

ZHEJIANG DINGLI MACHINERY CO., LTD.

**AUDITOR'S REPORT AND FINANCIAL
STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2024

**ENGLISH TRANSLATION OF AUDITOR'S
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

**IF THERE IS ANY CONFLICT BETWEEN THE
CHINESE VERSION AND ITS ENGLISH
TRANSLATION, THE CHINESE VERSION
WILL PREVAIL**

Zhejiang Dingli Machinery Co., Ltd.

Auditor's Report and Financial Statements
(From January 1, 2024 to December 31, 2024)

	Table of Contents	Page
I.	Auditor's Report	1-5
II.	Financial Statements	
	Consolidated and Company's Balance Sheets	1-4
	Consolidated and Company's Income Statements	5-7
	Consolidated and Company's Statements of Cash Flows	8-10
	Consolidated and Company's Statements of Changes in Owners' Equity	11-18
	Notes to the Financial Statements	1-102



Auditor's Report

(English Translation for Reference Only)

Xin Kuai Shi Bao Zi [2025] No. ZA10960

To the Shareholders of Zhejiang Dingli Machinery Co., Ltd.:

Opinion

We have audited the accompanying financial statements of Zhejiang Dingli Machinery Co., Ltd. (hereinafter referred to as the "Company"), which comprise the consolidated and company's balance sheets as at December 31, 2024, the consolidated and company's income statements, the consolidated and company's statements of cash flows, the consolidated and company's statements of changes in shareholders' equity for the year then ended and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company's financial position as at December 31, 2024 and the consolidated and company's operating results and cash flows for the year then ended in accordance with the requirements of Accounting Standards for Business Enterprises.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We identified the following key audit matters in our audit:

Key Audit Matters	How these matters were addressed in the audit
(I) Revenue recognition As shown in attached Note 3.21 and Note 5.44 to the consolidated financial statements, the Company's operating income in 2024 was RMB7,798,913,979.04, an increase of 23.56% from 2023. Since revenue is a key performance indicator to measure the Company's operating result and has a significant impact on the financial statements, and operating income has an inherent risk, revenue recognition is determined as a key audit matter.	The main audit procedures we performed for the Company's operating income include: (1) understanding and evaluating the design and operational effectiveness of key internal controls of management of the Company ("management") related to the revenue recognition; (2) reviewing sales contracts, on sample basis, to identify the contract terms and conditions related to the transfer of risk and reward involved with the ownership of the goods, and to evaluate whether the time at which the revenue is recognized meets the requirements of Accounting Standards for Business Enterprises; (3) analyzing the revenue and gross profit by product type, to evaluate whether there is abnormal fluctuation in revenue amount in the current period; (4) inspecting invoices, sales contracts, sales orders, export declarations, cargo bills of lading, signed shipping documents, etc. in relation to revenue transactions recorded in current year, on sample basis, to evaluate whether the relevant revenue recognition is in compliance with the Company's accounting policies for revenue recognition; (5) carrying out the confirmation procedure and agreeing the confirmation results with the amounts recorded by management; (6) checking the signature form and other supporting documents in relation to revenue transactions recorded before and after the balance sheet date, on sample basis, to evaluate whether revenue is recorded during an appropriate accounting period.
(II) Recoverability of accounts receivable and long-term receivables As shown in the attached Note 3.9 and Note 5.5, 5.10 and 5.12 to the consolidated financial statements, as of December 31, 2024, the Company had a balance of accounts receivable of RMB 2,309,129,845.46, for which a provision for impairment of RMB 83,759,794.93 was provided, a balance of long-term receivables and long-term receivables maturing within one year of RMB 2,227,296,610.21, for which a provision for impairment of RMB 55,396,266.55 was provided. As the balances of accounts receivable are significant and the provision for bad debts involves significant accounting estimates and judgments, provision for bad debts of accounts receivable is determined as a key audit matter.	The audit procedures we have performed for the recoverability of accounts receivable mainly include: (1) understanding, evaluating and testing the internal control related to the aging analysis of accounts receivable and the determination of the provision for bad debts of accounts receivable by management; (2) reviewing the related considerations of and objective evidence used by management in the impairment test of accounts receivables and focusing on whether management has fully identified the impaired items; (3) evaluating the reasonability of the proportion of the provision for bad debts made by management for the accounts receivables for which the provision for bad debts is made according to the portfolio of the credit risk characteristics; (4) carrying out confirmation procedure and agreeing the confirmation results with the amounts recorded by management; (5) inspecting subsequent collection of accounts receivable to evaluate the reasonability of the provision for bad debts made by management.

