



CHANGCHAI COMPANY, LIMITED

INTERIM REPORT 2024

August 2024

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 or other forward-looking statements mentioned in this Report and its summary shall NOT be considered as promises to investors. Investors and other stakeholders shall be sufficiently aware of the risk and shall differentiate between plans/forecasts and promises.

The Company has described in detail the risks it might face in “X Risks Facing the Company and Countermeasures” in “Part III Management Discussion and Analysis” herein.

The Company has no interim dividend plan, either in the form of cash or stock.

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Documents Available for Reference

- (I) The financial statements signed and sealed by the Company's legal representative, General Manager and head of the financial department (accountant in charge).
- (II) The originals of all the Company's documents and announcements which were disclosed on the website designated by the CSRC during the Reporting Period.
- (III) The Interim 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 30 June 2024

Part II Corporate Information and Key Financial Information

I Corporate Information

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

II Contact Information

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

III Other Information

1. Contact Information of the Company

Indicate by tick mark whether any change occurred to the registered address, office address and their zip codes, website address and email address of the Company in the Reporting Period.

Applicable Not applicable

No change occurred to the said information in the Reporting Period, which can be found in the 2023 Annual Report.

2. Media for Information Disclosure and Place where this Report is Lodged

Indicate by tick mark whether any change occurred to the information disclosure media and the place for lodging the Company's periodic reports in the Reporting Period.

Applicable Not applicable

The website of the stock exchange, media and other websites where the Company's periodic reports are disclosed, as well as the place for keeping such reports did not change in the Reporting Period. The said information can be found in the 2023 Annual Report.

3. Other Relevant Information

Indicate by tick mark whether any change occurred to other relevant information in the Reporting Period.

Applicable Not applicable

IV Key Financial Information

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

Yes No

	H1 2024	H1 2023	Change (%)
Operating revenue (RMB)	1,495,909,152.63	1,350,517,639.85	10.77%
Net profit attributable to the listed company's shareholders (RMB)	50,097,655.15	131,937,324.66	-62.03%
Net profit attributable to the listed company's shareholders before exceptional gains and losses (RMB)	59,846,264.97	5,825,543.98	927.31%
Net cash generated from/used in operating activities (RMB)	-161,814,513.00	-104,796,816.75	---
Basic earnings per share (RMB/share)	0.0710	0.1870	-62.03%
Diluted earnings per share (RMB/share)	0.0710	0.1870	-62.03%
Weighted average return on equity (%)	1.47%	3.93%	-2.46%
	30 June 2024	31 December 2023	Change (%)
Total assets (RMB)	5,329,179,139.07	5,159,394,958.92	3.29%
Equity attributable to the listed company's shareholders (RMB)	3,372,290,234.40	3,398,946,911.23	-0.78%

V 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.

VI Exceptional Gains and Losses

Applicable Not applicable

Unit: RMB

Item	Amount	Note
Gains and losses from the disposal of non current assets (including the offsetting portion of impairment provisions already made for assets)	408,245.54	
Government grants recognised 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)	193,085.00	Government grants recognised in current profit or loss were RMB1,953,702.37, and the amount recognised in current profit or loss that was exclusive of deferred income was RMB1,704,864.73.
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 hedges that arise in the Company's ordinary course of business)	-18,684,594.97	The company received stock dividends from Jiangsu Bank Co., Ltd. held by the company, the wealth management income generated from cash management and the decrease in the fair value of the shares held by wholly-owned subsidiary Horizon Investment in Jiangsu Liance Electromechanical Technology Co., Ltd., and Kailong High Technology Co., Ltd.
Non-operating income and expense other than the above	803,200.60	
Less: Income tax effects	-7,709,542.20	
Non-controlling interests effects (net of tax)	178,088.19	
Total	-9,748,609.82	

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

Applicable Not applicable

No such cases for the Reporting Period.

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

Applicable Not applicable

No such cases for the Reporting Period.

Part III Management Discussion and Analysis

I Principal Activity of the Company in the Reporting Period

1. Industry review

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.

In terms of policies, the national strategy of "Made in China 2025" has the R&D and industrialization of efficient internal combustion engines elevated to the national strategic level, and new policies on large-scale equipment renewal and trade-in of consumer goods will further promote the development of market and science and technology. National regulations pertaining to internal combustion engine technology have considerably tightened, with a notable emphasis on energy conservation, emissions reduction, and reliability, thereby making them focal points of industrial development. The rigorous enforcement of national emission standards expedites the development and deployment of core technologies and crucial components within internal combustion engines. The exploration and dissemination of efficient and clean internal combustion engine products drive the widespread adoption of independent-brand electronic fuel injection systems, high-efficiency superchargers, and advanced after-treatment solutions.

In recent years, the issuance of the No. 1 Document by the central government has underscored its commitment to elevating the importance of agriculture and bolstering agricultural development. In 2024, the No. 1 Document outlined a "road map" to vigorously and effectively propel comprehensive rural revitalization. To stimulate demand through industrial policies, it is imperative to enhance the research and application proficiency of agricultural machinery and equipment, promote the innovation framework for cutting-edge agricultural machinery, vigorously address the deficiencies in agricultural machinery and equipment, bolster the information-based capabilities and service provision of agricultural machinery and equipment, advance the intelligence and automation levels of agricultural machinery, reinforce the synergy between technology and reform, and intensify efforts in core technology research and development, all of which will delineate the trajectory for agricultural modernization.

As a result of the national policy of subsidies for the purchase of machinery, industrial development policies and the impact of environmental regulations and requirements, overall market demand for single-cylinder diesel engines for small agricultural machinery remained low, causing intense competition. Despite the gradual increase in the use of single-cylinder engines in the non-agricultural sectors, overall sales volume remained on a downward path. From the point of view of the development of the industry as a whole, the sales of low-quality products continued to weaken, and high-quality products continued to take over more market share, which promoted the sustainable development of the industry as a whole. With the full-scale implementation of National Emission Standard IV for Non-road Vehicles and the evolving market dynamics, the pace of development for high-end agricultural machinery products in China has accelerated. High-end and intelligent trends of agricultural machinery catalyzed a fresh wave of structural transformation within the agricultural machinery industry. The sector has entered a phase of profound adjustments propelled by optimization and upgrading, with agricultural machinery enterprises concurrently embarking on a trajectory of high-quality development, hastening the integration and advancement of advanced technologies encompassing energy conservation and emissions

reduction, intelligent manufacturing, and the enhancement of product quality and efficiency. As new opportunities for development arise in the national strategic deployment and the accelerated transformation and upgrading process, the agricultural machinery market has a broad space for growth.



2. Principal Operations of the Company

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

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

3. Main Products of the Company

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

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

4. Major Business Models

(1) R&D model

We have established an innovative technology management system for internal combustion engine based on market demand and forward-looking technologies. Prior to the new products or new technologies development, the marketing department first conducts market assessment and customer research, and then initiates a project according to the forecasted market demand; the technology department 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 and the production plans 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 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 and the reserve inventory demand, and organizes the production task in strict accordance with the plan. During the production process, the quality assurance department arranges regular inspection to ensure the product quality.

(4) Sale model

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

5. The Company's position in the market

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

6. 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 favourable 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 our own internal combustion engine assembly department. Our casting manufacturing department and internal combustion engine assembly department 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 construction machinery, show excellent performance in power range, reliability, power per litre, 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.

7. Performance of the Company's Principal Operations in the Reporting Period

In the first half of 2024, the macro economy maintained a moderate recovery and steady progress overall. The joint influence of such factors as the full entry of products that meet the National Emission Standard IV into the market, the decline in operating income, and the adjustment of subsidies made market competition increasingly fierce, and therefore the traditional agricultural machinery industry is slowing down. Meanwhile, new market and industry segments maintained growth momentum, accompanied by the increasing demand for high-end products and the transformation of the agricultural machinery industry towards high-quality development. Centring around its annual policies and objectives, the Company as a whole focused on core areas such as product, market and quality, and responded to challenges through precise strategies, thus achieving steady growth of the main business. During the Reporting Period, the Company sold approximately 325,400 diesel engines, gasoline engines and generator sets, generating total sales revenue of RMB1,496 million, an increase of 10.77% year on year.

In terms of product development and application, the Company intensified efforts on the development and application of light engines in segmented fields, completed the supporting road test for CC12 diesel engine for three-wheeled motorcycle, and made steady progress in the installation and application as well as testing and verification of multi-cylinder products that meet the National Emission Standard IV for Non-road Vehicles and terminal products of main engine plant customers. The Company also upgraded the product post-processing configuration, and completed the market verification and emission certification test to effectively improve the emission reduction capacity of products and continuously develop green power. The Company constantly improved the assembly and power performance of outboard engines, promoted the completion of installation debugging and market application for products of multiple power ranges, and obtained ship inspection certificate for D25 outboard engines and exported them overseas.

In terms of sales and services, the Company strengthened channel management for single-cylinder engines, and consolidated the market application share of single-cylinder engines in the industrial cluster. In terms of multi-cylinder engines, the Company intensified the collaboration efforts at the terminal market, consolidated market application share in traditional advantageous fields, and expanded the incremental market of harvesting machinery. Moreover, the Company further boosted market development in non-agricultural fields, with its intelligent integrated charging stations successfully entering the flight defence market already. Additionally,

foreign trade sales jumped in emerging markets. The Company also continuously optimized the allocation of service resources, strengthened service collaboration, and completed various market service tasks during busy agricultural periods, while increasing the publicity by new media to improve the visibility and quality of marketing.

In terms of quality management, the Company continuously optimized the quality system, strengthened quality control, and strictly controlled the product inspection and production processes. Moreover, the Company actively responded to market feedback, further managed the stabilization and enhancement of the supply chain, and improved the quality level of products through precise measures.

In terms of internal management, the Company comprehensively improved the establishment of the internal control system, and took multiple measures to reduce costs and improve the Company's operating efficiency and governance level. Moreover, the Company further improved its assessment and incentive mechanism, and strengthened the introduction and cultivation of talents and the building of cadre team to forge a talent team well adapting to the development of the Company. The Company also carried out safe production activities and fire security drills, organized various cultural and sports activities, worked to create a safe, stable and cohesive work environment and corporate atmosphere, while strengthening the publicity of corporate image and products through multiple channels to enhance the Company's brand influence.

During the Reporting Period, the Company obtained 25% equity of Horizon Agricultural Equipment originally held by Horizon Investment, enabling it to directly hold 100% equity of Horizon Agricultural Equipment. As of the end of the Reporting Period, the Company had received a total of RMB117 million in compensation for housing expropriation from Wuxing Branch and RMB30 million in the first phase of compensation for housing expropriation from Sanjing Branch.

II Core Competitiveness Analysis

1. Advantages in Brand

Changchai is a national industrial enterprise with a history of over one hundred years. It is one of the earliest professional manufacturers of internal combustion engines in China. The brand "Changchai" is the earliest domestic trademark of production goods known as China's well-known trademarks. The diesel engine of "Changchai" brand is China's brand-name product. The enterprise has been certified by ISO9001 and IATF16949 quality systems, ISO14001 environmental management system, IATF16949 automotive product quality management system, and accessed to the national export-free enterprise qualification. Changchai was honorably ranked among "the Top One Hundred Chinese Enterprises in Engineering Industry" and "China Pacesetter Enterprise of Industrial Industry" for several times, and was awarded the honorary title of "State-level Enterprise of Observing Contracts and Keeping Promise", "China's Agricultural Machinery Parts and Components Leading Enterprises", "China's Agricultural Machinery AAA Credit Enterprise", "Quality Management Excellence Award of Jiangsu Province" and "Mayor Quality Award of Changzhou City". The Company has been among the 10 users' most satisfied leading brands in "Jing Geng" competition for many years. During the Reporting Period, the Company was awarded the titles of National Demonstration Enterprise of Product and Service Quality Integrity, Large Key Outstanding Enterprise in the Chinese Mechanical Industry, Excellent Brand in the Agricultural Machinery Equipment Industry of Jiangsu Province, etc. 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.

2. Advantages in Technology

The Company has a state-level technology center and post-doctoral research station, and a research center of small

and medium-power internal combustion engine engineering and technology in Jiangsu Province. Currently, it is mainly engaged in production of small and medium-power single-cylinder and multi-cylinder diesel engine. It has a complete product range, a wide power level coverage, a high reputation and intellectual property rights for its main products. During the Reporting Period, the Company applied for and obtained 12 patents accepted by the China National Intellectual Property Administration, and obtained 11 patent authorizations. As of 30 June 2024, the Company had a total of 164 domestic and foreign patents, including 17 invention patents.

3. Advantages in Marketing

Changchai has built up a sales service network covering the whole country, with 24 sales service centers and 716 designated maintenance stations. In addition, in order to meet the National Emission Standard IV for Non-Road Vehicles and provide better after-sales service for customers, a service monitoring platform with Changchai characteristics has been put in place. With a perfect diesel sales service network system, the Company is able to provide high quality, efficient and timely services for customers.

III Core Business Analysis

Overview

See contents under the heading “I Principal Activity of the Company in the Reporting Period”.

Year-on-year changes in key financial data:

Unit: RMB

	H1 2024	H1 2023	Change (%)	Main reason for change
Operating revenue	1,495,909,152.63	1,350,517,639.85	10.77%	
Cost of sales	1,247,104,070.05	1,168,898,203.83	6.69%	
Selling expense	62,703,122.61	62,131,032.17	0.92%	
Administrative expense	53,480,629.46	52,877,371.06	1.14%	
Finance costs	-8,614,351.66	-4,976,652.95	—	Increased interest income and decreased interest expenses in the Reporting Period
Income tax expense	4,314,671.32	7,189,328.33	-39.99%	Decreased fair value of held-for-trading financial assets of wholly-owned subsidiary Horizon Investment in the Reporting Period, resulting in a corresponding decrease in deferred income tax liabilities
R&D investments	38,765,247.04	35,839,071.42	8.16%	
Net cash generated from/used in operating activities	-161,814,513.00	-104,796,816.75	—	

Net cash generated from/used in investing activities	-132,707,275.04	-45,360,077.56	---	The main reason is that the net cash received from the company's investment recovery in the current period decreased year-on-year.
Net cash generated from/used in financing activities	-33,167,547.83	-8,886,489.92	---	The increased 2023 final dividend payout
Net increase in cash and cash equivalents	-327,689,335.87	-159,043,384.23	---	

Significant changes to the profit structure or sources of the Company in the Reporting Period:

Applicable Not applicable

No such cases in the Reporting Period.

Breakdown of operating revenue:

Unit: RMB

	H1 2024		H1 2023		Change (%)
	Operating revenue	As % of total operating revenue (%)	Operating revenue	As % of total operating revenue (%)	
Total	1,495,909,152.63	100%	1,350,517,639.85	100%	10.77%
By operating division					
Internal combustion engines	1,477,768,073.74	98.79%	1,333,099,509.22	98.71%	10.85%
Other	18,141,078.89	1.21%	17,418,130.63	1.29%	4.15%
By product category					
Diesel engines	1,397,237,787.65	93.40%	1,246,906,709.16	92.33%	12.06%
Gasoline engines	62,093,594.55	4.15%	82,791,314.55	6.13%	-25.00%
Other	36,577,770.43	2.45%	20,819,616.14	1.54%	75.69%
By operating segment					
Domestic	1,339,807,981.05	89.56%	1,114,906,055.18	82.55%	20.17%
Overseas	156,101,171.58	10.44%	235,611,584.67	17.45%	-33.75%

Operating division, product category or operating segment contributing over 10% of operating revenue or operating profit:

Applicable Not applicable

Unit: RMB

	Operating revenue	Cost of sales	Gross profit margin	YoY change in operating revenue (%)	YoY change in cost of sales (%)	YoY change in gross profit margin (%)
By operating division						
Internal combustion engines	1,477,768,073.74	1,232,962,844.33	16.57%	10.85%	6.62%	3.32%
By product category						
Diesel engines	1,397,237,787.65	1,163,197,030.40	16.75%	12.06%	7.13%	3.83%
Gasoline engines	62,093,594.55	52,444,200.08	15.54%	-25.00%	-21.78%	-3.48%
By operating segment						
Domestic	1,339,807,981.05	1,098,121,111.89	18.04%	20.17%	16.83%	2.34%
Overseas	156,101,171.58	148,982,958.16	4.56%	-33.75%	-34.94%	1.75%

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

Applicable Not applicable

IV Analysis of Non-Core Businesses

Applicable Not applicable

Unit: RMB

	Amount	As % of gross profit	Main reason/source	Recurrent or not
Return on investment	14,299,040.62	24.53%	Stock dividends and income from cash management	Yes
Gains/losses on changes in fair value	-34,487,453.74	-59.17%	Decrease in the fair value of the shares held by wholly-owned subsidiary Horizon Investment in Jiangsu Liance Electromechanical Technology Co., Ltd., and Kailong High Technology Co., Ltd.	No
Asset impairment loss	-359,995.80	-0.62%	Inventory valuation losses for the current period	No
Non-operating income	1,070,935.19	1.84%	Amounts that required no payment	No
Non-operating expense	267,734.59	0.46%	Compensation matters	No

V Analysis of Assets and Liabilities

1. Significant Changes in Asset Composition

Unit: RMB

	30 June 2024		31 December 2023		Change in percent age (%)	Reason for any significant change
	Amount	As % of total assets	Amount	As % of total assets		
Monetary assets	791,920,099.90	14.86%	1,083,867,966.87	21.01%	-6.15%	The main reason is that during the reporting period, the company increased its market expansion efforts, moderately extended credit, reduced fund recovery, and increased unexpired wealth management at the end of the period compared to the beginning.
Accounts receivable	1,183,949,152.56	22.22%	316,543,159.91	6.14%	16.08%	Most of the Company's multi-cylinder diesel engine customers are supporting companies of main engine, which are usually given longer payment days and the Company properly allowed customers' buying on credit to step up efforts to expand the market due to the product emission upgrading.
Inventories	619,715,018.92	11.63%	789,220,185.68	15.30%	-3.67%	Product sales increased in the Reporting Period, reducing diesel

						engine stocks
Investment property	38,789,201.33	0.73%	39,837,558.11	0.77%	-0.04%	
Fixed assets	637,435,729.73	11.96%	675,596,920.95	13.09%	-1.13%	
Construction in progress	4,330,676.58	0.08%	4,275,622.18	0.08%	0.00%	
Contract liabilities	37,517,411.19	0.70%	33,352,877.66	0.65%	0.05%	

2. Major Assets Overseas

Applicable Not applicable

3. Assets and Liabilities at Fair Value

Applicable Not applicable

Unit: RMB

Item	Beginning amount	Gain/loss on fair-value changes in the Reporting Period	Cumulative fair-value changes through equity	Impairment allowance made in the Reporting Period	Purchased in the Reporting Period	Sold in the Reporting Period	Other changes	Ending amount
Financial assets								
Held-for-trading financial assets (exclusive of derivative financial assets)	225,641,429.94	-34,487,453.74			598,044,324.00	386,297,516.67		402,900,783.53
Investments in other equity instruments	969,488,025.67		-52,044,000.00					917,444,025.67

Subtotal of financial assets	1,195,129,455.61	-34,487,453.74	-52,044,000.00		598,044,324.00	386,297,516.67		1,320,344,809.20
Others	412,914,576.80							412,914,576.80
Total of the above	1,608,044,032.41	-34,487,453.74	-52,044,000.00		598,044,324.00	386,297,516.67		1,733,259,386.00
Financial liabilities	0.00							0.00

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

Yes No

4. Restricted Asset Rights as at the Period-End

Unit: RMB

Item	Ending carrying amount	Type of restriction	Reason for restriction
Monetary assets-other monetary assets	108,979,912.31	Security deposits	Security deposits associated with bank acceptance notes, environment, etc.
Fixed assets-buildings and constructions	1,245,851.51	As collateral	As collateral for the issue of bank acceptance note
Intangible assets-land use rights	828,429.65	As collateral	As collateral for the issue of bank acceptance note
Fixed assets-plant and equipment	21,597,853.38	As collateral	As collateral for the issue of bank acceptance note
Notes receivable-transferred undue notes	46,144,123.81	Payment obligation of transferred undue notes	Endorsed at the period-end and undue at the balance sheet date
Total	178,796,170.66		

VI Investments Made

1. Total Investment Amount

Applicable Not applicable

2. Major Equity Investments Made in the Reporting Period

Applicable Not applicable

3. Major Non-Equity Investments Ongoing in the Reporting Period

Applicable Not applicable

4. Financial Investments**(1) Securities Investments**

Applicable Not applicable

Unit: RMB

Variety of security	Code of security	Name of security	Initial investment cost	Accounting measurement method	Beginning carrying amount	Gain/loss on fair value changes in the Reporting Period	Accumulated fair value changes recorded in equity	Purchased in the Reporting Period	Sold in the Reporting Period	Gain/loss in the Reporting Period	Ending carrying amount	Accounting title	Funding source
Domestic/foreign stock	600166	Foton Motor	41,784,000.00	Fair value method	394,485,000.00	0.00	283,341,000.00	0.00	0.00	0.00	325,125,000.00	Investment in other equity instruments	Self-funded
Domestic/foreign stock	600919	Bank of Jiangsu	42,786,000.00	Fair value method	156,546,000.00	0.00	131,076,000.00	0.00	0.00	10,998,000.00	173,862,000.00	Investment in other equity instruments	Self-funded

Domestic/ foreign stock	3009 12	Kailong High Technology	20,00 1,268 .00	Fair value method	18,11 9,861 .00	-8,69 2,704 .00	0.00	0.00	0.00	-8,69 2,704 .00	9,427 ,157. 00	Held -for-t radin g finan cial asset s	Self- fund ed
Domestic/ foreign stock	6881 13	Liance Tech nology	7,200 ,000. 00	Fair value method	66,87 3,600 .00	-26,0 20,80 0.00	0.00	0.00	0.00	-25,5 11,04 0.00	40,85 2,800 .00	Held -for-t radin g finan cial asset s	Self- fund ed
Domestic/ foreign stock	6053 68	Lantan Gas	160,7 44.76	Fair value method	301,5 60.00	80,36 0.00	0.00	0.00	0.00	104,1 60.00	381,9 20.00	Held -for-t radin g finan cial asset s	Self- fund ed
Total			111,9 32,01 2.76	--	636,3 26,02 1.00	-34,6 33,14 4.00	636,3 26,02 1.00	-34,6 33,14 4.00	414,4 17,00 0.00	0.00	0.00	--	--

(2) Investments in Derivative Financial Instruments

Applicable Not applicable

No such cases in the Reporting Period.

5. Use of Raised Funds

Applicable Not applicable

No such cases in the Reporting Period.

VII Sale of Major Assets and Equity Investments

1. Sale of Major Assets

Applicable Not applicable

The company did not sell any significant assets during the reporting period.

2. Sale of Major Equity Investments

Applicable Not applicable

VIII Principal Subsidiaries and Joint Stock Companies

√ Applicable □ Not applicable

Principal subsidiaries and joint stock companies 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	138,725,393.72	74,490,566.21	93,979,398.35	-2,090,581.28	-2,280,035.78
Changchai Wanzhou	Subsidiary	Diesel engine assembly	85,000,000.00	63,795,671.65	50,615,713.75	20,436,838.02	478,583.16	487,315.76
Horizon Investment	Subsidiary	External investment and consulting	40,000,000.00	73,939,816.90	66,409,833.86	0.00	-33,871,889.89	-25,213,603.89
Horizon Agricultural Equipment	Subsidiary	agricultural machinery product of rice transplanter etc.	10,000,000.00	2,805,581.03	-16,599,275.23	104,807.44	-596,197.60	-596,197.60
Changchai Robin	Subsidiary	Gasoline engines assembly	37,250,000.00	116,554,160.63	105,839,591.10	62,093,594.55	4,697,318.55	3,991,413.01
Changchai Machinery	Subsidiary	Internal combustion engine and related accessories	300,000,000.00	626,470,766.42	213,155,707.67	436,624,877.22	-4,733,086.59	-4,733,085.60
Xingsheng Real Estate Management	Subsidiary	Real estate management service	1,000,000.00	3,251,763.76	1,962,179.66	2,199,844.85	516,159.18	503,077.63

Zhenjiang Siyang	Subsidiary	Manufacturing and marketing of diesel engines for ships	2,000,000.00	118,285,307.51	106,904,458.52	40,212,271.49	6,973,269.63	6,294,954.12
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Subsidiaries obtained or disposed of in the Reporting Period:

Applicable Not applicable

Other information about principal subsidiaries and joint stock companies:

1. The Company holds a total of 49% equity interests in Zhenjiang Siyang, making it the largest shareholder. Other shareholders are dispersed. The Company appointed four out of the seven members of Zhenjiang Siyang's Board of Directors, including the Chairman. Therefore, the Company is the actual controller of Zhenjiang Siyang, which constitutes the conditions for the consolidation.
2. In June 2024, the Company acquired 25% of the equity interest in Horizon Agricultural Equipment held by Horizon Investment, and the Company now directly holds 100% of the equity interest in Horizon Agricultural Equipment.

IX Structured Bodies Controlled by the Company

Applicable Not applicable

X Risks Facing the Company and Countermeasures

(1) Market risk

Under the influence of national policies on subsidies for the purchase of machinery, industrial development policies and environmental regulations and requirements, the market performance of traditional categories has declined, and the competition in the existing markets has intensified. With the development of high-end intelligent agricultural machinery, the agricultural machinery industry has entered a period of in-depth adjustments led by optimization and upgrading. Most enterprises have continuously strengthened product development and optimization, and increased market maintenance and development efforts in response to market demand. Meanwhile, the products that meet the National Emission Standard IV have fully entered the market, further intensifying industry competition.

Countermeasures: First, the Company will keep up with the policy orientation and optimize product structure. Second, the Company will precisely position marketing with a focus on market demand. Third, the Company will strengthen internal management and improve operating efficiency. Fourth, the Company will pay attention to talent cultivation and stimulate the vitality of innovation. Fifth, the Company will enhance risk prevention and control to ensure steady development.

(2) Industrial risk

In recent years, influenced by the development of new energy application technology and relevant policy incentives, various enterprises have accelerated their research, application, and market application in the field of new energy power, so the market share of application fields related to diesel engines has been affected to a certain extent. At present, new energy power still faces challenges such as high costs and complex operating

environments in the field of agricultural machinery. However, with the continuous breakthrough of new energy technology, some application scenarios of non-road diesel engines may be replaced by new energy power.

Countermeasures: First, the Company will develop products that meet the national policies on energy conservation and emission reduction, optimize and upgrade product lines according to market demand, improve product competitiveness, and stabilize market advantages. Second, the Company will accelerate the R&D of new energy power, and expand the fields of new energy hybrid products and application thereof to promote the sustainable development of the Company.

