm Complied with Approval Procedures

√ Yes □ No

Detailed Explanation Regarding the Change of Accounting Firm

The Company's former auditing firm, Gongzheng Tianye Certified Public Accountants (Special General Partnership), had provided audit services for the Company for 22 consecutive years. In accordance with the "Measures for the Selection and Appointment of Accounting Firms by State-Owned Enterprises and Listed Companies" and the "Changchai Co., Ltd. Accounting Firm Selection Policy", and to ensure the compliance, independence, and objectivity of the Company's audit work, the Company decided not to renew its engagement with Gongzheng Tianye as the annual audit firm.

The Company conducted an open competitive bidding process to select the 2024 auditing firm, with Zhongxinghua Certified Public Accountants (Special General Partnership) being the winning bidder. On July 12, 2024, the Company held the Second Interim Board Meeting of 2024, where the following proposals were reviewed and approved: (1) "Proposal on Appointing the 2024 Financial Audit Firm and Its Audit Fees", (2) "Proposal on Appointing the 2024 Internal Control Audit Firm and Its Audit Fees". This matter was further approved at the 2024 First Extraordinary General Meeting of Shareholders on July 30, 2024, formally appointing Zhongxinghua Certified Public Accountants (Special General Partnership) as the Company's financial and internal control audit service provider for 2024.

Engagement of Internal Control Audit Accounting Firm, Financial Advisor, or Sponsor

√ Applicable □ Not applicable

During the current year, the Company engaged Zhongxinghua Certified Public Accountants (Special General Partnership) as its internal control audit firm, with audit fees amounting to RMB 135,000.

IX Possibility of Delisting after Disclosure of this Report

□ Applicable √ Not applicable

X Insolvency and Reorganization

□ Applicable √ Not applicable

No such cases in the Reporting Period.

XI Major Legal Matters

□ Applicable √ Not applicable

No such cases in the Reporting Period.

XII Punishments and Rectifications

□ Applicable √ Not applicable

No such cases in the Reporting Period.

XIII Credit Quality of the Company as well as Its Controlling Shareholder and Actual Controller

√ Applicable □ Not applicable

The de facto controller of the Company is SASAC of Changzhou People's Government and the controlling shareholder of it is Changzhou Investment Group Co., Ltd. There is no such case that the controlling shareholder fails to perform any legally effective judgment of courts or to pay off matured debts with a large amount.

XIV Major Related-Party Transactions

1. Continuing Related-Party Transactions

□ Applicable √ Not applicable

No such cases in the Reporting Period.

2. Related-Party Transactions Regarding Purchase or Disposal of Assets or Equity Investments

□ Applicable √ Not applicable

No such cases in the Reporting Period.

3. Related-Party Transactions Regarding Joint Investments in Third Parties

□ Applicable √ Not applicable

No such cases in the Reporting Period.

4. Amounts Due to and from Related Parties

□ Applicable √ Not applicable

No such cases in the Reporting Period.

5. Transactions with Related Finance Companies

□ Applicable √ Not applicable

The Company did not make deposits in, receive loans or credit from and was not involved in any other finance business with any related finance company or any other related parties.

6. Transactions with Related Parties by Finance Companies Controlled by the Company

□ Applicable √ Not applicable

The finance company controlled by the Company did not make deposits, receive loans or credit from and was not involved in any other finance business with any related parties.

7. Other Major Related-Party Transactions

□ Applicable √ Not applicable
No such cases in the Reporting Period.

XV Major Contracts and Execution thereof

1. Entrustment, Contracting and Leases

(1) Entrustment

□ Applicable √ Not applicable
No such cases in the Reporting Period.

(2) Contracting

□ Applicable √ Not applicable
No such cases in the Reporting Period.

(3) Leases

□ Applicable √ Not applicable
No such cases in the Reporting Period.

2. Major Guarantees

□ Applicable √ Not applicable
No such cases in the Reporting Period.

3. Cash Entrusted for Wealth Management

(1) Cash Entrusted for Wealth Management

√ Applicable □ Not applicable
Overviews of cash entrusted for wealth management during the Reporting Period

Unit: RMB'0,000

Specific type	Capital resources	Amount incurred	Undue balance	Unrecovered overdue amount	Unrecovered overdue amount with provision for impairment
Bank financial	Self-funded	42,675	23,075	0	0

products					
Broker financial products	Self-funded	5,924.43	500	0	0
Total		48,599.43	23,575	0	0

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

□ Applicable √ Not applicable

Situation where the principal is expectedly irrecoverable or impairment may be incurred:

□ Applicable √ Not applicable

(2) Entrusted Loans

□ Applicable √ Not applicable

No such cases in the Reporting Period.

4. Other Major Contracts

□ Applicable √ Not applicable

No such cases in the Reporting Period.

XVI Other Significant Events

□ Applicable √ Not applicable

No such cases in the Reporting Period.

XVII Significant Events of Subsidiaries

√ Applicable □ Not applicable

1. Capital Increase to Changchai Machinery via "Debt-to-Capital Reserve" Conversion

On August 29, 2024, the Company convened the Fourth Interim Board Meeting of 2024 and reviewed and approved the "Proposal on Capital Increase to Jiangsu Changchai Machinery Co., Ltd." The Board agreed to increase capital to its wholly-owned subsidiary Jiangsu Changchai Machinery Co., Ltd. by RMB 291,835,919.91 (including unpaid loan interest of RMB 4,958,090.18) through a "debt-to-capital reserve" arrangement, with the entire amount recorded as capital reserve. As of the reporting period end, the Company had completed this capital increase in Jiangsu Changchai Machinery Co., Ltd.

2. Absorption Merger of Horizon Agricultural Equipment by Changchai Robin

On November 22, 2024, the Company convened the Fifth Interim Board Meeting of 2024 and reviewed and approved the "Proposal on the Merger between Changzhou Changchai Horizon Agricultural Equipment Co., Ltd. and Changzhou Fuji Changchai Robin Gasoline Engine Co., Ltd." The Board agreed that the wholly-owned subsidiary Changzhou Fuji Changchai Robin Gasoline Engine Co., Ltd. would acquire all assets, liabilities, business operations, and other rights and obligations of the wholly-owned subsidiary Changzhou Changchai Horizon Agricultural Equipment Co., Ltd. through statutory absorption merger. Post-merger, Changchai Robin continues normal operations while Horizon Agricultural Equipment's legal entity status has been deregistered. In

February 2025, the Company received the Registration Notice (No. Dengzi [2025] 02270081) issued by the Government Services Management Office of Changzhou High-Tech Industrial Development Zone (Xinbei District), confirming completion of Horizon Agricultural Equipment's industrial and commercial deregistration procedures.

Part VII 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	56,818,181	8.05%	0	0	0	-56,818,181	-56,818,181	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	56,818,181.00	8.05%	0	0	0	-56,818,181	-56,818,181	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	0	0.00%	0	0	0	0	0	0	0.00%

persons									
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 persons	0	0.00%	0	0	0	0	0	0	0.00%
2. Unrestricted shares	648,874,326	91.95%	0	0	0	56,818,181	56,818,181	705,692,507	100.00%
2.1 RMB-denominated ordinary shares	498,874,326	70.69%	0	0	0	56,818,181	56,818,181	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 the share changes:

□ Applicable √ Not applicable

Approval of share changes:

□ Applicable √ Not applicable

Transfer of share Ownership:

□ Applicable √ Not applicable

Effects of share changes on the basic and diluted earnings per share, equity per share attributable to the

Company’s ordinary shareholders and other financial indicators of the prior year and the prior accounting period, respectively:

□ Applicable √ Not applicable

Other information that the Company considers necessary or is required by the securities regulator to be disclosed:

□ Applicable √ Not applicable

2. Changes in Restricted Shares

√ Applicable □ Not applicable

Unit: share

Name	Opening Restricted Shares	Increase in Restricted Shares During the Reporting Period	Lifted Restricted Shares During the Reporting Period	Closing Restricted Shares	Reasons for Share Restrictions	Lift Date of Share Restrictions
Changzhou Investment Group Co., Ltd.	56,818,181	0	56,818,181	0	Private Placement Issuance of 56,818,181 Additional Shares	July 5, 2024
Total	56,818,181	0	56,818,181	0	--	--

II Issuance and Listing of Securities

1. Securities (Exclusive of Preferred Shares) Issued in the Reporting Period

□ Applicable √ Not applicable

2. Changes to Total Shares, Shareholder Structure and Asset and Liability Structures

□ Applicable √ Not applicable

3. Existing Staff-Held Shares

□ Applicable √ Not applicable

III Shareholders and Actual Controller

1. Shareholder Structure and Holdings

Unit: share

Number of ordinary shareholders	47,819	Number of ordinary shareholders at the	53,790	Number of preferred shareholders with	0	Number of preferred shareholders with resumed voting	0

		month-end prior to the disclosure of this Report		resumed voting rights		rights at the month-end prior to the disclosure of this Report	

5% or greater shareholders or top 10 shareholders								
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	N/A	0
Chen Jian	Domestic natural person	0.51%	3,627,800	149,200	0	3,627,800		
KGI ASIA LIMITED	Foreign legal person	0.44%	3,100,195	-1,500	0	3,100,195		
Wang Shuiqing	Domestic natural person	0.27%	1,899,100	1,899,100	0	1,899,100		
Li Suinan	Domestic natural person	0.23%	1,600,300	6,500	0	1,600,300		
Zhang Wenbing	Domestic natural person	0.22%	1,556,700	0	0	1,556,700		
Huang Guoliang	Domestic natural person	0.22%	1,547,891	19,000	0	1,547,891		
Wang Ying	Domestic natural person	0.22%	1,525,200	1,525,200	0	1,525,200		
Xie Deqing	Domestic natural person	0.21%	1,456,800	536,400	0	1,456,800		
Lu Zhang	Domestic natural person	0.20%	1,384,743	-451,900	0	1,384,743		
Strategic investor or general legal person becoming a top-10 ordinary shareholder due to rights issue (if any)		N/A						
Related or acting-in-concert parties among the shareholders above		It is unknown whether there is among the top 10 public shareholders and the top 10 unrestricted public shareholders any related parties or acting-in-concert parties as defined in the Administrative Measures for Information Regarding Shareholding Alteration.						
Above shareholders involved in entrusting/being entrusted with voting rights and giving		N/A						

up voting rights	
Special account for share repurchases (if any) among the top 10 shareholders	N/A

Top 10 unrestricted shareholders			
Name of shareholder	Unrestricted shares held at the period-end	Shares by type	
		Type	Shares
Changzhou Investment Group Co., Ltd	227,663,417	RMB-denominated ordinary share	227,663,417
Chen Jian	3,627,800	RMB-denominated ordinary share	3,627,800
KGI ASIA LIMITED	3,100,195	Domestically listed foreign share	3,100,195
Wang Shuiqing	1,899,100	RMB-denominated ordinary share	1,899,100
Li Suinan	1,600,300	Domestically listed foreign share	1,600,300
Zhang Wenbing	1,556,700	RMB-denominated ordinary share	1,556,700
Huang Guoliang	1,547,891	Domestically listed foreign share	1,547,891
Wang Ying	1,525,200	RMB-denominated ordinary share	1,525,200
Xie Deqing	1,456,800	Domestically listed foreign share	1,456,800
Lu Zhang	1,384,743	Domestically listed foreign share	1,384,743
Related or acting-in-concert parties among top 10 unrestricted public shareholders, as well as between top 10 unrestricted public shareholders and top 10 shareholders	It is unknown whether there is among the top 10 public shareholders and the top 10 unrestricted public shareholders any related parties or acting-in-concert parties as defined in the Administrative Measures for Information Regarding Shareholding Alteration.		
Top 10 ordinary shareholders involved in securities margin trading (if any)	Shareholders Chen Jian, Wan Shuiqing, and Wang Ying hold 3,627,800 shares, 1,114,400 shares, and 1,525,200 shares of the Company's stock respectively through margin trading accounts.		

Top 10 shareholders involved in refinancing shares lending

□ Applicable √ Not applicable

Changes in Top 10 Shareholders Due to Securities Lending/Return Activities

□ Applicable √ Not applicable

Repurchase Agreements Involving Top 10 Shareholders During Reporting Period

□ Yes √ No

No such cases in the Reporting Period.

2. Controlling Shareholder

Nature of the controlling shareholder: Controlled by a local state-owned legal person

Type of the controlling shareholder: Legal person

Name of controlling shareholder	Legal representative/person in charge	Date of establishment	Unified social credit code	Principal activity
Changzhou Investment Group Co., Ltd	Li Desen	20 June 2002	91320400467283980X	Property investment and management
Controlling shareholder's holdings in other listed companies at home or abroad in the Reporting Period	Nil			

Change of the controlling shareholder in the Reporting Period:

□ Applicable √ Not applicable

No such cases in the Reporting Period.

3. Actual Controller and Its Acting-in-Concert Parties

Nature of the actual controller: Local institution for state-owned assets management

Type of the actual controller: Legal person

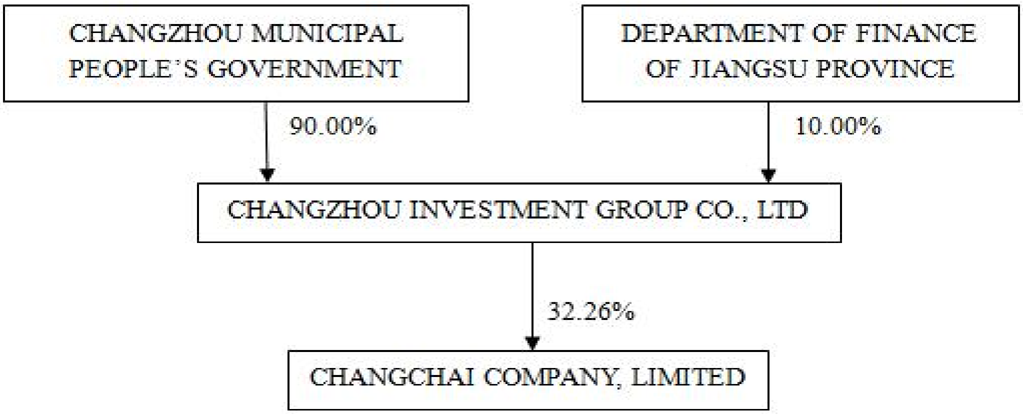
Name of actual controller	Legal representative/person in charge	Date of establishment	Unified social credit code	Principal activity
State-owned Assets Supervision and Administration Commission of Changzhou Municipal People's Government	Shi Jiangshui		11320400014110251M	Not applicable
Other listed companies at home or abroad controlled by the actual controller in the Reporting Period	None			

Change of the actual controller during the Reporting Period:

□ Applicable √ Not applicable

No such cases in the Reporting Period.