Other Information

Management is responsible for the other information. The other information comprises information included in the 2024 annual report of the Company, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the requirements of Accounting Standards for Business Enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with CSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- (1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (4) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (5) Evaluate the overall presentation (including the disclosures), structure and contents of the financial statements.
- (6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.



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



Certified Public Accountant of China:
(Engagement Partner)

Jingxin Yang

Certified Public Accountant of China:

Kanyu Wang

Shanghai, China

April 16, 2025

Zhejiang Dingli Machinery Co., Ltd.
Consolidated Balance Sheet
As at December 31, 2024
(Amounts are expressed in RMB unless otherwise stated)
(English Translation for Reference Only)

Assets	Note 5	Balance at the end of the period	Balance at the end of last year
Current assets:			
Monetary funds	5.1	5,078,017,354.46	4,396,602,661.50
Balances with clearing companies			
Loans to other banks and financial institutions			
Financial assets held for trading	5.2	208,734,591.14	178,789,929.05
Derivative financial assets	5.3	14,974,286.78	3,033,221.14
Notes receivable	5.4	20,196,142.69	20,493,656.30
Accounts receivable	5.5	2,309,129,845.46	2,370,778,024.24
Receivables financing	5.6	18,315,265.15	10,156,840.13
Advances to suppliers	5.7	26,411,605.12	6,704,996.61
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance contract reserves receivable			
Other receivables	5.8	122,722,445.83	19,868,931.72
Financial assets purchased under resale agreements			
Inventories	5.9	2,342,136,338.93	1,921,374,942.24
Including: data resources			
Contract assets			
Assets held for sale			
Non-current assets maturing within one year	5.10	1,154,749,077.73	1,117,889,021.00
Other current assets	5.11	69,993,040.32	94,380,109.17
Total current assets		11,365,379,993.61	10,140,072,333.10
Non-current assets:			
Disbursement of loans and advances			
Creditor's right investment			
Other creditor's right investment			
Long-term receivables	5.12	1,017,151,265.93	882,731,888.67
Long-term equity investments	5.13		332,417,551.33
Other equity instrument investments	5.14	40,867,997.27	617,689,455.01
Other non-current financial assets			
Investment properties			
Fixed assets	5.15	1,799,948,914.00	1,612,784,196.69
Construction in progress	5.16	58,349,007.87	214,587,607.99
Productive biological assets			
Oil and gas assets			
Right-of-use assets	5.17	51,120,522.33	13,425,279.58
Intangible assets	5.18	783,590,440.46	388,703,577.50
Including: data resources			
Development expenses			
Including: data resources			
Goodwill	5.19	140,139,590.91	
Long-term deferred expenses	5.20	2,936,428.79	2,354,642.24
Deferred income tax assets	5.21	83,517,871.47	2,534,609.78
Other non-current assets	5.22	10,844,760.00	
Total non-current assets		3,988,466,799.03	4,067,228,808.79
Total assets		15,353,846,792.64	14,207,301,141.89

The accompanying notes to the financial statements form an integral part of the financial statements.

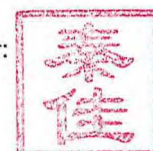
Company Principal:



Chief Accountant:



Chief Finance Officer:



Zhejiang Dingli Machinery Co., Ltd.
Consolidated Balance Sheet (Continued)
As at December 31, 2024

(Amounts are expressed in RMB unless otherwise stated)
(English Translation for Reference Only)