(3) Foreign trade risk

In recent years, the international situation has become increasingly complicated. The Russia-Ukraine conflict and the Palestinian-Israeli conflict have intensified the fragmentation of the global camp, bringing serious negative impacts on regional politics and security, world economic recovery, food and energy security, ecological environment and many other aspects, while affecting the foreign trade policies of various countries to varying degrees. If there are significant changes in the political stability and foreign trade policies of foreign markets, it will have a significant impact on product export sales.

Countermeasures: First, the Company will enhance overall foreign trade efficiency through complementary internal and external resources, information, and products. Second, the Company will innovate and transform products in combination with overseas market demand, and promote more high-performance products in new fields to overseas markets. Third, the Company will cultivate and develop key markets, establish a sound sales and service network in export markets, and strengthen service development in overseas markets.

(4) Foreign exchange risk

In recent years, the challenges and uncertainties in the international political and economic environment have increased, leading to an increase in exchange rate fluctuation factors. The Company's products are exported overseas, and exchange rate fluctuations may have adverse effects on the sales of the Company's products.

Countermeasures: First, the Company will closely monitor exchange rate fluctuations, choose appropriate currencies for pricing and settlement. It will reduce risks by changing payment methods and purchasing export credit insurance. Second, the Company will adjust product prices and payment terms in a timely manner in response to fluctuations in exchange rates and material prices. Third, the Company will enhance the competitiveness of products and services, to reduce the impact of exchange rate fluctuations on the Company's product sales.

(5) Risk of fluctuations in raw material prices

The market prices of raw materials often fluctuate, influenced by factors such as macroeconomic environment, production capacity, and changes in demand. The price fluctuations of raw materials such as steel and pig iron will bring pressure to the Company's manufacturing costs and have a certain impact on the Company's profits.

Countermeasures: First, the Company will improve production and operation efficiency through measures such as technological improvement and strengthening cost management. Second, it will optimize the supply system and strengthen supply chain management. Third, the Company will timely track market trends and strengthen inventory management, to alleviate the adverse effects of raw material price fluctuations on the Company.

(6) Talent risk

Talent is one of the key factors for the development of the Company. The Company needs talent to help improve operational efficiency and accelerate its development and building. If the Company's remuneration policies and talent incentive and constraint policies are inadequate, it will lead to a shortage of high-end leading management and technical talents, and a shortage of reserve talents, which will affect research and innovation capabilities and core competitiveness.

Countermeasures: First, based on the Company's development plan and actual needs of business management, the

Company will continuously improve the talent introduction mechanism and talent cultivation system, optimize personnel structure, and comprehensively enhance the overall quality of the employee team. Second, the Company will continuously improve the professional abilities of employees through systematic training and other measures based on business development needs. Third, the Company will improve talent incentive methods and performance appraisal systems, and accelerate the development of young leadership talent, to comprehensively enhance the contribution rate of human resources. Fourth, The Company will strengthen the construction of the staff congress system and trade union services to create a harmonious development environment and enhance employees' sense of belonging and happiness.

XI Implementation of the “Quality and Earnings Dual Improvement” Action Plan

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

Yes No

Part IV Corporate Governance

I Annual and Extraordinary General Meeting Convened during the Reporting Period

1. General Meetings Convened during the Reporting Period

Meeting	Type	Investor participation ratio	Date of the meeting	Date of disclosure	Index to disclosed information
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.

2. Extraordinary General Meetings Convened at the Request of Preference Shareholders with Resumed Voting Rights

Applicable Not applicable

II Change of Directors, Supervisors and Senior Management

Applicable Not applicable

The Company's directors, supervisors and senior management remained the same during the Reporting Period, information of which can be found in the 2023 Annual Report.

III Interim Dividend Plan

Applicable Not applicable

The Company has no interim dividend plan, either in the form of cash or stock.

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

Applicable Not applicable

No such cases in the Reporting Period.

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:

Not applicable.

Other environmental information with reference to a key polluter:

Neither the Company nor any of its subsidiaries is a key polluter identified by the environment authorities. They strictly observe applicable laws and regulations associated with environmental protection in production and operation, including Law of the People's Republic of China on Environmental Protection, Law of the People's Republic of China on Prevention and Control of Water Pollution, Law of the People's Republic of China on Prevention and Control of Air Pollution, Law of the People's Republic of China on Prevention and Control of Environmental Noise Pollution, and Law of the People's Republic of China on Prevention and Control of Solid Waste Pollution. They pay environmental protection tax in accordance with the law, without receiving any penalty for violation of such laws or regulations during the Reporting Period.

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

Applicable Not applicable

Reasons for not disclosing other environment-related information:

The production and operation of the Company and its subsidiaries are in strict compliance with China's applicable laws and regulations, and the Company will continue to strengthen the supervision and management of environmental protection to ensure that the development of the Company is in line with environmental protection policies and regulations.

II Social Responsibility

During the Reporting Period, the Company attached importance to and actively fulfilled its social responsibilities. Adhering to the core values of "Customer First, Employee Oriented, Enhancing Shareholder Returns, and Creating Value for Society", and taking "Providing Green Power for a Better Life" as its mission, the Company insisted on integrity management, paid taxes according to law, and constantly enhanced the capability of self-development to achieve sustainable development. The Company strove to safeguard the legitimate rights and interests of shareholders, employees, customers, suppliers and consumers, pursued harmonious development between the Company and society, and actively gave back to society.

In accordance with the requirements of the Company Law, the Securities Law, the Code of Corporate Governance for Listed Companies, the Listing Rules of Shenzhen Stock Exchange, other relevant laws and regulations and the Articles of Association, the Company standardized its operation, and formed an internal management and control policy system in which the Shareholders' General Meeting, the Board of Directors and the Supervisory Committee restrict each other and operate effectively. According to the internal control policy system, the Company defined the responsibilities and authorities for parties in charge of decision-making, execution and supervision, effectively

divided responsibilities and formed a balance mechanism, and continuously improved the standardized operation level of the Company.

(I) Protection of the rights and interests of investors: The Company has exercised its functions and powers in strict accordance with relevant laws and regulations to effectively protect the rights and interests of all shareholders. In the Reporting Period, the Company conducted an online results presentation of Annual Report 2023, earnestly organized the management of investors, communicated with shareholders effectively, and treated all shareholders fairly. The Company completed the payment of the 2023 final dividend of RMB33.1675 million during the Reporting Period. The Company's total cash dividend amount in the last three years accounted for 60.97% of the average annual net profit in the last three years, exceeding the dividend commitment. The Company's information disclosure is legal and compliant, and the content disclosed is true, accurate and complete to safeguard shareholders' right to know, and provide investors with a sufficient investment basis. The Company attaches great importance to the management of insider information. In the Reporting Period, there was no insider trading or damage to the interests of shareholders.

(II) Protection of creditors' equity: The Company established a systematic internal control system that covers financial management, investment management, financing management, asset management, fund management, accounting management and current account management. Moreover, prudent financial management plan was implemented, accounting supervision was conducted in accordance with the law, and the Company's assets were effectively utilized to improve the Company's economic benefits and ensure the security of the Company's assets and funds effectively. The Company upheld the concept of integrity service, followed the principle of winning trust through integrity and establishing reputation through trust, continuously improved the management level of corporate credit, and constantly enhanced the core competitiveness and sustainable development capability of the Company with higher credibility and better service.

(III) Protection of the rights and interests of clients and consumers. The Company has built a nationwide sales and service network in China. To meet the emission requirements of the National Emission Standard IV for Non-road Vehicles and provide customers with more accurate after-sales services, the Company has specially developed a service monitoring platform with Changchai characteristics. The Company has established a sound, long-term partnership with customers, is committed to providing customers with high-quality, efficient and timely services, and has been recognized and honoured by many customers and quality suppliers. In recent years, the Company has gradually improved its market service satisfaction, and repeatedly won the honorary title of National Model Enterprise for Trustworthy Product and Service Quality. As a quality supplier for a number of main engine plants, the Company has won the recognition of clients and customers with high-quality products and services.

(IV) Protection of suppliers' rights and interests: The Company enhanced supplier management while observing the Contract on the Application and Procurement of Parts and the Quality Assurance Agreement for Suppliers, optimized the capacity and supply allocation for parts, intensified inventory and plan management, and paid suppliers for the goods promptly pursuant to the contracts. According to the assessment results and actual supply situation, the Company constantly has adjusted and optimized its supply system, and supported the technology growth and progress of suppliers, in an effort to create a virtuous cycle of supply relations.

(V) Protection of employees' rights and interests: The Company upholds the people-oriented concept in talent management. Specifically, the Company paid attention to the comprehensive ability improvement and personal career development of employees, and improved and developed employees' abilities by combining theory and practice. The Company has made considerate arrangements for employees, including festive perks, health check-ups, medical recuperation, benefits provided through the labor union service cards, assistance to employees in need, and other philanthropic initiatives. The Company actively improved the working environment of employees, and properly monitored employees' health to effectively guarantee the occupational safety and health

of employees. The Company has strictly observed the Labor Law and the Labor Contract Law, protected the legitimate rights and interests of employees according to law, properly addressed reasonable needs of employees, and built harmonious and stable relations between employees and employer. The Company has also provided employees with a variety of learning, training and promotion channels, so as to improve the abilities of employees and enable them to grow together with the Company.

(VI) Safe production. The Company strictly implemented the new Work Safety Law of the People's Republic of China and, to build a safe Changchai, fully implemented policies and emergency response mechanisms for security protection and fire safety. Moreover, the Company did well in public security and fire control, with fire safety training being conducted for 146 people and six fire drills organized. The Company also strengthened the safety education of employees, so as to improve their self-prevention ability in case of emergency in their daily work and their comprehensive ability to deal with emergencies in such aspects as safety, fire control, occupational health and equipment.

(VII) Environmental protection and sustainable development. The Company actively implemented the concept of scientific development and green development and, with a high sense of responsibility to the society and following the environmental protection principle of efficiency enhancement, consumption reduction, energy saving and pollution reduction, actively took measures to reduce energy consumption and pollution emissions, thus maintaining a beautiful living environment and promoting the Company's sustainable development. The Company's activities such as production and operation, product design, and after-sales service were all in strict compliance with the "PDCA" principle for continuous improvement, and efforts were made to maintain the effective operation of the new version of the new ISO14001 Environmental management systems.

(VIII) Social welfare. The Youth League Committee of the Company organised youths from all branches to carry out the activity of charity sale of used items with the theme of "Recycle, Pass on Love, and Raise Hope", and the money gained from the charity sale was used to buy stationery supplies and give them to the students of Changchai Hope Primary School. The young people of the Company inherited the spirit of Lei Feng with practical actions, and fostered the outlook on life and values of caring for others, dedication, solidarity and helping each other.

Centring around its operational policy, the Company actively promoted the R&D, production and application of high-quality environmental protection products to serve the development of agriculture, rural areas and farmers, while improving the energy efficiency and protecting the environment. Meanwhile, in combination with its realities, the Company increased support in social welfare undertakings, and earnestly fulfilled its social responsibility to promote the coordinated and sustainable development of society, economy and environment.

Part VI Significant Events

I 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

No such cases in the Reporting Period.

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 Engagement and Disengagement of Independent Auditor

Are the interim financial statements audited?

Yes No

The interim financial statements are unaudited.

V Explanations Given by the Board of Directors and the Supervisory Committee Regarding the Independent Auditor's "Modified Opinion" on the Financial Statements of the Reporting Period

Applicable Not applicable

VI Explanations Given by the Board of Directors Regarding the Independent Auditor's "Modified Opinion" on the Financial Statements of Last Year

Applicable Not applicable

VII Insolvency and Reorganization

Applicable Not applicable

No such cases in the Reporting Period.

VIII Legal Matters

Significant lawsuits and arbitrations:

Applicable Not applicable

No such cases in the Reporting Period.

Other legal matters:

Applicable Not applicable

IX Punishments and Rectifications

Applicable Not applicable

No such cases in the Reporting Period.

X Credit Quality of the Company as well as its Controlling Shareholder and De Facto 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.

XI 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.

XII 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

Applicable Not applicable

Unit: RMB'0,000

Type	Funding source	Amount	Undue amount	Unrecovered overdue amount	Impairment allowance for unrecovered overdue amount
Broker financial products	Self-funded	5,924.43	3,924.43	0.00	0.00
Bank financial products	Self-funded	31,275.00	31,200.00	0.00	0.00
Total		37,199.43	35,124.43	0.00	0.00

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

4. Other Major Contracts

Applicable Not applicable

No such cases in the Reporting Period.

XIII Other Significant Events

Applicable Not applicable

1. Expropriation of the Wuxing branch company's properties on state-owned land and compensation

On 25 May 2023, the Proposal on the Intention to Sign the Agreement on the Expropriation of the Properties of the Wuxing Branch Company on State-owned Land in Changzhou City and the Compensation was approved at the 17th Meeting of the Ninth Board of Directors. Later, the said matter was approved at the First Extraordinary General Meeting of Shareholders in 2023 dated 12 June 2023. As such, the Company was agreed to sign a contract with Changzhou Zhonglou District Housing and Urban-Rural Development Bureau on the expropriation of the Wuxing branch company's properties on state-owned land and the compensation, with the contractual total compensation amount being RMB117 million. On 14 June 2023, the Company signed the Agreement on the Expropriation of the Properties of the Wuxing Branch Company on State-owned Land in Changzhou City and the Compensation with Changzhou Zhonglou District Housing and Urban-Rural Development Bureau, and received the first compensation payment of RMB70 million on 28 June 2023, and received the residual compensation payment of RMB47 million on 9 January 2024.

2. Housing expropriation on state-owned land and compensation of Sanjing Branch

On 27 October 2023, the Company held the Third Meeting of the Tenth Board of Directors, deliberating on and approving the *Proposal on Signing the Sanjing Branch's Agreement on Non-residential Housing Expropriation and Compensation in Xinbei District, Changzhou City*. The matter was approved at the third extraordinary general meeting on 14 November 2023, approving that the Company would sign agreement with the Housing and Urban-Rural Development Bureau of Changzhou National High-tech Industrial Development Zone and the Housing Expropriation and Compensation Service Centre of Sanjing Street, Xinbei District, Changzhou City, regarding the housing expropriation on state-owned land and compensation of the Sanjing Branch. The total compensation amount under the agreement was RMB99,929,900. On 29 November 2023, the Company signed the *Agreement on Non-residential Housing Expropriation and Compensation* with the Housing and Urban-Rural

Development Bureau of Changzhou National High-tech Industrial Development Zone and the Housing Expropriation and Compensation Service Centre of Sanjing Street, Xinbei District, Changzhou City. As of the Reporting Period, the Company received the first compensation of RMB30 million.

3. Change of accounting firm appointed by the Company

On 7 December 2024, the Proposal on the Appointment of the Financial Audit Institution for 2024 and Its Audit Expenses and the Proposal on the Appointment of the Internal Control Audit Institution for 2024 and Its Audit Expenses were approved at the second interim meeting of the Board of Directors in 2024. Later, the said matter was approved at the First Extraordinary General Meeting of Shareholders in 2024 dated 30 July 2024. As such the Company agreed to appoint Zhongxinghua Certified Public Accounts LLP (Special General Partnership) as the auditor of the Company's finance and internal control in 2024, with the expenses for financial audit and internal control audit being RMB600,000 and RMB135,000 respectively.

XIV Significant Events of Subsidiaries

Applicable Not applicable

1. Acquisition of 25% of the equity interest in Horizon Agricultural Equipment

In June 2024, the Company acquired 25% of the equity interest in Horizon Agricultural Equipment held by Horizon Investment, and the Company now directly holds 100% of the equity interest in Horizon Agricultural Equipment.

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	56,818,181	8.05%
1.1 Shares held by government	0	0.00%					0	0	0.00%
1.2 Shares held by state-owned legal persons	56,818,181.00	8.05%					0	56,818,181.00	8.05%
1.3 Shares held by other domestic investors	0	0.00%					0	0	0.00%
Among which: Shares held by domestic legal persons	0	0.00%					0	0	0.00%
Shares held by domestic natural persons	0	0.00%					0	0	0.00%
1.4 Shares held by foreign investors	0	0.00%					0	0	0.00%
Among which: Shares held by	0	0.00%					0	0	0.00%

foreign legal persons									
Shares held by foreign natural persons	0	0.00%					0	0	0.00%
2. Unrestricted shares	648,874,326	91.95%					0	648,874,326	91.95%
2.1 RMB-denominated ordinary shares	498,874,326	70.69%					0	498,874,326	70.69%
2.2 Domestically listed foreign shares	150,000,000	21.26%					0	150,000,000	21.26%
2.3 Oversea listed foreign shares	0	0.00%					0	0	0.00%
2.4 Other	0	0.00%					0	0	0.00%
3. Total shares	705,692,507	100.00%					0	705,692,507	100.00%

Reasons for the share changes:

Applicable Not applicable

Approval of the share changes:

Applicable Not applicable

Transfer of share ownership:

Applicable Not applicable

Progress on any share repurchase:

Applicable Not applicable

Progress on reducing the repurchased shares by means of centralized bidding:

Applicable Not applicable

Effects of the 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

II. Issuance and Listing of Securities

Applicable Not applicable

III Shareholders and Their Holdings

Unit: share

Number of ordinary shareholders		53,323		Number of preference shareholders with resumed voting rights (if any)		0		
5% or greater ordinary shareholders or the top 10 ordinary shareholders(excluding lending shares through refinancing)								
Name of shareholder	Nature of shareholder	Shareholding percentage	Ordinary shares held	Increase/decrease in the Reporting Period	Restricted ordinary shares held	Unrestricted ordinary shares held	Shares in pledge or frozen	
							Status	Shares
Changzhou Investment Group Co., Ltd	State-owned legal person	32.26%	227,663,417	0	56,818,181	170,845,236	N/A	0
Chen Jian	Domestic natural person	0.52%	3,700,000	221,400	0	3,700,000		
KGI ASIA LIMITED	Foreign legal person	0.44%	3,101,695	0	0	3,101,695		
Song Yang	Domestic natural person	0.41%	2,871,100	2,871,100	0	2,871,100		
Wu Chunhua	Domestic natural person	0.32%	2,236,500	-205,700	0	2,236,500		
Chen Hengjun	Domestic natural person	0.23%	1,649,100	1,322,300	0	1,649,100		
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%	1,528,891	0	0	1,528,891	
BARCLAYS BANK PLC	Foreign legal person	0.21%	1,490,524	1,490,524	0	1,490,524	
Strategic investor or general legal person becoming a top-10 ordinary shareholder in a 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.					
Explain if any of the shareholders above was involved in entrusting/being entrusted with voting rights or waiving voting rights		N/A					
Special account for share repurchases (if any) among the top 10 shareholders		N/A					
Top 10 unrestricted shareholders (exclusive of shares lent in refinancing and executive lock-up shares)							
Name of shareholder	Unrestricted ordinary shares held	Shares by class					
		Class	Shares				
Changzhou Investment Group Co., Ltd	170,845,236	RMB-denominated ordinary share	170,845,236				
Chen Jian	3,700,000	RMB-denominated ordinary share	3,700,000				
KGI ASIA LIMITED	3,101,695	Domestically listed foreign share	3,101,695				
Song Yang	2,871,100	RMB-denominated ordinary share	2,871,100				
Wu Chunhua	2,236,500	RMB-denominated ordinary share	2,236,500				
Chen Hengjun	1,649,100	RMB-denominated ordinary share	1,649,100				
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	1,528,891	Domestically listed foreign share	1,528,891				

BARCLAYS BANK PLC	1,490,524	RMB-denominated ordinary share	1,490,524
Related or acting-in-concert parties among the top 10 unrestricted ordinary shareholders, as well as between the top 10 unrestricted ordinary shareholders and the top 10 ordinary 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)	Shareholder Chen Jian and Wu Chunhua respectively held 3,300,000 shares and 2,236,500 shares in the Company through their credit accounts.		

5% or greater shareholders, top 10 shareholders and Top 10 unrestricted shareholders involved in refinancing shares lending

Applicable Not applicable

Changes in top 10 shareholders and top 10 unrestricted shareholders due to refinancing shares lending/return compared with the prior period

Applicable Not applicable

Indicate by tick mark whether any of the top 10 ordinary shareholders or the top 10 unrestricted ordinary shareholders of the Company conducted any promissory repo during the Reporting Period.

Yes No

No such cases in the Reporting Period.

IV Change in Shareholdings of Directors, Supervisors and Senior Management

Applicable Not applicable

No changes occurred to the shareholdings of the directors, supervisors and senior management in the Reporting Period. See the 2023 Annual Report for more details.

V Change of the Controlling Shareholder or the De Facto Controller

Change of the controlling shareholder in the Reporting Period

Applicable Not applicable

No such cases in the Reporting Period.

Change of the de facto controller in the Reporting Period

Applicable Not applicable

No such cases in the Reporting Period.

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

Are these interim financial statements audited by an independent auditor?

Yes No

These interim financial statements have not been audited by an independent auditor.

II Financial Statements

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

1. Consolidated Balance Sheet

Prepared by Changchai Company, Limited

30 June 2024

Unit: RMB

Item	30 June 2024	1 January 2024
Current assets:		
Monetary assets	791,920,099.90	1,083,867,966.87
Settlement reserve		
Loans to other banks and financial institutions		
Held-for-trading financial assets	402,900,783.53	225,641,429.94
Derivative financial assets		
Notes receivable	115,592,564.84	161,632,567.94
Accounts receivable	1,183,949,152.56	316,543,159.91
Receivables financing	12,282,312.54	195,875,948.92
Prepayments	14,444,116.16	12,333,310.85
Premiums receivable		
Reinsurance receivables		
Receivable reinsurance contract reserve		
Other receivables	2,566,508.89	49,699,753.61
Including: Interest receivable		
Dividends receivable		

Financial assets purchased under resale agreements		
Inventories	619,715,018.92	789,220,185.68
Including: Data resource		
Contract assets		
Assets held for sale	2,951,451.11	
Current portion of non-current assets		40,773,509.75
Other current assets	13,766,702.89	20,910,504.84
Total current assets	3,160,088,711.34	2,896,498,338.31
Non-current assets:		
Loans and advances to customers		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments		
Investments in other equity instruments	917,444,025.67	969,488,025.67
Other non-current financial assets	412,914,576.80	412,914,576.80
Investment property	38,789,201.33	39,837,558.11
Fixed assets	637,435,729.73	675,596,920.95
Construction in progress	4,330,676.58	4,275,622.18
Productive living assets		
Oil and gas assets		
Right-of-use assets		
Intangible assets	145,411,326.91	148,458,185.68
Including: Data resource		
Development costs		
Including: Data resource		
Goodwill		
Long-term prepaid expense	7,759,660.70	8,227,958.66
Deferred income tax assets	4,174,238.86	1,518,995.79
Other non-current assets	830,991.15	2,578,776.77
Total non-current assets	2,169,090,427.73	2,262,896,620.61

Total assets	5,329,179,139.07	5,159,394,958.92
Current liabilities:		
Short-term borrowings		
Borrowings from the central bank		
Loans from other banks and financial institutions		
Held-for-trading financial liabilities		
Derivative financial liabilities		
Notes payable	756,037,100.68	528,139,582.33
Accounts payable	589,863,799.52	641,484,184.05
Advances from customers	30,678,302.75	1,647,441.22
Contract liabilities	37,517,411.19	33,352,877.66
Financial assets sold under repurchase agreements		
Customer deposits and deposits from other banks and financial institutions		
Payables for acting trading of securities		
Payables for underwriting of securities		
Employee benefits payable	11,190,041.72	47,738,883.57
Taxes and levies payable	5,684,739.66	6,231,169.74
Other payables	206,673,763.07	159,023,382.81
Including: Interest payable		
Dividends payable	3,891,433.83	3,891,433.83
Fees and commissions payable		
Reinsurance payables		
Liabilities directly associated with assets held for sale		
Current portion of non-current liabilities		
Other current liabilities	58,096,009.67	67,069,965.96
Total current liabilities	1,695,741,168.26	1,484,687,487.34
Non-current liabilities:		

Insurance contract reserve		
Long-term borrowings		
Bonds payable		
Including: Preference shares		
Perpetual bonds		
Lease liabilities		
Long-term payables		
Long-term employee benefits payable		
Provisions		
Deferred income	31,091,031.75	32,795,896.48
Deferred income tax liabilities	155,058,021.85	171,843,455.52
Other non-current liabilities		
Total non-current liabilities	186,149,053.60	204,639,352.00
Total liabilities	1,881,890,221.86	1,689,326,839.34
Owners' equity:		
Share capital	705,692,507.00	705,692,507.00
Other equity instruments		
Including: Preference shares		
Perpetual bonds		
Capital reserves	640,509,675.84	640,509,675.84
Less: Treasury stock		
Other comprehensive income	622,942,921.82	667,180,321.82
Specific reserve	20,082,705.37	19,432,089.52
Surplus reserves	363,695,592.34	363,695,592.34
General reserve		
Retained earnings	1,019,366,832.03	1,002,436,724.71
Total equity attributable to owners of the Company as the parent	3,372,290,234.40	3,398,946,911.23
Non-controlling interests	74,998,682.81	71,121,208.35
Total owners' equity	3,447,288,917.21	3,470,068,119.58
Total liabilities and owners' equity	5,329,179,139.07	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	30 June 2024	1 January 2024
Current assets:		
Monetary assets	684,650,508.98	971,143,382.52
Held-for-trading financial assets	302,000,000.00	100,437,916.67
Derivative financial assets		
Notes receivable	100,566,078.42	152,906,979.84
Accounts receivable	1,156,324,634.71	291,996,837.94
Accounts receivable financing	14,682,312.54	193,679,203.92
Prepayments	10,752,337.97	5,850,589.29
Other receivables	253,310,648.05	399,142,024.92
Including: Interest receivable		
Dividends receivable		
Inventories	379,778,666.24	475,538,711.10
Including: Data resource		
Contract assets		
Assets held for sale	2,951,451.11	
Current portion of non-current assets		40,773,509.75
Other current assets		5,839,708.73
Total current assets	2,905,016,638.02	2,637,308,864.68
Non-current assets:		
Investments in debt obligations		
Investments in other debt obligations		
Long-term receivables		
Long-term equity investments	576,443,530.03	576,443,530.03
Investments in other equity instruments	917,444,025.67	969,488,025.67
Other non-current financial assets	412,914,576.80	412,914,576.80
Investment property	38,789,201.33	39,837,558.11
Fixed assets	207,158,781.94	229,931,726.27