Ownership and control relations between the actual controller and the Company:



Indicate by tick mark whether the actual controller controls the Company via trust or other ways of asset management.

□ Applicable √ Not applicable

4. Number of Accumulative Pledged Shares held by the Company's Controlling Shareholder or the Largest Shareholder as well as Its Acting-in-Concert Parties Accounts for 80% of all shares of the Company held by Them

□ Applicable √ Not applicable

5. Other 10% or Greater Corporate Shareholders

□ Applicable √ Not applicable

6. Limitations on Shareholding Decrease by the Company's Controlling Shareholder, Actual Controller, Reorganizer and Other Commitment Makers

□ Applicable √ Not applicable

IV Specific Implementation of Share Repurchase during the Reporting Period

Progress on any share repurchase

□ Applicable √ Not applicable

Progress on reducing the repurchased shares by means of centralized bidding

□ Applicable √ Not applicable

Part VIII Preference Shares

□ Applicable √ Not applicable

No preference shares in the Reporting Period.

Part IX Bonds

□ Applicable √ Not applicable

Part X Financial Statements

I Independent Auditor's Report

Type of the independent auditor's opinion	Unmodified unqualified opinion
Date of signing this report	9 April 2025
Name of the independent auditor	Zhongxinghua Certified Public Accountants (Special General Partnership)
No. of the auditor's report	Zhongxinghua Audit (2025) No. 020589
Name of the certified public accountants	Wang Jun, Pan Daliang

Text of the Independent Auditor's Report

To the Shareholders of Changchai Company, Limited,

I Opinion

We have audited the accompanying financial statements of Changchai Company, Limited. (together with its consolidated subsidiaries included in the consolidated financial statements, the "Changchai Company"), which comprise the parent's and consolidated balance sheets as at 31 December 2024, the parent's and consolidated income statements, the parent's and consolidated cash flow statements, the parent's and consolidated statements of changes in shareholders' equity for the year then ended, as well as the notes to the financial statements.

In our opinion, the financial statements attached were prepared in line with the regulations of Accounting Standards for Business Enterprises in all significant aspects which gave a true and fair view of the consolidated and parent financial position of Changchai Company. As at 31 December 2024 and the consolidated and parent business performance and cash flow for 2024.

II Basis for Opinion

We conducted our audits in accordance with the Audit Standards for Chinese Registered Accountants. Our responsibilities under those standards are further described in the Auditor's Responsibilities for Audit of Financial Statements section of our report. We are independent of the Company in accordance with the China Code of Ethics for Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with the said Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

III Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and we do not provide a separate opinion on these matters. We have determined the following matters to be the key audit matters to be communicated in the audit report.

(I) Revenue Recognition

1. Matter Description

Changchai Company's operating revenue primarily derives from the sales of diesel engines and related components. For details on the accounting policies for revenue recognition and the analysis of revenue, please refer to the accounting policies described in Note IV.27 "Significant Accounting Policies and Estimates" and Note

V.39 "Consolidated Financial Statement Items" in the notes to the consolidated financial statements. For the year 2024, Changchai Company reported operating revenue of RMB 2,415,869,028.32.

As operating revenue is one of Changchai Company's key performance indicators, there is an inherent risk that management (hereinafter referred to as "Management") may recognize revenue inappropriately to achieve specific targets or expectations. Therefore, we identified the recognition and measurement of Changchai Company's revenue as a key audit matter.

2. Audit Response

(1) Gained an understanding of key internal controls related to revenue recognition, evaluated the design of these controls, determined whether they were implemented, and tested the operating effectiveness of relevant internal controls;

(2) Conducted interviews with Management to understand Changchai Company's revenue recognition policies;

(3) Reviewed sales contracts to understand key contractual terms and conditions and assessed whether the revenue recognition methods were appropriate;

(4) Performed analytical procedures on operating revenue and gross profit margin by month, product, and customer to identify any significant or unusual fluctuations and investigated the reasons for such fluctuations;

(5) Examined supporting documents related to revenue recognition on a sample basis, including but not limited to sales contracts, purchase orders, sales invoices, delivery notes, customer acknowledgments, settlement documents, export declarations, and bills of lading;

(6) Conducted confirmations of sales revenue and accounts receivable balances with major customers to verify the authenticity and accuracy of revenue recognition;

(7) Performed sample testing on sales revenue recognized around the balance sheet date to assess whether revenue was recorded in the appropriate period;

(8) Obtained business registration information of Changchai Company's major customers and inquired with relevant personnel to confirm whether any related-party relationships existed between major customers and Changchai Company;

(9) Reviewed whether information related to operating revenue was appropriately presented in the financial statements.

(II) Impairment of Accounts Receivable

1. Matter Description

As of December 31, 2024, the gross carrying amount of accounts receivable in the consolidated balance sheet of Changchai Company was RMB 589,230,509.70, with an allowance for doubtful accounts of RMB 144,976,269.68, resulting in a net carrying amount of RMB 444,254,240.02.

Management of Changchai Company measures the allowance for impairment based on the expected credit losses over the lifetime of the receivables, either individually or collectively, according to the credit risk characteristics of the accounts receivable. For accounts receivable measured individually for expected credit losses, Management considers reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions to estimate the expected collectible cash flows, thereby determining the appropriate allowance. For accounts receivable measured collectively for expected credit losses, they are grouped based on aging, and the allowance is determined by referencing historical credit loss experience adjusted for forward-looking estimates. An aging analysis of accounts receivable is prepared and matched with expected credit loss rates to calculate the allowance.

Given the materiality of accounts receivable and the significant management judgment involved in impairment assessment, we identified the impairment of accounts receivable as a key audit matter.

2. Audit Response

(1) Gained an understanding of key internal controls related to accounts receivable impairment, evaluated their design, determined whether they were implemented, and tested the operating effectiveness of relevant controls;

(2) Reviewed subsequent actual write-offs or reversals of allowances for doubtful accounts from prior years to assess the accuracy of Management's past estimates;

(3) Evaluated Management's considerations and supporting evidence in assessing the credit risk of accounts receivable to determine whether credit risk characteristics were appropriately identified;

(4) For individually assessed accounts receivable, obtained and examined Management's cash flow projections, assessed the reasonableness of key assumptions and data accuracy, and corroborated them with external evidence;

(5) For collectively assessed accounts receivable, evaluated the appropriateness of grouping based on credit risk characteristics and assessed the reasonableness of the aging analysis and expected credit loss rates by comparing them with historical loss experience and forward-looking adjustments;

(6) Tested the accuracy and completeness of data used by Management and verified the correctness of the allowance calculation;

(7) Performed confirmations on a sample of year-end accounts receivable balances, discussed collection status and potential risks with Management, and examined subsequent collections to assess the reasonableness of the allowance;

(8) Reviewed whether disclosures related to accounts receivable impairment were appropriately presented in the financial statements.

IV. Other Information

The management of Changchai Company (hereinafter referred to as "Management") is responsible for the other information. The other information comprises the information included in the 2024 Annual Report of Changchai Company, but does not include the financial statements and our audit report.

Our opinion on the financial statements does not cover the other information, nor do we express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Based on the work we have performed, if we conclude that there is a material misstatement in the other information, we are required to report that fact. In this regard, we have nothing to report.

V. Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Accounting Standards for Business Enterprises, and for the design, implementation, and maintenance of internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing Changchai Company's ability to continue as a going concern, disclosing matters related to going concern (as applicable), and using the going concern basis of accounting unless Management either intends to liquidate the Company, cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

VI. Auditor's Responsibilities for the Audit of the Financial Statements

Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit in accordance with auditing standards, we exercised professional judgment and maintained professional skepticism. Furthermore, we:

(1) Identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error; designed and performed audit procedures responsive to those risks; and obtained sufficient and appropriate audit evidence as a basis for our audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

(2) Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

(3) Evaluated the appropriateness of accounting policies used by management and the reasonableness of accounting estimates and related disclosures made by management.

(4) Concluded on the appropriateness of management’s use of the going concern basis of accounting. Based on the audit evidence obtained, we concluded whether a material uncertainty exists related to events or conditions that may cast significant doubt on Changchai Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, auditing standards require us to draw attention in our audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the information available to us up to the date of the audit report. However, future events or conditions may cause Changchai Company to cease to continue as a going concern.

(5) Evaluated the overall presentation, structure, and content of the financial statements, and assessed whether the financial statements represent the underlying transactions and events fairly.

(6) Obtained sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within Changchai Company to express an opinion on the financial statements. We were responsible for directing, supervising, and performing the group audit and remain solely responsible for our audit opinion.

We communicated with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and any significant deficiencies in internal control identified during our audit.

We also provided those charged with governance with a statement that we complied with relevant ethical requirements regarding independence, and communicated all relationships and other matters that may reasonably be thought to bear on our independence, including relevant safeguards (where applicable).

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the financial statements of the current period and were therefore the key audit matters. We describe these matters in our audit report unless law or regulation precludes public disclosure, or in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits.

Zhongxinghua Certified Public Accountants LLP (Special General Partnership)

Beijing · China

Chinese CPA: Wang Jun (Engagement Partner)

Chinese CPA: Pan Daliang

9 April 2025

II Financial Statements

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

1. Consolidated Balance Sheet

Prepared by Changchai Company, Limited

31 December 2024

Unit: RMB

Item	31 December 2024	1 January 2024
Current assets:		
Monetary assets	1,063,700,492.59	1,083,867,966.87
Settlement reserve		
Interbank loans granted		
Held-for-trading financial assets	303,667,459.65	225,641,429.94
Derivative financial assets		
Notes receivable	318,814,017.13	161,632,567.94
Accounts receivable	444,254,240.02	316,543,159.91
Accounts receivable financing	223,261,002.76	195,875,948.92
Prepayments	12,725,958.70	12,333,310.85
Premiums receivable		
Reinsurance receivables		
Receivable reinsurance contract reserve		
Other receivables	9,847,441.82	49,699,753.61
Including: Interest receivable		
Dividends receivable	7,165,080.00	
Financial assets purchased under resale agreements		
Inventories	819,201,998.42	789,220,185.68
Including: Data resources		
Contract assets		
Assets held for sale		

Current portion of non-current assets		40,773,509.75
Other current assets	54,605,021.67	20,910,504.84
Total current assets	3,250,077,632.76	2,896,498,338.31
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	941,120,058.72	969,488,025.67
Other non-current financial assets	377,869,217.49	412,914,576.80
Investment property	37,740,844.55	39,837,558.11
Fixed assets	615,414,505.40	675,596,920.95
Construction in progress	3,376,866.69	4,275,622.18
Productive living assets		
Oil and gas assets		
Right-of-use assets		
Intangible assets	142,805,785.86	148,458,185.68
Including: Data resources		
Development costs		
Including: Data resources		
Goodwill		
Long-term prepaid expense	2,664,557.06	8,227,958.66
Deferred income tax assets	6,458,337.99	1,518,995.79
Other non-current assets	4,373,097.30	2,578,776.77
Total non-current assets	2,131,823,271.06	2,262,896,620.61
Total assets	5,381,900,903.82	5,159,394,958.92
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	491,643,629.88	528,139,582.33
Accounts payable	690,733,575.75	641,484,184.05
Advances from customers	30,183,376.84	1,647,441.22
Contract liabilities	31,640,879.59	33,352,877.66
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	48,792,254.98	47,738,883.57
Taxes payable	4,214,324.70	6,231,169.74
Other payables	117,736,961.52	98,953,000.57
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	175,064,677.93	67,069,965.96
Total current liabilities	1,684,481,468.60	1,424,617,105.10
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	73,002,860.52	60,070,382.24
Deferred income	29,386,167.02	32,795,896.48
Deferred income tax liabilities	154,449,852.33	171,843,455.52

Other non-current liabilities		
Total non-current liabilities	256,838,879.87	264,709,734.24
Total liabilities	1,941,320,348.47	1,689,326,839.34
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	643,067,549.91	667,180,321.82
Specific reserve	21,959,066.35	19,432,089.52
Surplus reserves	367,826,665.27	363,695,592.34
General reserve		
Retained earnings	983,627,999.95	1,002,436,724.71
Total equity attributable to Shareholders of the Company as the parent	3,362,683,464.32	3,398,946,911.23
Non-controlling interests	77,897,091.03	71,121,208.35
Total shareholders' equity	3,440,580,555.35	3,470,068,119.58
Total liabilities and shareholders' equity	5,381,900,903.82	5,159,394,958.92

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	31 December 2024	1 January 2024
Current assets:		
Monetary assets	932,456,827.90	971,143,382.52
Held-for-trading financial assets	200,209,027.78	100,437,916.67
Derivative financial assets		
Notes receivable	291,060,042.38	152,906,979.84
Accounts receivable	424,946,666.41	291,996,837.94
Accounts receivable financing	215,854,639.00	193,679,203.92
Prepayments	8,720,127.77	5,850,589.29
Other receivables	24,288,767.65	399,142,024.92
Including: Interest receivable		
Dividends receivable	7,165,080.00	
Inventories	551,350,588.20	475,538,711.10
Including: Data resources		
Contract assets		
Assets held for sale		
Current portion of non-current assets		40,773,509.75
Other current assets	31,935,179.39	5,839,708.73
Total current assets	2,680,821,866.48	2,637,308,864.68
Non-current assets:		
Investments in debt obligations		
Investments in other debt obligations		
Long-term receivables		
Long-term equity investments	868,279,449.94	576,443,530.03
Investments in other equity instruments	941,120,058.72	969,488,025.67
Other non-current financial assets	377,869,217.49	412,914,576.80
Investment property	37,740,844.55	39,837,558.11
Fixed assets	188,539,011.23	229,931,726.27
Construction in progress	3,132,433.82	2,166,940.74
Productive living assets		
Oil and gas assets		
Right-of-use assets		
Intangible assets	56,046,446.22	58,781,756.11
Including: Data resources		
Development costs		

Including: Data resources		
Goodwill		
Long-term prepaid expense		
Deferred income tax assets	5,814,276.42	920,609.18
Other non-current assets	3,755,279.00	830,991.15
Total non-current assets	2,482,297,017.39	2,291,315,714.06
Total assets	5,163,118,883.87	4,928,624,578.74
Current liabilities:		
Short-term borrowings	49,843,838.91	
Held-for-trading financial liabilities		
Derivative financial liabilities		
Notes payable	652,752,618.33	524,671,742.33
Accounts payable	572,396,386.79	526,544,716.02
Advances from customers	30,183,376.84	1,647,441.22
Contract liabilities	23,493,204.39	26,149,334.52
Employee benefits payable	39,221,119.16	40,766,429.54
Taxes payable	2,116,355.96	2,069,482.65
Other payables	111,060,096.07	91,849,091.40
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	39,139,067.15	53,417,011.96
Total current liabilities	1,520,206,063.60	1,267,115,249.64
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities		
Long-term payables		
Long-term employee benefits payable		
Provisions	70,293,055.65	60,070,382.24
Deferred income	29,386,167.02	32,795,896.48
Deferred income tax liabilities	147,506,745.60	157,053,077.87
Other non-current liabilities		
Total non-current liabilities	247,185,968.27	249,919,356.59