Liabilities and owners' equity	Note 5	Balance at the end of the period	Balance at the end of last year
Current liabilities:			
Short-term borrowings	5.24	110,070,694.45	107,750,341.82
Borrowings from central bank			
Loans from other banks and other financial institutions			
Financial liabilities held for trading			
Derivative financial liabilities	5.25	999,897.45	9,904,207.26
Notes payable	5.26	1,547,679,212.07	1,339,204,963.35
Accounts payable	5.27	1,528,348,196.89	1,631,804,033.66
Advances from customers			
Contract liabilities	5.28	108,157,791.99	24,985,107.40
Financial assets sold under repurchase agreements			
Absorption of deposits and interbank deposit			
Receivings from vicariously traded securities			
Receivings from vicariously sold securities			
Employee compensation payable	5.29	83,157,176.36	84,290,139.58
Taxes and surcharges payable	5.30	379,262,156.98	290,047,948.32
Other payables	5.31	183,549,659.49	210,848,043.99
Handling charges and commissions payable			
Accounts payable for reinsurance			
Liabilities held for sale			
Non-current liabilities maturing within one year	5.32	563,992,896.88	718,622,947.44
Other current liabilities	5.33	17,488,625.91	18,028,186.85
Total current assets		4,522,706,308.47	4,435,485,919.67
Non-current liabilities:			
Reserves for insurance contracts			
Long-term borrowings	5.34	378,055,365.97	493,103,668.81
Bonds payable			
Including: preferred shares			
Perpetual bond			
Lease liabilities	5.35	44,355,236.24	6,850,332.42
Long-term payables			
Long-term employee compensation payable			
Estimated liabilities	5.36	110,032,461.43	99,021,842.89
Deferred income	5.37	246,799,631.07	191,120,111.38
Deferred income tax liabilities	5.21	13,700,323.55	16,485,376.07
Other non-current liabilities			
Total non-current liabilities		792,943,018.26	806,581,331.57
Total liabilities		5,315,649,326.73	5,242,067,251.24
Owners' equity:			
Share capital	5.38	506,347,879.00	506,347,879.00
Other equity instruments			
Including: preferred shares			
Perpetual bond			
Capital reserves	5.39	2,390,315,639.40	2,354,200,438.45
Less: treasury stock			
Other comprehensive income	5.40	-66,393,449.16	300,951,416.61
Special reserves	5.41	7,723,837.21	6,590,159.57
Surplus reserves	5.42	261,714,343.13	261,714,343.13
General risk reserves			
Retained earnings	5.43	6,935,587,562.71	5,535,429,653.89
Total equity attributable to owners of the company		10,035,295,812.29	8,965,233,890.65
Minority equity		2,901,653.62	
Total owners' equity		10,038,197,465.91	8,965,233,890.65
Total liabilities and owners' equity		15,353,846,792.64	14,207,301,141.89

The accompanying notes to the financial statements form an integral part of the financial statements.

Company Principal:

Chief Accountant:

Chief Finance Officer:

Zhejiang Dingli Machinery Co., Ltd.
Company's Balance Sheet
As at December 31, 2024
(Amounts are expressed in RMB unless otherwise stated)
(English Translation for Reference Only)

Assets	Note 15	Balance at the end of the period	Balance at the end of last year
Current assets:			
Monetary funds		4,544,464,682.33	4,076,432,537.92
Financial assets held for trading		155,544,200.57	179,624,351.74
Derivative financial assets		14,974,286.78	3,033,221.14
Notes receivable		20,196,142.69	20,493,656.30
Accounts receivable	15.1	3,409,197,700.11	2,840,827,423.08
Receivables financing		18,315,265.15	10,156,840.13
Advances to suppliers		5,963,929.26	4,836,387.74
Other receivables	15.2	254,616,891.32	202,092,274.25
Inventories		1,475,643,502.86	1,674,770,191.78
Including: data resources			
Contract assets			
Assets held for sale			
Non-current assets maturing within one year		228,730,882.33	234,643,348.97
Other current assets		38,979,860.18	49,113,025.71
Total current assets		10,166,627,343.58	9,296,023,258.76
Non-current assets:			
Creditor's right investment			
Other creditor's right investment			
Long-term receivables		250,224,687.17	72,120,461.64
Long-term equity investments	15.3	974,633,987.42	727,023,620.85
Other equity instrument investments		40,867,997.27	617,689,455.01
Other non-current financial assets			
Investment properties			
Fixed assets		1,723,774,288.69	1,596,844,212.39
Construction in progress		52,147,993.34	214,587,607.99
Productive biological assets			
Oil and gas assets			
Right-of-use assets		248,240.42	426,668.89
Intangible assets		560,851,422.73	381,126,114.73
Including: data resources			
Development expenses			
Including: data resources			
Goodwill			
Long-term deferred expenses			
Deferred income tax assets		75,265,858.20	
Other non-current assets		10,844,760.00	
Total non-current assets		3,688,859,235.24	3,609,818,141.50
Total assets		13,855,486,578.82	12,905,841,400.26

The accompanying notes to the financial statements form an integral part of the financial statements.

Company Principal:



Chief Accountant:



Chief Finance Officer:



Zhejiang Dingli Machinery Co., Ltd.
Company's Balance Sheet (Continued)

As at December 31, 2024

(Amounts are expressed in RMB unless otherwise stated)
(English Translation for Reference Only)