Construction in progress	2,121,021.69	2,166,940.74
Productive living assets		
Oil and gas assets		
Right-of-use assets		
Intangible assets	57,199,072.30	58,781,756.11
Including: Data resource		
Development costs		
Including: Data resource		
Goodwill		
Long-term prepaid expense		
Deferred income tax assets	3,575,852.25	920,609.18
Other non-current assets	830,991.15	830,991.15
Total non-current assets	2,216,477,053.16	2,291,315,714.06
Total assets	5,121,493,691.18	4,928,624,578.74
Current liabilities:		
Short-term borrowings		
Held-for-trading financial liabilities		
Derivative financial liabilities		
Notes payable	753,437,100.68	524,671,742.33
Accounts payable	446,291,900.59	526,544,716.02
Advances from customers	30,678,302.75	1,647,441.22
Contract liabilities	34,394,966.41	26,149,334.52
Employee benefits payable	4,832,521.38	40,766,429.54
Taxes payable	2,247,738.26	2,069,482.65
Other payables	215,785,963.92	151,919,473.64
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	49,493,487.22	53,417,011.96
Total current liabilities	1,537,161,981.21	1,327,185,631.88
Non-current liabilities:		
Long-term borrowings		

Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities		
Long-term payables		
Long-term employee benefits payable		
Provisions		
Deferred income	31,091,031.75	32,795,896.48
Deferred income tax liabilities	149,246,477.87	157,053,077.87
Other non-current liabilities		
Total non-current liabilities	180,337,509.62	189,848,974.35
Total liabilities	1,717,499,490.83	1,517,034,606.23
Owners' 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	622,942,921.82	667,180,321.82
Specific reserve	19,193,992.27	19,010,793.43
Surplus reserves	363,695,592.34	363,695,592.34
Retained earnings	1,033,050,486.25	996,592,057.25
Total owners' equity	3,403,994,200.35	3,411,589,972.51
Total liabilities and owners' equity	5,121,493,691.18	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	H1 2024	H1 2023
1. Revenue	1,495,909,152.63	1,350,517,639.85
Including: Operating revenue	1,495,909,152.63	1,350,517,639.85
Interest income		
Insurance premium income		
Handling charge and commission income		
2. Costs and expenses	1,402,397,808.63	1,322,596,281.11
Including: Cost of sales	1,247,104,070.05	1,168,898,203.83
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	8,959,091.13	7,827,255.58
Selling expense	62,703,122.61	62,131,032.17
Administrative expense	53,480,629.46	52,877,371.06
R&D expense	38,765,247.04	35,839,071.42
Finance costs	-8,614,351.66	-4,976,652.95
Including: Interest expense	1,546,928.49	3,343,884.90
Interest income	7,969,452.65	4,264,102.18
Add: Other income	1,953,702.37	3,299,056.52
Return on investment (“-” for loss)	14,299,040.62	3,226,921.70
Including: Share of profit or loss of joint ventures and associates		
Income from the derecognition of financial assets at amortized cost (“-” for loss)		
Exchange gain (“-” for loss)		
Net gain on exposure hedges (“-” for loss)		
Gain on changes in fair value (“-” for loss)	-34,487,453.74	19,360,455.86
Credit impairment loss (“-” for loss)	-17,838,282.66	-14,547,351.17
Asset impairment loss (“-” for loss)	-359,995.80	-565,273.49
Asset disposal income (“-” for loss)	408,245.54	105,395,693.25
3. Operating profit (“-” for loss)	57,486,600.33	144,090,861.41
Add: Non-operating income	1,070,935.19	495,538.97
Less: Non-operating expense	267,734.59	1,297,348.13
4. Profit before tax (“-” for loss)	58,289,800.93	143,289,052.25

Less: Income tax expense	4,314,671.32	7,189,328.33
5. Net profit (“-” for net loss)	53,975,129.61	136,099,723.92
5.1 By operating continuity		
5.1.1 Net profit from continuing operations (“-” for net loss)	53,975,129.61	136,099,723.92
5.1.2 Net profit from discontinued operations (“-” for net loss)		
5.2 By ownership		
5.2.1 Net profit attributable to shareholders of the Company as the parent (“-” for net loss)	50,097,655.15	131,937,324.66
5.2.2 Net profit attributable to non-controlling interests (“-” for net loss)	3,877,474.46	4,162,399.26
6. Other comprehensive income, net of tax	-44,237,400.00	73,660,150.00
Attributable to owners of the Company as the parent	-44,237,400.00	73,660,150.00
6.1 Items that will not be reclassified to profit or loss	-44,237,400.00	73,660,150.00
6.1.1 Changes caused by remeasurements on defined benefit schemes		
6.1.2 Other comprehensive income that will not be reclassified to profit or loss under the equity method		
6.1.3 Changes in the fair value of investments in other equity instruments	-44,237,400.00	73,660,150.00
6.1.4 Changes in the fair value arising from changes in own credit risk		
6.1.5 Other		
6.2 Items that will be reclassified to profit or loss		
6.2.1 Other comprehensive income that will be reclassified to profit or loss under the equity method		
6.2.2 Changes in the fair value of investments in other debt obligations		
6.2.3 Other comprehensive income arising from the reclassification of financial assets		
6.2.4 Credit impairment allowance for investments in other debt obligations		
6.2.5 Reserve for cash flow hedges		
6.2.6 Differences arising from the translation of foreign currency-denominated financial statements		
6.2.7 Other		
Attributable to non-controlling interests		
7. Total comprehensive income	9,737,729.61	209,759,873.92
Attributable to owners of the Company as the parent	5,860,255.15	205,597,474.66
Attributable to non-controlling interests	3,877,474.46	4,162,399.26

8. Earnings per share		
8.1 Basic earnings per share	0.0710	0.1870
8.2 Diluted earnings per share	0.0710	0.1870

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	H1 2024	H1 2023
1. Operating revenue	1,420,095,519.32	1,245,166,233.55
Less: Cost of sales	1,212,212,684.13	1,092,404,343.46
Taxes and surcharges	5,596,041.85	4,338,250.54
Selling expense	57,773,822.40	55,517,272.45
Administrative expense	38,925,179.53	37,544,625.71
R&D expense	34,813,766.30	31,151,256.18
Finance costs	-12,954,483.76	-8,436,313.24
Including: Interest expense	1,415,480.19	1,562,299.35
Interest income	11,403,739.83	7,952,110.19
Add: Other income	1,756,921.35	3,200,820.43
Return on investment (“-” for loss)	13,453,121.53	2,732,242.23
Including: Share of profit or loss of joint ventures and associates		
Income from the derecognition of financial assets at amortized cost (“-” for loss)		
Net gain on exposure hedges (“-” for loss)		
Gain on changes in fair value (“-” for loss)		354,111.11
Credit impairment loss (“-” for loss)	-18,792,776.77	-11,755,063.73
Asset impairment loss (“-” for loss)	-349,743.48	-410,653.17
Asset disposal income (“-” for loss)	421,678.54	105,393,483.13
2. Operating profit (“-” for loss)	80,217,710.04	132,161,738.45
Add: Non-operating income	567,599.20	
Less: Non-operating expense	3,720.00	363,382.47
3. Profit before tax (“-” for loss)	80,781,589.24	131,798,355.98
Less: Income tax expense	11,155,612.41	-247,487.85
4. Net profit (“-” for net loss)	69,625,976.83	132,045,843.83
4.1 Net profit from continuing operations (“-” for net loss)	69,625,976.83	132,045,843.83
4.2 Net profit from discontinued operations (“-” for net loss)		
5. Other comprehensive income, net of tax	-44,237,400.00	73,660,150.00
5.1 Items that will not be reclassified to profit or loss	-44,237,400.00	73,660,150.00
5.1.1 Changes caused by remeasurements on defined benefit schemes		
5.1.2 Other comprehensive income that will not be reclassified to profit or loss under the equity method		

5.1.3 Changes in the fair value of investments in other equity instruments	-44,237,400.00	73,660,150.00
5.1.4 Changes in the fair value arising from changes in own credit risk		
5.1.5 Other		
5.2 Items that will be reclassified to profit or loss		
5.2.1 Other comprehensive income that will be reclassified to profit or loss under the equity method		
5.2.2 Changes in the fair value of investments in other debt obligations		
5.2.3 Other comprehensive income arising from the reclassification of financial assets		
5.2.4 Credit impairment allowance for investments in other debt obligations		
5.2.5 Reserve for cash flow hedges		
5.2.6 Differences arising from the translation of foreign currency-denominated financial statements		
5.2.7 Other		
6. Total comprehensive income	25,388,576.83	205,705,993.83
7. Earnings per share		
7.1 Basic earnings per share		
7.2 Diluted earnings per share		

Legal representative: Xie Guozhong

General Manager: Xie Guozhong

Head of the accounting department: Jiang He

5. Consolidated Cash Flow Statement

Unit: RMB

Item	H1 2024	H1 2023
1. Cash flows from operating activities:		
Proceeds from sale of commodities and rendering of services	881,118,416.96	1,010,313,942.34
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	10,606,127.65	69,957,787.95
Cash generated from other operating activities	12,788,451.27	11,524,017.72
Subtotal of cash generated from operating activities	904,512,995.88	1,091,795,748.01
Payments for commodities and services	748,951,967.58	918,215,681.86
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	183,166,748.96	174,060,228.57
Taxes paid	38,069,979.90	23,195,064.69
Cash used in other operating activities	96,138,812.44	81,121,589.64
Subtotal of cash used in operating activities	1,066,327,508.88	1,196,592,564.76
Net cash generated from/used in operating activities	-161,814,513.00	-104,796,816.75
2. Cash flows from investing activities:		
Proceeds from disinvestment	385,750,000.00	623,016,751.99
Return on investment	14,299,040.62	4,508,124.22
Net proceeds from the disposal of fixed assets, intangible assets and other long-lived assets	76,305,099.30	57,844,735.80
Net proceeds from the disposal of subsidiaries and other business units		
Cash generated from other investing activities		

Subtotal of cash generated from investing activities	476,354,139.92	685,369,612.01
Payments for the acquisition of fixed assets, intangible assets and other long-lived assets	11,017,090.96	135,352,075.57
Payments for investments	598,044,324.00	595,377,614.00
Net increase in pledged loans granted		
Net payments for the acquisition of subsidiaries and other business units		
Cash used in other investing activities		
Subtotal of cash used in investing activities	609,061,414.96	730,729,689.57
Net cash generated from/used in investing activities	-132,707,275.04	-45,360,077.56
3. Cash flows from financing activities:		
Capital contributions received		
Including: Capital contributions by non-controlling interests to subsidiaries		
Borrowings raised		
Cash generated from other financing activities		
Subtotal of cash generated from financing activities		
Repayment of borrowings		
Interest and dividends paid	33,167,547.83	8,886,489.92
Including: Dividends paid by subsidiaries to non-controlling interests		
Cash used in other financing activities		
Subtotal of cash used in financing activities	33,167,547.83	8,886,489.92
Net cash generated from/used in financing activities	-33,167,547.83	-8,886,489.92
4. Effect of foreign exchange rates changes on cash and cash equivalents		
5. Net increase in cash and cash equivalents	-327,689,335.87	-159,043,384.23
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	643,940,187.59	651,307,581.82

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	H1 2024	H1 2023
1. Cash flows from operating activities:		
Proceeds from sale of commodities and rendering of services	792,554,114.17	882,438,846.47
Tax rebates	5,571,468.42	20,491,423.94
Cash generated from other operating activities	10,526,359.52	9,587,042.20
Subtotal of cash generated from operating activities	808,651,942.11	912,517,312.61
Payments for commodities and services	723,988,549.96	774,101,281.20
Cash paid to and for employees	153,563,701.50	139,789,044.66
Taxes paid	28,596,026.83	7,394,673.54
Cash used in other operating activities	77,233,383.77	247,440,184.71
Subtotal of cash used in operating activities	983,381,662.06	1,168,725,184.11
Net cash generated from/used in operating activities	-174,729,719.95	-256,207,871.50
2. Cash flows from investing activities:		
Proceeds from disinvestment	370,000,000.00	610,000,000.00
Return on investment	13,453,121.53	4,337,174.74
Net proceeds from the disposal of fixed assets, intangible assets and other long-lived assets	76,421,678.54	57,813,485.80
Net proceeds from the disposal of subsidiaries and other business units		
Cash generated from other investing activities		
Subtotal of cash generated from investing activities	459,874,800.07	672,150,660.54
Payments for the acquisition of fixed assets, intangible assets and other long-lived assets	2,211,874.73	8,705,239.80
Payments for investments	572,000,000.00	580,000,000.00
Net payments for the acquisition of subsidiaries and other business units		
Cash used in other investing activities		
Subtotal of cash used in investing activities	574,211,874.73	588,705,239.80
Net cash generated from/used in investing activities	-114,337,074.66	83,445,420.74
3. Cash flows from financing activities:		
Capital contributions received		
Borrowings raised		
Cash generated from other financing activities		
Subtotal of cash generated from financing activities		
Repayment of borrowings		
Interest and dividends paid	33,167,547.83	8,773,914.91
Cash used in other financing activities		

Subtotal of cash used in financing activities	33,167,547.83	8,773,914.91
Net cash generated from/used in financing activities	-33,167,547.83	-8,773,914.91
4. Effect of foreign exchange rates changes on cash and cash equivalents		
5. Net increase in cash and cash equivalents	-322,234,342.44	-181,536,365.67
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	577,455,398.16	523,123,410.47

Legal representative: Xie Guozhong

General Manager: Xie Guozhong

Head of the accounting department: Jiang He

7. Consolidated Statements of Changes in Owners' Equity

H1 2024

Unit: RMB

Item	H1 2024														
	Equity attributable to owners of the Company as the parent											Non-controlling interests	Total owners' equity		
	Share capital	Preferred shares	Perpetual bonds	Other	Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserve	Surplus reserves	General reserve	Retained earnings			Other	Subtotal
1. Balance as at the end of the period of 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 Reporting 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			
3. Increase/ decrease in the period (“-” for decrease)					-44,237,400.00	650,615.85		16,930,107.32	-26,656,676.83	3,877,474.46	-22,779,202.37			
3.1 Total comprehensive income					-44,237,400.00			50,097,655.15	5,860,255.15	3,877,474.46	9,737,729.61			
3.2 Capital increased and reduced by owners														
3.2.1 Ordinary shares increased by owners														
3.2.2 Capital increased by holders of other equity instruments														
3.2.3 Share-based payments included in owners’ equity														
3.2.4 Other														
3.3 Profit distribution								-33,167,547.83	-33,167,547.83		-33,167,547.83			
3.3.1 Appropriation to surplus reserves														
3.3.2 Appropriation to general reserve														
3.3.3 Appropriation to owners (or shareholders)								-33,167,547.83	-33,167,547.83		-33,167,547.83			
3.3.4 Other														

3.4 Transfers within owners' equity														
3.4.1 Increase in capital (or share capital) from capital reserves														
3.4.2 Increase in capital (or share capital) from surplus reserves														
3.4.3 Loss offset by surplus reserves														
3.4.4 Changes in defined benefit schemes transferred to retained earnings														
3.4.5 Other comprehensive income transferred to retained earnings														
3.4.6 Other														
3.5 Specific reserve							650,615.85					650,615.85		650,615.85
3.5.1 Increase in the period							3,083,166.06					3,083,166.06		3,083,166.06
3.5.2 Used in the period							2,432,550.21					2,432,550.21		2,432,550.21
3.6 Other														
4. Balance as at the end of the Reporting Period	705,692,507.00			640,509,675.84	622,942,921.82	20,082,705.37	363,695,592.34		1,019,366,832.03		3,372,290,234.40	74,998,682.81		3,447,288,917.21

H1 2023

Unit: RMB

Item	H1 2023														
	Equity attributable to owners of the Company as the parent												Non-controlling interests	Total owners' equity	
	Share capital	Other equity instruments			Capital reserves	L e s s: T r e a s u r y s t o c k	Other comprehensive income	Specific reserve	Surplus reserves	G e n e r a l r e s e r v e	Retained earnings	Other			Subtotal
Preferred shares		Perpetual bonds	Other												
1. Balance as at the end of the period of 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 Reporting Period	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)						73,660,150.00	2,177,810.33			124,880,399.59	200,718,359.92	4,162,399.26	204,880,759.18
3.1 Total comprehensive income						73,660,150.00				131,937,324.66	205,597,474.66	4,162,399.26	209,759,873.92
3.2 Capital increased and reduced by owners													
3.2.1 Ordinary shares increased by owners													
3.2.2 Capital increased by holders of other equity instruments													
3.2.3 Share-based payments included in owners’ equity													
3.2.4 Other													
3.3 Profit distribution										-7,056,925.07	-7,056,925.07		-7,056,925.07
3.3.1 Appropriation to surplus reserves													
3.3.2 Appropriation to general reserve													
3.3.3 Appropriation to owners (or shareholders)										-7,056,925.07	-7,056,925.07		-7,056,925.07
3.3.4 Other													
3.4 Transfers within owners’ 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							2,177,810.33					2,177,810.33		2,177,810.33
3.5.1 Increase in the period							4,598,473.04					4,598,473.04		4,598,473.04
3.5.2 Used in the period							2,420,662.71					2,420,662.71		2,420,662.71
3.6 Other														
4. Balance as at the end of the Reporting Period	705,692,507.00			640,133,963.01	729,001,854.07	21,026,667.08	349,197,725.72	1,040,376,308.94	3,485,429,025.82	76,626,571.93	3,562,055,597.75			

Legal representative: Xie Guozhong

General Manager: Xie Guozhong

Head of the accounting department: Jiang He

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

H1 2024

Unit: RMB

Item	H1 2024											
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserve	Surplus reserves	Retained earnings	Other	Total owners' equity
		Preferred shares	Perpetual bonds	Other								
1. Balance as at the end of the period of 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 Reporting Period	705,692,507.00				659,418,700.67		667,180,321.82	19,010,793.43	363,695,592.34	996,592,057.25		3,411,589,972.51
3. Increase/ decrease in the period ("-" for decrease)							-44,237,400.00	183,198.84		36,458,429.00		-7,595,772.16

3.4.4 Changes in defined benefit schemes transferred to retained earnings												
3.4.5 Other comprehensive income transferred to retained earnings												
3.4.6 Other												
3.5 Specific reserve							183,198.84					183,198.84
3.5.1 Increase in the period							2,333,560.45					2,333,560.45
3.5.2 Used in the period							2,150,361.61					2,150,361.61
3.6 Other												
4. Balance as at the end of the Reporting Period	705,692,507.00				659,418,700.67	622,942,921.82	19,193,992.27	363,695,592.34	1,033,050,486.25			3,403,994,200.35

H1 2023

Unit: RMB

Item	H1 2023											
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserve	Surplus reserves	Retained earnings	Other	Total owners' equity
		Preferred shares	Perpetual bonds	Other								

1. Balance as at the end of the period of prior year	705,692,507.0 0				659,418,70 0.67	655,341,70 4.07	18,848,856. 75	349,197,725. 72	873,168,182. 73		3,261,667,6 76.94
Add: Adjustment for change in accounting policy											
Adjustment for correction of previous error											
Other adjustments											
2. Balance as at the beginning of the Reporting Period	705,692,507.0 0				659,418,70 0.67	655,341,70 4.07	18,848,856. 75	349,197,725. 72	873,168,182. 73		3,261,667,6 76.94
3. Increase/ decrease in the period (“-” for decrease)						73,660,150 .00	2,177,810.3 3		124,988,918. 76		200,826,879 .09
3.1 Total comprehensive income						73,660,150 .00			132,045,843. 83		205,705,993 .83
3.2 Capital increased and reduced by owners											
3.2.1 Ordinary shares increased by owners											
3.2.2 Capital increased by holders of other equity instruments											
3.2.3 Share-based payments included in owners’ equity											
3.2.4 Other											
3.3 Profit distribution									-7,056,925.07		-7,056,925.0 7
3.3.1 Appropriation to surplus reserves											
3.3.2 Appropriation to owners (or shareholders)									-7,056,925.07		-7,056,925.0 7

3.3.3 Other												
3.4 Transfers within owners' 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							2,177,810.3					2,177,810.3
3.5.1 Increase in the period							4,598,473.0					4,598,473.0
3.5.2 Used in the period							2,420,662.7					2,420,662.7
3.6 Other												
4. Balance as at the end of the Reporting Period	705,692,507.0				659,418,70		729,001,85	21,026,667.	349,197,725.	998,157,101.		3,462,494,5
	0				0.67		4.07	08	72	49		56.03

Legal representative: Xie Guozhong

General Manager: Xie Guozhong

Head of the accounting department: Jiang He

III. Company Profile

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 “Su Changchai A” for short of stock, as well as “0570” as stock code (present stock code is “000570”).

In 1996, with the recommendation of the Office of the People’s Government of Jiangsu Province SZBH [1996] No. 13, as well as first review by Shenzhen Municipal Securities Administration Office through SZBZ [1996] No. 24, and approval of the State Council Securities Commission ZWF [1996] No. 27, the Company issued 100 million B shares to qualified investors on 27 August 1996 to 30 August 1996, getting listed on 13 September 1996.

On 9 June 2006, the Company held a shareholders’ general meeting related to A shares market to examine and approve share merger reform plan, and performed the share merger reform on 19 June 2006.

As examined and approved at the 2nd Extraordinary General Meeting of 2009 in September 2009, based on the total share capital of 374,249,551 shares as at 30 June 2009, the Company implemented the profit distribution plan, i.e. to distribute 5 bonus shares and cash of RMB0.80 for every 10 shares, with registered capital increased by RMB187,124,775.00, as well as registered capital of RMB561,374,326.00 after change, which verified by Jiangsu Gongzheng Tianye Certified Public Accountants Company Limited with issuing Capital Verification Report SGC [2010] No. B002.

A non-public offering of up to 168,412,297 new shares was deliberated on and approved as a resolution of the 2020 Annual General Meeting held on 7 May 2021 and approved by the *Approval of the Non-public Offering of Shares of Changchai Co., Ltd.* (CSRC Permit [2020] No. 3374) issued by Changchai Company Limited the China Securities Regulatory Commission. On 16 June 2021, the capital verification report "S.G. W [2021] B062" was issued by Gongzheng Tianye Accounting Firm (Special General Partnership), confirming that the Company had issued 144,318,181 RMB ordinary shares (A shares) in a non-public offering, with an additional paid-in capital (share capital) of RMB144,318,181. After the capital increase, the total share capital of the Company was RMB705,692,507.

The unified social credit code of the enterprise business license of the Company is 91320400134792410W.

The Company’s registered address is situated at No. 123 Huaide Middle Road, Changzhou, Jiangsu, as well as its head office located at No. 123 Huaide Middle Road, Changzhou, Jiangsu.

The Company belongs to manufacturing with business scope including manufacturing and sale of diesel engine, diesel engines part and casting, grain harvesting machine, rotary cultivators, walking tractor, mould and fixtures, assembling and sale of diesel generating set and pumping unit. The Company mainly engaged in the production and sales of small and medium-sized single cylinders and multi-cylinder diesel engine with the label of Changchai Brand. The diesel engine produced and sold by the Company were mainly used in tractors, combine harvest models, light commercial vehicle, farm equipment, small-sized construction machinery, generating sets and shipborne machinery and equipment, etc. The Company’s main business remained unchanged in the Reporting Period.

The Company established the Board of Shareholders, the Board of Directors and the Supervisory Committee, Corporate office, Financial Department, Political Department, Investment and Development Department, Audit Department, Human Resources Department, Production Department, Procurement Department, Sales Company, Chief Engineer Office, Technology Center, QA Department, Foundry, Machine Processing Plant, Single-cylinder Engine Plant, Multi-cylinder Engine Plant, Machine Set Business Department and Overseas Business Department in the Company.

The financial report has been approved to be issued by the Board of Directors on 21 August 2024.

The consolidated scope of the Company of the Reporting Period includes the Company as the parent and 8 subsidiaries. For the details of the consolidated scope of the Reporting Period and the changes situation, please refer to the changes of the consolidated scope of the notes to the financial report and the notes to the equities among other entities.

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

The Company comprehensively evaluated the information acquired recently that there would be no such factors in the 12 months from the end of the Reporting Period that would obviously influence the continuation capability of the Company and predicted that the operating activities would continue in the future 12 months of the Company. The financial statement compiled base on the continuous operation.

V. Important Accounting Policies and Estimations

Notification of specific accounting policies and accounting estimations:

The Company and each subsidiary according to the actual production and operation characteristics and in accord with the regulations of the relevant ASBE, formulated certain specific accounting policies and accounting estimations, which mainly reflected in the financial instruments, withdrawal method of the bad debt provision of the accounts receivable, the measurement of the inventory and the depreciation of the fixed assets etc.

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

The financial statements prepared by the Group are in compliance with in compliance with the Accounting Standards for Business Enterprises, which factually and completely present the Company's and the Group's financial positions, business results and cash flows and other relevant information.

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. Methods for Determining Materiality Standards and Selection Criteria

Applicable Not applicable

Item	Materiality criteria
Account receivable with bad debt provision by major single item	Amount greater than or equal to RMB1,000,000.00
Other receivables with bad debt provision by major single item	Amount greater than or equal to RMB1,000,000.00
Significant construction in progress	Amount greater than or equal to RMB3,000,000.00

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

(1) Business combinations under the same control:

A business combination under the same control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or the same parties both before and after the business combination and on which the control is not temporary.

For the merger of enterprises under the same control, if the consideration of the merging enterprise is that it makes payment in cash, transfers non-cash assets or bear its debts, it shall, on the date of merger, regard the share of the book value of the owner's equity of the merged enterprise as the initial cost of the long-term equity investment. The difference between the initial cost of the long-term equity investment and the payment in cash, non-cash assets transferred as well as the book value of the debts borne by the merging party shall offset against the capital reserve. If the capital reserve is insufficient to dilute, the retained earnings shall be adjusted.

If the consideration of the merging enterprise is that it issues equity securities, it shall, on the date of merger, regard the share of the book value of the owner's equity of the merged enterprise as the initial cost of the long-term equity investment. The total face value of the stocks issued shall be regarded as the capital stock, while the difference between the initial cost of the long-term equity investment and total face value of the shares issued shall offset against the capital reserve. If the capital reserve is insufficient to dilute, the retained earnings shall be adjusted.

All direct costs for the business combination, including expenses for audit, evaluating and legal services shall be recorded into the profits and losses at the current period. The expenses such as the handling charges and commission etc, premium income of deducting the equity securities, and as for the premium income was insufficient to dilute, the retained earnings shall be written down.

Owing to the reasons such as the additional investment, for the equity investment held before acquiring the control right of the combined parties, the confirmed relevant gains and losses, other comprehensive income and the changes of other net assets since the date of the earlier one between the date when acquiring the original equity right and the date when the combine parties and combined ones were under the same control to the combination date, should be respectively written down and compared with the beginning balance of retained earnings or the current gains and losses during the statement period.

(2) Business combinations not under the same control

A business combination not under the same control is a business combination in which the combining enterprises are not ultimately controlled by the same party or the same parties both before and after the business combination.