Total liabilities	1,767,392,031.87	1,517,034,606.23
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	643,067,549.91	667,180,321.82
Specific reserve	19,117,263.36	19,010,793.43
Surplus reserves	367,826,665.27	363,695,592.34
Retained earnings	1,000,604,165.79	996,592,057.25
Total shareholders' equity	3,395,726,852.00	3,411,589,972.51
Total liabilities and shareholders' equity	5,163,118,883.87	4,928,624,578.74

Legal representative: Xie Guozhong General Manager: Xie Guozhong

Head of the accounting department: Jiang He

3. Consolidated Income Statement

Unit: RMB

Item	2024	2023
1. Revenue	2,415,869,028.32	2,155,698,787.49
Including: Operating revenue	2,415,869,028.32	2,155,698,787.49
Interest income		
Insurance premium income		
Handling charge and commission income		
2. Costs and expenses	2,371,544,119.17	2,156,452,273.22
Including: Cost of sales	2,119,300,466.07	1,884,289,338.95
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	16,181,617.86	15,057,398.25
Selling expense	60,617,254.43	54,069,774.62
Administrative expense	115,466,341.90	123,981,333.99
R&D expense	83,401,477.60	90,339,104.33
Finance costs	-23,423,038.69	-11,284,676.92
Including: Interest expense	341,136.21	1,825,195.98
Interest income	17,940,638.39	9,008,657.82
Add: Other income	23,621,255.14	6,788,111.97
Return on investment (“-” for loss)	24,265,851.27	19,102,348.95
Including: Share of profit or loss of joint ventures and associates		
Income from the derecognition of financial assets at amortized cost (“-” for loss)	-3,313,989.60	-5,709,875.91
Exchange gain (“-” for loss)		
Net gain on exposure hedges (“-” for loss)		
Gain on changes in fair value (“-” for loss)	-65,938,196.89	49,816,098.68
Credit impairment loss (“-” for loss)	1,229,820.12	-172,171.65
Asset impairment loss (“-” for loss)	-14,403,371.83	-27,893,895.75
Asset disposal income (“-” for loss)	304,377.71	105,702,551.01
3. Operating profit (“-” for loss)	13,404,644.67	152,589,557.48
Add: Non-operating income	2,838,603.42	927,993.65
Less: Non-operating expense	886,507.69	1,182,537.54

4. Profit before tax ("-" for loss)	15,356,740.40	152,335,013.59
Less: Income tax expense	-9,260,824.48	37,636,658.03
5. Net profit ("-" for net loss)	24,617,564.88	114,698,355.56
5.1 By operating continuity		
5.1.1 Net profit from continuing operations ("-" for net loss)	24,617,564.88	114,698,355.56
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	18,489,896.00	108,495,607.05
5.2.1 Net profit attributable to non-controlling interests	6,127,668.88	6,202,748.51
6. Other comprehensive income, net of tax	-24,112,771.91	11,838,617.75
Attributable to shareholders of the Company as the parent	-24,112,771.91	11,838,617.75
6.1 Items that will not be reclassified to profit or loss	-24,112,771.91	11,838,617.75
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	-24,112,771.91	11,838,617.75
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	504,792.97	126,536,973.31
Attributable to shareholders of the Company as the parent	-5,622,875.91	120,334,224.80
Attributable to non-controlling interests	6,127,668.88	6,202,748.51
8. Earnings per share		
8.1 Basic earnings per share	0.0262	0.1537
8.2 Diluted earnings per share	0.0262	0.1537

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	2024	2023
1. Operating revenue	2,261,596,684.92	2,057,120,913.33
Less: Cost of sales	2,025,918,153.26	1,831,801,124.99
Taxes and surcharges	9,757,870.85	8,602,178.79
Selling expense	54,333,372.12	49,264,491.41
Administrative expense	86,953,834.51	87,122,617.94
R&D expense	74,555,192.15	79,855,291.69
Finance costs	-26,393,666.49	-19,194,141.71
Including: Interest expense	14,172.26	1,562,299.35
Interest income	21,371,554.39	17,311,210.31
Add: Other income	22,448,967.24	6,016,229.41
Return on investment (“-” for loss)	22,651,325.15	15,102,581.80
Including: Share of profit or loss of joint ventures and associates		
Income from the derecognition of financial assets at amortized cost (“-” for loss)	-2,778,698.46	-4,894,619.98
Net gain on exposure hedges (“-” for loss)		
Gain on changes in fair value (“-” for loss)	-34,836,331.53	39,852,493.47
Credit impairment loss (“-” for loss)	621,287.63	3,495,307.23
Asset impairment loss (“-” for loss)	-11,574,638.78	-20,288,104.38
Asset disposal income (“-” for loss)	428,278.54	105,727,630.80
2. Operating profit (“-” for loss)	36,210,816.77	169,575,488.55
Add: Non-operating income	1,069,126.99	319,236.80
Less: Non-operating expense	7,440.00	51,648.54
3. Profit before tax (“-” for loss)	37,272,503.76	169,843,076.81
Less: Income tax expense	-4,038,225.54	24,864,410.60
4. Net profit (“-” for net loss)	41,310,729.30	144,978,666.21
4.1 Net profit from continuing operations (“-” for net loss)	41,310,729.30	144,978,666.21
4.2 Net profit from discontinued operations (“-” for net loss)		
5. Other comprehensive income, net of tax	-24,112,771.91	11,838,617.75
5.1 Items that will not be reclassified to profit or loss	-24,112,771.91	11,838,617.75
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	-24,112,771.91	11,838,617.75
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	17,197,957.39	156,817,283.96
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	2024	2023
1. Cash flows from operating activities:		
Proceeds from sale of commodities and rendering of services	2,238,358,650.77	2,031,067,538.52
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	19,164,629.21	98,155,472.59
Cash generated from other operating activities	67,860,339.28	40,082,851.79
Subtotal of cash generated from operating activities	2,325,383,619.26	2,169,305,862.90
Payments for commodities and services	1,962,599,108.34	1,533,814,952.73
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	327,926,688.72	310,775,202.76
Taxes paid	50,158,557.19	33,394,657.94
Cash used in other operating activities	138,992,233.71	154,131,222.12
Subtotal of cash used in operating activities	2,479,676,587.96	2,032,116,035.55
Net cash generated from/used in operating activities	-154,292,968.70	137,189,827.35
2. Cash flows from investing activities:		
Proceeds from disinvestment	1,118,117,547.48	1,101,955,152.04
Return on investment	11,949,697.38	23,632,366.98
Net proceeds from the disposal of fixed assets, intangible assets and other long-lived assets	76,848,662.26	71,562,956.31
Net proceeds from the disposal of subsidiaries and other business units		
Cash generated from other investing activities		
Subtotal of cash generated from investing activities	1,206,915,907.12	1,197,150,475.33

Payments for the acquisition of fixed assets, intangible assets and other long-lived assets	19,328,172.96	97,110,602.27
Payments for investments	1,179,550,000.00	947,055,152.04
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	1,198,878,172.96	1,044,165,754.31
Net cash generated from/used in investing activities	8,037,734.16	152,984,721.02
3. Cash flows from financing activities:		
Capital contributions received		
Including: Capital contributions by non-controlling interests to subsidiaries		
Borrowings raised	94,412,090.20	
Cash generated from other financing activities		
Subtotal of cash generated from financing activities	94,412,090.20	
Repayment of borrowings		7,000,000.00
Interest and dividends paid	33,168,340.22	7,195,400.07
Including: Dividends paid by subsidiaries to non-controlling interests		
Cash used in other financing activities		117,170,000.00
Subtotal of cash used in financing activities	33,168,340.22	131,365,400.07
Net cash generated from/used in financing activities	61,243,749.98	-131,365,400.07
4. Effect of foreign exchange rates changes on cash and cash equivalents	6,063,845.94	2,469,409.11
5. Net increase in cash and cash equivalents	-78,947,638.62	161,278,557.41
Add: Cash and cash equivalents, beginning of the period	971,629,523.46	810,350,966.05
6. Cash and cash equivalents, end of the period	892,681,884.84	971,629,523.46

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	2024	2023
1. Cash flows from operating activities:		
Proceeds from sale of commodities and rendering of services	1,986,603,574.57	2,151,742,371.58
Tax rebates	13,751,464.43	40,874,390.40
Cash generated from other operating activities	27,621,885.18	21,935,914.65
Subtotal of cash generated from operating activities	2,027,976,924.18	2,214,552,676.63
Payments for commodities and services	1,860,419,699.59	1,636,385,419.97
Cash paid to and for employees	188,575,870.97	212,298,042.01
Taxes paid	30,952,518.43	8,731,121.51
Cash used in other operating activities	86,011,290.15	302,274,673.41
Subtotal of cash used in operating activities	2,165,959,379.14	2,159,689,256.90
Net cash generated from/used in operating activities	-137,982,454.96	54,863,419.73
2. Cash flows from investing activities:		
Proceeds from disinvestment	1,004,382,432.65	1,010,000,000.00
Return on investment	11,093,937.38	18,887,391.07
Net proceeds from the disposal of fixed assets, intangible assets and other long-lived assets	76,459,461.84	71,055,306.33
Net proceeds from the disposal of subsidiaries and other business units		
Cash generated from other investing activities	1,177,096.12	
Subtotal of cash generated from investing activities	1,093,112,927.99	1,099,942,697.40
Payments for the acquisition of fixed assets, intangible assets and other long-lived assets	9,040,777.20	7,558,187.67
Payments for investments	1,056,000,000.00	837,170,000.00
Net payments for the acquisition of subsidiaries and other business units		
Cash used in other investing activities	6,000,000.00	
Subtotal of cash used in investing activities	1,071,040,777.20	844,728,187.67
Net cash generated from/used in investing activities	22,072,150.79	255,214,509.73
3. Cash flows from financing activities:		
Capital contributions received		
Borrowings raised	49,829,666.65	
Cash generated from other financing activities		
Subtotal of cash generated from financing activities	49,829,666.65	
Repayment of borrowings		
Interest and dividends paid	33,167,547.83	7,056,925.07
Cash used in other financing activities		110,000,000.00
Subtotal of cash used in financing activities	33,167,547.83	117,056,925.07

Net cash generated from/used in financing activities	16,662,118.82	-117,056,925.07
4. Effect of foreign exchange rates changes on cash and cash equivalents	5,173,303.38	2,008,960.07
5. Net increase in cash and cash equivalents	-94,074,881.97	195,029,964.46
Add: Cash and cash equivalents, beginning of the period	899,689,740.60	704,659,776.14
6. Cash and cash equivalents, end of the period	805,614,858.63	899,689,740.60

Legal representative: Xie Guozhong General Manager: Xie Guozhong

Head of the accounting department: Jiang He

7. Consolidated Statements of Changes in Shareholders' Equity

2024

Unit: RMB

Item	2024														
	Equity attributable to shareholders of the Company as the parent													Non-controlling interests	Total shareholders' equity
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserve	Surplus reserves	General reserve	Retained earnings	Other	Subtotal		
		Preferred shares	Perpetual bonds	Other											
1. Balance as at the end of the prior year	705,692,507.00				640,509,675.84		667,180,321.82	19,432,089.52	363,695,592.34		1,002,436,724.71		3,398,946,911.23	71,121,208.35	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 year	705,692,507.00				640,509,675.84		667,180,321.82	19,432,089.52	363,695,592.34		1,002,436,724.71		3,398,946,911.23	71,121,208.35	3,470,068,119.58
3. Increase/ decrease in the period ("-" for decrease)							-24,112,771.91	2,526,976.83	4,131,072.93		-18,808,724.76		-36,263,446.91	6,775,882.68	-29,487,564.23
3.1 Total comprehensive income							-24,112,771.91				18,489,896.00		-5,622,875.91	6,127,668.88	504,792.97
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									4,131,072.93		-37,298,620.76		-33,167,547.83		-33,167,547.83
3.3.1 Appropriation to surplus reserves									4,131,072.93		-4,131,072.93				
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								2,526,976.83					2,526,976.83	648,213.80	3,175,190.63
3.5.1 Increase in the period								9,958,016.52					9,958,016.52	912,151.30	10,870,167.82

3.5.2 Used in the period								7,431,039.69					7,431,039.69	263,937.50	7,694,977.19
3.6 Other															
4. Balance as at the end 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

2023

Item	2023														
	Equity attributable to shareholders of the Company as the parent													Non-controlling interests	Total shareholders' equity
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserve	Surplus reserves	General reserve	Retained earnings	Other	Subtotal		
		Preferred shares	Perpetual bonds	Other											
1. Balance as at the end of the prior year	705,692,507.00				640,133,963.01		655,341,704.07	18,848,856.75	349,197,725.72		915,495,909.35		3,284,710,665.90	72,464,172.67	3,357,174,838.57

Add: Adjustment for change in accounting policy															
Adjustment for correction of previous error															
Other adjustments															
2. Balance as at the beginning of the year	705,692,507.00				640,133,963.01		655,341,704.07	18,848,856.75	349,197,725.72		915,495,909.35		3,284,710,665.90	72,464,172.67	3,357,174,838.57
3. Increase/ decrease in the period ("-" for decrease)					375,712.83		11,838,617.75	583,232.77	14,497,866.62		86,940,815.36		114,236,245.33	-1,342,964.32	112,893,281.01
3.1 Total comprehensive income							11,838,617.75				108,495,607.05		120,334,224.80	6,202,748.51	126,536,973.31
3.2 Capital increased and reduced by shareholders					375,712.83								375,712.83	-7,545,712.83	-7,170,000.00

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					375,712.83								375,712.83	-7,545,712.83	-7,170,000.00
3.3 Profit distribution									14,497,866.62		-21,554,791.69		-7,056,925.07		-7,056,925.07
3.3.1 Appropriation to surplus reserves									14,497,866.62		-14,497,866.62				
3.3.2 Appropriation to general reserve															

3.3.3 Appropriation to shareholders											-7,056,925.07		-7,056,925.07		-7,056,925.07
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								583,232.77					583,232.77		583,232.77
3.5.1 Increase in the period								5,136,988.70					5,136,988.70		5,136,988.70
3.5.2 Used in the period								4,553,755.93					4,553,755.93		4,553,755.93
3.6 Other															
4. Balance as at the end of the period	705,692,507.00				640,509,675.84		667,180,321.82	19,432,089.52	363,695,592.34		1,002,436,724.71		3,398,946,911.23	71,121,208.35	3,470,068,119.58

Unit: RMB

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

2024

Unit: RMB

Item	2024											
	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 year	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 year	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)							-24,112,771.91	106,469.93	4,131,072.93	4,012,108.54		-15,863,120.51

3.1 Total comprehensive income							-24,112,771.91			41,310,729.30		17,197,957.39
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									4,131,072.93	-37,298,620.76		-33,167,547.83
3.3.1 Appropriation to surplus reserves									4,131,072.93	-4,131,072.93		
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								106,469.93				106,469.93
3.5.1 Increase in the period								4,667,120.91				4,667,120.91
3.5.2 Used in the period								4,560,650.98				4,560,650.98
3.6 Other												
4. Balance as at the end 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

2023

Unit: RMB

Item	2023											
	Share capital	Other equity instruments			Capital reserves	Less:	Other comprehen	Specific reserve	Surplus reserves	Retained earnings	Othe	Total shareholders

		Pre fer red sha res	Pe rp et ua l bo nd s	Ot he r		Tre asu ry sto ck	sive income				r	’ equity
1. Balance as at the end of the prior year	705,692,507.00				659,418,700.67		655,341,704.07	18,848,856.75	349,197,725.72	873,168,182.73		3,261,667,676.94
Add: Adjustment for change in accounting policy												
Adjustment for correction of previous error												
Other adjustments												
2. Balance as at the beginning of the year	705,692,507.00				659,418,700.67		655,341,704.07	18,848,856.75	349,197,725.72	873,168,182.73		3,261,667,676.94
3. Increase/ decrease in the period (“-” for decrease)							11,838,617.75	161,936.68	14,497,866.62	123,423,874.52		149,922,295.57
3.1 Total comprehensive income							11,838,617.75			144,978,666.21		156,817,283.96
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									14,497,866.62	-21,554,791.69		-7,056,925.07
3.3.1 Appropriation to surplus reserves									14,497,866.62	-14,497,866.62		
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								161,936.68				161,936.68
3.5.1 Increase in the period								4,598,473.04				4,598,473.04
3.5.2 Used in the period								4,436,536.36				4,436,536.36
3.6 Other												
4. Balance as at the end 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

Legal representative: Xie Guozhong General Manager: Xie Guozhong Head of the accounting department: Jiang He

III. Company Profile

1. Registered location, organization form and headquarter 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 approved 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 December 31, 2024, 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 April 9, 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 December 31, 2024, and the consolidated and parent company's operating results and cash flows for the year then ended.

2. Fiscal Period

The fiscal periods are divided into fiscal year and metaphase, the fiscal year is from January 1 to December 31 and as the metaphase included monthly, quarterly and semi-yearly periods.

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 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 combing 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 hedge accounting-related, 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 entirely 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 above-mentioned carrying amount, 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 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 = Estimated selling price − Estimated selling expenses − Related taxes.
- Materials requiring further processing: NRV = Estimated selling price of finished products − Estimated costs to complete − Estimated selling expenses − 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. Held-for-sale and Discontinued Operations

(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 V.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

Unit: RMB

Changes to the accounting policies and why	Name of report items that are significantly affected	Affected amount
1. Implementation of "Accounting Standards for Business Enterprises Interpretation No. 17" In October 2023, the Ministry of Finance issued "Accounting Standards for Business Enterprises Interpretation No. 17" (Cai Kuai [2023] No. 21), which stipulates relevant contents regarding "the classification of current liabilities and non-current liabilities", "disclosures about supplier financing arrangements", and "accounting treatment for sale and leaseback transactions". This interpretation shall be applied from January 1, 2024. Our company has implemented the	The implementation of Interpretation No. 17 has not had any material impact on the Company's financial statements for the reporting period.	0.00

provisions of Interpretation No. 17 from January 1, 2024. The implementation of the relevant provisions of Interpretation No. 17 has no material impact on our company's financial statements for the reporting period.		
2. Implementation of "Accounting Standards for Business Enterprises Interpretation No. 18" In December 2024, the Ministry of Finance issued "Accounting Standards for Business Enterprises Interpretation No. 18" (Cai Kuai [2024] No. 24), which stipulates that for warranty-type quality assurance that does not constitute a separate performance obligation, the accounting treatment shall follow the relevant provisions of "Accounting Standards for Business Enterprises No. 13 - Contingencies". Specifically, the estimated liability amount shall be recorded by debiting accounts such as "Cost of Main Business" and "Cost of Other Business" and crediting the "Estimated Liabilities" account. This interpretation shall be effective from the date of issuance, with early adoption permitted for the fiscal year in which it is published.	Refer to "Notes to Changes in Accounting Policies" for details.	Refer to "Notes to Changes in Accounting Policies" for details.

Notes to Changes in Accounting Policies:

Implementation of "Accounting Standards for Business Enterprises Interpretation No. 18" had the following impacts on the financial statements as of January 1, 2024:

Unit: RMB

Items	Consolidated Financial Statements		Parent Company Financial Statements	
	Amount as of December 31, 2023 (Before)	Amount as of January 1, 2024 (After)	Amount as of December 31, 2023 (Before)	Amount as of January 1, 2024 (After)
Provisions		60,070,382.24		60,070,382.24
Other Payables	159,023,382.81	98,953,000.57	151,919,473.64	91,849,091.40

(continued)

Items	FY2023			
	Consolidated Financial Statements		Parent Company Financial Statements	
	Amount before change	Amount after change	Amount before change	Amount after change
Operating Costs	1,838,755,831.41	1,884,289,338.95	1,788,129,884.67	1,831,801,124.99
Selling Expenses	99,603,282.16	54,069,774.62	92,935,731.73	49,264,491.41

(2) Changes in Accounting Estimates

□ Applicable √ Not applicable

(3) Adjustments to Financial Statement Items at the Beginning of the Year of the First Implementation of the New Accounting Standards Implemented since 2024

√ Applicable □ Not applicable

Implementation of "Accounting Standards for Business Enterprises Interpretation No. 18" had the following impacts on the financial statements as of January 1, 2024:

Unit: RMB

Items	Consolidated Financial Statements		Parent Company Financial Statements	
	Amount as of December 31, 2023 (Before)	Amount as of January 1, 2024 (After)	Amount as of December 31, 2023 (Before)	Amount as of January 1, 2024 (After)
Provisions		60,070,382.24		60,070,382.24
Other Payables	159,023,382.81	98,953,000.57	151,919,473.64	91,849,091.40

(continued)

Items	FY2023			
	Consolidated Financial Statements		Parent Company Financial Statements	
	Amount before change	Amount after change	Amount before change	Amount after change
Operating Costs	1,838,755,831.41	1,884,289,338.95	1,788,129,884.67	1,831,801,124.99
Selling Expenses	99,603,282.16	54,069,774.62	92,935,731.73	49,264,491.41

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 rate

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 Changchai Horizon Agricultural Equipment 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) Preferential Corporate Income Tax Rates

On November 6, 2024, the Company was re-certified as a High-Tech Enterprise and continues to enjoy a preferential corporate income tax rate of 15% during the reporting period.

(2) Western Development Policy Benefit

The controlling subsidiary Changchai Wanzhou Diesel Engine Co., Ltd. qualifies for the Western Development tax incentive under:

Notice on Tax Policies for the Implementation of Western Development Strategy (jointly issued by the Ministry of Finance, GAC, and SAT)

Announcement No. 23 [2020] of the Ministry of Finance (extending the Western Development corporate income tax policy)

From January 1, 2011 to December 31, 2030, it is subject to a reduced tax rate of 15%.

(3) High-Tech Subsidiary

On November 6, 2023, the wholly-owned subsidiary Changzhou Fuji Changchai Robin Gasoline Engine Co., Ltd. was re-certified as a High-Tech Enterprise and applies a 15% preferential tax rate during the reporting period.

(4) Small and Micro Enterprise

The wholly-owned subsidiary Changzhou Xingsheng Real Estate Management Co., Ltd. qualifies as an eligible small and low-profit enterprise and is taxed at 5% during the reporting period.

(5) High-Tech Certification

On December 12, 2022, the subsidiary Zhenjiang Siyang Diesel Engine Manufacturing Co., Ltd. obtained High-Tech Enterprise certification and benefits from a 15% 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	84,482.59	157,238.05
Bank deposits	933,972,475.61	963,604,998.68
Other monetary assets	129,643,534.39	120,105,730.14
Total	1,063,700,492.59	1,083,867,966.87
Including: Total amount of funds deposited overseas		
Total amount of funds with usage restrictions due to mortgage, pledge, freezing or other reasons	171,018,607.75	112,238,443.41

Other Disclosures:

As of the period-end, the other monetary funds within cash and cash equivalents include:

Accrued interest on time deposits: RMB 380,122.48

Restricted funds:

- Bills guarantee deposits: RMB 126,841,969.27
- Bid/tender bonds and performance bonds: RMB 1,796,516.00
- Time deposits and accrued interest (restricted): RMB 42,380,122.48

2. Trading Financial Assets

Unit: RMB

Item	Ending balance	Beginning balance
Financial assets at fair value through profit or loss	303,667,459.65	225,641,429.94
Of which:		
Stocks	52,598,990.00	85,295,021.00
Bank financial products	251,068,469.65	140,346,408.94
Of which:		
Total	303,667,459.65	225,641,429.94

3. Notes Receivable

(1) Notes Receivable Listed by Category

Unit: RMB

Item	Ending balance	Beginning balance

Bank acceptance bill	318,814,017.13	161,632,567.94
Total	318,814,017.13	161,632,567.94

(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	318,814,017.13	100.00%	0.00	0.00%	318,814,017.13	161,632,567.94	100.00%	0.00	0.00%	161,632,567.94
Of which:										
Bank acceptance bills	318,814,017.13	100.00%	0.00	0.00%	318,814,017.13	161,632,567.94	100.00%	0.00	0.00%	161,632,567.94
Total	318,814,017.13	——	0.00	0.00%	318,814,017.13	161,632,567.94	——	0.00	0.00%	161,632,567.94

Number of categories under the portfolio approach: 1

Provision for Bad Debts by Portfolio: the provision for bad debts is calculated based on the bank acceptance bills portfolio

Unit: RMB

Category	Ending balance		
	Carrying amount	Bad debt provision	Withdrawal proportion
Bank acceptance bill	318,814,017.13	0.00	0.00%
Total	318,814,017.13	0.00	

If adopting the general mode of expected credit loss to withdraw bad debt provision of notes receivable:
□Applicable √ Not applicable

(3) Notes Receivable Pledged by the Company at the Period-end: None

(4) Notes Receivable which Had Endorsed by the Company or had 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		234,736,335.20
Total		234,736,335.20

(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)	441,388,545.87	313,597,375.85
1 to 2 years	6,801,120.23	1,873,298.19
2 to 3 years	936,696.44	4,436,548.28
Over 3 years	140,104,147.16	144,403,241.11
3 to 4 years	4,100,421.27	5,278,022.33
4 to 5 years	4,863,744.65	1,815,570.52
Over 5 years	131,139,981.24	137,309,648.26
Total	589,230,509.70	464,310,463.43

(2) Disclosure by Withdrawal Methods for Bad Debts

Unit: RMB

Category	Ending balance			Beginning balance		
	Carrying amount	Bad debt provision	Carrying	Carrying amount	Bad debt provision	Carrying value

	Amount	Proportion	Amount	Withdrawal proportion	value	Amount	Proportion	Amount	Withdrawal proportion	
Accounts receivable withdrawal of Bad debt provision separately accrued	26,856,788.69	4.56%	26,856,788.69	100.00%	0.00	33,805,182.71	7.28%	33,805,182.71	100.00%	0.00
Of which:										
Accounts receivable withdrawal of bad debt provision of by group	562,373,721.01	95.44%	118,119,480.99	21.00%	444,254,240.02	430,505,280.72	92.72%	113,962,120.81	26.47%	316,543,159.91
Of which:										
Accounts receivable for which bad debt provision accrued by credit risk features group	562,373,721.01	95.44%	118,119,480.99	21.00%	444,254,240.02	430,505,280.72	92.72%	113,962,120.81	26.47%	316,543,159.91
Total	589,230,509.70	——	144,976,269.68	——	444,254,240.02	464,310,463.43	——	147,767,303.52	——	316,543,159.91

Number of categories of bad debt provision by individual item: 1

Individually Assessed Bad Debt Provisions: RMB26,856,788.69, including significant impairment items of RMB25,079,184.81. 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 withdraw
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	1,726,935.65	1,726,935.65	1,759,397.30	1,759,397.30	100.00%	Difficult to recover
Customer 8	0.00	0.00	1,564,000.07	1,564,000.07	100.00%	Difficult to recover
Customer 9	1,470,110.64	1,470,110.64	1,470,110.64	1,470,110.64	100.00%	Difficult to recover
Customer 10	420,000.00	420,000.00	410,760.00	410,760.00	100.00%	Difficult to recover
Total	23,491,963.09	23,491,963.09	25,079,184.81	25,079,184.81	--	--

Number of categories of bad debt provision by group: 1

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	441,388,545.87	8,827,770.92	2.00%
1 to 2 years	6,801,120.23	340,056.01	5.00%
2 to 3 years	936,696.44	140,504.47	15.00%
3 to 4 years	3,558,158.61	1,067,447.59	30.00%
4 to 5 years	4,863,744.65	2,918,246.79	60.00%
Over 5 years	104,825,455.21	104,825,455.21	100.00%
Total	562,373,721.01	118,119,480.99	--

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

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	33,805,182.71	1,598,787.12	7,735,818.14	811,363.00		26,856,788.69
Withdrawal of bad debt provision by group	113,962,120.81	4,553,431.31		396,071.13		118,119,480.99
Total	147,767,303.52	6,152,218.43	7,735,818.14	1,207,434.13		144,976,269.68

Of which bad debt provision reversed or recovered with significant amount in the Reporting Period:

Unit: RMB

Name	Reversed or recovered	Method of Recovery	Basis and Rationale for Determining the Original Provision for Bad Debt Ratios
Customer 1	6,215,662.64	Recovered in cash through mutual mediation	Accounts receivable aged over 5 years, fully provided for bad debts
Customer 2	1,510,915.50	Recovered in cash through mutual mediation	Accounts receivable aged over 5 years, fully provided for bad debts
Total	7,726,578.14		

(4) Accounts Receivable Written-off in Current Period

Unit: RMB

Item	Written-off amount
Accounts receivable with actual verification	1,207,434.13