The combination costs of the acquirer and the identifiable net assets obtained by the acquirer in a business combination shall be measured at the fair values. The acquirer shall recognize the positive balance between the combination costs and the fair value of the identifiable net assets it obtains forms the acquiree as business reputation. The direct relevant expenses occurred from the enterprise combination should be included in the current gains and losses when occurred. The combination costs of the acquirer and the identifiable net assets obtained by it in the combination shall be measured according to their fair values at the acquiring date. The difference between the fair value of the assets paid out by the Company and its book value should be included in the current gains and losses. The purchase date refers to the date that the purchaser acquires the control right of the acquiree.

For the business combinations not under the same control realized through step by step multiple transaction, as for the equity interests that the Group holds in the acquiree before the acquiring date, they shall be re-measured according to their fair values at the acquiring date; the positive difference between their fair values and carrying amounts shall be recorded into the investment gains for the period including the acquiring date. The equity held by the acquiree which involved with the other comprehensive income and the other owners' equities changes except for the net gains and losses, other comprehensive income and the profits distribution and other related comprehensive gains and other owners' equities which in relation to the equity interests that the Group holds in the acquiree before the acquiring date should be transferred into the current investment income on the acquiring date, except for the other comprehensive income occurred from the re-measurement of the net profits of the defined benefit plans or the changes of the net assets of the investees.

7. Criteria for Judging Control and Methods for Preparing Consolidated Financial Statements

(1) Criteria for determining control

Control refers to the authority held by the investor over the investee, entailing participation in its relevant activities to yield variable returns and the capability to influence the investee's returns through exercising power

over it.

The Company will judge whether these entities have been controlled by the investee based on its comprehensive consideration of relevant facts and circumstances. Should any changes in such facts and circumstances alter the elements defining control, a reassessment is promptly conducted.

Relevant facts and circumstances primarily encompass:

- ① The purpose of the investee's establishment.
- ② The investee's pertinent activities and decision-making processes therein.
- ③ Whether the rights held by the investor currently enable it to dominate the investee's relevant activities.
- ④ Whether the investor gains variable returns through participating in the investee's relevant activities.
- ⑤ The investor's capacity to influence the investee's returns through exercising power over it.
- ⑥ The relationship between the investor and other entities.

(2) Consolidation scope

The consolidation scope of the Company's consolidated financial statements is determined based on control, encompassing all subsidiaries (including separately controlled entities by the Company) in the consolidated financial statements.

(3) Combination procedure

The Company prepares consolidated financial statements based on its own and each subsidiary's financial statements, along with other relevant information.

When the Company prepares the consolidated financial statements, it shall regard the entire Group as an accounting entity, and shall reflect the overall financial status, operating results and cash flows of the Group in accordance with the requirements for recognition, measurement and presentation of the relevant accounting standard for business enterprises, as well as unified accounting policies.

All subsidiaries included in the consolidation scope of the consolidated financial statements apply accounting policies and accounting periods consistent with the Company.

The accounting policy or accounting period of each subsidiary is different from which of the Company, which shall be adjusted as the Company; or subsidiaries shall prepare financial statement again required by the Company when preparing the consolidated financial statements.

In preparing the consolidated financial statements, transactions between the Company and its subsidiaries, as well as among subsidiaries themselves, are offset to reflect their impact on the consolidated balance sheet, consolidated income statement, consolidated cash flow statement, and consolidated statement of changes in equity. If there are differences in the recognition of the same transaction when viewed from the perspective of the corporate group's consolidated financial statements compared to when viewed from the standpoint of the Company or a subsidiary as the accounting entity, adjustments are made from the perspective of the corporate group.

The portion of a subsidiary's shareholders' equity and the portion of a subsidiary's net profits and losses for the period are recognized as minority interests and minority shareholder profits and losses respectively and presented separately under shareholders' equity and net profits in the consolidation financial statements. The portion of a subsidiary's net profits and losses for the period that belong to minority interests is presented as the item of "minority shareholder profits and losses" under the bigger item of net profits in the consolidated financial statements.

Where the loss of a subsidiary shared by minority shareholders exceeds the portion enjoyed by minority shareholders in the subsidiary's opening owners' equity, minority interests are offset.

For subsidiaries acquired through business combinations under common control, adjustments to their financial

statements are based on their assets, liabilities (including goodwill arising from the acquisition by the ultimate controller), and their carrying value in the financial statements of the ultimate controller.

For subsidiaries acquired through business combinations not under common control, adjustments to their financial statements are based on the fair value of identifiable net assets as of the acquisition date.

① Addition of subsidiaries or businesses

If subsidiaries or businesses are added through business combinations under common control during the Reporting Period, adjustments are made to the opening balances of the consolidated balance sheet. The income, expenses, and profits of the subsidiaries or businesses from the beginning of the current period to the end of the Reporting Period are included in the consolidated income statement. The cash flows of the subsidiaries or businesses from the beginning of the current period to the end of the Reporting Period are included in the consolidated cash flow statement. Comparative items in the financial statements are adjusted accordingly, treating the reporting entity after the combination as if it had existed since the date when control was obtained by the ultimate controller.

If control over an investee under common control is achieved due to the reasons such as the additional investment, adjustments are made as if all parties participating in the merger existed in their current state from the date when control was obtained by the ultimate controller. For the equity investment held before acquiring the control right of the combined parties, the confirmed relevant gains and losses, other comprehensive income and the changes of other net assets since the date of the earlier one between the date when acquiring the original equity right and the date when the combine parties and combined ones were under the same control to the combination date, should be respectively written down and compared with the beginning balance of retained earnings or the current gains and losses during the statement period.

During the Reporting Period, if there is an increase in subsidiaries or businesses due to business combinations not under common control, the opening balances of the consolidated balance sheet are not adjusted. The income, expenses, and profits of the subsidiary or business from the acquisition date to the end of the Reporting Period are included in the consolidated income statement. The cash flows of the subsidiary or business from the acquisition date to the end of the Reporting Period are included in the consolidated cash flow statement.

In the event of acquiring control over an investee previously not under common control due to additional investments or similar reasons, as for the equity interests that the Group holds in the acquiree before the acquiring date, they shall be re-measured according to their fair values at the acquiring date; the positive difference between their fair values and carrying amounts shall be recorded into the investment gains for the period including the acquiring date. The equity held by the acquiree which involved with the other comprehensive income and the other owners' equities changes except for the net gains and losses, other comprehensive income and the profits distribution and other related comprehensive gains and other owners' equities which in relation to the equity interests that the Group holds in the acquiree before the acquiring date should be transferred into the current investment income on the acquiring date, except for the other comprehensive income occurred from the re-measurement of the net profits of the defined benefit plans or the changes of the net assets of the investees.

② Disposal of subsidiaries or businesses

A. General disposal methods

During the Reporting Period, if the Company disposes of a subsidiary or business, the income, expenses, and profits of the subsidiary or business from the beginning of the period to the disposal date are included in the consolidated income statement. The cash flows of the subsidiary or business from the beginning of the period to the disposal date are included in the consolidated cash flow statement.

Where the Group loses control on its original subsidiaries due to disposal of some equity investments or other reasons, the residual equity interests are re-measured according to the fair value on the date when such control

ceases. The summation of the consideration obtained from the disposal of equity interests and the fair value of the residual equity interests, minus the portion in the original subsidiary's net assets measured on a continuous basis from the acquisition date that is enjoyable by the Group according to the original shareholding percentage in the subsidiary, is recorded in investment gains for the period when the Group's control on the subsidiary ceases. Other comprehensive incomes in relation to the equity investment and the other owners' equities changes except for the net gains and losses, other comprehensive income and profits distribution in the original subsidiary are treated on the same accounting basis as the acquiree directly disposes the relevant assets or liabilities (that is, except for the changes in the net liabilities or assets with a defined benefit plan resulted from re-measurement of the original subsidiary, the rest shall all be transferred into current investment gains) when such control ceases.

B. Disposal of subsidiaries step by step

If the clauses, conditions, and economic impact, by which the equity investments of a subsidiary were disposed of step by step through multiple transactions until the control was lost, and the various transactions in the equity investments of a subsidiary were disposed of, fell under one or more of the following circumstances, the multiple transactions were generally regarded as a "Package Deal":

- a. These transactions are reached concurrently or after the impact thereof on each other is taken into consideration.
- b. These transactions might achieve a complete business result only as a whole;
- c. The occurrence of a transaction depends on the occurrence of, at a minimum, one another transaction; and/or
- d. A transaction is considered uneconomical separately but is considered economical when other transactions are also taken into consideration.

For the disposal of equity investment belongs to a package deal, should be considered as a transaction and conduct accounting treatment. However, before losing control, every disposal cost and corresponding net assets balance of subsidiary of disposal investment are confirmed as other comprehensive income in consolidated financial statements, which together transferred into the current profits and losses in the loss of control, when the Group losing control on its subsidiary.

For the disposal of the equity investment not belongs to a package deal, should be executed accounting treatment according to the relevant policies of partly disposing the equity investment of the subsidiaries under the situation not lose the control right before losing the control right; when losing the control right, the former should be executed accounting treatment according to the general disposing method of the disposal of the subsidiaries.

③ Acquisition of minority equity of subsidiaries

The balance existed between the long-term equity investment increased by acquiring shares of minority interest and the attributable net assets on the subsidiary calculated by the increased shares held since the purchase date (or combination date), the share premium of capital reserves within the consolidated balance sheet shall be adjusted, if the capital reserves are not sufficient to offset, the retained profits shall be adjusted.

④ The Company disposed part of the long-term equity investment on subsidiaries without losing its controlling right on them

In the case of partial disposal of long-term equity investments in a subsidiary without loss of control, the difference between the disposal proceeds obtained and the proportionate share of net assets of the subsidiary continuously calculated from the purchase date or merger date corresponding to the disposal of long-term equity investments is adjusted in the share premium within the consolidated balance sheet. If the share premium in the capital reserve is insufficient to offset the difference, adjustments are made to retained earnings.

8. Classification of Joint Arrangements and Accounting Treatment of Joint Operations

The Group classifies joint arrangements into joint operations and joint ventures.

A joint operation refers to a joint arrangement where the Group is the joint operations party of the joint arrangement and enjoys assets and has to bear liabilities related to the arrangement. The Company confirms the following items related to the interests share among the joint operations and executes accounting treatment according to the regulations of the relevant ASBE:

- (1) Recognizes the assets that it holds and bears in the joint operation and recognizes the jointly-held assets according to the Group's stake in the joint operation;
- (2) Recognizes the liabilities that it holds and bears in the joint operation and recognizes the jointly-held liabilities according to the Group's stake in the joint operation;
- (3) Recognizes the income from sale of the Group's share in the output of the joint operation
- (4) Recognizes the income from sale of the joint operation's outputs according to the Group's stake in it
- (5) Recognizes the expense solely incurred to the Group and the expense incurred to the joint operation according to the Group's stake in it.

9. Recognition Standard for Cash and Cash Equivalents

In the Group's understanding, cash and cash equivalents include cash on hand, any deposit that can be used for cover, and short-term (usually due within 3 months since the day of purchase) and high circulating investments, which are easily convertible into known amount of cash and whose risks in change of value are minimal.

10. Foreign Currency Businesses and Translation of Foreign Currency Financial Statements

(1) Foreign currency business

Concerning the foreign-currency transactions that occurred, the foreign currency shall be converted into the recording currency according to the middle price of the market exchange rate disclosed by the People's Bank of China on the date of the transaction. Among the said transactions that occurred, those involving foreign exchanges shall be converted according to the exchange rates adopted in the actual transactions.

On the balance sheet date, the foreign-currency monetary assets and the balance of the liability account shall be converted into the recoding currency according to the middle price of the market exchange rates disclosed by the People's Bank of China on the Balance Sheet Date. The difference between the recording-currency amount converted according to the exchange rate on the Balance Sheet Date and the original book recording-currency amount shall be recognized as gains/losses from foreign exchange. And the exchange gain/loss caused by the foreign-currency borrowings related to purchasing fixed assets shall be handled according to the principle of capitalizing borrowing expenses; the exchange gain/loss incurred in the establishment period shall be recorded into the establishment expense; others shall be recorded into the financial expenses for the current period.

On the balance sheet date, the foreign-currency non-monetary items measured by historical cost shall be converted according to the middle price of the market exchange disclosed by the People's Bank of China on the date of the transaction, with no changes in the original recording-currency amount; while the foreign-currency non-monetary items measured by fair value shall be converted according to the middle price of the market exchange disclosed by the People's Bank of China on the date when the fair value is recognized, and the exchange gain/loss caused thereof shall be recognized as the gain/loss from fair value changes and recorded into the gain/loss of the current

period.

(2) Translation of foreign currency

The assets and liabilities items among the balance sheet of the foreign operation shall be translated at a spot exchange rate on the balance sheet date. Among the owner's equity items, except for the items as "undistributed profits", other items shall be translated at the spot exchange rate at the time when they are incurred. And the revenues and expenses items among the balance sheet of the foreign operation shall be translated at the approximate exchange rate of the transaction date. The difference caused from the above transaction of the foreign currency statement should be listed in the other comprehensive income among the owners' equities.

11. Financial Instruments

(1) Classification of Financial Instruments

The Company classifies the financial assets when initially recognized into the following three categories based on the business model for financial assets management and characteristics of contractual cash flow of financial assets: financial assets measured at amortized cost, financial assets at fair value through other comprehensive income (debt instruments) and financial assets at fair value through profit or loss

Financial liabilities were classified when initially recognized into financial liabilities at fair value through profit or loss and financial liabilities measured at amortized cost.

(2) Recognition Basis and Measurement Method for Financial Instruments

① Financial assets measured at amortized cost

Financial assets at amortized cost include notes receivable, accounts receivable, other receivables, long-term receivables, and investment in debt obligations which are initially measured at fair value and related transaction cost shall be recorded into the initial recognized amount. For accounts receivable excluding significant financing and accounts receivable that the Company decides not to consider financing components less than one year, the initial measurement shall be made at the contract transaction price. The interest calculated with actual rates for the holding period shall be recorded into the current profit or loss. When recovered or disposed, the difference between the price obtained and the carrying value of the financial assets shall be recorded into the current profit or loss.

② Financial assets at fair value through other comprehensive income (debt instruments)

Financial assets at fair value through other comprehensive income (debt instruments) include accounts receivable financing and investment in other debt obligations which are initially measured at fair value and related transaction cost shall be recorded into the initial recognized amount. The subsequent measurement of the financial assets shall be at fair value and changes of fair value except for interest calculated with actual rates, impairment losses or gains and exchange gains or losses shall be recorded into other comprehensive income. When derecognized, the accumulated gains or losses originally recorded into other comprehensive income shall be transferred into the current profit or loss.

③ Financial assets at fair value through other comprehensive income (equity instruments)

Financial assets at fair value through other comprehensive income (equity instruments) include investment in other equity instruments, etc. which are initially measured at fair value and related transaction cost shall be recorded into the initial recognized amount. The subsequent measurement of the financial assets shall be at fair value and changes of fair value shall be recorded into other comprehensive income. The dividends obtained shall be recorded into the current profit or loss. When derecognized, the accumulated gains or losses originally recorded into other comprehensive income shall be transferred into retained earnings.

④ Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include held-for-trading financial assets, derivative financial assets and other non-current financial assets which are initially measured at fair value and the related transaction cost shall be recorded into the current profit or loss. The subsequent measurement of the financial assets shall be at fair value and the changes of fair value shall be recorded into the current profit or loss.

⑤ Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include held-for-trading financial liabilities and derivative financial liabilities which are initially measured at fair value and the related transaction cost shall be recorded into the current profit or loss. The subsequent measurement of the financial liabilities shall be at fair value and the changes of fair value shall be recorded into the current profit or loss. When derecognized, the difference between the carrying value and the paid consideration shall be recorded into the current profit or loss.

⑥ Financial liabilities at amortized cost

Financial liabilities at amortized cost include short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings, bonds payable and long-term payables which are initially measured at fair value and the related transaction cost shall be recorded into the initial recognized amount. The interest calculated with actual rates for the holding period shall be recorded into the current profit or loss. When derecognized, the difference between the paid consideration and the carrying value of the financial liabilities shall be recorded into the current profit or loss.

(3) Recognition Basis and Measurement of Transfer of Financial Assets

Where the Company has transferred nearly all of the risks and rewards related to the ownership of the financial asset to the transferee, it shall stop recognizing the financial asset and separately recognize the rights and obligations generated retained from the transfer as assets or liabilities. If it retained nearly all of the risks and rewards related to the ownership of the financial asset, it shall continue to recognize the transferred financial asset. Where the Company does not transfer or retain nearly all of the risks and rewards related to the ownership of a financial asset, it shall deal with it according to the circumstances as follows, respectively: (1) If it gives up its control over the financial asset, it shall stop recognizing the financial asset and separately recognize the rights and obligations generated retained from the transfer as assets or liabilities; (2) If it does not give up its control over the financial asset, it shall, according to the extent of its continuous involvement in the transferred financial asset, recognize the related financial asset and recognize the relevant liability accordingly.

If the transfer of an entire financial asset satisfies the conditions for stopping recognition, the difference between the amounts of the following 2 items shall be recorded in the profits and losses of the current period: (1) The carrying value of the transferred financial asset on the derecognition date; (2) The sum of consideration received from the transfer of financial assets, and derecognition amount among the accumulative amount of the changes of the fair value originally recorded in the other comprehensive income (the financial assets involve transfer are investments in debt instruments at fair value through other comprehensive income. If the transfer of partial financial asset satisfies the conditions to stop the recognition, the entire carrying value of the transferred financial asset shall, between the portion whose recognition has been stopped and the portion whose recognition has not been stopped, be apportioned according to their respective relative fair value on the transfer date, and the difference between the amounts of the following two items shall be included into the profits and losses of the current period: (1) The carrying value of the portion whose recognition has been stopped; (2) The sum of consideration of the portion whose recognition has been stopped, and derecognition amount among the accumulative amount of the changes of the fair value originally recorded in the other comprehensive income (the financial assets involve transfer are investments in debt instruments at fair value through other comprehensive

income.

(4) Derecognition Basis of Financial Liabilities

A financial liability or part of it can be derecognized after its current obligation has been relieved in full or in part.

(5) Recognition of Fair Value of Financial Assets and Financial Liabilities

The fair value of financial instruments with an active market is determined by the quoted price in the active market. For financial instruments without active market, the fair value is determined by valuation techniques. The Company adopts the valuation techniques applicable to the current conditions which are supported by sufficient data and other information for valuation, and selects the input values consistent with the characteristics of assets or liabilities considered by market participants in asset or liability transactions, with priority to observable input values. Unobservable input values are used only when relevant observable input values are not available or practical.

(6) Impairment of financial instrument

① Impairment measurement and accounting handling of financial instrument

Based on expected credit loss, the Company conducts impairment handling and confirms credit impairment loss for financial assets which is measured by amortized cost, debt instrument investment which is measured by fair value and whose change is calculated into other comprehensive profits, financial guarantee contract.

Expected credit loss refers to weighted average of credit loss of financial instrument which takes the risk of contract breach occurrence as the weight. Credit loss refers to the difference between all contract cash flow which is converted into cash according to actual interest rate and receivable according to contract and all cash flow which to be charged as expected, i.e. current value of all cash shortage. Among it, as for financial asset purchased or original which has had credit impairment, it should be converted into cash according actual interest rate of this financial asset after credit adjustment.

Lifetime expected credit losses refer to those caused by possible defaults during the entire expected duration of a financial instrument.

The expected credit losses in the next 12 months refers to those caused by the default events of the financial instrument that may occur within 12 months (or the expected duration if the expected duration of the financial instrument is less than 12 months) after the balance sheet date, and is part of the expected credit losses in the entire duration.

On each balance sheet date, the Company respectively measured the expected credit losses of financial instruments in different stages. If the credit risk of a financial instrument has had no significant increase since its initial recognition, the instrument shall fall in the first stage, for which the Company would measure the loss reserves according to the expected credit losses in the future 12 months. If the credit risk of a financial instrument has had a significant increase since its initial recognition but no credit impairment has occurred, the instrument shall fall in the second stage, for which the Company would measure the loss reserves according to the expected credit losses in the entire duration of the instrument. If the credit impairment has occurred since its initial recognition, the financial instrument shall fall in the third stage, for which the Company would measure the loss reserves according to the expected credit losses in the entire duration of the instrument.

As for a financial instrument with low credit risks on the balance sheet date, the Company measured the loss reserves according to the expected credit losses in the future 12 months, assuming that its credit risk has had no significant increase since its initial recognition.

For financial instruments with low credit risks in stages 1 and 2, the Company calculated the interest income at the effective interest rate and on the carrying amount of the instruments without deductions for provisions for asset impairment. For financial instruments in stage 3, interest income was calculated at the effective interest rates and

on the amortized cost by reducing the provisions for asset impairment from the carrying amount.

For notes receivables, accounts receivables, and financing receivables, whether there was a significant financial component or not, the Company measured the loss reserves based on the expected credit losses for the entire duration.

A. Accounts receivable

For notes receivable, accounts receivable, other receivables and accounts receivable financing with objective evidence indicating impairment and those suitable for individual evaluation, the Company carries out impairment test separately to confirm expected credit loss and prepare provision for impairment of single items. For notes receivable, accounts receivable, other receivables, accounts receivable financing, contract assets and long-term receivables without objective evidence of impairment, or a single financial asset with expected credit loss impossible to be assessed at a reasonable cost, the Company divides the notes receivable, accounts receivable, other receivables and accounts receivable financing into groups according to the characteristics of credit risk, and calculates the expected credit loss based on receivable groups. The basis for recognizing groups is as follows:

Item	Recognition basis	Method of measuring expected credit losses
Group 1 of notes receivable	All commercial bills	Consulting historical experience in credit losses, combining current situation and prediction for future economic situation, the expected credit loss shall be accounted through exposure at default and the expected credit loss rate over the entire life
Group 2 of notes receivable	Bank's acceptance bills with low credit rating	Consulting historical experience in credit losses, combining current situation and prediction for future economic situation, the expected credit loss shall be accounted through exposure at default and the expected credit loss rate over the entire life
Accounts receivable financing	Bank's acceptance bills with high credit rating	Consulting historical experience in credit losses, combining current situation and prediction for future economic situation, the expected credit loss shall be accounted through exposure at default and the expected credit loss rate over the entire life
Accounts receivable-credit risk characteristics group	Accounts receivable portfolio with credit period	Prepare the comparative list between aging of accounts receivable and expected credit loss rate over the entire life and calculate the expected credit loss by consulting historical experience in credit losses, combining current situation and prediction for future economic situation. The Company takes aging as credit risk characteristics groups and calculates the expected credit loss for accounts receivable.
Accounts receivable-intercourse funds among related party group within the consolidation scope	Related party within the consolidation scope	Consulting historical experience in credit losses, combining current situation and prediction for future economic situation, the expected credit loss shall be accounted through exposure at default and the expected credit loss rate over the entire life

Basis for recognizing groups of other receivables is as follows:

Item	Recognition basis	Method of measuring expected credit losses
Group 1 of other receivables	Other receivables excluding those from	Consulting historical experience in credit losses, combining current situation and prediction for future

	related parties-aging group	economic situation, the expected credit loss shall be accounted through exposure at default and the expected credit loss rate within the next 12 months or over the entire life
Group 2 of other receivables	Related party within the consolidation scope	Consulting historical experience in credit losses, combining current situation and prediction for future economic situation, the expected credit loss shall be accounted through exposure at default and the expected credit loss rate within the next 12 months or over the entire life

12. Accounts Receivable

See “11. Financial Instruments”.

13. Accounts Receivable Financing

See “11. Financial Instruments”.

14. Other Receivables

See “11. Financial Instruments”.

15. Contract Assets

Contract Assets means that the Company is endowed with the right to charge the consideration through transferring any commodity or service to the client, and such right depends on other factors except the passing of time. The Company’s unconditional right (only depending on the passing of time) of charging the consideration from the client shall be separately presented as receivables.

The recognition method and accounting treatment method of the estimated credit loss of contract assets are consistent with that specified in Notes V.11.

16. Inventory

(1) Category of Inventory

Inventory refers to the held-for-sale finished products or commodities, goods in process, materials consumed in the production process or the process providing the labor service etc. Inventory is mainly including the raw materials, low priced and easily worn articles, unfinished products, inventories and work in process—outsourced etc.

(2) Pricing method

Purchasing and storage of the various inventories should be valued according to the planned cost and the dispatch be calculated according to the weighted average method; carried forward the cost of the finished products

according to the actual cost of the current period and the sales cost according to the weighted average method.

(3) Determination basis of the net realizable value of inventory and withdrawal method of the provision for falling price of inventory

At the balance sheet date, inventories are measured at the lower of the costs and net realizable value. When all the inventories are checked roundly, for those which were destroyed, outdated in all or in part, sold at a loss, etc, the Company shall estimate the irrecoverable part of its cost and withdrawal the inventory falling price reserve at the year-end. Where the cost of the single inventory item is higher than the net realizable value, the inventory falling price reserve shall be withdrawn and recorded into profits and losses of the current period. Of which: in the normal production and operating process, as for the commodities inventory directly for sales such as the finished products, commodities and the materials for sales, should recognize the net realizable value according to the amount of the estimated selling price of the inventory minus the estimated selling expenses and the relevant taxes; as for the materials inventory needs to be processed in the normal production and operating process, should recognize its net realizable value according to the amount of the estimated selling price of the finished products minus the cost predicts to be occur when the production completes and the estimated selling expenses as well as the relevant taxes; on the balance sheet date, for the same inventory with one part agreed by the contract price and other parts not by the contract price, should be respectively recognized the net realizable value. For items of inventories relating to a product line that are produced and marketed in the same geographical area, have the same or similar end users or purposes, and cannot be practicably evaluated separately from other items in that product line provision for decline in value is determined on an aggregate basis; for large quantity and low value items of inventories, provision for decline in value is made based on categories of inventories.

(4) The perpetual inventory system is maintained for stock system.

(5) Amortization method of low-value consumables and packages

One time amortization method is adopted for low-value consumables and packages.

17. Assets Held for Sale

(1) Classification under held for sale recognition criteria

The Company confirms certain non-current assets or disposal groups as held for sale when they simultaneously meet the following conditions:

- ① They can be sold immediately in their current condition, following the customary practices observed in similar transactions; and
- ② The sale is highly probable, meaning the Company has resolved to execute a sales plan, obtained regulatory approval (where applicable), secured definite purchase commitments, and anticipates completion of the sale within one year.

A definite purchase commitment refers to a legally binding purchase agreement between the Company and another party. This agreement encompasses essential terms such as the transaction price, timing, and sufficiently stringent penalty clauses for breach, minimizing the likelihood of significant adjustments or cancellation.

(2) Accounting treatment for held for sale assets

The Company does not depreciate or amortize non-current assets or disposal groups classified as held for sale. If their carrying amount exceeds the net amount derived from subtracting the fair value less selling costs, the carrying amount should be written down to the net amount. The written-down amount is recognized as an impairment loss, reflected in the current period's income statement, while also establishing a provision for impairment of held for sale assets.

Non-current assets or disposal groups classified as held-for-sale on the date of acquisition shall be measured at the lower of net amount of initial measurement amount minus sales cost and that of fair value minus selling expenses, assuming they were not classified as held-for-sale during initial measurement.

The aforementioned principles apply to all non-current assets, excluding investment properties measured using the fair value model, biological assets measured at fair value less selling costs, assets arising from employee benefits, deferred tax assets, financial assets governed by accounting standards related to financial instruments, and rights arising from insurance contracts regulated by accounting standards related to insurance contracts.

18. Long-term Equity Investments

(1) Judgment standard of joint control and significant influences

Joint control, refers to the control jointly owned according to the relevant agreement on an arrangement by the Company and the relevant activities of the arrangement should be decided only after the participants which share the control right make consensus. Significant influence refers to the power of the Company which could anticipate in the finance and the operation polices of the investees, but could not control or jointly control the formulation of the policies with the other parties.

(2) Recognition for initial investment cost

The initial investment cost of the long-term equity investment shall be recognized by adopting the following ways in accordance with different methods of acquisition:

1) As for those forms under the same control of the enterprise combine, if the combine party takes the cash payment, non-cash assets transformation, liabilities assumption or equity securities issuance as the combination consideration, should take the shares of the book value by the ultimate control party in the consolidate financial statement of the owners' equities of the combiners acquired on the merger date as the initial investment cost. The difference between the initial investment cost and the book value of the paid combination consideration or the total amount of the issued shares of the long-term equity investment should be adjusted the capital reserve; If the capital reserve is insufficient to dilute, the retained earnings shall be adjusted. To include each direct relevant expense occurred when executing the enterprise merger into the current gains and losses; while the handling charges and commission occurs from the issuing the equity securities or the bonds for the enterprise merger should be included in the initial measurement amount of the shareholders' equities or the liabilities.

2) As for long-term equity investment acquired through the merger of enterprises not under the same control, its initial investment cost shall regard as the combination cost calculated by the fair value of the assets, equity instrument issued and liabilities incurred or undertaken on the purchase date adding the direct cost related with the acquisition. The identifiable assets of the combined party and the liabilities (including contingent liability) undertaken on the combining date shall be measured at the fair value without considering the amount of minority interest. The acquirer shall recognize the positive balance between the combination costs and the fair value of the identifiable net assets it obtains from the acquiree as business reputation. The acquirer shall record the negative balance between the combination costs and the fair value of the identifiable net assets it obtains from the acquiree into the consolidated income statement directly. The agent expense and other relevant management expenses such as the audit, legal service and evaluation consultation occurs from the enterprise merger, should be included in the current gains and losses when occur; while the handling charges and commission occurs from the issuing the equity securities or the bonds for the enterprise merger should be included in the initial measurement amount of the shareholders' equities or the liabilities.

3) Long-term equity investment obtained by other means

The initial cost of a long-term equity investment obtained by making payment in cash shall be the purchase cost

which is actually paid.

The initial cost of a long-term equity investment obtained on the basis of issuing equity securities shall be the fair value of the equity securities issued.

The initial cost of a long-term equity investment of an investor shall be the value stipulated in the investment contract or agreement, the unfair value stipulated in the contract or agreement shall be measured at fair value.

As for long-term investment obtained by the exchange of non-monetary assets, where it is commercial in nature, the fair value of the assets surrendered shall be recognized as the initial cost of the long-term equity investment received; where it is not commercial in nature, the book value of the assets surrendered shall be recognized as the initial cost of the long-term equity investment received.

The initial cost of a long-term equity investment obtained by recombination of liabilities shall be recognized at fair value of long-term equity investment.

(3) Subsequent measurement and recognition of profits and losses

1) An investment in the subsidiary company shall be measured by employing the cost method

Where the Company hold, and is able to do equity investment with control over an invested entity, the invested entity shall be its subsidiary company. Where the Company holds the shares of an entity over 50%, or, while the Company holds the shares of an entity below 50%, but has a real control to the said entity, then the said entity shall be its subsidiary company.

2) An investment in the joint enterprise or associated enterprise shall be measured by employing the equity method

Where the Company hold, and is able to do equity investment with joint control with other parties over an invested entity, the invested entity shall be its joint enterprise. Where the Company hold, and is able to have equity investment with significant influences on an invested entity, the invested entity shall be its associated entity.

After the Company acquired the long-term equity investment, should respectively recognize investment income and other comprehensive income according to the net gains and losses as well as the portion of other comprehensive income which should be enjoyed or be shared, and at the same time adjust the book value of the long-term equity investment; corresponding reduce the book value of the long-term equity investment according to profits which be declared to distribute by the investees or the portion of the calculation of cash dividends which should be enjoyed; for the other changes except for the net gains and losses, other comprehensive income and the owners' equity except for the profits distribution of the investees, should adjust the book value of the long-term equity investment as well as include in the owners' equity .

The investing enterprise shall, on the ground of the fair value of all identifiable assets of the invested entity when it obtains the investment, recognize the attributable share of the net profits and losses of the invested entity after it adjusts the net profits of the invested entity.

If the accounting policy adopted by the investees is not accord with that of the Company, should be adjusted according to the accounting policies of the Company and the financial statement of the investees during the accounting period and according which to recognize the investment income as well as other comprehensive income.

For the transaction happened between the Company and associated enterprises as well as joint ventures, if the assets launched or sold not form into business, the portion of the unrealized gains and losses of the internal transaction, which belongs to the Company according to the calculation of the enjoyed proportion, should recognize the investment gains and losses on the basis. But the losses of the unrealized internal transaction happened between the Company and the investees which belongs to the impairment losses of the transferred assets,

should not be neutralized.

The Company shall recognize the net losses of the invested enterprise according to the following sequence: first of all, to write down the book value of the long-term equity investment. Secondly, if the book value of the long-term equity investment is insufficient for written down, should be continued to recognized the investment losses limited to the book value of other long-term equity which forms of the net investment of the investees and to written down the book value of the long-term accounts receivable etc. Lastly, through the above handling, for those should still undertake the additional obligations according to the investment contracts or the agreements, it shall be recognized as the estimated liabilities in accordance with the estimated duties and then recorded into investment losses at current period. If the invested entity realizes any net profits later, the Company shall, after the amount of its attributable share of profits offsets against its attributable share of the un-recognized losses, resume recognizing its attributable share of profits.

In the preparation for the financial statements, the balance existed between the long-term equity investment increased by acquiring shares of minority interest and the attributable net assets on the subsidiary calculated by the increased shares held since the purchase date (or combination date), the capital reserves shall be adjusted, if the capital reserves are not sufficient to offset, the retained profits shall be adjusted; the Company disposed part of the long-term equity investment on subsidiaries without losing its controlling right on them, the balance between the disposed price and attributable net assets of subsidiaries by disposing the long-term equity investment shall be recorded into owners' equity.

For other ways on disposal of long-term equity investment, the balance between the book value of the disposed equity and its actual payment gained shall be recorded into current profits and losses.

For the long-term equity investment measured by adopting equity method, if the remained equity after disposal still adopts the equity method for measurement, the other comprehensive income originally recorded into owners' equity should adopt the same basis of the accounting disposal of the relevant assets or liabilities directly disposed by the investees according to the corresponding proportion. The owners' equity recognized owing to the changes of the other owners' equity except for the net gains and losses, other comprehensive income and the profits distribution of the investees, should be transferred into the current gains and losses according to the proportion.

For the long-term equity investment which adopts the cost method of measurement, if the remained equity still adopt the cost method, the other comprehensive income recognized owing to adopting the equity method for measurement or the recognition and measurement standards of financial instrument before acquiring the control of the investees, should adopt the same basis of the accounting disposal of the relevant assets or liabilities directly disposed by the investees and should be carried forward into the current gains and losses according to the proportion; the changes of the other owners' equity except for the net gains and losses, other comprehensive income and the profits distribution among the net assets of the investees which recognized by adopting the equity method for measurement, should be carried forward into the current gains and losses according to the proportion.

For those the Company lost the control of the investees by disposing part of the equity investment as well as the remained equity after disposal could execute joint control or significant influences on the investees, should change to measure by equity method when compiling the individual financial statement and should adjust the measurement of the remained equity to equity method as adopted since the time acquired; if the remained equity after disposal could not execute joint control or significant influences on the investees, should change the accounting disposal according to the relevant regulations of the recognition and measurement standards of financial instrument, and its difference between the fair value and book value on the date lose the control right should be included in the current gains and losses. For the other comprehensive income recognized by adopting equity method for measurement or the recognition and measurement standards of financial instrument before the Company acquired the control of the investees, should execute the accounting disposal by adopting the same basis

of the accounting disposal of the relevant assets or liabilities directly disposed by the investees when lose the control of them, while the changes of the other owners' equity except for the net gains and losses, other comprehensive income and the profits distribution among the net assets of the investees which recognized by adopting the equity method for measurement, should be carried forward into the current gains and losses according to the proportion. Of which, for the disposed remained equity which adopted the equity method for measurement, the other comprehensive income and the other owners' equity should be carried forward according to the proportion; for the disposed remained equity which changed to execute the accounting disposal according to the recognition and measurement standards of financial instrument, the other comprehensive income and the other owners' equity should be carried forward in full amount.

For those the Company lost the control of the investees by disposing part of the equity investment, the disposed remained equity should change to calculate according to the recognition and measurement standards of financial instrument, and difference between the fair value and book value on the date lose the control right should be included in the current gains and losses. For the other comprehensive income recognized from the original equity investment by adopting the equity method, should execute the accounting disposal by adopting the same basis of the accounting disposal of the relevant assets or liabilities directly disposed by the investees when terminate the equity method for measurement, while for the owners' equity recognized owing to the changes of the other owner's equity except for the net gains and losses, other comprehensive income and the profits distribution of the investees, should be transferred into the current investment income with full amount when terminate adopting the equity method.

19. Investment Real Estate

Measurement mode of investment real estate:

Measurement of cost method

Depreciation or amortization method

The investment real estate shall be measured at its cost. Of which, the cost of an investment real estate by acquisition consists of the acquisition price, relevant taxes, and other expense directly relegated to the asset; the cost of a self-built investment real estate composes of the necessary expenses for building the asset to the hoped condition for use. The investment real estate invested by investors shall be recorded at the value stipulated in the investment contracts or agreements, but the unfair value appointed in the contract or agreement shall be entered into the account book at the fair value.

As for withdrawal basis of provision for impairment of investment real estates, please refer to withdrawal method for provision for impairment of fixed assets.

20. Fixed Assets

(1) Recognition Conditions

Fixed assets refers to the tangible assets that simultaneously possess the features as follows: (a) they are held for the sake of producing commodities, rendering labor service, renting or business management; and (b) their useful life is in excess of one fiscal year. The fixed assets are only recognized when the relevant economic benefits probably flow in the Company and its cost could be reliable measured.

(2) Depreciation Method

Category of fixed assets	Method	Useful life	Annual depreciation
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Housing and building	Average method of useful life	20-40 years	2.50%-5%
Machinery equipment	Average method of useful life	6-15 years	6.67%-16.67%
Transportation equipment	Average method of useful life	5-10 years	10%-20%
Other equipment	Average method of useful life	5-10 years	10%-20%

(3) Recognition Basis, Pricing and Depreciation Method of Fixed Assets by Finance Lease

The Company recognizes those meet with the following one or certain standards as the fixed assets by finance lease:

- 1) The leasing contract had agreed that (or made the reasonable judgment according to the relevant conditions on the lease starting date) when the lease term expires, the ownership of leasing the fixed assets could be transferred to the Company;
- 2) The Company owns the choosing right for purchasing and leasing the fixed assets, with the set purchase price which is estimated far lower than the fair value of the fixed assets by finance lease when executing the choosing right, so the Company could execute the choosing right reasonably on the lease starting date;
- 3) Even if the ownership of the fixed assets not be transferred, the lease period is of 75% or above of the useful life of the lease fixed assets;
- 4) The current value of the minimum lease payment on the lease starting date of the Company is equal to 90% or above of the fair value of the lease fixed assets on the lease starting date; the current value of the minimum lease receipts on the lease starting date of the leaser is equal to 90% or above of the fair value of the lease fixed assets on the lease starting date;
- 5) The nature of the lease assets is special that only the Company could use it if not execute large transformation.

The fixed assets by finance lease should take the lower one between the fair value of the leasing assets and the current value of the minimum lease payment on the lease starting date as the entry value. As for the minimum lease payment which be regarded as the entry value of the long-term accounts payable, its difference should be regarded as the unrecognized financing expense. For the initial direct expenses occur in the lease negotiations and the signing process of the lease contracts that attribute to the handling expenses, counsel fees, travel expenses and stamp taxes of the lease items, should be included in the charter-in assets value. The unrecognized financing expenses should be amortized by adopting the actual interest rate during the period of the lease term.

The fixed assets by finance lease shall adopt the same depreciation policy for self-owned fixed assets. If it is reasonable to be certain that the lessee will obtain the ownership of the leased asset when the lease term expires, the leased asset shall be fully depreciated over its useful life. If it is not reasonable to be certain that the lessee will obtain the ownership of the leased asset at the expiry of the lease term, the leased asset shall be fully depreciated over the shorter one of the lease term or its useful life

21. Construction in Progress

(1) Valuation of the progress in construction

Construction in progress shall be measured at actual cost. Self-operating projects shall be measured at direct materials, direct wages and direct construction fees; construction contract shall be measured at project price

payable; project cost for plant engineering shall be recognized at value of equipments installed, cost of installation, trail run of projects. Costs of construction in process also include borrowing costs and exchange gains and losses, which should be capitalized.

(2) Standardization on construction in process transferred into fixed assets and time point

The construction in process, of which the fixed assets reach to the predicted condition for use, shall carry forward fixed assets on schedule. The one that has not audited the final accounting shall recognize the cost and make depreciation in line with valuation value. The construction in process shall adjust the original valuation value at its historical cost but not adjust the depreciation that has been made after auditing the final accounting.

22. Borrowing Costs

(1) Recognition principle of capitalization of borrowing costs

The borrowing costs shall include the interest on borrowings, amortization of discounts or premiums on borrowings, ancillary expenses, and exchange balance on foreign currency borrowings. Where the borrowing costs occurred belong to specifically borrowed loan or general borrowing used for the acquisition and construction of investment real estates and inventories over one year (including one year) shall be capitalized, and record into relevant assets cost. Other borrowing costs shall be recognized as expenses on the basis of the actual amount incurred, and shall be recorded into the current profits and losses. The borrowing costs shall not be capitalized unless they simultaneously meet the following three requirements: (1) The asset disbursements have already incurred; (2) The borrowing costs have already incurred; and (3) The acquisition and construction or production activities which are necessary to prepare the asset for its intended use or sale have already started.

(2) The period of capitalization of borrowing costs

The borrowing costs arising from acquisition and construction of fixed assets, investment real estates and inventories, if they meet the above-mentioned capitalization conditions, the capitalization of the borrowing costs shall be measured into asset cost before such assets reach to the intended use or sale, Where acquisition and construction of fixed assets, investment real estates and inventories is interrupted abnormally and the interruption period lasts for more than 3 months, the capitalization of the borrowing costs shall be suspended, and recorded into the current expense, till the acquisition and construction of the assets restarts. When the qualified asset is ready for the intended use or sale, the capitalization of the borrowing costs shall be ceased, the borrowing costs occurred later shall be included into the financial expense directly at the current period.

(3) Measurement method of capitalization amount of borrowing costs

As for specifically borrowed loans for the acquisition and construction or production of assets eligible for capitalization, the to-be-capitalized amount of interests shall be determined in light of the actual cost incurred of the specially borrowed loan at the present period minus the income of interests earned on the unused borrowing loans as a deposit in the bank or as a temporary investment.

Where a general borrowing is used for the acquisition and construction or production of assets eligible for capitalization, the enterprise shall calculate and determine the to-be-capitalized amount of interests on the general borrowing by multiplying the weighted average asset disbursement of the part of the accumulative asset disbursements minus the general borrowing by the capitalization rate of the general borrowing used. The capitalization rate shall be calculated and determined in light of the weighted average interest rate of the general borrowing.

23. Intangible Assets

(1) Useful Life and the Basis for its Determination, Estimation, Amortization Methodology or Review Procedures

(1) Pricing method of intangible assets

Intangible assets purchased should take the actual payment and the relevant other expenses as the actual cost.

For the intangible assets invested by the investors should be recognized the actual cost according to the value of the investment contracts or agreements, however, for the value of the contracts or agreements is not fair, the actual cost should be recognized according to the fair value.

For the intangible assets acquires from the exchange of the non-currency assets, if own the commercial nature, should be recorded according to the fair value of the swap-out assets; for those not own the commercial nature, should be recorded according to the book value of the swap-out assets.

For the intangible assets acquires from the debts reorganization should be recognized by the fair value.

(2) Amortization method and term of intangible assets

As for the intangible assets with limited service life, which are amortized by straight-line method when it is available for use within the service period, shall be recorded into the current profits and losses. The Company shall, at least at the end of each year, check the service life and the amortization method of intangible assets with limited service life. When the service life and the amortization method of intangible assets are different from those before, the years and method of the amortization shall be changed.

Intangible assets with uncertain service life may not be amortized. However, the Company shall check the service life of intangible assets with uncertain service life during each accounting period. Where there are evidences to prove the intangible assets have limited service life, it shall be estimated of its service life, and be amortized according to the above method mentioned.

The rights to use land of the Company shall be amortized according to the rest service life.

(2) The Scope of R&D Expenditure Collection and the Related Accounting Treatment

The internal research and development projects of an enterprise shall be classified into research phase and development phase: the term “research” refers to the creative and planned investigation to acquire and understand new scientific or technological knowledge; the term “development” refers to the application of research achievements and other knowledge to a certain plan or design, prior to the commercial production or use, so as to produce any new material, device or product, or substantially improved material, device and product.

The Company collects the costs of the corresponding phases according to the above standard of classifying the research phase and the development phase. The research expenditures for its internal research and development projects of an enterprise shall be recorded into the profit or loss for the current period. The development costs for its internal research and development projects of an enterprise may be capitalized when they satisfy the following conditions simultaneously: it is feasible technically to finish intangible assets for use or sale; it is intended to finish and use or sell the intangible assets; the usefulness of methods for intangible assets to generate economic benefits shall be proved, including being able to prove that there is a potential market for the products manufactured by applying the intangible assets or there is a potential market for the intangible assets itself or the intangible assets will be used internally; it is able to finish the development of the intangible assets, and able to use or sell the intangible assets, with the support of sufficient technologies, financial resources and other resources; the development costs of the intangible assets can be reliably measured.

24. Impairment of Long-term Assets

For non-current financial Assets of fixed Assets, projects under construction, intangible Assets with limited service life, investing real estate with cost model, long-term equity investment of subsidiaries, cooperative enterprises and joint ventures, the Company should judge whether decrease in value exists on the date of balance sheet. Recoverable amounts should be tested for decrease in value if it exists. Other intangible Assets of reputation and uncertain service life and other non-accessible intangible assets should be tested for decrease in value no matter whether it exists.

If the recoverable amount is less than book value in impairment test results, the provision for impairment of differences should include in impairment loss. Recoverable amounts would be the higher of net value of asset fair value deducting disposal charges or present value of predicted cash flow. Asset fair value should be determined according to negotiated sales price of fair trade. If no sales agreement exists but with asset active market, fair value should be determined according to the Buyer's price of the asset. If no sales agreement or asset active market exists, asset fair value could be acquired on the basis of best information available. Disposal expenses include legal fees, taxes, cartage or other direct expenses of merchantable Assets related to asset disposal. Present value of predicted asset cash flow should be determined by the proper discount rate according to Assets in service and predicted cash flow of final disposal. Asset depreciation reserves should be calculated on the basis of single Assets. If it is difficult to predict the recoverable amounts for single Assets, recoverable amounts should be determined according to the belonging asset group. Asset group is the minimum asset combination producing cash flow independently.

In impairment test, book value of the business reputation in financial report should be shared to beneficial asset group and asset group combination in collaboration of business merger. It is shown in the test that if recoverable amounts of shared business reputation asset group or asset group combination are lower than book value, it should determine the impairment loss. Impairment loss amount should firstly be deducted and shared to the book value of business reputation of asset group or asset group combination, then deduct book value of all assets according to proportions of other book value of above assets in asset group or asset group combination except business reputation.

After the asset impairment loss is determined, recoverable value amounts would not be returned in future.

25. Long-term Deferred Expenses

Long-term deferred expenses of the Company shall be recorded in light of the actual expenditure, and amortized averagely within benefit period. In case of no benefit in the future accounting period, the amortized value of such project that fails to be amortized shall be transferred into the profits and losses of the current period.

26. Contract Liabilities

Contract liabilities refer to the Company's obligations in transferring commodities or services to the client for the received or predicted consideration. Contract assets and contract liabilities under the same contract shall be presented based on the net amount.

27. Employee Benefits

(1) Accounting Treatment of Short-term Compensation

Short-term compensation mainly including salary, bonus, allowances and subsidies, employee services and benefits, medical insurance premiums, birth insurance premium, industrial injury insurance premium, housing fund, labor union expenditure and personnel education fund, non-monetary benefits etc. The short-term compensation actually happened during the accounting period when the active staff offering the service for the Company should be recognized as liabilities and is included in the current gains and losses or relevant assets cost. Of which the non-monetary benefits should be measured according to the fair value.

(2) Accounting Treatment of the Welfare after Demission

The Company classifies the welfare plans after demission into defined contribution plans and defined benefit plans. Welfare plans after demission refers to the agreement on the welfare after demission reaches between the Company and the employees, or the regulations or methods formulated by the Company for providing the welfare after demission for the employees. Of which, defined contribution plans refers to the welfare plans after demission that the Company no more undertake the further payment obligations after the payment of the fixed expenses for the independent funds; defined benefit plans, refers to the welfare plans after demission except for the defined contribution plans.

Defined contribution plans

During the accounting period that the Company providing the service for the employees, the Company should recognize the liabilities according to the deposited amount calculated by defined contribution plans, and should be included in the current gains and losses or the relevant assets cost.

(3) Accounting Treatment of the Demission Welfare

The Company should recognize the payroll payment liabilities occur from the demission welfare according to the earlier date between the following two conditions and include which in the current gains and losses when providing the demission welfare for the employees: the Company could not unilaterally withdraw the demission welfare owing to the relieve plans of the labor relationship or reduction; when the Company recognizing the costs or expenses related to the reorganization involves with the demission welfare payments.

28. Provisions

(1) Criteria of provisions

Only if the obligation pertinent to a contingencies shall be recognized as an estimated debts when the following conditions are satisfied simultaneously:

- 1) That obligation is a current obligation of the Company;
- 2) It is likely to cause any economic benefit to flow out of the Company as a result of performance of the obligation;
- 3) The amount of the obligation can be measured in a reliable way.

(2) Measurement of provisions

The Company shall measure the provisions in accordance with the best estimate of the necessary expenses for the performance of the current obligation.

The Company shall check the book value of the provisions on the Balance Sheet Date. If there is any conclusive

evidence proving that the said book value can't truly reflect the current best estimate, the Company shall, subject to change, make adjustment to carrying value to reflect the current best estimate.

29. Revenue

Accounting policies for recognition and measurement of revenue:

When the Company fulfills its due performance obligations (namely when the client obtains the control over related commodities or services), revenues shall be recognized based on the obligation's amortized transaction price. Performance Obligation refers to the Company's promise of transferring commodities or services that can be clearly defined to the client. Transaction Price refers to the consideration amount duly charged by the Company for transferring commodities or services to the client, excluding any amount charged by the third party and any amount predicted to be returned to the client. Control Over Relevant Commodities means that the use of commodities can be controlled and almost all economic interests can be obtained.

On the contract commencement day, the Company shall evaluate the contract, recognize individual performance obligation and confirm that individual performance obligation is fulfilled in a certain period. When one of the following conditions is met, such performance obligation shall be deemed as fulfilled in a certain period, and the Company shall recognize it as revenue within a certain period according to the performance schedule: (1) the client obtains and consumes the economic interests resulting from the Company's performance of contract while performing the contract; (2) the client is able to control the commodities under construction during the performance; (3) commodities produced by the Company during the performance possess the irreplaceable purpose, and the Company has the right to charge all finished parts during the contract period; otherwise, the Company shall recognize the revenue when the client obtains the control over relevant commodities or services.

The Company shall adopt the Input Method to determine the Performance Schedule. Namely, the Performance Schedule shall be determined according to the Company's input for fulfilling performance obligations. When the Performance Schedule cannot be reasonably determined and all resulting costs are predicted to be compensated, the Company shall recognize the revenue based on the resulting cost amount till the Performance Schedule can be reasonably determined.

When the contract involves two or more than two performance obligations, the transaction price shall be amortized to each single performance obligation on the contract commencement day according to the relative proportion of the independent selling price of commodities or services under each single performance obligation. If any solid evidence proves that the contract discount or variable consideration only relates to one or more than one (not all) performance obligation under the contract, the Company shall amortize the contract discount or variable consideration to one or more than one related performance obligations. Independent selling price refers to the price adopted by the Company to independently sell commodities or services to the client. However, independent selling price cannot be directly observed. The Company shall estimate the independent selling price by comprehensively considering all related information that can be reasonably obtained and maximally adopting the observable input value.

Variable Consideration

If any variable consideration exists in the contract, the Company shall determine the optimal estimation of the variable consideration based on the expected values or the most possible amount. The variable consideration's transaction price shall be included without exceeding the total revenue amount recognized without the risk of significant restitution when all uncertainties are eliminated. On each balance sheet day, the Company shall re-estimate the variable consideration amount to be included in the transaction price.

Consideration Payable to the Client

If any consideration payable to the client exists in the contract, the Company shall use such consideration to offset the transaction price unless such consideration is paid for acquiring other clearly-defined commodities or services from the client, and write down the current revenue at the later time between the time of recognizing relevant revenues and the time of paying (or promising the payment) the consideration to the client.

Sales with the Quality Assurance

For sales with the Quality Assurance, if the Quality Assurance involves another separate service except for the guarantee of all sold commodities or services meeting all established standards, the Quality Assurance shall constitute a single Performance Obligation; otherwise, the Company shall make corresponding accounting treatment to the Quality Assurance according to ASBE No.13--Contingency.