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	811,363.00	The portion unrecoverable after mutual mediation	Minutes of the Executive Office	No
Total		811,363.00			

(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	Ending balance of bad debt provision of accounts

				receivable and contract assets	receivable and impairment provision for contract assets
Customer 1	137,231,328.98	0.00	137,231,328.98	23.29%	2,744,626.58
Customer 2	136,022,798.00	0.00	136,022,798.00	23.08%	2,869,530.46
Customer 3	37,488,328.71	0.00	37,488,328.71	6.36%	749,766.57
Customer 4	25,787,025.82	0.00	25,787,025.82	4.38%	515,740.52
Customer 5	21,455,202.45	0.00	21,455,202.45	3.64%	429,104.05
Total	357,984,683.96	0.00	357,984,683.96	60.75%	7,308,768.18

5. Accounts Receivable Financing

(1) Accounts Receivable Financing Listed by Category

Unit: RMB

Item	Ending balance	Beginning balance
Bank acceptance bills	223,261,002.76	195,875,948.92
Total	223,261,002.76	195,875,948.92

(2) Notes Receivable Pledged by the Company at the Period-end: None

(3) Accounts receivable financing which had 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	865,680,649.89	
Total	865,680,649.89	

(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	195,875,948.92		27,385,053.84		223,261,002.76	

6. Other Receivables

Unit: RMB

Item	Ending balance	Beginning balance
Interest receivable		
Dividend receivable	7,165,080.00	
Other receivables	2,682,361.82	49,699,753.61
Total	9,847,441.82	49,699,753.61

（1）Dividend receivable

Unit: RMB

Projects (or Investee Entities)	Ending balance	Beginning balance
Jiangsu Bank 2024 Interim Dividend Announcement	7,165,080.00	
Total	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	595,723.55
Intercourse funds	23,292,830.56	69,845,564.95
Petty cash and borrowings by employees	865,253.08	922,370.54
Other	14,177,743.14	13,638,079.94
Total	38,337,126.78	85,001,738.98

2) Disclosure by Aging

Unit: RMB

Aging	Ending carrying amount	Beginning carrying amount
Within 1 year (including 1 year)	2,514,999.73	49,610,086.44
1 to 2 years	103,639.66	115,776.00
2 to 3 years	354,590.84	12,802.00
Over 3 years	35,363,896.55	35,263,074.54

3 to 4 years	281,647.36	30,300.00
4 to 5 years	30,300.00	321,735.17
Over 5 years	35,051,949.19	34,911,039.37
Total	38,337,126.78	85,001,738.98

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 2024	211,671.73	2,715,705.99	32,374,607.65	35,301,985.37
Balance of 1 January 2024 in the Current Period				
--Transfer to Second stage	-2,072.79	2,072.79		
-- Transfer to Third stage		-2,698,996.89	2,698,996.89	
-- Reverse to Second stage				
-- Reverse to First stage				
Withdrawal of the Current Period	-159,302.35	25,607.09	487,474.85	353,779.59
Reversal of the Current Period				
Write-offs of the Current Period				
Verification of the Current Period			1,000.00	1,000.00
Other changes				
Balance of 31 December 2024	50,296.59	44,388.98	35,560,079.39	35,654,764.96

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	5,282,163.35	333,706.20				5,615,869.55
Withdrawal of bad debt provision by group	30,019,822.02	20,073.39		1,000.00		30,038,895.41
Total	35,301,985.37	353,779.59		1,000.00		35,654,764.96

5）Write-off of Other Receivables During the Reporting Period

Unit: RMB

Item	Write-off Amount
Write-off of Other Receivables	1,000.00

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	7.67%	2,940,000.00
Changchai Group Imp. & Exp. Co., Ltd.	Intercourse funds	2,853,188.02	Over 5 years	7.44%	2,853,188.02
Changzhou New District Accounting Center	Intercourse funds	1,626,483.25	Over 5 years	4.24%	1,626,483.25

Changchai Group Settlement Center	Intercourse funds	1,128,676.16	Over 5 years	2.94%	1,128,676.16
Chuangye Diesel Engine Repair Factory	Intercourse funds	1,000,000.00	Over 5 years	2.61%	1,000,000.00
Total		9,548,347.43		24.90%	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	11,874,660.61	93.32%	11,196,498.47	90.78%
1 to 2 years	355,228.45	2.79%	840,617.01	6.82%
2 to 3 years	489,219.64	3.84%	289,345.37	2.35%
Over 3 years	6,850.00	0.05%	6,850.00	0.05%
Total	12,725,958.70	--	12,333,310.85	--

(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 (%)
Supplier1	3,570,770.82	28.06%
Supplier2	1,962,319.51	15.42%
Supplier3	1,860,501.67	14.62%
Supplier4	686,364.94	5.39%
Supplier5	653,239.74	5.13%
Total	8,733,196.68	68.62%

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	210,549,278.77	9,266,290.45	201,282,988.32	199,751,010.25	7,529,878.82	192,221,131.43
Materials processed on commission	13,598,683.13	0.00	13,598,683.13	12,422,107.02	0.00	12,422,107.02
Goods in process	79,357,978.34	4,128,144.66	75,229,833.68	90,202,210.05	6,761,129.14	83,441,080.91
Finished goods	559,878,239.54	32,330,091.16	527,548,148.38	527,412,149.21	27,690,142.42	499,722,006.79
Low priced and easily worn articles	1,542,344.91	0.00	1,542,344.91	1,413,859.53	0.00	1,413,859.53
Total	864,926,524.69	45,724,526.27	819,201,998.42	831,201,336.06	41,981,150.38	789,220,185.68

(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	7,529,878.82	1,979,765.82		243,354.19		9,266,290.45
Goods in process	6,761,129.14	331,582.56		2,964,567.04		4,128,144.66
Finished goods	27,690,142.42	12,097,868.82		7,457,920.08		32,330,091.16
Total	41,981,150.38	14,409,217.20		10,665,841.31		45,724,526.27

(3) There Was No Capitalized Borrowing Expense in the Ending Balance of Inventories.

9. Non-current assets due within one year

Unit: RMB

Item	Ending balance	Beginning balance	Note
Investments in debt obligations due within one year	0.00	40,773,509.75	Three-year time deposits maturing within one year
Total	0.00	40,773,509.75	

(1) Investments in Debt Obligations Due within One Year

√Applicable □Not applicable

1）Investments in Debt Obligations Due within One Year

Unit: RMB

Group name	Ending balance			Beginning balance		
	Carrying amount	Falling price reserves	Carrying value	Carrying amount	Falling price reserves	Carrying value
Three-year fixed term deposit	0.00		0.00	40,773,509.75		40,773,509.75
Total	0.00		0.00	40,773,509.75		40,773,509.75

10. Other Current Assets

Unit: RMB

Item	Ending balance	Beginning balance
The VAT tax credits	51,823,671.46	19,940,871.92
Prepaid corporate income tax	2,705,816.46	908,233.33
Prepaid expense	75,533.75	61,399.59
Total	54,605,021.67	20,910,504.84

11. Other Equity Instrument Investment

Unit: RMB

Item	Ending balance	Beginning balance	Gains recorded in other comprehensive income in the current	Losses recorded in other comprehensive income in the current	Accumulative gains recorded in other comprehensive income in	Accumulative losses recorded in other comprehensive income in	Dividend income recognized in current year	Reason for assigning to measure in fair value of which

			period	period	the current period	the current period		changes included other comprehensive income
Non-trading equity investment	941,120,058.72	969,488,025.67	73,242,000.00	101,609,966.95	756,550,058.72		18,163,080.00	Non-trading equity investment
Total	941,120,058.72	969,488,025.67	73,242,000.00	101,609,966.95	756,550,058.72		18,163,080.00	

Non-trading equity instrument investment disclosed by category

Unit: RMB

Item	Dividend income recognized	Accumulative gains	Accumulative losses	Amount of other comprehensive transferred to retained earnings	Reason for assigning to measure by fair value of which changes be 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.		320,911,000.00			Non-trading equity investment	
Bank of Jiangsu Co., Ltd.	18,163,080.00	187,002,000.00			Non-trading equity investment	

12. Long-term Equity Investment

Unit: RMB

Investees	Beginning balance (carrying	Beginning balance of depreciatio	Increase/decrease								Ending balance (carrying	Ending balance of depreciatio
			Additional investment	Reduced investment	Gain or loss recognized	Adjustment of other comp	Changes in other equity	Cash bonus or profit annou	Withdrawal of depreciatio	Other		

	value)	n reserves			under the equity method	rehensive income		nced to issue	n reserves		value)	n reserves
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

13. 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	412,914,576.80
Total	377,869,217.49	412,914,576.80

14. 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	53,239,921.41	53,239,921.41
2. Increased amount of the period	2,096,713.56	2,096,713.56
(1) Withdrawal or amortization	2,096,713.56	2,096,713.56
3. Decreased amount of the period		
(1) Disposal		
(2) Other transfer		
4. Ending balance	55,336,634.97	55,336,634.97
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	37,740,844.55	37,740,844.55
2. Beginning carrying value	39,837,558.11	39,837,558.11

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

15. Fixed Assets

Unit: RMB

Item	Ending balance	Beginning balance
Fixed assets	615,414,505.40	675,596,920.95
Disposal of fixed assets		
Total	615,414,505.40	675,596,920.95

(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	683,973,527.80	1,117,118,836.89	16,527,248.93	61,820,174.73	1,879,439,788.35
2. Increased amount of the period	6,505,869.57	17,670,002.80	166,991.14	1,586,115.85	25,928,979.36
(1) Purchase	1,212,045.63	5,007,147.44	5,309.73	340,386.83	6,564,889.63
(2) Transfer from construction in progress	5,293,823.94	12,662,855.36	161,681.41	1,245,729.02	19,364,089.73
(3) Enterprise combination increase					

3. Decreased amount of the period	47,976,401.54	14,818,301.47	652,187.97	1,178,213.20	64,625,104.18
(1) Disposal or scrap	1,962,362.62	14,467,299.97	652,187.97	1,000,734.48	18,082,585.04
(2) Transfer from construction in progress		169,416.42		177,478.72	346,895.14
(3) Others (Note 1)	46,014,038.92	181,585.08			46,195,624.00
4. Ending balance	642,502,995.83	1,119,970,538.22	16,042,052.10	62,228,077.38	1,840,743,663.53
II. Accumulated Depreciation					
1. Beginning balance	331,778,938.87	822,480,700.96	10,101,717.80	39,184,289.07	1,203,545,646.70
2. Increased amount of the period	19,921,195.02	55,334,455.58	1,325,317.19	5,646,380.17	82,227,347.96
(1) Withdraw	19,921,195.02	55,334,455.58	1,325,317.19	5,646,380.17	82,227,347.96
3. Decreased amount of the period	44,564,770.15	14,360,225.31	652,187.97	1,163,873.80	60,741,057.23
(1) Disposal or scrap	1,475,019.08	14,009,223.81	652,187.97	986,395.08	17,122,825.94
(2) Transfer from construction in progress		169,416.42		177,478.72	346,895.14
(3) Others (Note 1)	43,089,751.07	181,585.08			43,271,336.15
4. Ending balance	307,135,363.74	863,454,931.23	10,774,847.02	43,666,795.44	1,225,031,937.43
III. Impairment Provision					
1. Beginning balance		297,220.70			297,220.70

2. Increased amount of the period		20,122.51			20,122.51
(1) Withdraw		20,122.51			20,122.51
3. Decreased amount of the period		20,122.51			20,122.51
(1) Disposal or scrap		20,122.51			20,122.51
4. Ending balance		297,220.70			297,220.70
IV. Carrying value					
1. Ending carrying value	335,367,632.09	256,218,386.29	5,267,205.08	18,561,281.94	615,414,505.40
2. Beginning carrying value	352,194,588.93	294,340,915.23	6,425,531.13	22,635,885.66	675,596,920.95

Note 1: The "Other Disposals" of fixed assets relate to buildings and equipment demolished for the urban redevelopment project at the Changchai Co., Ltd. Sanjing Branch site (see Note VII. 20 for details).

(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	52,780,229.96		6,376,882.20	Refer to note 2
Transportation equipment	15,654,026.86	14,125,584.98		1,528,441.88	
Other equipment	55,205.86	40,841.58		14,364.28	
Machinery equipment	309,407.50	12,186.80	297,220.70		

Note 2: Due to public interest requirements for urban redevelopment, the Xinbei District People's Government of Changzhou has decided to implement the expropriation of buildings within the Phase I scope of the Sanjing

Subdistrict Foundry Plant and surrounding area urban renewal project. The expropriation area covers the Company's former foundry production base, where portions of the fixed assets were in an idle state.