Main Responsibility Person/Agent

According to whether the control over commodities or services is obtained before they are transferred to the client, the Company can judge whether it is Main Responsibility Person or Agent based on its status during the transaction. If the Company can control commodities or services before they are transferred to the client, the Company shall be Main Responsibility Person, and revenues shall be recognized according to the total consideration amount received or to be received; otherwise, the Company shall be Agent, and revenues shall be recognized according to the commission or service fees predicted to be duly charged. However, such amount shall be determined based on the net amount after deducting other amounts payable to other related parties from the total consideration received or to be duly received or the fixed commission amount or proportion.

Specific methods

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

The sale contract between the Company and its customers usually contains only the performance obligation for the transfer of goods, which is satisfied at a point in time.

The following requirements must be met to confirm the revenue of domestic products: The Company has delivered the goods to the customer in accordance with the contract and the customer has accepted the goods. The payment has been recovered or the receipt voucher has been obtained, and the relevant economic benefits are likely to flow in. The customer has obtained control of the relevant goods. The main risks and rewards of product ownership have been transferred. The legal ownership of the goods has been transferred.

The following requirements must be met to confirm the revenue of export products: The Company has declared the products in accordance with the contract, obtained the bills of lading, and received the payment or obtained the receipt voucher and the related economic benefits are likely to flow in. The main risks and rewards of product ownership have been transferred. The legal ownership of the goods has been transferred.

Interest Revenue

Interest Revenue shall be determined according to the time of the Company's use of monetary capital and the actual interest rate.

30. Contract Costs

(1) Costs from Acquiring Contract

If the incremental cost resulting from the Company's acquiring of contract (namely costs merely resulting from the acquiring of contract) is predicted to be retrieved, it shall be recognized as an assets, amortized by adopting the same basis with the recognition of commodities or service revenues related to the assets and included into the current profit and loss. If the assets' amortization period does not exceed one year, it shall be immediately included into the current profit and loss. Other expenses resulting from the Company's acquiring of contract shall

also be included into the current profit and loss unless it is explicitly borne by the client.

(2) Costs from Executing Contract

The Company's costs from executing contract is not covered by other ASBE except for Revenue Standards, and when the following situations are met, such costs can be recognized as an assets: ① the costs are directly related to a current or predicted contract; ② the costs increase the Company's resources applied to fulfill performance obligations in the future; ③ the costs are predicted to be retrieved. The recognized assets shall be amortized by adopting the same basis with the recognition of commodities or service revenues related to the assets and included into the current profit and loss.

If the book value of contract costs is higher than the difference of the following two items, corresponding depreciation reserves shall be counted and withdrawn and it shall be recognized as the assets depreciation loss: ① the residual consideration predicted to be acquired by transferring commodities related to the assets; ② the costs predicted to occur due to the transfer of related commodities.

If the difference between ① and ② is higher than the book value of contract costs due to any change in various factors causing depreciation in previous periods, it shall be restituted to the withdrawn assets depreciation reserves and included in the current profit and loss. However, the book value of restituted contract costs shall not exceed the book value of the assets on the day of restitution based on the hypothesis that depreciation reserves are not counted and withdrawn.

31. Government Grants

(1) Type

A government grant means the monetary or non-monetary assets obtained free by an enterprise from the government. Government grants consist of the government grants pertinent to assets and government grants pertinent to income according to the relevant government documents.

For those the government documents not definite stipulate the assistance object, the judgment basis of the Company classifies the government grants pertinent to assets and government subsidies pertinent to income is: whether are used for purchasing or constructing or for forming the long-term assets by other methods.

(2) Recognition of Government Subsidies

The government subsidies should be recognized only when meet with the attached conditions of the government grants as well as could be acquired.

If the government grants are the monetary assets, should be measured according to the received or receivable amount; and for the government grants are the non-monetary assets, should be measured by fair value.

(3) Accounting Treatment

The government grants pertinent to assets shall be recognized as deferred income, and included in the current gains and losses or offset the book value of related assets within the useful lives of the relevant assets with a reasonable and systematic method. Government grants pertinent to income used to compensate the relevant costs, expenses or losses of the Company in the subsequent period shall be recognized as deferred income, and shall be included in the current profit and loss during the period of confirming the relevant costs, expenses or losses; those used to compensate the relevant costs, expenses or losses of the Company already happened shall be included in the current gains and losses or used to offset relevant costs directly.

For government grants that include both assets-related and income-related parts, they should be distinguished separately for accounting treatment; for government subsidies that are difficult to be distinguished, they should be classified as income-related.

Government grants related to the daily activities of the Company shall be included into other income or used to offset relevant costs by the nature of economic business; those unrelated shall be included into non-operating income.

The government grants recognized with relevant deferred income balance but need to return shall be used to offset the book balance of relevant deferred income, the excessive part shall be included in the current gains and losses or adjusting the book value of assets for the government grants assets-related that offset the book value of relevant assets when they are initially recognized; those belong to other cases shall be directly included in the current gains and losses.

32. Deferred Income Tax Assets/Deferred Income Tax Liabilities

(1) Basis of recognizing the deferred income tax assets

According to the difference between the book value of the assets and liabilities and their tax basis, a deferred tax asset shall be measured in accord with the tax rates that are expected to apply to the period when the asset is realized or the liability is settled.

The recognition of the deferred income tax assets is limited by the income tax payable that the Company probably gains for deducting the deductible temporary differences. At the balance sheet date, where there is strong evidence showing that sufficient taxable profit will be available against which the deductible temporary difference can be utilized, the deferred tax asset unrecognized in prior period shall be recognized.

The Company assesses the carrying amount of deferred tax asset at the balance sheet date. If it's probable that sufficient taxable profit will not be available against which the deductible temporary difference can be utilized, the Company shall write down the carrying amount of deferred tax asset, or reverse the amount written down later when it's probable that sufficient taxable profit will be available.

(2) Basis of recognizing the deferred income tax liabilities

According to the difference between the book value of the assets and liabilities and their tax basis, A deferred tax liability shall be measured in accord with the tax rates that are expected to apply to the period when the asset is realized or the liability is settled.

33. Lease

(1) Accounting treatment for leases as the lessee

On the beginning date of the lease term, the Company will recognize the lease with a lease term not exceeding 12 months and exclude the purchase option as a short-term lease. Leases with lower value when a single leased asset is a brand-new asset are identified as low-value asset leases. If the Company sublets or expects to sublet the leased assets, the original lease shall not be deemed as a low-value asset lease.

The Company records the payments of short-term and low-value asset leases incurred during each period of the lease term in the relevant asset costs or the profit or loss for the current period by the straight-line method.

The Company will recognize right-of-use assets and lease liabilities on the inception date of the lease term, excluding the above short-term and low-value asset leases.

① Right-of-use assets

The right-of-use asset is measured at cost and the cost shall comprise:

- A. the amount of the initial measurement of the lease liabilities;
- B. any lease payments made at or before the commencement date, less any lease incentives received;

C. any initial direct costs incurred by the lessee;

D. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The Company depreciates the right-of-use asset using the straight-line method. If it is reasonably certain that ownership of the leased asset(s) will be obtained at the end of the lease term, the Company depreciates the leased asset(s) over its/their remaining service life. If it is not reasonably certain that the ownership of the leasehold property will be obtained at the end of the lease term, the Company will depreciate the leased asset(s) over the lease term or the remaining service life, whichever is shorter.

② Lease liabilities

At the commencement date, the Company measures the lease liabilities at the present value of the lease payments that are not paid at that date, The Company uses the interest rate implicit in lease as the rate of discount when calculating the present value of the lease payments. The incremental interest rate on borrowing of the lessee will be used as the rate of discount, if the interest rate implicit in lease cannot be determined. The difference between the lease payment and its present value is regarded as an unrecognized financing expense. Interest expense is recognized at the discount rate of the present value of the recognized lease payment during each period of the lease term and is recorded in the profit and loss for the current period. Variable lease payments that are not covered in the measurement of the lease liabilities are included in current profit or loss when actually incurred.

After the commencement date, if there is a change in the following items: (a) actual fixed payments; (b) amounts expected to be payable under residual value guarantees; (c) an index or a rate used to determine lease payments; (d) assessment result or exercise of purchase option, extension option or termination option., the Company remeasures the lease liabilities based on the present value of lease payments after changes, and adjusts the carrying amount of the right-of-use asset accordingly. If the carrying amount of the right-of-use asset is reduced to zero but there shall be a further reduction in the lease liabilities, the remaining amount shall be recognized into profit or loss.

(2) Accounting treatment of leases as the lessor

The Company as lessor

On the start date of the lease term, the Company divides the lease that substantially transfers almost all risks and rewards related to the ownership of the leased assets into finance leases, except for operating leases.

① Operating lease

The Company recognizes the lease payments receivable as rental earnings in each period within the lease term on a straight-line basis. The initial direct costs related to the operating lease are capitalized, amortized within the lease term on the same basis as the recognition of rental earnings, and included in the profit or loss for the current period. Variable lease payments obtained by the Company in relation to operating leases that are not included in the lease receivable are included in the profit or loss for the current period when they are actually incurred.

② Financial lease

At the commencement date, the Company recognizes the finance lease payment receivable based on the net investment in the lease (sum of the present value of unguaranteed residual value and lease receipts that are not received at the commencement date, discounted by the interest rate implicit in the lease), and derecognizes assets held under the finance lease. The Company calculates and recognizes interest income using the interest rate implicit in the lease over the lease term.

Variable lease payments not included in the measurement of the net investment in the lease are charged as profit or loss in the periods in which they are incurred.

34. Other Significant Accounting Policies and Accounting Estimates

The Company evaluates the important accounting estimates and key assumptions adopted on an ongoing basis, based on historical experience and other factors, including reasonable expectations of future events. Important accounting estimates and critical assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year are listed as follows:

(1) Classification of financial assets

The significant judgments involved when the Company determines the classification of financial assets include analysis of business models and contractual cash flow characteristics. The Company determines the business model for managing financial assets at the level of the financial asset portfolio, taking into account factors such as the approach of evaluating and reporting the performance of financial assets to key management personnel, the risks affecting the performance of financial assets and the manner in which they are managed, and way in which the relevant business management personnel are compensated.

The following main judgments exist in assessing whether the contractual cash flows of financial assets are consistent with the basic lending arrangements:

Whether the time distribution or amount of the principal amount during the duration may change due to early repayment or for other reasons; whether the interest includes only the time value of money, credit risk, other basic lending risks and consideration against costs and profits. For example, whether the amount of early repayment reflects only the outstanding principal and interest based on the outstanding principal, as well as reasonable compensation paid for early termination of the contract.

(2) Measurement of expected credit losses of accounts receivable

The Company calculates the expected credit loss of accounts receivable using the exposure to default risk of accounts receivable and the expected credit loss ratio, and determines the expected credit loss ratio based on the probability of default and the default loss ratio. When determining the expected credit loss ratio, the Company uses data such as internal historical credit loss experience and adjusts historical data to take into account current conditions and forward-looking information. When considering forward-looking information, the Company uses indicators such as the risk of economic downturn and changes in the external market environment, technological environment and customer profile. The Company regularly monitors and reviews the assumptions related to the calculation of expected credit losses.

(3) Inventory falling price reserves

The Company follows the inventory accounting policy and carries out measurement based on which is smaller between the cost and the net realizable value. If the cost of inventories is higher than its net realizable value, then the inventory falling prices reserves were implemented. The impairment of inventories to net realizable value is based on an assessment of the marketability of the inventories and their net realizable value. The management shall determine the impairment of inventories after obtaining reliable evidence while taking into account the purpose of holding inventories, the effect of items after the balance sheet date, and other factors. Differences between actual results and original estimates will affect the carrying value of inventories and the provision or reversal of reverses for falling prices of inventories in the period in which the estimates are changed.

(4) Determination of fair value of unlisted equity investment

The fair value of unlisted equity investment is the expected future cash flows discounted at the current discount rate for items with similar terms and risk characteristics. Such valuation requires the Company to estimate expected future cash flows and discount rates and is therefore subject to uncertainty. Under limited circumstances, if the information used to determine fair value is insufficient, or if the range of possible estimates of fair value is

wide and the cost represents the best estimate of fair value within that range, the cost may represent its appropriate estimate of fair value within that range of distribution.

(5) Reserves for long-term assets impairment

The Company determines at the balance sheet date whether there is any indication that a non-current asset, other than a financial asset, may be impaired. For intangible assets with an uncertain useful life, impairment tests shall be conducted when there is an indication of impairment besides the annual impairment test. Other non-current assets other than financial assets shall be tested for impairment when there is an indication that the carrying amount is irrecoverable.

An impairment is indicated when the carrying amount of an asset or asset group is greater than the recoverable amount, which is the higher of the fair value minus disposal expenses and the present value of estimated future cash flows.

The net value of the fair value minus disposal expenses is determined by referring to the negotiable sale price or observable market price of similar assets in a fair transaction and deducting incremental costs directly attributable to the disposal of the asset.

Estimating the present value of future cash flows requires significant judgments with respect to the production volume of the asset (or asset group), the selling price, the related operating costs and the discount rate used in calculating the present value. The Company uses all available relevant information in estimating recoverable amounts, including projections of volumes, selling prices and related operating costs based on reasonable and supportable assumptions.

(6) Depreciation and amortization

The Company depreciates and amortizes investment properties, fixed assets and intangible assets on a straight-line basis within their service lives after taking into account their residual values. The Company regularly reviews service lives to determine the amount of depreciation and amortization expenses to be included in each reporting period. The service life is determined by the Company based on past experience with similar assets and expected technological updates. Depreciation and amortization expenses will be adjusted in the future period if there is a significant change in previous estimates.

(7) Deferred income tax assets

To the extent that it is probable that sufficient taxable profit will be available to offset the losses, the Company recognizes deferred income tax assets for all unused tax losses. This requires the Company's management to use many judgments to estimate the timing and amount of future taxable profits, taking into account tax planning strategies, so as to determine the amount of deferred income tax assets to be recognized.

(8) Income tax

In the normal operating activities of the Company, the ultimate tax treatment and calculation of certain transactions are subject to certain uncertainties. Whether some items can be disbursed before tax requires the approval of the tax authorities. If the final determination of these tax matters differs from the amounts initially estimated, the difference will have an impact on current and deferred income taxes in the period in which they are finally determined.

35. Changes in Main Accounting Policies and Estimates

(1) Change of Accounting Policies

Applicable Not applicable

(2) Changes in Accounting Estimates

Applicable Not applicable

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

Applicable Not applicable

VI. Taxation**1. Main Taxes and Tax Rate**

Category of taxes	Tax basis	Tax rate
VAT	Payable to sales revenue	13%, 9%, 6%, 5%
Urban maintenance and construction tax	Taxable turnover amount	Tax paid in accordance with the tax regulations of tax units location
Enterprise income tax	Taxable income	25%、15%、5%
Education surcharge	Taxable turnover amount	5%

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

On 30 November 2021, the Company obtained the Certificates for High-tech Enterprises again, and it still enjoys 15-percent preferential rate for corporate income tax during the Reporting Period; the Company's controlling subsidiary-Changchai Wanzhou Diesel Engine Co., Ltd., the controlling subsidiary company, shall pay the corporate income tax at tax rate 15% from 1 January 2011 to 31 December 2030 in accordance with the Notice of the Ministry of Finance, the General

Administration of Customs of PRC and the National Administration of Taxation about the Preferential Tax Policies for the Western Development and Ministry of Finance Announcement No. 23 [2020] Announcement of the Ministry of Finance, the State Administration of Taxation and the National Development and Reform Commission on Continuing the Enterprise Income Tax Policy for the Great Western Development. On 6 November 2023, the wholly-owned subsidiary Changzhou Fuji Changchai Robin Gasoline Engine Co., Ltd. obtained the "High-tech Enterprise Certificate" and enjoyed a 15% preferential corporate income tax rate during the Reporting Period; The wholly-owned subsidiary Changzhou Xingsheng Real Estate Management Co., Ltd. is eligible small enterprise with low profits and shall pay the corporate income tax at tax rate 5% for small enterprises with low profits during the Reporting Period; the subsidiary Zhenjiang Siyang Diesel Engine Manufacturing Co., Ltd. obtained the "High-tech Enterprise Certificate" and enjoyed a 15% preferential corporate income 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	146,931.23	157,238.05
Bank deposits	679,526,223.62	999,604,998.68
Other monetary assets	112,246,945.05	84,105,730.14
Total	791,920,099.90	1,083,867,966.87

Other notes: At the period-end, the restricted monetary assets of the Company was RMB108,979,912.31, of which RMB107,195,110.82 was the cash deposit for bank acceptance bills, RMB897,966.00 was cash deposit for L/G, and RMB886,835.49 was cash deposit for environment.

2. Trading Financial Assets

Unit: RMB

Item	Ending balance	Beginning balance
Financial assets at fair value through profit or loss	402,900,783.53	225,641,429.94
Of which:		
Stocks	50,661,877.00	85,295,021.00
Financial products	352,238,906.53	140,346,408.94
Of which:		
Total	402,900,783.53	225,641,429.94

3. Notes Receivable

(1) Notes Receivable Listed by Category

Unit: RMB

Item	Ending balance	Beginning balance
Bank acceptance bill	115,592,564.84	161,632,567.94
Total	115,592,564.84	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	115,592,564.84	100.00%	0.00	0.00%	115,592,564.84	161,632,567.94	100.00%	0.00	0.00%	161,632,567.94
Of which:										
Bank acceptance bills	115,592,564.84	100.00%	0.00	0.00%	115,592,564.84	161,632,567.94	100.00%	0.00	0.00%	161,632,567.94
Total	115,592,564.84	100.00%	0.00	0.00%	115,592,564.84	161,632,567.94	100.00%	0.00	0.00%	161,632,567.94

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	0.00	46,144,123.81
Total	0.00	46,144,123.81

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

Unit: RMB

Aging	Ending carrying amount	Beginning carrying amount
Within 1 year (including 1 year)	1,197,542,854.82	313,597,375.85
1 to 2 years	2,622,686.63	1,873,298.19
2 to 3 years	4,709,550.82	4,436,548.28
Over 3 years	144,681,837.96	144,403,241.11
3 to 4 years	5,446,856.35	5,278,022.33
4 to 5 years	1,895,735.78	1,815,570.52
Over 5 years	137,339,245.83	137,309,648.26
Total	1,349,556,930.23	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 value	Carrying amount		Bad debt provision		Carrying value
	Amount	Proportion	Amount	Withdrawal proportion		Amount	Proportion	Amount	Withdrawal proportion	
Accounts receivable withdrawal of debt provision separately accrued	33,805,182.71	2.50%	33,805,182.71	100%	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	1,315,751,747.52	97.50%	131,802,594.96	10.02%	1,183,949,152.56	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	1,315,751,747.52	97.50%	131,802,594.96	10.02%	1,183,949,152.56	430,505,280.72	92.72%	113,962,120.81	26.47%	316,543,159.91
Total	1,349,556,930.23	100.00%	165,607,777.67	12.27%	1,183,949,152.56	464,310,463.43	100.00%	147,767,303.52	31.83%	316,543,159.91

Individual provision for bad debts: 33,805,182.71 yuan, including 31,609,904.23 yuan for large impairment items, 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	1,470,110.64	1,470,110.64	1,470,110.64	1,470,110.64	100.00%	Difficult to recover
Customer 2	1,902,326.58	1,902,326.58	1,902,326.58	1,902,326.58	100.00%	Difficult to recover
Customer 3	6,215,662.64	6,215,662.64	6,215,662.64	6,215,662.64	100.00%	Difficult to recover
Customer 4	2,797,123.26	2,797,123.26	2,797,123.26	2,797,123.26	100.00%	Difficult to recover
Customer 5	2,322,278.50	2,322,278.50	2,322,278.50	2,322,278.50	100.00%	Difficult to recover
Customer 6	2,584,805.83	2,584,805.83	2,584,805.83	2,584,805.83	100.00%	Difficult to recover
Customer 7	1,726,935.65	1,726,935.65	1,726,935.65	1,726,935.65	100.00%	Difficult to recover
Customer 8	2,025,880.18	2,025,880.18	2,025,880.18	2,025,880.18	100.00%	Difficult to recover

Customer 9	5,972,101.90	5,972,101.90	5,972,101.90	5,972,101.90	100.00%	Difficult to recover
Customer 10	4,592,679.05	4,592,679.05	4,592,679.05	4,592,679.05	100.00%	Difficult to recover
Total	31,609,904.23	31,609,904.23	31,609,904.23	31,609,904.23	--	--

Provision for bad debts by combination: provision for bad debts by combination based on credit risk characteristics of 13,180,2594.96 yuan

Unit: RMB

Name	Ending balance		
	Carrying amount	Bad debt provision	Withdrawal proportion
Within 1 year	1,197,542,854.82	23,950,857.10	2.00%
1 to 2 years	2,622,686.63	131,134.33	5.00%
2 to 3 years	4,246,306.96	636,946.04	15.00%
3 to 4 years	5,446,746.35	1,634,023.91	30.00%
4 to 5 years	1,108,797.95	665,278.77	60.00%
Over 5 years	104,784,354.81	104,784,354.81	100.00%
Total	1,315,751,747.52	131,802,594.96	--

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					33,805,182.71
Withdrawal of bad debt provision by group	113,962,120.81	17,840,474.15				131,802,594.96
Total	147,767,303.52	17,840,474.15				165,607,777.67

Of which bad debt provision reversed or recovered with significant amount in the Reporting Period: No.

(4) There Were No Accounts Receivable with Actual Verification during the Reporting Period.**(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	646,622,440.97	0.00	646,622,440.97	47.91%	12,932,448.82
Customer 2	117,517,494.00	0.00	117,517,494.00	8.71%	2,350,349.88
Customer 3	70,421,083.72	0.00	70,421,083.72	5.22%	1,408,421.67
Customer 4	57,254,239.63	0.00	57,254,239.63	4.24%	1,145,084.79
Customer 5	48,331,650.00	0.00	48,331,650.00	3.58%	966,633.00
Total	940,146,908.32	0.00	940,146,908.32	69.66%	18,802,938.16

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

Unit: RMB

Item	Ending balance	Beginning balance
Bank acceptance bills	12,282,312.54	195,875,948.92
Total	12,282,312.54	195,875,948.92

(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	
Bad debt provision	0.00	0.00%	0.00	0.00%	0.00	0.00	0.00%	0.00	0.00%	0.00

separately accrued										
Of which:										
Bad debt provision accrued by group	12,282,312.54	100.00%	0.00	0.00%	12,282,312.54	195,875,948.92	100.00%	0.00	0.00%	195,875,948.92
Of which:										
Bank acceptance bills	12,282,312.54	100.00%	0.00	0.00%	12,282,312.54	195,875,948.92	100.00%	0.00	0.00%	195,875,948.92
Total	12,282,312.54	100.00%	0.00	0.00%	12,282,312.54	195,875,948.92	100.00%	0.00	0.00%	195,875,948.92

(3) Notes Receivable Pledged by the Company at the Period-end: None**(4) 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	86,540,386.86	
Total	86,540,386.86	

6. Other Receivables

Unit: RMB

Item	Ending balance	Beginning balance
Interest receivable	0.00	0.00
Dividend receivable	0.00	0.00
Other receivables	2,566,508.89	49,699,753.61
Total	2,566,508.89	49,699,753.61

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

Unit: RMB

Nature	Ending carrying value	Beginning carrying value
Margin and cash pledge	625,636.85	595,723.55
Intercourse funds	22,723,784.78	69,845,564.95
Petty cash and borrowings by employees	902,563.54	922,370.54
Other	13,614,317.60	13,638,079.94
Total	37,866,302.77	85,001,738.98

2) Disclosure by Aging

Unit: RMB

Aging	Ending carrying amount	Beginning carrying amount
Within 1 year (including 1 year)	6,969,619.41	56,704,032.54
1 to 2 years	2,646,786.23	115,776.00
2 to 3 years	67,513.23	12,802.00
Over 3 years	28,182,383.90	28,169,128.44
3 to 4 years	31,232.23	30,000.00
4 to 5 years	12,023.23	
Over 5 years	28,139,128.44	28,139,128.44
Total	37,866,302.77	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				
-- Transfer to Third stage				
-- Reverse to Second stage				
-- Reverse to First stage				
Withdrawal of the Current Period	-2,297.69	106.20		-2,191.49
Reversal of the Current Period				
Write-offs of the Current Period				
Verification of the Current Period				
Other changes				
Balance of 30 June 2024	209,374.04	2,715,812.19	32,374,607.65	35,299,793.88

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	Other s	
Bad debt provision separately accrued	5,282,163.35					5,282,163.35
Withdrawal of bad debt provision by group	30,019,822.02	19,588.00	21,779.49			30,017,630.53
Total	35,301,985.37	19,588.00	21,779.49			35,299,793.88

5) There Were No Particulars of the Actual Verification of Other Receivables during the Reporting Period**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	7.76%	2,940,000.00
Changchai Group Imp. & Exp. Co., Ltd.	Intercourse funds	2,853,188.02	Over 5 years	7.53%	2,853,188.02
Changzhou New District Accounting Center	Intercourse funds	1,626,483.25	Over 5 years	4.29%	1,626,483.25
Changchai Group Settlement Center	Intercourse funds	1,128,676.16	Over 5 years	2.98%	1,128,676.16
Chuangye Diesel Engine Workshop	Intercourse funds	1,000,000.00	Over 5 years	2.64%	1,000,000.00
Total		9,548,347.43		25.20%	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	13,280,773.47	91.95%	11,196,498.47	90.78%
1 to 2 years	865,236.33	5.99%	840,617.01	6.82%
2 to 3 years	291,256.36	2.02%	289,345.37	2.35%
Over 3 years	6,850.00	0.05%	6,850.00	0.05%
Total	14,444,116.16	--	12,333,310.85	--

Notes of the reasons of the prepayment aging over 1 year with significant amount but failed settled in time: There was no prepayment with significant amount aging over one year as of the period-end.

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

At the period-end, the total top 5 of the ending balance of the prepayments collected according to the prepayment

target was RMB8,326,500 accounting for 57.65% of the total ending balance of prepayments.

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	236,679,735.80	5,259,727.39	231,420,008.41	199,751,010.25	7,529,878.82	192,221,131.43
Materials processed on commission	14,289,320.09	0.00	14,289,320.09	12,422,107.02	0.00	12,422,107.02
Goods in process	74,393,358.21	6,585,732.46	67,807,625.75	90,202,210.05	6,761,129.14	83,441,080.91
Finished goods	330,693,761.05	27,731,258.67	302,962,502.38	527,412,149.21	27,690,142.42	499,722,006.79
Low priced and easily worn articles	3,235,562.29	0.00	3,235,562.29	1,413,859.53	0.00	1,413,859.53
Total	659,291,737.44	39,576,718.52	619,715,018.92	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	156,525.32		2,426,676.75		5,259,727.39

Goods in process	6,761,129.14			175,396.68		6,585,732.46
Finished goods	27,690,142.42	203,470.48		162,354.23		27,731,258.67
Total	41,981,150.38	359,995.80		2,764,427.66		39,576,718.52

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

(4) There Was No Inventory Pledged for Guarantee at the Period-end.