16. Construction in Progress

Unit: RMB

Item	Ending balance	Beginning balance
Construction in progress	3,376,866.69	4,253,721.78
Engineering materials		21,900.40
Total	3,376,866.69	4,275,622.18

(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	898,041.60		898,041.60	981,532.17		981,532.17
Equipment Installation Pending Project	2,478,825.09		2,478,825.09	2,866,348.90		2,866,348.90
Miscellaneous Engineering Works				405,840.71		405,840.71
Total	3,376,866.69		3,376,866.69	4,253,721.78		4,253,721.78

(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	2,866,348.90	18,055,852.79	17,344,261.50	1,099,115.10	2,478,825.09	Equity Funds
Total	2,866,348.90	18,055,852.79	17,344,261.50	1,099,115.10	2,478,825.09	--

（3）Impairment Test of Construction in Progress

□Applicable ☑Not applicable

（4）Engineering Materials

Unit: RMB

Item	Ending balance			Beginning balance		
	Carrying amount	Impairment provision	Carrying value	Carrying amount	Impairment provision	Carrying value
Engineering materials	0.00		0.00	21,900.40		21,900.40
Total	0.00		0.00	21,900.40		21,900.40

17. 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	20,419,604.15	5,538,000.00	1,650,973.47	232,796,353.33
2. Increased amount of the period		1,154,048.73			1,154,048.73
(1) Purchase		54,933.63			54,933.63
(2) Internal R&D					
(3) Business combination increase					
(4) Transfer from construction in progress		1,099,115.10			1,099,115.10

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	63,473,422.16	16,541,171.87	3,800,133.10	523,440.52	84,338,167.65
2. Increased amount of the period	4,181,823.36	1,910,163.91	548,799.96	165,661.32	6,806,448.55
(1) Withdrawal	4,181,823.36	1,910,163.91	548,799.96	165,661.32	6,806,448.55
3. Decreased amount of the period					
(1) Disposal					
4. Ending balance	67,655,245.52	18,451,335.78	4,348,933.06	689,101.84	91,144,616.20
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	137,532,530.19	3,122,317.10	1,189,066.94	961,871.63	142,805,785.86
2. Beginning carrying value	141,714,353.55	3,878,432.28	1,737,866.90	1,127,532.95	148,458,185.68

18. Long-term Prepaid Expenses

Unit: RMB

Item	Beginning balance	Increase	Amortized amount	Decrease	Ending balance
Trademark renewal fee	268,208.12	41,732.67	33,556.84		276,383.95
External power line	2,754,000.00		319,370.91	46,455.98	2,388,173.11

access project					
Processing reserved floor paving and lighting installation works	5,205,750.54			5,205,750.54	
Total	8,227,958.66	41,732.67	352,927.75	5,252,206.52	2,664,557.06

19. 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	12,526,884.12	1,949,082.99	9,431,907.00	1,518,995.79
Provisions	61,700.00	9,255.00		
Advance tax paid on pre-collected demolition compensation	30,000,000.00	4,500,000.00		
Total	42,588,584.12	6,458,337.99	9,431,907.00	1,518,995.79

(2) Deferred Income Tax Liabilities Had Not Been Off-set

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	5,489,891.06	823,483.65
Changes of fair value of other equity instrument investments	1,008,689,955.98	153,653,533.48	1,102,931,935.12	171,019,971.87
Total	1,013,998,748.38	154,449,852.33	1,108,421,826.18	171,843,455.52

(3) List of Unrecognized Deferred Income Tax Assets

Unit: RMB

Item	Ending balance	Beginning balance
Deductible temporary differences	214,123,380.22	215,915,752.97
Deductible tax losses	94,504,005.70	137,917,562.93
Total	308,627,385.92	353,833,315.90

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

Unit: RMB

Years	Ending balance
2029	4,463,227.36
2030	1,489,106.18
2031	1,470,853.20
2032	27,506,664.76
2033	50,340,092.01
2034	9,234,062.19
Total	94,504,005.70

20. Other Non-current Assets

Unit: RMB

Item	Ending balance			Beginning balance		
	Carrying amount	Depreciation reserves	Carrying value	Carrying amount	Depreciation reserves	Carrying value
Prepayments for the acquisition of long-term assets	1,448,809.45		1,448,809.45	2,578,776.77		2,578,776.77
Assets held for disposal	2,924,287.85		2,924,287.85			
Total	4,373,097.30		4,373,097.30	2,578,776.77		2,578,776.77

Other Notes:

The assets held for disposal relate to buildings and equipment demolished under the old town redevelopment project at Changchai Co., Ltd.'s Changzhou Sanjing Branch (see Note XVI.2). The company has currently received the first compensation payment of RMB 30,000,000.00, which is expected to cover the associated demolition losses. Since the related expropriation process is anticipated to take more than one year to complete, the company has reclassified the carrying value of the demolished fixed assets to other non-current assets.

21. 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	171,018,607.75	171,018,607.75	Occupied as cash deposit	Bank acceptance bill guarantee deposits、Letter of guarantee deposits、Performance bond deposits、Term deposits and accrued interest	76,238,443.41	76,238,443.41	Occupied as cash deposit	Bank acceptance bill guarantee deposits、Letter of guarantee deposits、Performance bond deposits、Term deposits and accrued interest
Notes receivable -- outstanding discounted notes	70,878,200.00	70,878,200.00	Payment obligations for undiscounted but discounted bills	Discounted by the Company at the period-end and not due on the balance sheet date				
Notes receivable -- outstanding transferred notes	163,858,135.20	163,858,135.20	Payment obligations for undiscounted but transferred bills	Endorsed by the Company at the period-end and not due on the balance sheet date	55,979,832.64	55,979,832.64	Undue transferred bill payment obligations	Endorsed bills not yet matured at the balance sheet date
Fixed Assets -					1,332,812	1,332,812	Mortgage	Mortgaged for

Houses and buildings					.48	.48	d	issuing bank acceptance bills
Intangible Assets - Land Use Rights					847,162.28	847,162.28	Mortgaged	Mortgaged for issuing bank acceptance bills
Fixed Assets - Machinery equipment					23,728,733.18	23,728,733.18	Mortgaged	Mortgaged for issuing bank acceptance bills
Total	405,754,942.95	405,754,942.95			158,126,983.99	158,126,983.99		

22. Short-term Borrowings

(1) Category of Short-term Borrowings

Unit: RMB

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

23. Notes Payable

Unit: RMB

Item	Ending balance	Beginning balance
Bank acceptance bill	491,643,629.88	528,139,582.33
Total	491,643,629.88	528,139,582.33

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

24. Accounts Payable

(1) List of Accounts Payable

Unit: RMB

Item	Ending balance	Beginning balance
Payment for goods	690,733,575.75	641,484,184.05
Total	690,733,575.75	641,484,184.05

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

Unit: RMB

Item	Ending balance	Unpaid/ Un-carry-over reason
Payables for goods and services	76,052,261.47	Not yet settled
Payables for construction works and equipment	6,736,282.92	Not yet settled
Total	82,788,544.39	

25. 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	113,845,527.69	95,061,566.74
Total	117,736,961.52	98,953,000.57

(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 gotten by shareholders yet.

(2) Other Payables

1) Other Payables Listed by Nature of Account

Unit: RMB

Item	Ending balance	Beginning balance
Margin & cash pledged	2,595,993.50	2,671,042.33

Intercompany balances	14,989,385.23	11,107,514.80
Personal advances and receivables	647,001.19	398,761.04
Sales discounts and product warranties	78,652,203.86	65,026,250.12
Other	16,960,943.91	15,857,998.45
Total	113,845,527.69	95,061,566.74

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.

26. Advances from customers

(1) List of Advances from customers

Unit: RMB

Item	Ending balance	Beginning balance
Advance rental receipts	183,376.84	647,441.22
Advance receipts for land compensation	30,000,000.00	1,000,000.00
Total	30,183,376.84	1,647,441.22

(2) Significant changes in the carrying amount during the current period and the reasons thereof

Unit: RMB

Item	Amount of change	Reason for change
Advance receipts for land compensation	29,000,000.00	During the current period, the Company received demolition compensation payments for the old town renovation project at the Changzhou Sanjing Branch site of Changchai Co., Ltd.

27. Contract liabilities

Unit: RMB

Item	Ending balance	Beginning balance
Contract liabilities	31,640,879.59	33,352,877.66
Total	31,640,879.59	33,352,877.66

28. Employee benefits payable

(1) List of employee benefits payable

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
I. Short-term salary	47,738,883.57	295,899,743.45	294,846,372.04	48,792,254.98
II. Post-employment benefit-defined contribution plans		33,075,703.07	33,075,703.07	
III. Termination benefits				
IV. Current portion of other benefits				
Total	47,738,883.57	328,975,446.52	327,922,075.11	48,792,254.98

(2) List of Short-term Salary

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
1. Salary, bonus, allowance, subsidy	40,196,939.41	244,255,226.90	243,761,424.24	40,690,742.07
2.Employee welfare	1,592.74	8,747,217.24	8,747,217.24	1,592.74
3. Social insurance		19,369,371.09	19,369,371.09	
Of which: Medical insurance premiums		16,089,051.78	16,089,051.78	
Work-related injury insurance		1,751,915.10	1,751,915.10	
Maternity insurance		1,528,404.21	1,528,404.21	
4. Housing fund		19,303,926.23	19,303,926.23	
5.Labor union budget and employee education budget	7,540,351.42	4,224,001.99	3,664,433.24	8,099,920.17
6. Short-term absence with salary				

7. Short-term profit sharing scheme				
Total	47,738,883.57	295,899,743.45	294,846,372.04	48,792,254.98

(3) List of Defined Contribution Plans

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
1. Basic pension benefits		32,068,582.81	32,068,582.81	
2. Unemployment insurance		1,007,120.26	1,007,120.26	
3. Enterprise annuities				
Total		33,075,703.07	33,075,703.07	

29. Taxes Payable

Unit: RMB

Item	Ending balance	Beginning balance
VAT	239,602.32	189,045.23
Corporate income tax	611,800.65	1,686,812.32
Personal income tax	210,290.78	312,930.09
Urban maintenance and construction tax	19,983.59	881,885.27
Property tax	1,715,080.20	1,678,590.95
Land use tax	943,261.64	943,261.64
Stamp duty	437,390.87	349,554.08
Education Surcharge	14,240.95	36,841.50
Comprehensive fees		120,291.58
Environmental protection tax	22,673.70	31,957.08
Total	4,214,324.70	6,231,169.74

30. Other Current Liabilities

Unit: RMB

Item	Ending balance	Beginning balance
Sale service fee	485,055.17	393,790.53

Transportation storage fee	353,692.31	830,881.27
Electric charge	2,530,866.25	1,457,500.39
Tax to be transferred	3,818,328.30	2,830,696.17
Estimated share value added tax	745,360.75	2,230,084.52
Obligation to pay bills transferred before maturity	163,858,135.20	55,979,832.64
Other withholding expenses	3,273,239.95	3,347,180.44
Total	175,064,677.93	67,069,965.96

31. Provisions

Unit: RMB

Item	Ending balance	Beginning balance	Reason for formation
Product warranty	73,002,860.52	60,070,382.24	Estimated after-sales expenses
Total	73,002,860.52	60,070,382.24	

32. Deferred Income

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance	Reason for formation
Government grants	32,795,896.48		3,409,729.46	29,386,167.02	Government appropriation
Total	32,795,896.48		3,409,729.46	29,386,167.02	--

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	10,001,835.00		1,519,266.00	8,482,569.00	Related to assets
Remove compensation	17,181,816.74		665,973.62	16,515,843.12	Related to assets

Research and development and industrialization allocations of national III/IV standard high-powered efficient diesel engine for agricultural use	5,612,244.74		1,224,489.84	4,387,754.90	Related to assets
Total	32,795,896.48		3,409,729.46	29,386,167.02	——

33. 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

34. 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

35. Other Comprehensive Income

Unit: RMB

Item	Beginni	Reporting Period	Endin

	ng balance	Income before taxation in the Current Period	Less: Recorded in other comprehensive income in prior period and transferred in profit or loss in the Current Period	Less: Recorded in other comprehensive income in prior period and transferred in retained earnings in the Current Period	Less: Income tax expense	Attributable to the Company as the parent after tax	Attributable to non-controlling interests after tax	g balance
I. Other comprehensive income that will not be reclassified to profit or loss	667,180,321.82	-28,367,966.95			-4,255,195.04	-24,112,771.91		643,067,549.91
Changes in fair value of other equity instrument investment	667,180,321.82	-28,367,966.95			-4,255,195.04	-24,112,771.91		643,067,549.91
Total of other comprehensive income	667,180,321.82	-28,367,966.95			-4,255,195.04	-24,112,771.91		643,067,549.91

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

36. Specific Reserve

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
Safety production cost	19,432,089.52	9,958,016.52	7,431,039.69	21,959,066.35
Total	19,432,089.52	9,958,016.52	7,431,039.69	21,959,066.35

37. Surplus Reserves

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
Statutory surplus reserves	350,538,734.44	4,131,072.93		354,669,807.37
Discretional surplus reserves	13,156,857.90			13,156,857.90
Total	363,695,592.34	4,131,072.93		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.

38. Retained Earnings

Unit: RMB

Item	Reporting Period	Same period of last year
Beginning balance of retained earnings before adjustments	1,002,436,724.71	915,495,909.35
Total retained earnings at the beginning of the adjustment period (“+” means up, “-” means down)		
Beginning balance of retained earnings after adjustments	1,002,436,724.71	915,495,909.35
Add: Net profit attributable to shareholders of the Company as the parent	18,489,896.00	108,495,607.05
Less: Withdrawal of statutory surplus reserves	4,131,072.93	14,497,866.62
Withdrawal of discretional surplus reserves		
Withdrawal of general reserve		
Dividend of ordinary shares payable	33,167,547.83	7,056,925.07
Dividends of ordinary shares transferred as share capital		
Ending retained earnings	983,627,999.95	1,002,436,724.71

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.

39. 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	2,371,931,691.41	2,084,092,192.19	2,110,376,920.43	1,858,767,201.32
Other operations	43,937,336.91	35,208,273.88	45,321,867.06	25,522,137.63
Total	2,415,869,028.32	2,119,300,466.07	2,155,698,787.49	1,884,289,338.95

Whether the lower of the audited net profit before and after deduction of non-recurring gains and losses is negative

□ Yes √No

Revenue-related information:

Unit: RMB

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	901,718,157.69	774,338,404.49	901,718,157.69	774,338,404.49
Diesel Engines - Multi-Cylinder	1,184,603,268.88	1,059,649,606.20	1,184,603,268.88	1,059,649,606.20
Other Products	176,108,095.29	154,164,550.29	176,108,095.29	154,164,550.29
Parts & Accessories	109,502,169.55	95,939,631.21	109,502,169.55	95,939,631.21
By geographical segment				
Of which:				
Domestic Sales	2,015,685,665.82	1,740,075,174.50	2,015,685,665.82	1,740,075,174.50
Export sales	356,246,025.59	344,017,017.69	356,246,025.59	344,017,017.69
Total	2,371,931,691.41	2,084,092,192.19	2,371,931,691.41	2,084,092,192.19

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.

40. Taxes and Surtaxes

Unit: RMB

Item	Reporting Period	Same period of last year
Urban maintenance and construction tax	1,722,364.51	1,195,680.92
Education surcharge	1,230,223.15	854,061.84
Property tax	7,045,665.54	7,027,411.47
Land use tax	4,013,319.52	4,209,985.02
Vehicle and vessel use tax	2,803.52	2,803.52
Stamp duty	2,043,184.49	1,546,467.17
Environment tax	124,057.13	204,264.65
Other		16,723.66
Total	16,181,617.86	15,057,398.25

41. Administrative Expense

Unit: RMB

Item	Reporting Period	Same period of last year
Employee benefits	61,402,397.77	51,674,294.80
Office expenses	10,322,299.02	10,787,236.38
Depreciation and amortization	16,092,889.89	24,825,227.36
Safety expenses	5,823,550.54	4,782,552.29
Repair charge	196,736.76	741,750.01
Inventory scrap and inventory loss (profit)	-149,986.94	6,291,477.71
Consulting fees	4,933,152.81	2,380,158.31
Insurance premiums	1,852,716.96	2,170,875.39
Utilities expenses	2,438,996.99	2,492,684.37
Other	12,553,588.10	17,835,077.37
Total	115,466,341.90	123,981,333.99

42. Selling Expense

Unit: RMB

Item	Reporting Period	Same period of last year
Employee benefits	45,964,550.56	42,024,752.56
Office expenses	11,079,843.97	10,212,761.75
Advertising and exhibition expenses	1,494,362.92	773,352.98
Depreciation and amortization	716,473.37	665,547.75

Other	1,362,023.61	393,359.58
Total	60,617,254.43	54,069,774.62

43. Development Costs

Unit: RMB

Item	Reporting Period	Same period of last year
Direct input expense	46,708,069.23	51,504,815.69
Employee benefits	24,323,024.76	24,744,156.04
Depreciation and amortization	5,756,990.16	4,895,983.48
Entrusted development charges	704,000.00	684,195.77
Other	5,909,393.45	8,509,953.35
Total	83,401,477.60	90,339,104.33

44. Finance Costs

Unit: RMB

Item	Reporting Period	Same period of last year
Interest expense	341,136.21	1,825,195.98
Less: Interest income	17,940,638.39	9,008,657.82
Net foreign exchange gains or losses	-6,063,845.94	-4,234,188.82
Other	240,309.43	132,973.74
Total	-23,423,038.69	-11,284,676.92

45. 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	16,017,274.94	294,256.13	
Withholding individual income tax handling fee refund	50,685.36	74,552.51	
Government grants recognized directly in current period profit or loss	4,143,565.38	3,009,573.87	3,477,338.38
Government grants related to deferred income	3,409,729.46	3,409,729.46	

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	1,519,266.00	Asset-related grants
Demolition Compensation - Hehai Road Land	267,333.49	Asset-related grants
Demolition Compensation - Hehai Road Base Main Workshop	398,640.13	Asset-related grants
Grant for R&D and Industrialization of High-Efficiency Agricultural Diesel Engines Meeting National Phase III/IV Emission Standards	1,224,489.84	Asset-related grants
Changzhou Financial Development Special Fund (for Enterprise Shareholding Reform and Listing)	2,000,000.00	Income-related grants
Provincial-Level Commerce Development Special Fund	525,300.00	Income-related grants
Changzhou Innovation Development Special Fund (2023 Support for Enterprise R&D Investment)	150,000.00	Income-related grants
Talent Special Fund	42,000.00	Income-related grants
2024 High-Tech Zone Industrial and Information Technology Special Fund	30,000.00	Income-related grants
Municipal Science and Technology Innovation Fund Project	56,973.38	Income-related grants
Financial Subsidy	12,000.00	Income-related grants
"Four Above" Units Statistical Quality Assessment Reward	800.00	Income-related grants
High-Quality Development Excellence Award	30,000.00	Income-related grants
Coordination Technology Award	20,000.00	Income-related grants
Subsidy and Bonus for Employing Disabled Persons (Meeting/Exceeding Quota)	31,920.00	Income-related grants
VAT Deduction for Employing Poverty-Alleviation Workforce	22,100.00	Income-related grants
2023 Party Fee Reimbursement for "Two New" and Retiring Party Organizations	16,945.00	Income-related grants
Longcheng Talent Plan - Foreign Talent Special Subsidy	100,000.00	Income-related grants
Enterprise Technology-Driven Innovation Award	51,000.00	Income-related grants
2023 Innovation Entity Cultivation Bonus	100,000.00	Income-related grants
Patent Award	300.00	Income-related grants
2023 First Batch Patent Application and Utilization Award	8,000.00	Income-related grants

Items	Reporting Period	Asset-related grants/ Income-related grants
Intellectual Property Standardization Certification Reward	50,000.00	Income-related grants
2024 Industrial High-Quality Development Special Fund	200,000.00	Income-related grants
2023 First Batch District-Level Manufacturing High-Quality Development Special Fund	30,000.00	Income-related grants
Employment Stabilization Subsidy	666,227.00	Income-related grants
Total	7,553,294.84	——

46. Gain on Changes in Fair Value

Unit: RMB

Sources	Reporting Period	Same period of last year
Held-for-trading financial assets	-30,892,837.58	10,401,521.88
Other non-current financial assets	-35,045,359.31	39,414,576.80
Total	-65,938,196.89	49,816,098.68

47. Investment Income

Unit: RMB

Item	Reporting Period	Same period of last year
Long-term equity investment income accounted by equity method		
Investment income from disposal of long-term equity investment		
Investment income from holding of trading financial assets	855,760.00	343,730.00
Investment income from disposal of trading financial assets	6,671,015.98	3,820,476.37
Dividend income from holding of other equity instrument investment	18,163,080.00	11,482,380.00
Income from re-measurement of residual stock rights at fair value after losing control power		
Interest income from holding of investment in debt obligations	499,990.25	1,463,921.82
Interest income from holding of investment in other debt obligations		

Investment income from disposal of investment in other debt obligations		
Debt restructuring gains	267,434.70	
Securities lending and borrowing business income	95,937.38	28,498.48
Investment income from wealth management products	1,026,622.56	7,673,218.19
Accounts receivable financing - Discount interest on bank acceptance bills	-3,313,989.60	-5,709,875.91
Total	24,265,851.27	19,102,348.95

48. Credit Impairment Loss

Unit: RMB

Item	Reporting Period	Same period of last year
Bad debt loss of accounts receivable	1,583,599.71	2,961,043.75
Bad debt loss of other receivables	-353,779.59	-3,133,215.40
Total	1,229,820.12	-172,171.65

49. Asset Impairment Loss

Unit: RMB

Item	Reporting Period	Same period of last year
Loss on inventory valuation and contract performance cost	-14,383,249.32	-27,893,895.75
Impairment loss on property, plant and equipment	-20,122.51	
Total	-14,403,371.83	-27,893,895.75

50. 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	304,377.71	105,702,551.01	304,377.71

51. 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 disposal of fixed assets		222,436.80	
Income from penalty	97,216.00	10,840.00	97,216.00
Accounts not required to be paid	1,556,125.20	263,791.00	1,556,125.20
Other	1,185,262.22	430,925.85	1,185,262.22
Total	2,838,603.42	927,993.65	2,838,603.42

52. 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
Loss on disposal of fixed assets	418,860.88	206,219.59	418,860.88
Donation	250,000.00	150,000.00	250,000.00
Other	217,646.81	826,317.95	217,646.81
Total	886,507.69	1,182,537.54	886,507.69

53. Income Tax Expense

(1) List of Income Tax Expense

Unit: RMB

Item	Reporting Period	Same period of last year
Current income tax expense	8,816,925.87	4,541,041.54
Deferred income tax expense	-18,077,750.35	33,095,616.49
Total	-9,260,824.48	37,636,658.03

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

Unit: RMB

Item	Reporting Period

Profit before taxation	15,356,740.40
Current income tax expense accounted at statutory/applicable tax rate	2,303,511.06
Influence of applying different tax rates by subsidiaries	-4,209,583.50
Influence of income tax before adjustment	80,224.15
Influence of non-taxable income	-2,938,402.00
Impact of non-deductible costs, expenses and losses	1,307,320.76
Impact of utilizing previously unrecognized deductible tax losses	-9,319,890.92
Impact of unrecognized deductible temporary differences and tax losses in current period	9,568,669.34
Impact of super-deduction incentives on income tax	-6,052,673.37
Income tax expense	-9,260,824.48

54. Other Comprehensive Income

See Note VII 35 for details.

55. 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	4,121,465.38	3,084,694.38
Other intercourses in cash	6,834,709.31	2,744,200.31
Interest income	17,560,515.91	9,008,657.82
Recovery of time deposits at maturity	36,000,000.00	24,000,000.00
Other	3,343,648.68	1,245,299.28
Total	67,860,339.28	40,082,851.79

Cash Used in Other Operating Activities

Unit: RMB

Item	Reporting Period	Same period of last year
Selling and administrative expense paid in cash	95,660,891.03	114,918,107.53
Time deposits withdrawn	42,000,000.00	36,000,000.00
Other transactions	851,981.36	1,580,265.70

Other	479,361.32	1,632,848.89
Total	138,992,233.71	154,131,222.12

(2) Cash Related to Investing Activities

Cash Generated from Other Investing Activities

Unit: RMB

Item	Reporting Period	Same period of last year
Cash paid for acquisition of minority interests in subsidiaries		7,170,000.00
Discounting of bank acceptance bills with low credit ratings		110,000,000.00
Total		117,170,000.00

Changes in liabilities arising from financing activities

□Applicable √Not applicable

56. 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	24,617,564.88	114,698,355.56
Add: Provision for impairment of assets	14,403,371.83	27,893,895.75
Credit impairment loss	-1,229,820.12	172,171.65
Depreciation of fixed assets, of investment properties	84,324,061.52	88,980,118.41
Depreciation of right-of-use assets		
Amortization of intangible assets	6,806,448.55	7,081,433.87
Amortization of long-term deferred expenses	352,927.75	349,871.11
Losses on disposal of fixed assets, intangible assets and other long-term assets (gains by “-”)	-304,377.71	-105,702,551.01
Losses on the scrapping of fixed assets (gains by “-”)	418,860.88	-16,217.21
Losses on the changes in fair value (gains by “-”)	65,938,196.89	-49,816,098.68
Financial expenses (gains by “-”)	-5,722,709.73	-644,213.13
Investment losses (gains by “-”)	-27,579,840.87	-24,812,224.86
Decrease in deferred income tax assets (increase by “-”)	-4,939,342.20	24,701,580.14

Increase in deferred income tax liabilities (decrease by "-")	-13,138,408.15	8,394,036.35
Decrease in inventory (increase by "-")	-44,365,062.06	-245,117,199.69
Decrease in accounts receivable from operating activities (increase by "-")	-515,169,470.57	27,662,484.38
Increase in payables from operating activities (decrease by "-")	264,499,562.26	263,364,384.71
Other	-3,204,931.85	
Net cash flows generated from operating activities	-154,292,968.70	137,189,827.35
2. Investing and financing activities that do not involving 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	892,681,884.84	971,629,523.46
Less: Beginning balance of cash	971,629,523.46	810,350,966.05
Add: Ending balance of cash equivalents		
Less: Beginning balance of cash equivalents		
Net increase in cash and cash equivalents	-78,947,638.62	161,278,557.41

(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	1,118,117,547.48
Cash paid for significant investing activities	
Including: Cash paid for purchase of wealth management products and structured deposits	1,179,550,000.00

(3) Cash and Cash Equivalents

Unit: RMB

Item	Ending balance	Beginning balance
I. Cash	892,681,884.84	971,629,523.46
Including: Cash on hand	84,482.59	157,238.05
Bank deposit on demand	891,972,475.61	963,604,998.68

Other monetary assets on demand	624,926.64	7,867,286.73
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	892,681,884.84	971,629,523.46
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		94,412,090.20	59,697.21			94,471,787.41
Other payables-dividends payable	3,891,433.83					3,891,433.83
Total	3,891,433.83	94,412,090.20	59,697.21			98,363,221.24

57. 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			224,364,347.14
Of which: USD	31,162,617.52	7.1884	224,009,359.79

HKD	383,339.11	0.92604	354,987.35
Accounts receivable			110,124,478.86
Of which: USD	15,197,105.67	7.1884	109,242,874.42
EUR	117,145.84	7.5257	881,604.44
Accounts payable			2,175.21
Of which: USD	302.60	7.1884	2,175.21

(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

58. 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	2,441,811.39	
Total	2,441,811.39	

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	46,708,069.23	51,504,815.69
Employee remuneration	24,323,024.76	24,744,156.04
Depreciation and amortization	5,756,990.16	4,895,983.48
Outsourcing development fees	704,000.00	684,195.77
Others	5,909,393.45	8,509,953.35
Total	83,401,477.60	90,339,104.33

Of which: Expensed research and development expenditure	83,401,477.60	90,339,104.33
Capitalized research and development expenditure		

IX. 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 Changchai Horizon Agricultural Equipment Co., Ltd.	10,000,000.00	Changzhou	Changzhou	Industry	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

Note: The Company holds a 49% equity interest in Zhenjiang Siyang, making it the largest shareholder. With other shareholders being relatively dispersed, and given that the Company appoints 4 out of the 7 board members of Zhenjiang Siyang (including the Chairman), the Company is the de facto controlling party of Zhenjiang Siyang, meeting the consolidation criteria.

(2) Significant Non-wholly-owned Subsidiary

Unit: RMB

Name	Shareholding proportion of non-controlling interests	The profit or loss attributable to the non-controlling interests	Declaring dividends distributed to non-controlling interests	Balance of non-controlling interests at the period-end
Changchai Wanzhou Diesel Engine Co., Ltd.	40.00%	271,622.56		20,447,252.38
Zhenjiang Siyang Diesel Engine Manufacturing Co., Ltd.	51.00%	5,856,046.32		57,449,838.65

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.	44,920,697.17	21,532,357.74	66,453,054.91	15,334,923.96		15,334,923.96	41,179,375.84	22,351,977.78	63,531,353.62	13,584,154.77		13,584,154.77

Zhenjiang Siyang Diesel Engine Manufacturing Co., Ltd.	104,849,374.35	22,695,139.48	127,544,513.83	16,537,400.72	61,700.00	16,599,100.72	94,747,199.90	24,396,092.80	119,143,292.70	20,295,436.96		20,295,436.96

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.	40,738,284.52	679,056.41	679,056.41	2,764,335.63	43,364,246.66	261,794.64	261,794.64	-8,451,013.52
Zhenjiang Siyang Diesel Engine Manufacturing Co., Ltd.	69,479,046.40	11,482,443.77	11,482,443.77	3,116,694.39	66,935,156.33	10,423,984.02	10,423,984.02	1,349,693.24

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.

X. 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 non-operating income in the Reporting Period	Amount recorded into other income in the Reporting Period	Other changes	Ending balance	Related to assets/related income
Deferred income	32,795,896.48			3,409,729.46		29,386,167.02	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	7,553,294.84	6,419,303.33

XI. 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 December 31, 2024, 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 December 31, 2024, 60.75% (December 31, 2023: 54.66%) 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 /discount	Notes receivable	234,736,335.20	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	865,680,649.89	Derecognized	The Company transfers almost all the risks and rewards
Total		1,100,416,985.09		

(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	301,693,937.09	
Accounts receivable financing	Discount	563,986,712.80	-3,313,989.60
Total		865,680,649.89	-3,313,989.60

(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	163,858,135.20	163,858,135.20
Notes receivable	Discount	70,878,200.00	70,878,200.00
Total		234,736,335.20	234,736,335.20

XII. 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	52,598,990.00			52,598,990.00
(3) Derivative financial assets				
(4) Wealth management investments		251,068,469.65		251,068,469.65
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	592,483,000.00		348,637,058.72	941,120,058.72
(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			223,261,002.76	223,261,002.76
Other non-current financial assets			377,869,217.49	377,869,217.49
Total assets consistently measured by fair	645,081,990.00	251,068,469.65	949,767,278.97	1,845,917,738.62

value				
(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.