9. Held-for-sale Assets

Unit: RMB

Item	Ending book balance	Impairment allowance	Ending book value	Fair value	Estimated disposal cost	Estimated disposal time
Houses and buildings	2,725,225.86		2,725,225.86	75,721,813.00		
Machinery equipment	200,020.98		200,020.98	10,349,066.00		
Other equipment	26,204.27		26,204.27	1,433,792.00		
Total	2,951,451.11		2,951,451.11	87,504,671.00		

10. Current Portion of Non-current Assets

Unit: RMB

Item	Ending balance	Beginning balance
Investments in debt obligations due within one year	0.00	40,773,509.75
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	0.00		0.00	40,773,509.75		40,773,509.75

term deposit						
Total	0.00		0.00	40,773,509.75		40,773,509.75

11. Other Current Assets

Unit: RMB

Item	Ending balance	Beginning balance
The VAT tax credits	13,195,639.44	19,940,871.92
Prepaid corporate income tax	547,841.16	908,233.33
Prepaid expense	23,222.29	61,399.59
Total	13,766,702.89	20,910,504.84

12. Other Equity Instrument Investment

Unit: RMB

Item	Beginning balance	Gains recorded in other comprehensive income in the current period	Losses recorded in other comprehensive income in the current period	Accumulative gains recorded in other comprehensive income in the current period	Accumulative losses recorded in other comprehensive income in the current period	Dividend income recognized in current year	Ending balance	Reason for assigning to measure in fair value of which changes included other comprehensive income
Changzhou Synergetic Innovation Private Equity Fund (Limited Partnership)	418,457,025.67			318,457,025.67			418,457,025.67	Non-trading equity investment
Other equity instrument	551,031,000.00		52,044,000.00	414,417,000.00		10,998,000.00	498,987,000.00	Non-trading equity investment

investment measured by fair value								
Total	969,488,025.67		52,044,000.00	732,874,025.67		10,998,000.00	917,444,025.67	

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
Foton Motor Co., Ltd.		283,341,000.00			Non-trading equity investment	
Bank of Jiangsu	10,998,000.00	131,076,000.00			Non-trading equity investment	
Changzhou Synergetic Innovation Private Equity Fund (Limited Partnership)		318,457,025.67			Non-trading equity investment	

Other notes:

The corporate securities of accommodation business still on lending at the period-end: 1,777,600 shares of Foton Motor Co., Ltd.

13. Long-term Equity Investment

Unit: RMB

Investees	Beginning	Beginning	Increase/decrease							Ending	Ending
			Addit	Redu	Gain	Adjus	Chan	Cash	Withd		

	balance (carry ing value)	balance of depreciation reserves	ional investment	ced investment	or loss recognized under the equity method	tment of other comprehen sive income	ges in other equity	bonus or profit announced to issue	rawal of depreciation reserves		balance (carry ing value)	balance of depreciation 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

14. Other Non-current Financial Assets

Unit: RMB

Item	Ending balance	Beginning balance
Jiangsu Horizon New Energy Technology Co., Ltd.	412,914,576.80	412,914,576.80
Total	412,914,576.80	412,914,576.80

15. 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	1,048,356.78	1,048,356.78
(1) Withdrawal or amortization	1,048,356.78	1,048,356.78
3. Decreased amount of the period		
(1) Disposal		
(2) Other transfer		
4. Ending balance	54,288,278.19	54,288,278.19
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	38,789,201.33	38,789,201.33
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

16. Fixed Assets

Unit: RMB

Item	Ending balance	Beginning balance
Fixed assets	637,435,729.73	675,596,920.95
Disposal of fixed assets		
Total	637,435,729.73	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		2,418,461.01	5,309.73	321,824.49	2,745,595.23
(1) Purchase			5,309.73	43,595.00	48,904.73

(2) Transfer from construction in progress		2,418,461.01		278,229.49	2,696,690.50
(3) Enterprise combination increase					
3. Decreased amount of the period	48,062,644.51	20,515,448.25	169,264.00	1,078,316.68	69,825,673.44
(1) Disposal or scrap		9,343,083.81		516,924.98	9,860,008.79
(2) Classified as held-for-sale assets	48,062,644.51	11,172,364.44	169,264.00	561,391.70	59,965,664.65
4. Ending balance	635,910,883.29	1,099,021,849.65	16,363,294.66	61,063,682.54	1,812,359,710.14
II. Accumulative 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	10,635,019.26	23,789,836.43	699,796.64	2,799,499.71	37,924,152.04
(1) Withdrawal	10,635,019.26	23,789,836.43	699,796.64	2,799,499.71	37,924,152.04
3. Decreased amount of the period	45,337,418.65	20,292,066.44	169,264.00	1,044,289.94	66,843,039.03
(1) Disposal or scrap		9,319,722.98		509,102.51	9,828,825.49
(2) Classified as held-for-sale assets	45,337,418.65	10,972,343.46	169,264.00	535,187.43	57,014,213.54
4. Ending balance	297,076,539.48	825,978,470.95	10,632,250.44	40,939,498.84	1,174,626,759.71
III. Depreciation reserves					
1. Beginning balance		297,220.70			297,220.70

2. Increased amount of the period					
(1) Withdrawal					
3. Decreased amount of the period					
(1) Disposal or scrap					
4. Ending balance		297,220.70			297,220.70
IV. Carrying value					
1. Ending carrying value	338,834,343.81	272,746,158.00	5,731,044.22	20,124,183.70	637,435,729.73
2. Beginning carrying value	352,194,588.93	294,340,915.23	6,425,531.13	22,635,885.66	675,596,920.95

(2) List of Temporarily Idle Fixed Assets

Unit: RMB

Item	Original carrying value	Accumulative depreciation	Depreciation reserves	Carrying value	Note
Machinery equipment	309,407.50	12,186.80	297,220.70		

17. Construction in Progress

Unit: RMB

Item	Ending balance	Beginning balance
Construction in progress	4,308,776.18	4,253,721.78
Engineering materials	21,900.40	21,900.40
Total	4,330,676.58	4,275,622.18

(1) List of Construction in Progress

Unit: RMB

Item	Ending balance			Beginning balance		
	Carrying	Depreciatio	Carrying	Carrying	Depreciati	Carrying

	amount	n reserves	value	amount	on reserves	value
Innovation capacity construction of technology center	981,532.17		981,532.17	981,532.17		981,532.17
Equipment to be installed and payment for projects	3,327,244.01		3,327,244.01	3,272,189.61		3,272,189.61
Total	4,308,776.18		4,308,776.18	4,253,721.78		4,253,721.78

(2) Changes in Significant Construction in Progress during the Reporting Period

Unit: RMB

Item	Budget	Beginning balance	Increased amount	Transferred in fixed assets	Other decreased amount	Ending balance	Job schedule	Accumulated amount of interest capitalization	Of which: Amount of capitalized interests for the Reporting Period	Capitalization rate of interests for the Reporting Period	Capital resources
Innovation capacity construction of technology center	96,066,200.00	981,532.17				981,532.17	Completed				Self-raised and raised funds
Total	96,066,200.00	981,532.17				981,532.17					

(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	21,900.40		21,900.40	21,900.40		21,900.40
Total	21,900.40		21,900.40	21,900.40		21,900.40

18. 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) Purchase					
(2) Internal R&D					
(3) Business combination increase					
3. Decreased amount of the period					
(1) Disposal					
4. Ending balance	205,187,775.71	20,419,604.15	5,538,000.00	1,650,973.47	232,796,353.33
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	1,980,481.75	708,456.08	274,399.98	83,520.96	3,046,858.77

(1) Withdrawal	1,980,481.75	708,456.08	274,399.98	83,520.96	3,046,858.77
3. Decreased amount of the period					
(1) Disposal					
4. Ending balance	65,453,903.91	17,249,627.95	4,074,533.08	606,961.48	87,385,026.42
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	139,733,871.80	3,169,976.20	1,463,466.92	1,044,011.99	145,411,326.91
2. Beginning carrying value	141,714,353.55	3,878,432.28	1,737,866.90	1,127,532.95	148,458,185.68

19. Long-term Prepaid Expenses

Unit: RMB

Item	Beginning balance	Increase	Amortized amount	Decrease	Ending balance
Trademark renewal fee	268,208.12	31,831.68	33,226.81		266,812.99
External power line access project	2,754,000.00		206,615.33		2,547,384.67
Processing reserved floor paving and lighting installation works	5,205,750.54		260,287.50		4,945,463.04
Total	8,227,958.66	31,831.68	500,129.64		7,759,660.70

20. 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	24,153,483.66	3,623,022.55	6,427,652.90	967,779.48
Inventory falling price reserves	2,707,033.40	506,633.20	2,707,033.40	506,633.20
Impairment of fixed assets	297,220.70	44,583.11	297,220.70	44,583.11
Total	27,157,737.76	4,174,238.86	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	5,489,891.06	823,483.65	5,489,891.06	823,483.65
Changes of fair value of other equity instrument investments	994,680,304.41	154,234,538.20	1,102,931,935.12	171,019,971.87
Total	1,000,170,195.47	155,058,021.85	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 loss	137,917,562.93	137,917,562.93
Bad debt provision	176,754,087.89	176,641,635.99

Falling price reserves of inventories	36,869,685.12	39,274,116.98
Total	351,541,335.94	353,833,315.90

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

Unit: RMB

Years	Ending amount	Beginning amount	Note
2024	3,605,384.25	3,605,384.25	
2025	5,250,820.81	5,250,820.81	
2026	9,546,495.23	9,546,495.23	
2027	68,877,350.74	68,877,350.74	
2028	50,637,511.90	50,637,511.90	
Total	137,917,562.93	137,917,562.93	

21. Other Non-current Assets

Unit: RMB

Item	Ending balance			Beginning balance		
	Carrying amount	Depreciation reserves	Carrying value	Carrying amount	Depreciation reserves	Carrying value
Advances payment of equipments	830,991.15		830,991.15	2,578,776.77		2,578,776.77
Total	830,991.15		830,991.15	2,578,776.77		2,578,776.77

22. Assets with Restricted Ownership or Right of Use

Unit: RMB

Item	Period-end				Period-beginning			
	Carrying amount	Carrying value	Type of restriction	Status of restriction	Carrying amount	Carrying value	Type of restriction	Status of restriction
Monetary funds -- other monetary funds	108,979,912.31	108,979,912.31	Occupied as cash deposit	Bank acceptance deposit, environmental performance bond, etc.	76,238,443.41	76,238,443.41	Occupied as cash deposit	Bank acceptance deposit, environmental performance bond, etc.
Fixed assets -- houses and	1,245,851.51	1,245,851.51	Mortgaged	Mortgaged for issuing	1,332,812.48	1,332,812.48	Mortgaged	Mortgaged for issuing

buildings				bank acceptance bills				bank acceptance bills
Intangible assets -- land use rights	828,429.65	828,429.65	Mortgaged	Mortgaged for issuing bank acceptance bills	847,162.28	847,162.28	Mortgaged	Mortgaged for issuing bank acceptance bills
Fixed assets -- machinery and equipment	21,597,853.38	21,597,853.38	Mortgaged	Mortgaged for issuing bank acceptance bills	23,728,733.18	23,728,733.18	Mortgaged	Mortgaged for issuing bank acceptance bills
Notes receivable -- outstanding transferred notes	46,144,123.81	46,144,123.81	Obligation to pay unexpired transferred notes	Endorsed by the Company at the period-end and not due on the balance sheet date	55,979,832.64	55,979,832.64	Obligation to pay bills discounted before maturity	Discounted by the Company at the period-end and not due on the balance sheet date
Total	178,796,170.66	178,796,170.66			158,126,983.99	158,126,983.99		

23. Notes Payable

Unit: RMB

Category	Ending balance	Beginning balance
Bank acceptance bill	756,037,100.68	528,139,582.33
Total	756,037,100.68	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	589,863,799.52	641,484,184.05
Total	589,863,799.52	641,484,184.05

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

Unit: RMB

Item	Ending balance	Unpaid/ Un-carry-over reason
Payment for goods	37,259,326.16	Suspending cooperation with suppliers to liquidate the payment
Payment for equipment	4,576,029.01	Equipment warranty
Total	41,835,355.17	

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	202,782,329.24	155,131,948.98
Total	206,673,763.07	159,023,382.81

(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	3,546,895.46	2,671,042.33
Intercourse funds among units	16,052,352.25	11,107,514.80
Intercourse funds among individuals	415,689.65	398,761.04
Sales discount and three guarantees	165,240,406.47	125,096,632.36
Other	17,526,985.41	15,857,998.45

Total	202,782,329.24	155,131,948.98
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2) Significant Other Payables Aging over One Year or Overdue

The significant other payables aging over one year at the period-end mainly referred to the unsettled temporary credits and charges owned.

26. Advances from Customers

(1) List of Advances from Customers

Unit: RMB

Item	Ending balance	Beginning balance
Rent received in advance	678,302.75	647,441.22
Land compensation received in advance	30,000,000.00	1,000,000.00
Total	30,678,302.75	1,647,441.22

(2) There were no significant advances from customers aging over one year or overdue.

27. Contract Liabilities

Unit: RMB

Item	Ending balance	Beginning balance
Contract liabilities	37,517,411.19	33,352,877.66
Total	37,517,411.19	33,352,877.66

There were no significant contract liabilities aging over one year at the end of the period.

28. Payroll Payable

(1) List of Payroll Payable

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
I. Short-term salary	47,738,883.57	146,844,195.94	183,393,037.79	11,190,041.72
II. Post-employment benefit-defined contribution plans		16,356,909.67	16,356,909.67	
III. Termination benefits				

IV. Current portion of other benefits				
Total	47,738,883.57	163,201,105.61	199,749,947.46	11,190,041.72

(2) List of Short-term Salary

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
1. Salary, bonus, allowance, subsidy	40,196,939.41	123,031,773.43	159,614,971.93	3,613,740.91
2. Employee welfare	1,592.74	1,685,033.60	1,685,033.60	1,592.74
3. Social insurance		9,287,879.34	9,287,879.34	
Of which: Medical insurance premiums		7,588,439.46	7,588,439.46	
Work-related injury insurance		914,597.04	914,597.04	
Maternity insurance		784,842.84	784,842.84	
4. Housing fund		10,753,058.00	10,753,058.00	
5. Labor union budget and employee education budget	7,540,351.42	2,086,451.57	2,052,094.92	7,574,708.07
6. Short-term absence with salary				
7. Short-term profit sharing scheme				
Total	47,738,883.57	146,844,195.94	183,393,037.79	11,190,041.72

(3) List of Defined Contribution Plans

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
1. Basic pension benefits		15,858,886.58	15,858,886.58	
2. Unemployment insurance		498,023.09	498,023.09	
3. Enterprise annuities				
Total		16,356,909.67	16,356,909.67	

29. Taxes Payable

Unit: RMB

Item	Ending balance	Beginning balance
VAT	1,905,690.13	189,045.23
Corporate income tax	501,235.23	1,686,812.32
Personal income tax	155,738.26	312,930.09
Urban maintenance and construction tax	116,252.32	881,885.27
Property tax	1,582,563.25	1,678,590.95
Land use tax	935,265.32	943,261.64
Stamp duty	295,260.23	349,554.08
Education Surcharge	50,254.32	36,841.50
Comprehensive fees	110,523.52	120,291.58
Environmental protection tax	31,957.08	31,957.08
Total	5,684,739.66	6,231,169.74

30. Other Current Liabilities

Unit: RMB

Item	Ending balance	Beginning balance
Sale service fee	352,652.36	393,790.53
Transportation storage fee	654,893.25	830,881.27
Electric charge	1,385,265.48	1,457,500.39
Tax to be transferred	2,810,623.25	2,830,696.17
Estimated share value added tax	2,231,194.94	2,230,084.52
Obligation to pay bills transferred before maturity	46,144,123.81	55,979,832.64
Other withholding expenses	4,517,256.58	3,347,180.44
Total	58,096,009.67	67,069,965.96

31. Deferred Income

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance	Reason for formation
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Government grants	32,795,896.48		1,704,864.73	31,091,031.75	Government appropriation
Total	32,795,896.48		1,704,864.73	31,091,031.75	--

Other notes:

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		759,633.00	9,242,202.00	Related to assets
Remove compensation	17,181,816.74		332,986.81	16,848,829.93	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		612,244.92	4,999,999.82	Related to assets
Total	32,795,896.48		1,704,864.73	31,091,031.75	

32. Share Capital

Unit: RMB

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

33. Capital Reserves

Unit: RMB

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

34. Other Comprehensive Income

Unit: RMB

Item	Beginning balance	Reporting Period						Ending 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	
I. Other comprehensive income that will not be reclassified to profit or loss	667,180, 321.82	-52,04 4,000.0 0			-7,806, 600.00	-44,23 7,400.0 0		622,9 42,92 1.82
Changes in fair value of other equity instrument investment	667,180, 321.82	-52,04 4,000.0 0			-7,806, 600.00	-44,23 7,400.0 0		622,9 42,92 1.82
Total of other comprehensive income	667,180, 321.82	-52,04 4,000.0 0			-7,806, 600.00	-44,23 7,400.0 0		622,9 42,92 1.82

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

35. Specific Reserve

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
Safety production cost	19,432,089.52	3,083,166.06	2,432,550.21	20,082,705.37
Total	19,432,089.52	3,083,166.06	2,432,550.21	20,082,705.37

36. Surplus Reserves

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
Statutory surplus reserves	350,538,734.44			350,538,734.44
Discretionary surplus reserves	13,156,857.90			13,156,857.90
Total	363,695,592.34			363,695,592.34

37. 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 owners of the Company as the parent	50,097,655.15	131,937,324.66
Less: Withdrawal of statutory surplus reserves		
Withdrawal of discretionary surplus reserves		
Withdrawal of general reserve		
Dividend of ordinary shares	33,167,547.83	7,056,925.07

payable		
Dividends of ordinary shares transferred as share capital		
Ending retained earnings	1,019,366,832.03	1,040,376,308.94

List of adjustment of beginning retained earnings:

- (1) RMB0.00 beginning retained earnings was affected by retrospective adjustment conducted according to the Accounting Standards for Business Enterprises and relevant new regulations.
- (2) RMB0.00 beginning retained earnings was affected by changes in accounting policies.
- (3) RMB0.00 beginning retained earnings was affected by correction of significant accounting errors.
- (4) RMB0.00 beginning retained earnings was affected by changes in combination scope arising from same control.
- (5) RMB0.00 beginning retained earnings was affected totally by other adjustments.

38. Operating Revenue and Cost of Sales

Unit: RMB

Item	Reporting Period		Same period of last year	
	Operating revenue	Cost of sales	Operating revenue	Cost of sales
Main operations	1,477,768,073.74	1,232,962,844.33	1,333,099,509.22	1,156,456,220.22
Other operations	18,141,078.89	14,141,225.72	17,418,130.63	12,441,983.61
Total	1,495,909,152.63	1,247,104,070.05	1,350,517,639.85	1,168,898,203.83

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	473,252,480.60	408,535,961.19	473,252,480.60	408,535,961.19
Multi-cylinder diesel engines	850,224,657.96	697,174,644.25	850,224,657.96	697,174,644.25
Other products	117,713,164.75	95,789,399.32	117,713,164.75	95,789,399.32
Fittings	36,577,770.43	31,462,839.57	36,577,770.43	31,462,839.57
Classification by operating region				
Of which:				
Sales in domestic market	1,321,666,902.16	1,089,037,564.13	1,321,666,902.16	1,089,037,564.13
Export sales	156,101,171.58	143,925,280.20	156,101,171.58	143,925,280.20

Total	1,477,768,073.74	1,232,962,844.33	1,477,768,073.74	1,232,962,844.33
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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.

39. Taxes and Surtaxes

Unit: RMB

Item	Reporting Period	Same period of last year
Urban maintenance and construction tax	1,206,347.65	1,006,348.45
Education surcharge	892,462.87	718,820.35
Property tax	3,460,896.66	3,169,527.35
Land use tax	2,237,252.61	2,197,586.41
Vehicle and vessel use tax	403.52	403.52
Stamp duty	1,054,326.09	628,716.88
Environment tax	102,132.33	100,381.82
Other	5,269.40	5,470.80
Total	8,959,091.13	7,827,255.58

40. Administrative Expense

Unit: RMB

Item	Reporting Period	Same period of last year
Employee benefits	27,401,986.86	28,128,076.17
Office expenses	5,393,754.21	5,597,629.95
Depreciation and amortization	8,902,514.69	9,181,948.43
Safety expenses	2,432,550.21	1,768,064.08
Repair charge	529,280.85	589,852.63
Inventory scrap and inventory loss (profit)	133,065.37	-651,231.55
Other	8,687,477.27	8,263,031.35
Total	53,480,629.46	52,877,371.06

41. Selling Expense

Unit: RMB

Item	Reporting Period	Same period of last year
Employee benefits	21,109,483.94	17,034,869.46
Office expenses	4,106,380.87	3,936,262.82
Three guarantees	36,051,097.32	35,094,246.66
Other	1,436,160.48	6,065,653.23
Total	62,703,122.61	62,131,032.17

42. Development Costs

Unit: RMB

Item	Reporting Period	Same period of last year
Direct input expense	22,523,758.26	20,419,421.63
Employee benefits	11,317,402.28	11,534,165.94
Depreciation and amortization	2,749,281.31	3,284,892.82
Other	2,174,805.19	600,591.03
Total	38,765,247.04	35,839,071.42

43. Finance Costs

Unit: RMB

Item	Reporting Period	Same period of last year
Interest expense	1,546,928.49	3,343,884.90
Less: Interest income	7,969,452.65	4,264,102.18
Net foreign exchange gains or losses	-2,334,179.75	-4,784,425.33
Other	142,352.25	727,989.66
Total	-8,614,351.66	-4,976,652.95

44. Other Income

Unit: RMB

Sources	Reporting Period	Same period of last year
Government grants directly recorded into the current profit or loss	248,837.64	1,594,191.79
Government grants related to deferred income	1,704,864.73	1,704,864.73

List of other income:

Unit: RMB

Category	Reporting Period	Same period of last year
Membership dues return	12,085.00	2,856.53
Special funds for high-quality industrial development		25,000.00
Special funds for promoting high-quality development through technological innovation		513,000.00
Special funds for talents		60,000.00
Municipal science and technology innovation and incentive funds, Science and Technology Program Funding	81,000.00	543,026.62
Subsidies for high-quality invention		30,000.00
Intellectual property funding and rewards		1,500.00
Rewards for district engineering technology research centre in 2023		50,000.00
Changzhou talent plan-special program for foreign talents	100,000.00	0.00
Demolition compensation (replacing Zou Village with Hehai Road)	133,666.74	133,666.74
Demolition compensation - main workshops in the base in Hehai Road	199,320.07	199,320.07
The national major special project - the flexible processing production line for diesel engine cylinder blocks	759,633.00	759,633.00
National III/IV Appropriation for the research and development and industrialization of standard high-horsepower high-efficiency agricultural diesel engine	612,244.92	612,244.92
Value Added Tax (VAT) Deductions and Benefits		294,256.13
Individual tax handling fees	55,752.64	74,552.51
Total	1,953,702.37	3,299,056.52

45. Gain on Changes in Fair Value

Unit: RMB

Sources	Reporting Period	Same period of last year
Held-for-trading financial assets	-34,487,453.74	19,360,455.86
Total	-34,487,453.74	19,360,455.86

46. 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	654,815.85	343,730.00
Investment income from disposal of trading financial assets		2,430.18
Dividend income from holding of other equity instrument investment	10,998,000.00	
Income from re-measurement of residual stock rights at fair value after losing control power		
Interest income from holding of investment in debt obligations	499,852.62	705,680.77
Interest income from holding of investment in other debt obligations		
Investment income from disposal of investment in other debt obligations		
Income from debt reorganization		
Income from refinancing operations	74,524.00	14,396.97
Investment income from financial products	3,371,852.31	4,471,297.06
Accounts receivable financing-discount interest of bank acceptance bills	-1,300,004.16	-2,310,613.28
Total	14,299,040.62	3,226,921.70

47. Credit Impairment Loss

Unit: RMB

Item	Reporting Period	Same period of last year
Bad debt loss of accounts receivable	-17,840,474.15	-12,796,606.08
Bad debt loss of other receivables	2,191.49	-1,750,745.09
Total	-17,838,282.66	-14,547,351.17

48. Asset Impairment Loss

Unit: RMB

Item	Reporting Period	Same period of last year
Loss on inventory valuation and contract performance cost	-359,995.80	-565,273.49
Total	-359,995.80	-565,273.49

49. Asset Disposal Income

Unit: RMB

Sources	Reporting Period	Same period of last year
Disposal income of fixed assets and intangible assets	408,245.54	105,395,693.25

50. Non-operating Income

Unit: RMB

Item	Reporting Period	Same period of last year	Amount recorded in the current non-recurring profit or loss
Accounts not required to be paid	410,870.50		410,870.50
Income from penalty	13,396.22		13,396.22
Other	646,668.47	495,538.97	646,668.47
Total	1,070,935.19	495,538.97	1,070,935.19

51. Non-operating Expense

Unit: RMB

Item	Reporting Period	Same period of last year	Amount recorded in the current non-recurring profit or loss
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Compensation for quality	264,014.59	144,428.82	264,014.59
Compensation	0.00	731,752.92	0.00
Other	3,720.00	421,166.39	3,720.00
Total	267,734.59	1,297,348.13	267,734.59

52. Income Tax Expense

(1) List of Income Tax Expense

Unit: RMB

Item	Reporting Period	Same period of last year
Current income tax expense	12,974,889.92	2,460,114.33
Deferred income tax expense	-8,660,218.60	4,729,214.00
Total	4,314,671.32	7,189,328.33

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

Unit: RMB

Item	Reporting Period
Profit before taxation	58,289,800.93
Current income tax expense accounted at statutory/applicable tax rate	8,769,361.12
Influence of applying different tax rates by subsidiaries	551,584.53
Influence of income tax before adjustment	
Influence of non-taxable income	-1,832,034.96
Influence of non-deductible costs, expenses and losses	
Influence of deductible losses of unrecognized deferred income tax at the beginning of the Reporting Period	
Influence of deductible temporary difference or deductible losses of unrecognized deferred income tax assets in the Reporting Period	-3,174,239.37
Income tax expense	4,314,671.32

53. Other Comprehensive Income

See Note 34 for details.

54. Cash Flow Statement

(1) Cash Related to Operating Activities

Cash Generated from Other Operating Activities

Unit: RMB

Item	Reporting Period	Same period of last year
Subsidy and appropriation	55,752.64	1,594,191.79
Other intercourses in cash	4,561,973.63	5,293,371.43
Interest income	7,969,452.65	4,264,102.18
Other	201,272.35	372,352.32
Total	12,788,451.27	11,524,017.72

Cash Used in Other Operating Activities

Unit: RMB

Item	Reporting Period	Same period of last year
Selling and administrative expense paid in cash	80,012,536.52	79,187,465.71
Handling charges	1,546,928.49	1,125,365.36
Other	789,612.45	658,923.36
Other transactions	13,789,734.98	149,835.21
Total	96,138,812.44	81,121,589.64

(2) Cash Related to Financing Activities

Changes in liabilities arising from financing activities

√ Applicable □ Not applicable

Unit: RMB

Item	Beginning balance	Increase		Decrease		Ending balance
		Cash changes	Non-cash changes	Cash changes	Non-cash changes	
Other payables-dividends payable	3,891,433.83		33,167,547.83	33,167,547.83		3,891,433.83
Total	3,891,433.83		33,167,547.83	33,167,547.83		3,891,433.83

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

Unit: RMB

Supplemental information	Reporting Period	Same period of last year
1. Reconciliation of net profit to net cash flows generated from		

operating activities		
Net profit	53,975,129.61	136,099,723.92
Add: Provision for impairment of assets	-359,995.80	15,112,624.66
Depreciation of fixed assets, of oil and gas assets, of productive living assets	38,972,508.82	44,923,816.05
Depreciation of right-of-use assets		
Amortization of intangible assets	3,046,858.77	3,208,767.08
Amortization of long-term deferred expenses	500,129.64	168,946.50
Losses on disposal of fixed assets, intangible assets and other long-term assets (gains by “-”)	-408,245.54	-105,395,693.25
Losses on the scrapping of fixed assets (gains by “-”)		
Losses on the changes in fair value (gains by “-”)	34,487,453.74	-19,360,455.86
Financial expenses (gains by “-”)	-8,614,351.66	-4,976,652.95
Investment losses (gains by “-”)	-14,299,040.62	-3,226,921.70
Decrease in deferred income tax assets (increase by “-”)	-2,655,243.07	21,603,212.61
Increase in deferred income tax liabilities (decrease by “-”)	-16,785,433.67	-17,481,773.65
Decrease in inventory (increase by “-”)	169,505,166.76	14,472,740.38
Decrease in accounts receivable from operating activities (increase by “-”)	-431,702,702.30	-269,061,905.84
Increase in payables from operating activities (decrease by “-”)	12,523,252.32	79,116,755.30
Other		
Net cash flows generated from operating activities	-161,814,513.00	-104,796,816.75
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	643,940,187.59	651,307,581.82
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	-327,689,335.87	-159,043,384.23

(2) Cash and Cash Equivalents

Unit: RMB

Item	Ending balance	Beginning balance
I. Cash	643,940,187.59	971,629,523.46
Including: Cash on hand	146,931.23	157,238.05
Bank deposit on demand	638,741,422.13	963,604,998.68
Other monetary assets on demand	5,051,834.23	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	643,940,187.59	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		

(3) Monetary Assets Not Classified as Cash and Cash Equivalents

Unit: RMB

Item	Amount during the current period	Previous period	Reason for not classifying the item as cash and cash equivalents
Bank deposits-fixed time deposits over 3 months	39,000,000.00	24,000,000.00	Time deposits in banks not held to meet short-term cash requirements for external payments
Other monetary assts-cash deposit	108,979,912.31	173,206,532.10	Banker's acceptance deposit, environmental performance bonds, etc.
Total	147,979,912.31	197,206,532.10	

56. Foreign Currency Monetary Items

(1) Foreign Currency Monetary Items

Unit: RMB

Item	Ending foreign currency balance	Exchange rate	Ending balance converted to RMB
Monetary assets			
Of which: USD	13,710,056.35	7.1268	97,708,829.60
HKD	9,065,169.44	0.9127	8,273,780.15
Accounts receivable			
Of which: USD	9,065,169.44	7.1268	64,605,649.56
GBP	-67,212.27	9.0430	-607,800.56
Contract liabilities			
Of which: USD	472,535.68	7.1268	3,367,667.28
EUR	117,145.84	7.6617	897,536.28

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

Applicable Not applicable

57. Lease

(1) The Company Was Lessee:

Applicable Not applicable

Variable lease payments that are not covered in the measurement of the lease liabilities

Applicable Not applicable

Simplified short-term lease or lease expense for low-value assets

Applicable Not applicable

The leases simplistically treated by the Company were mainly leased houses, etc., which were not recognized as right-of-use assets and lease liabilities by the Company as required by the provisions of the convergence of the new standard for leases because of the shorter lease terms and lower individual lease expenses.

Circumstances involving sale and leaseback transactions: Not applicable

(2) 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
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Lease income	1,156,352.63	
Total	1,156,352.63	

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

(3) Recognition of Gain or Loss on Sales under Finance Leases with the Company as a Manufacturer or Distributor

Applicable Not applicable

VIII. Research and Development Expenditure

Unit: RMB

Item	Amount for the current period	Amount for the previous period
Direct input	22,523,758.26	20,419,421.63
Employee remuneration	11,317,402.28	11,534,165.94
Depreciation and amortization	2,749,281.31	3,284,892.82
Others	2,174,805.19	600,591.03
Total	38,765,247.04	35,839,071.42
Of which: Expensed research and development expenditure	38,765,247.04	35,839,071.42
Capitalized research and development expenditure	0.00	0.00

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 Benu 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

Explanation:

1. The Company holding 49% of the shares in Zhenjiang Siyang Diesel Engine Manufacturing Co., Ltd. is the largest shareholder, and the other shareholders are relatively scattered. Among the 7 members of the board of directors of Zhenjiang Siyang, 4 are dispatched by the Company. The chairman of Zhenjiang Siyang is dispatched by the Company, and the Company is the actual controller of Zhenjiang Siyang, which constitutes the conditions for merger.
2. In June 2024, the Company acquired 25% of the shares in Horizon Agricultural Equipment originally held by Horizon Investment. Currently the Company directly holds 100% of the shares in Horizon Agricultural Equipment.

(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%	194,926.30		20,005,287.41
Zhenjiang Siyang Diesel Engine Manufacturing Co., Ltd.	51.00%	3,682,548.16		54,993,395.40

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.	41,807,112.03	21,988,559.62	63,795,671.65	13,179,957.90		13,179,957.90	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.	93,041,815.38	25,243,492.13	118,285,307.51	11,380,848.99		11,380,848.99	94,747,199.90	26,468,620.63	121,215,820.53	20,295,436.96	310,879.17	20,606,316.13

Unit: RMB

Name	Reporting Period	Same period of last year
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	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.	20,436,838.02	487,315.76	487,315.76	494,183.89	26,190,043.15	212,968.83	212,968.83	-8,525,646.36
Zhenjiang Siyang Diesel Engine Manufacturing Co., Ltd.	40,212,271.49	6,294,954.12	6,294,954.12	291,189.20	38,098,312.48	6,969,592.70	6,969,592.70	7,732,566.01

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 respectively on 29 December 2022 and 30 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 (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			1,704,864.73		31,091,031.75	Related to assets

3. Government Grants Recognized as Current Profit or Loss

Applicable Not applicable

Unit: RMB

Accounting items	Amount for the current period	Amount for the previous period
Other income	1,897,949.73	2,930,247.88

XI. The Risk Related to Financial Instruments

1. Various Types of Risks Arising from Financial Instruments

The goal of the Company's risk management was gaining the balance between the risk and income, and reduced the negative impact to the operation performance of the Company in the lowest level and maximized the interests of shareholders and other equity investors. Base on the risk management goal, the basis strategy of the Company's risk management was to recognized and analyze all kinds of risk that the Company faced, set up suitable risk bottom line and conduct risk management, and supervised the risks timely and reliably and control the risk within the limited scope.

The main risks of the Company due to financial instruments were credit risk, liquidity risk and market risk. The management level had reviewed and approved the policies to manage the risks, which summarized as follows:

(I) Credit Risk

Credit risk was one party of the contract failed to fulfill the obligations and causes loss of financial assets of the other party.

The credit of risk of the Company mainly was related to account receivable, in order to control the risk, the Company conduct the following methods.

The Company only conducts related transaction with approved and reputable third party, in line with the policy of the Company, the Company need to conduct credit-check for the clients adopting way of credit to conduct transaction. In addition, the Company continuously monitors the balance of account receivable to ensure the Company would not face the significant bad debt risk.

(II) Liquidity Risk

Liquidity risk is referred to the risk of incurring capital shortage when performing settlement obligation in the way of cash payment or other financial assets. The policies of the Company are to ensure that there was sufficient cash

to pay the due liabilities.

The liquidity risk was centralized controlled by the financial department of the Company. The financial departments through supervising the balance of the cash and securities can be convert to cash at any time and the rolling prediction of cash flow in future 12 months to ensure the Company has sufficient cash to pay the liabilities under the case of all reasonable prediction.

(III) Market Risk

Market risk is refer to risk of the fair value or future cash flow of financial instrument changed due to the change of market price, including foreign exchange rate risk, interest rate risk.

1. Interest Rate Risk

Interest rate risk is refers to fluctuation risk of the fair value or future cash flow of financial instrument change due to the change of market price.

2. Foreign Exchange Risk

Foreign exchange rate risk is referred to the risk incurred form the change of exchange rate. As for the Company's export business, customers will be given a certain credit term, if the RMB appreciates against the dollar, the company's accounts receivable will incur foreign currency exchange loss.

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	46,144,123.81	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	12,282,312.54	Derecognized	The Company transfers almost all the risks and rewards
Total		58,426,436.35		

(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	8,259,386.86	
Accounts receivable financing	Discount	78,281,000.00	-1,300,004.16
Total		86,540,386.86	-1,300,004.16

(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	46,144,123.81	46,144,123.81
Total		46,144,123.81	46,144,123.81

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	50,661,877.00	352,238,906.53		402,900,783.53
1. Financial assets at fair value through profit or loss	50,661,877.00	352,238,906.53		402,900,783.53
(1) Debt instrument investment				
(2) Equity instrument investment	50,661,877.00			50,661,877.00
(3) Derivative financial assets				
Wealth management investments		352,238,906.53		352,238,906.53
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	498,987,000.00		418,457,025.67	917,444,025.67
(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			12,282,312.54	12,282,312.54
Other non-current financial assets			412,914,576.80	412,914,576.80
Total assets consistently measured by fair value	549,648,877.00	352,238,906.53	843,653,915.01	1,745,541,698.54
(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 the other non-current financial assets: for the investments in equity instrument of Jiangsu Horizon New Energy Technology Co., Ltd., Jiangsu Horizon New Energy Technology Co., Ltd. entrusted an appraisal agency to evaluate the value of all its shareholders' equity due to the need for capital increase and share expansion in 2023, and confirmed the premium rate of capital increase based on the appreciation rate of the equity value. The company's new investors signed the capital increase agreements on 27 September 2023. Therefore, the fair value of the equity investment had been adjusted and confirmed accordingly based on the premium rate of the new round of financing. And an appraisal agency was hired to conduct an appraisal to confirm

(3) Among other equity investment instruments, the total investment in Chengdu Changwan Diesel Engine Distribution Co., Ltd., Chongqing Wanzhou Changwan Diesel Engine Parts Co., Ltd., Changzhou Economic and Technological Development Company, Changzhou Tractor Company, Changzhou Economic Commission Industrial Capital Mutual Aid Association, Beijing Engineering Machinery Agricultural Machinery Company was RMB 1.21 million, and the fair value was RMB 0.00 due to the difficulty in recovering the investment.

Since its establishment in October 2017, Changzhou Synergetic Innovation Private Equity Fund (Limited Partnership) had increased the equity of partners at the end of the year due to the change in fair value of the equity held by it. In addition, the company's business environment, operating conditions, and financial status had not undergone major changes. Therefore, the company determined its fair value on the basis of the net book assets of the partnership at the end of the period.

5. Sensitiveness Analysis on Unobservable Parameters and Adjustment Information between Beginning and Ending Carrying Value of Consistent Fair Value Measurement Items at Level 3

Not applicable

6. Explain the Reason for Conversion and the Governing Policy when the Conversion Happens if Conversion Happens among Consistent Fair Value Measurement Items at Different Levels

Not applicable

7. Changes in the Valuation Technique in the Current Period and the Reason for Such Changes

Not applicable

8. Fair Value 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.

9. Other

During the Reporting Period, there was no conversion between Level 1 and Level 2, nor was there any transfer to or from Level 3 for the fair value measurement of the Company's financial assets and financial liabilities.

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%

Notes: Information on the Company as the parent

The parent company of the Company is Changzhou Investment Group Co., Ltd. According to the guiding principle of the Notice of Provincial Government on Issuing the Implementation Plan for Transferring Part of State-owned Capital to Boost Social Security Fund in Jiangsu Province (SZF [2020] No. 27), the Notice on Transferring Part of State-owned Capital to Cities and Counties to Boost Social Security Fund (SCGM [2020] No. 139) from the Department of Finance of Jiangsu Province and other five departments and the Notice on Transferring Part of State-owned Capital at Urban (District) Level to Boost Social Security Fund (CCGM [2020] No. 4) from Changzhou Finance Bureau and other four departments, the 10% state-owned equity of the Investment Group held by Changzhou Municipal People's Government is transferred to the Department of Finance of Jiangsu Province free of charge. After the share transfer, Changzhou People's Government holds 90% state-owned equity of the Investment Group and the Department of Finance of Jiangsu Province holds 10% state-owned equity of the Investment Group. In accordance with Changzhou People's Government Document (CZF [2006] No. 62), Changzhou Investment Group Co., Ltd. is an enterprise which Changzhou People's Government authorizes Changzhou Government State-owned Assets Supervision and Administration Commission

to perform duties of investors. Thus, Changzhou Investment Group Co., Ltd. is the controlling shareholder of the Company and Changzhou Government State-owned Assets Supervision and Administration Commission is still the actual controller of the Company. The final controller of the Company is Changzhou Government State-owned Assets Supervision and Administration Commission.

2. Subsidiaries of the Company

Refer to Note IX for details.

3. Situation of Joint Ventures and Associated Enterprises of the Company

None

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

XIV. Commitments and Contingency

1. Significant Commitments

Significant commitments on balance sheet date

As of 30 June 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. Sales Return

None

2. Notes to Other Events after Balance Sheet Date

There was no other event after balance sheet date.

XVI. Other Significant Events**1. The Accounting Errors Correction in Previous Period****(1) Retrospective Restatement**

None

(2) Prospective Application

None

2. Debt Restructuring

Not applicable

3. Assets Replacement

Not applicable

4. Pension Plans

Not applicable

5. Discontinued Operations

Not applicable

6. Segment Information**(1) Determination Basis and Accounting Policies of Reportable Segment**

Due to the operation scope of the Company and subsidiaries were similar, the Company conducts common management, and did not divide business unit, so the Company only made single branch report.

7. Other Significant Transactions and Events with Influence on Investors' Decision-making

None

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)	1,170,450,727.23	289,665,029.12
One to two years	2,314,925.52	1,642,898.19
Two to three years	4,626,330.47	4,274,309.13
More than three years	103,514,432.55	103,238,762.39
Three to four years	4,545,159.53	4,376,325.51
Four to five years	1,476,565.43	1,398,123.34
Over 5 years	97,492,707.59	97,464,313.54
Total	1,280,906,415.77	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 debt provision separately accrued	21,058,702.18	1.64%	21,058,702.18	100.00%	0.00	21,058,702.18	5.28%	21,058,702.18	100.00%	0.00
Of which:										
Accounts receivable withdrawal of debt provision of by group	1,259,847,713.59	98.36%	103,523,078.88	8.22%	1,156,324,634.71	377,762,296.65	94.72%	85,765,458.71	22.70%	291,996,837.94
Of which:										

Accounts receivable for which bad debt provision accrued by credit risk features group	1,259,847.7 13.59	98.36 %	103,523.07 8.88	8.22%	1,156,324.6 34.71	377,762.29 6.65	94.72 %	85,765,458.71	22.70 %	291,996,837.94
Total	1,280,906.4 15.77	100.00 %	124,581.78 1.06	9.73%	1,156,324.6 34.71	398,820.99 8.83	100.00 %	106,824,160.89	26.78 %	291,996,837.94

Individual provision for bad debts: 21,058,702.18 yuan, including 19,019,243.10 yuan for large impairment items, 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	1,470,110.64	1,470,110.64	1,470,110.64	1,470,110.64	100.00%	Difficult to recover
Customer 2	1,902,326.58	1,902,326.58	1,902,326.58	1,902,326.58	100.00%	Difficult to recover
Customer 3	6,215,662.64	6,215,662.64	6,215,662.64	6,215,662.64	100.00%	Difficult to recover
Customer 4	2,797,123.26	2,797,123.26	2,797,123.26	2,797,123.26	100.00%	Difficult to recover
Customer 5	2,322,278.50	2,322,278.50	2,322,278.50	2,322,278.50	100.00%	Difficult to recover
Customer 6	2,584,805.83	2,584,805.83	2,584,805.83	2,584,805.83	100.00%	Difficult to recover
Customer 7	1,726,935.65	1,726,935.65	1,726,935.65	1,726,935.65	100.00%	Difficult to recover
Total	19,019,243.10	19,019,243.10	19,019,243.10	19,019,243.10	--	--

Provision for bad debts by combination: provision for bad debts by combination based on credit risk characteristics of RMB 103,523,078.88

Unit: RMB

Item	Ending balance		
	Carrying amount	Bad debt provision	Withdrawal proportion
Within 1 year	1,170,588,490.37	23,411,769.80	2.00 %
1 to 2 years	2,314,925.52	115,746.28	5.00 %

2 to 3 years	4,064,067.81	609,610.17	15.00%
3 to 4 years	4,511,159.53	1,353,347.86	30.00%
4 to 5 years	841,163.98	504,698.39	60.00%
Over 5 years	77,527,906.38	77,527,906.38	100.00%
Total	1,259,847,713.59	103,523,078.88	

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					21,058,702.18
Withdrawal of bad debt provision by group	85,765,458.71	17,757,620.17				103,523,078.88
Total	106,824,160.89	17,757,620.17				124,581,781.06

Of which significant amount of recovered or transferred-back bad debt provision for the current period: None

(4) There were no accounts receivable with actual verification during the Reporting Period.

(5) Top 5 of the Ending Balance of Accounts Receivable Collected according to the 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	646,622,440.97	0.00	646,622,440.97	50.48%	12,932,448.83
Customer 2	117,517,494.00	0.00	117,517,494.00	9.17%	2,350,349.88
Customer 3	70,421,083.72	0.00	70,421,083.72	5.50%	1,408,421.67
Customer 4	57,254,239.63	0.00	57,254,239.63	4.47%	1,145,084.79
Customer 5	48,331,650.00	0.00	48,331,650.00	3.77%	966,633.00
Total	940,146,908.32	0.00	940,146,908.32	73.39%	18,802,938.17

2. Other Receivables

Unit: RMB

Item	Ending balance	Beginning balance
Other receivables	253,310,648.05	399,142,024.92
Total	253,310,648.05	399,142,024.92

(1) Other Receivable

1) Other Receivables Classified by Account Nature

Unit: RMB

Nature	Ending carrying amount	Beginning carrying amount
Cash deposit and Margin	1,300.00	1,300.00
Intercourse funds among units	288,834,794.06	433,589,441.68
Petty cash and borrowings by employees	864,426.75	884,233.75
Other	13,616,314.29	13,638,079.94
Total	303,316,835.10	448,113,055.37

2) Disclosure by Aging

Unit: RMB

Aging	Ending carrying amount	Beginning carrying amount
Within one year (including 1 year)	164,027,411.09	308,824,779.36
One to two years	113,974,734.71	113,974,034.71
Two to three years	13,250.00	12,802.00
More than three years	25,301,439.30	25,301,439.30
Three to four years	30,000.00	30,000.00
Four to five years		
Over 5 years	25,271,439.30	25,271,439.30
Total	303,316,835.10	448,113,055.37

3) Disclosure by Withdrawal Methods for Bad Debts

Withdrawal of bad debt provision by adopting the general mode of expected credit loss:

Unit: RMB

Bad debt provision	First stage	Second stage	Third stage	Total

	Expected credit loss in 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				
-- Transfer to Third stage				
-- Reverse to Second stage				
-- Reverse to First stage				
Withdrawal of the Current Period	1,035,156.60			1,035,156.60
Reversal of the Current Period				
Write-offs of the Current Period				
Verification of the Current Period				
Other changes				
Balance of 30 June 2024	1,082,029.80	16,709.10	48,907,448.15	50,006,187.05

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 Reporting Period

Information of bad debt provision withdrawn:

Unit: RMB

Category	Beginning balance	Changes in the Reporting Period				Ending balance
		Withdrawal	Reversal or recovery	Write-off	Other	

Bad debt provision withdrawn separately	21,844,634.06	1,015,568.60				22,860,202.66
Bad debt provision withdrawn by group	27,126,396.39	19,588.00				27,145,984.39
Total	48,971,030.45	1,035,156.6				50,006,187.05

5) There Were No Other Receivables with Actual Verification during the Reporting Period

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
Jiangsu Changchai Machinery Co., Ltd.	Interco urse funds	237,954,416.88	Within 1 year: 142,954,416.88, 1-2 years: 95,000,000	78.45%	
Changzhou Changchai Horizon Agricultural Equipment Co., Ltd.	Interco urse funds	17,557,631.35	Within 1 year: 7,699,372.64, 1-2 years: 9,858,258.71	5.79%	17,557,631.35
Changzhou Changniu Machinery Co., Ltd.	Interco urse funds	15,000,000.00	1-2 years	4.95%	
Changzhou Compressors Factory	Interco urse funds	2,940,000.00	Over 5 years	0.97%	2,940,000.00
Changchai Group Imp. & Exp. Co., Ltd.	Interco urse funds	2,853,188.02	Over 5 years	0.94%	2,853,188.02
Total		276,305,236.25		91.10%	23,350,819.37

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	583,443,530.03	7,000,000.00	576,443,530.03	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	583,487,712.53	7,044,182.50	576,443,530.03	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
			Addition al 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	7,000,00 0.00					0.00	7,000,00 0.00
Changzhou Fuji Changchai Robin Gasoline Engine Co., Ltd.	47,286,23 0.03						47,286,23 0.03	
Jiangsu Changchai Machinery Co., Ltd.	300,000,0 00.00						300,000,0 00.00	
Changzhou Xingsheng Property Managemen t Co., Ltd.	1,000,000. 00						1,000,000. 00	
Zhenjiang Siyang Diesel Engine Manufacturi ng Co., Ltd.	40,690,80 0.00						40,690,80 0.00	
Total	576,443,5 30.03	7,000,00 0.00					576,443,5 30.03	7,000,00 0.00

(2) Investment to Joint Ventures and Associated Enterprises

Unit: RMB

Investee	Begin ning balan ce (carry ing value)	Begin ning balan ce of depre ciatio n reserv e	Increase/decrease for the current period								Endin g balan ce (Carr ying value)	Endin g balan ce of depre ciatio n reserv e
			Additional invest ment	Redu ced invest ment	Gains and losses recog nized under the equity metho	Adjus tment of other comp rehen sive incom e	Chan ges of other equity	Cash bonus or profit s annou nced to issue	Withd rawal of impai rment provis ion	Other s		

					d							
I. Joint ventures												
Subtotal	0.00	0.00									0.00	0.00
II. Associated enterprises												
Beijing Tsinghua Xingye Industrial Investment Management Co., Ltd.	0.00	44,182.50									0.00	44,182.50
Subtotal	0.00	44,182.50									0.00	44,182.50
Total	0.00	44,182.50									0.00	44,182.50

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

Applicable Not applicable

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

Applicable Not applicable

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

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

4. Operating Revenue and Cost of Sales

Unit: RMB

Item	Reporting Period		Same period of last year	
	Operating revenue	Cost of sales	Operating revenue	Cost of sales
Main operations	1,366,413,377.99	1,162,530,395.97	1,229,806,219.61	1,080,327,550.17
Other operations	53,682,141.33	49,682,288.16	15,360,013.94	12,076,793.29
Total	1,420,095,519.32	1,212,212,684.13	1,245,166,233.55	1,092,404,343.46

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	432,998,950.52	390,766,306.02	432,998,950.52	390,766,306.02
Multi-cylinder diesel engines	850,224,657.96	697,174,644.25	850,224,657.96	697,174,644.25
Other products	47,669,282.15	41,574,102.80	47,669,282.15	41,574,102.80
Fittings	35,520,487.36	33,015,342.90	35,520,487.36	33,015,342.90
Classification by operating region				
Of which:				
Sales in domestic market	1,253,777,712.59	1,058,680,312.47	1,253,777,712.59	1,058,680,312.47
Export sales	112,635,665.40	103,850,083.50	112,635,665.40	103,850,083.50
Total	1,366,413,377.99	1,162,530,395.97	1,366,413,377.99	1,162,530,395.97

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
Dividend income from holding of other equity instrument investment	10,998,000.00	
Interest income from holding of debt obligation investments	499,852.62	705,680.77
Investment income obtained from financial products	3,180,749.07	4,322,777.77
Income from refinancing operations	74,524.00	14,396.97
Accounts receivable financing-discount interest of bank acceptance bills	-1,300,004.16	-2,310,613.28
Total	13,453,121.53	2,732,242.23

XVIII. Supplementary Materials

1. Items and Amounts of Non-recurring Profit or Loss

Applicable Not applicable

Unit: RMB

Item	Amount	Note
Gains and losses from the disposal of non current assets (including the offsetting portion of impairment provisions already made for assets)	408,245.54	
Government grants recognised in 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)	193,085.00	Government grants charged to current profit and loss amounted to RMB1,953,702.37, the amount deducting deferred income and charged to current profit and loss was RMB1,704,864.73.
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 hedges that is related to the Company's normal business operations)	-18,684,594.97	The company received stock dividends from Jiangsu Bank Co., Ltd. held by the company, the wealth management income generated from cash management and the decrease in the fair value of the shares held by wholly-owned subsidiary Horizon Investment in Jiangsu Liance Electromechanical Technology Co., Ltd., and Kailong High Technology Co., Ltd.
Other non-operating income and expenses other than the above	803,200.60	
Less: Income tax effects	-7,709,542.20	
Non-controlling interests effects (net of tax)	178,088.19	
Total	-9,748,609.82	--

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	1.47%	0.0710	0.0710
Net profit attributable to ordinary shareholders of the Company after deduction of non-recurring profit or loss	1.76%	0.0848	0.0848

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

23 August 2024