XIII. 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 IX for details.

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

Refer to Note VII. 12.Long term Equity Investments for details.

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

(1) Compensation for key management personnel

Unit: RMB

Item	Current amount incurred	Amount incurred in the previous period
Compensation for key management personnel	8,896,700.00	7,820,700.00

6. Related-party receivables and payables

There were no related-party receivables or payables during the reporting period.

XIV. Commitments and Contingency

1. Significant Commitments

Significant commitments on balance sheet date
As of 31 December 2024, there was no significant commitment for the Company to disclose.

2. Contingency

(1) Significant Contingency on Balance Sheet Date

None

(2) In Despite of no Significant Contingency to Disclose, the Company Shall Also Make Relevant Statements

There was no significant contingency in the Company.

XV. Events after Balance Sheet Date

1. Profit Distribution

Dividend to be distributed for every 10 shares (RMB)	0.1
Bonus shares to be distributed for every 10 shares	0

(share)	
Additional shares to be converted from capital reserve for every 10 shares (share)	0
Dividend for every 10 shares (RMB) declared after review and approval	0.1
Bonus shares to be distributed for every 10 shares (share) declared after review and approval	0
Additional shares to be converted from capital reserve for every 10 shares (share) declared after review and approval	0
Profit distribution plan	On April 9, 2025, the eighth meeting of the tenth Board of Directors of the Company approved the 2024 profit distribution plan, proposing a cash dividend distribution of RMB 7,056,925.07. This distribution plan remains subject to review and approval by the shareholders' general meeting.

2. Sales Return

None

3. Notes to Other Events after Balance Sheet Date

There was no other event after balance sheet date.

XVI. 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

The Xinbei District People's Government of Changzhou ("Notice of Expropriation Decision on State-owned Land Housing" Changxin Zheng Gao [2022] No. 6) decided to expropriate the houses within the scope of the old town renovation project at the site of Changchai Co., Ltd.'s (hereinafter referred to as "the Company") single-cylinder engine plant, i.e., Changchai Co., Ltd. Changzhou Sanjing Branch. On November 29, 2023, the Company signed a compensation agreement with the Housing and Urban-Rural Development Bureau of Changzhou National Hi-Tech District (Xinbei) and the Housing Expropriation and Compensation Service Center of Sanjing Subdistrict, Xinbei District, Changzhou (hereinafter referred to as "Sanjing Subdistrict"), with a total agreed compensation amount of RMB 99,929,868. According to the payment terms stipulated in the Compensation Agreement, the Company has received the first installment of compensation (30% of the compensation amount) of RMB 30,000,000 (including RMB 1,000,000 received on December 29, 2023 and RMB 29,000,000 received on January

3, 2024). The relevant land expropriation work is currently in progress.

XVII. 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)	421,962,024.85	289,665,029.12
One to two years	6,757,507.16	1,642,898.19
Two to three years	936,696.44	4,274,309.13
More than three years	99,831,716.27	103,238,762.39
Three to four years	4,041,196.12	4,376,325.51
Four to five years	4,363,228.39	1,398,123.34
Over 5 years	91,427,291.76	97,464,313.54
Total	529,487,944.72	398,820,998.83

(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	14,107,982.76	2.66%	14,107,982.76	100.00%	0.00	21,058,702.18	5.28%	21,058,702.18	100.00%	0.00
Of which:										

Accounts receivable withdrawal of bad debt provision of by group	515,379,961.96	97.34%	90,433,295.55	17.55%	424,946,666.41	377,762,296.65	94.72%	85,765,458.71	22.70%	291,996,837.94
Of which:										
Accounts receivable with provision for bad debts based on credit risk characteristics portfolio	514,704,286.47	97.21%	90,433,295.55	17.57%	424,270,990.92	377,762,296.65	94.72%	85,765,458.71	22.70%	291,996,837.94
Accounts receivable with provision for bad debts based on related-party transactions portfolio within the consolidation scope	675,675.49	0.13%	0.00	0.00	675,675.49	0.00	0.00	0.00	0.00	0.00
Total	529,487,944.72	——	104,541,278.31	——	424,946,666.41	398,820,998.83	——	106,824,160.89	——	291,996,837.94

Number of categories of bad debt provision by individual item: 1

Provision for bad debts assessed individually: RMB14,107,982.76, including significant impairment items totaling RMB12,488,523.68. 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	1,726,935.65	1,726,935.65	1,759,397.30	1,759,397.30	100.00%	Difficult to recover
Customer 5	0.00	0.00	1,564,000.07	1,564,000.07	100.00%	Difficult to recover
Customer 6	1,470,110.64	1,470,110.64	1,470,110.64	1,470,110.64	100.00%	Difficult to recover
Customer 7	420,000.00	420,000.00	410,760.00	410,760.00	100.00%	Difficult to recover
Total	10,901,301.96	10,901,301.96	12,488,523.68	12,488,523.68	--	--

Number of categories of bad debt provision by group: 1

Withdrawal of bad debt provision by group:

Unit: RMB

Item	Ending balance		
	Carrying amount	Bad debt provision	Withdrawal proportion
Within 1 year	421,286,349.36	8,425,726.99	2.00 %
1 to 2 years	6,757,507.16	337,875.36	5.00 %
2 to 3 years	936,696.44	140,504.47	15.00%
3 to 4 years	3,498,933.46	1,049,680.04	30.00%
4 to 5 years	4,363,228.39	2,617,937.03	60.00%
Over 5 years	77,861,571.66	77,861,571.66	100.00%
Total	514,704,286.47	90,433,295.55	

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	21,058,702.18	1,596,461.72	7,735,818.14	811,363.00		14,107,982.76

Withdrawal of bad debt provision by group	85,765,458.71	4,882,766.98		214,930.14		90,433,295.55
Total	106,824,160.89	6,479,228.70	7,735,818.14	1,026,293.14		104,541,278.31

Of which significant amount of recovered or transferred-back bad debt provision for the current period:

Unit: RMB

Name	Reversed or recovered	Method of Recovery	Basis and Rationale for Determining the Original Provision for Bad Debt Ratios
Customer 1	6,215,662.64	Recovered in cash through mutual mediation	Accounts receivable aged over 5 years, fully provided for bad debts
Customer 2	1,510,915.50	Recovered in cash through mutual mediation	Accounts receivable aged over 5 years, fully provided for bad debts
Total	7,726,578.14		

(4) Accounts Receivable Written-off in Current Period

Unit: RMB

Item	Written-off amount
Accounts receivable with actual verification	1,026,293.14

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	811,363.00	The portion unrecoverable after mutual mediation	Minutes of the Executive Office	No
Total		811,363.00			

(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	137,231,328.98	0.00	137,231,328.98	25.92%	2,744,626.58
Customer 2	136,022,798.00	0.00	136,022,798.00	25.69%	2,869,530.46
Customer 3	37,488,328.71	0.00	37,488,328.71	7.08%	749,766.57
Customer 4	25,787,025.82	0.00	25,787,025.82	4.87%	515,740.52
Customer 5	21,455,202.45	0.00	21,455,202.45	4.05%	429,104.05
Total	357,984,683.96	0.00	357,984,683.96	67.61%	7,308,768.18

2. Other Receivables

Unit: RMB

Item	Ending balance	Beginning balance
Interest receivable		
Dividend receivable	7,165,080.00	
Other receivables	17,123,687.65	399,142,024.92
Total	24,288,767.65	399,142,024.92

(1) Dividend receivable

Unit: RMB

Projects (or Investee Entities)	Ending balance	Beginning balance
Jiangsu Bank 2024 Interim Dividend Announcement	7,165,080.00	
Total	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	31,828,957.95	366,245,432.00
Margin and cash pledge	1,300.00	1,300.00
Other entity current accounts	20,438,842.07	67,344,009.68
Petty cash and borrowings by employees	763,839.63	884,233.75
Other	13,697,080.26	13,638,079.94
Total	66,730,019.91	448,113,055.37

2) Disclosure by Aging

Unit: RMB

Aging	Ending carrying amount	Beginning carrying amount
Within 1 year (including 1 year)	5,982,988.63	301,730,833.26
1 to 2 years	11,494,533.03	113,974,034.71
2 to 3 years	16,754,590.84	12,802.00
Over 3 years	32,497,907.41	32,395,385.40
3 to 4 years	281,647.36	30,300.00
4 to 5 years	30,300.00	321,735.17
Over 5 years	32,185,960.05	32,043,350.23
Total	66,730,019.91	448,113,055.37

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 2024	46,873.20	16,709.10	48,907,448.15	48,971,030.45
Balance of 1 January 2024 in the Current Period	——	——	——	——
--Transfer to Second stage	-5,181.98	5,181.98		
-- Transfer to Third stage				
-- Reverse to Second stage				
-- Reverse to First stage				
Withdrawal of the Current Period	-2,796.14	22,497.90	615,600.05	635,301.81
Reversal of the Current Period				

Write-offs of the Current Period				
Verification of the Current Period				
Other changes				
Balance of 31 December 2024	38,895.08	44,388.98	49,523,048.20	49,606,332.26

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	21,844,634.06	600,193.44				22,444,827.50
Withdrawal of bad debt provision by group	27,126,396.39	35,108.37				27,161,504.76
Total	48,971,030.45	635,301.81				49,606,332.26

5）Write-off of Other Receivables During the Reporting Period: Nil

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 Changchai Horizon Agricultural Equipment Co., Ltd.	Related-party transactions within the consolidation scope	16,828,957.95	1-3 years	25.22%	16,828,957.95
Changzhou Changchai Benniu Diesel Engine Fittings Co., Ltd.	Related-party transactions within the consolidation scope	15,000,000.00	1-3 years	22.48%	
Changzhou Compressor Factory	Current accounts	2,940,000.00	Over 5 years	4.41%	2,940,000.00
Changchai Group Imp. & Exp. Co., Ltd.	Current accounts	2,853,188.02	Over 5 years	4.28%	2,853,188.02
Changzhou New District Accounting Center	Current accounts	1,626,483.25	Over 5 years	2.44%	1,626,483.25
Total		39,248,629.22		58.83%	24,248,629.22

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	875,279,449.94	7,000,000.00	868,279,449.94	583,443,530.03	7,000,000.00	576,443,530.03
Investment to joint ventures and associated enterprises	44,182.50	44,182.50		44,182.50	44,182.50	
Total	875,323,632.44	7,044,182.50	868,279,449.94	583,487,712.53	7,044,182.50	576,443,530.03

(1) Investment to Subsidiaries

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
			Additional investment	Reduced investment	Withdrawal of impairment provision	Others		
Changchai Wanzhou Diesel Engine Co., Ltd.	51,000,000.00						51,000,000.00	
Changzhou Changchai Benniu Diesel Engine Fittings Co., Ltd.	96,466,500.00						96,466,500.00	
Changzhou Horizon Investment Co., Ltd.	40,000,000.00						40,000,000.00	
Changzhou Changchai Horizon Agricultural Equipment Co., Ltd.	0.00	7,000,000.00					0.00	7,000,000.00
Changzhou Fuji Changchai Robin Gasoline Engine Co., Ltd.	47,286,230.03						47,286,230.03	
Jiangsu Changchai Machinery Co., Ltd.	300,000,000.00		291,835,919.91				591,835,919.91	

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	576,443,530.03	7,000,000.00	291,835,919.91				868,279,449.94	7,000,000.00

(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
			Additional investment	Reduced investment	Gains and losses recognized under the equity method	Adjustment of other comprehensive income	Changes of other equity	Cash bonus or profits announced to issue	Withdrawal of impairment provision	Others		
I. Joint ventures												
Subtotal	0.00	0.00									0.00	0.00
II. Associated enterprises												
Beijing Tsinghua Xingye Industrial Investment Management	0.00	44,182.50									0.00	44,182.50

Co., Ltd.												
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	2,152,289,877.26	1,923,630,912.50	1,978,548,527.91	1,769,939,205.73
Other operations	109,306,807.66	102,287,240.76	78,572,385.42	61,861,919.26
Total	2,261,596,684.92	2,025,918,153.26	2,057,120,913.33	1,831,801,124.99

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	900,810,856.26	824,628,837.72	900,810,856.26	824,628,837.72
Multi-cylinder diesel engines	1,142,838,583.70	1,011,740,533.20	1,142,838,583.70	1,011,740,533.20
Other products	47,720,093.13	42,848,780.41	47,720,093.13	42,848,780.41
Fittings	60,920,344.17	44,412,761.17	60,920,344.17	44,412,761.17
Classification by operating region				

Of which:				
Sales in domestic market	1,872,581,326.84	1,647,638,286.26	1,872,581,326.84	1,647,638,286.26
Export sales	279,708,550.42	275,992,626.24	279,708,550.42	275,992,626.24
Total	2,152,289,877.26	1,923,630,912.50	2,152,289,877.26	1,923,630,912.50

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	6,671,015.98	7,022,401.48
Dividend income from holding of other equity instrument investment	18,163,080.00	11,482,380.00
Interest income from holding of debt obligation investments	499,990.25	1,463,921.82
Accounts receivable financing-discount interest of bank acceptance bills	-2,778,698.46	-4,894,619.98
Income from refinancing operations	95,937.38	28,498.48
Total	22,651,325.15	15,102,581.80

XVIII. 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	304,377.71	
Government subsidies charged to current profit or loss (exclusive of government subsidies given in the Company’s ordinary course of business at fixed quotas or amounts as per the government’s uniform standards)	3,477,338.38	The government subsidies included in the current period's profit and loss amounted to RMB7,553,294.84. Deducting government grants related to assets transferred from deferred income totaling RMB3,409,729.46 and job retention subsidies of RMB666,227.00. The government subsidies included in the current period's non recurring profit and loss amounted to RMB3,477,338.38.

Gains or losses from changes in fair value of financial assets and liabilities held by non-financial enterprises, and gains or losses from disposal of financial assets and liabilities, except for effective hedging activities related to the company's normal business operations	-58,411,420.91	
Gains or losses from entrusting others with investments or asset management	1,122,559.94	
Reversal of impairment provisions for receivables that have undergone separate impairment testing	7,735,818.14	
Gains or losses from debt restructuring	267,434.70	
Other non-operating income and expenses other than the above	1,952,095.73	
Less: Income tax effects	-9,444,181.95	
Non-controlling interests effects (after tax)	361,173.09	
Total	-34,468,787.45	

Others that meets 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	0.55%	0.0262	0.0262
Net profit attributable to ordinary shareholders of the Company after deduction of non-recurring profit or loss	1.57%	0.0750	0.0750

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

The Board of Directors
Changchai Company, Limited
11 April 2025