Liabilities and owners' equity	Note 15	Balance at the end of the period	Balance at the end of last year
Current liabilities:			
Short-term borrowings		110,070,694.45	107,750,341.82
Financial liabilities held for trading			
Derivative financial liabilities		999,897.45	9,904,207.26
Notes payable		1,547,679,212.07	1,339,204,963.35
Accounts payable		1,445,379,783.74	1,631,968,497.93
Advances from customers			
Contract liabilities		10,364,392.03	23,975,880.65
Employee compensation payable		68,937,463.22	74,306,497.83
taxes and surcharges payable		299,396,508.75	279,318,317.26
Other payables		23,337,544.05	26,457,070.25
Liabilities held for sale			
Non-current liabilities maturing within one year		180,719.33	158,935,057.34
Other current liabilities		17,398,808.65	17,945,497.16
Total current assets		3,523,745,023.74	3,669,766,330.85
Non-current liabilities:			
Long-term borrowings			
Bonds payable			
Including: preferred shares			
Perpetual bond			
Lease liabilities		70,733.86	109,797.77
Long-term payables			
Long-term employee compensation payable			
Estimated liabilities		105,864,219.22	98,907,249.77
Deferred income		246,799,631.07	191,120,111.38
Deferred income tax liabilities			16,415,778.79
Other non-current liabilities			
Total non-current liabilities		352,734,584.15	306,552,937.71
Total liabilities		3,876,479,607.89	3,976,319,268.56
Owners' equity:			
Share capital		506,347,879.00	506,347,879.00
Other equity instruments			
Including: preferred shares			
Perpetual bond			
Capital reserves		2,353,717,247.59	2,353,734,192.60
Less: treasury stock			
Other comprehensive income		-71,213,194.19	298,864,464.52
Special reserves		7,723,837.21	6,590,159.57
Surplus reserves		261,714,343.13	261,714,343.13
Retained earnings		6,920,716,858.19	5,502,271,092.88
Total owners' equity		9,979,006,970.93	8,929,522,131.70
Total liabilities and owners' equity		13,855,486,578.82	12,905,841,400.26

The accompanying notes to the financial statements form an integral part of the financial statements.

Company Principal:



Chief Accountant:



Chief Finance Officer:



Zhejiang Dingli Machinery Co., Ltd.
Consolidated Income Statement
For the Year Ended December 31, 2024
(Amounts are expressed in RMB unless otherwise stated)
(English Translation for Reference Only)

Item	Note 5	2024	2023
I. Total operating income		7,798,913,979.04	6,311,963,849.93
Including: operating income	5.44	7,798,913,979.04	6,311,963,849.93
Interest income			
Earned premiums			
Revenue from handling charges and commissions			
II. Total operating costs		5,757,047,784.89	4,264,748,921.44
Including: operating costs	5.44	5,065,980,518.04	3,989,863,306.14
Interest expenses			
Handling charge and commission expenses			
Surrender value			
Net amount of compensation payout			
Net amount withdrawn for insurance contract reserves			
Policy dividend payment			
Reinsurance costs			
Taxes and surcharges	5.45	48,347,359.93	33,380,022.06
Selling and distribution expenses	5.46	253,881,041.19	125,038,482.83
General and administrative expenses	5.47	224,833,897.80	141,225,030.79
Research and development expenses	5.48	255,918,596.38	220,006,702.13
Financial expenses	5.49	-91,913,628.45	-244,764,622.51
Including: interest expenses		10,773,913.31	19,213,222.32
Interest income		156,551,393.95	159,297,475.82
Plus: Other income	5.50	45,433,101.18	98,220,739.72
Investment income ("-" for losses)	5.51	-17,586,789.46	91,852,961.80
Including: income from investment in associates and joint ventures		-70,283,968.92	76,220,632.02
Gains from derecognition of financial assets measured at amortized cost			
Income from foreign exchange ("-" for losses)			
Gains from net exposure hedging ("-" for losses)			
Gains from changes in fair value ("-" for losses)	5.52	-108,178,333.69	-37,024,207.66
Losses from credit impairment ("-" for losses)	5.53	-18,579,669.54	-25,135,369.54
Losses from asset impairment ("-" for losses)	5.54	-7,123,887.50	
Gains from disposal of assets ("-" for losses)	5.55	-10,966.53	2,564.11
III. Operating profits ("-" for loss)		1,935,819,648.61	2,175,131,616.92
Plus: non-operating income	5.56	3,749,804.27	951,900.57
Less: non-operating expenses	5.57	1,326,682.61	1,933,231.22
IV. Total profits ("-" for total losses)		1,938,242,770.27	2,174,150,286.27
Less: income tax expenses	5.58	309,204,387.10	307,004,817.42
V. Net profit ("-" for net loss)		1,629,038,383.17	1,867,145,468.85
(I) Classified by operating sustainability			
1. Net profit from continued operation ("-" for net loss)		1,629,038,383.17	1,867,145,468.85
2. Net profit from discontinued operation ("-" for net loss)			
(II) Classified by ownership			
1. Net profit attributable to shareholders of the company ("-" for net loss)		1,628,805,154.01	1,867,145,468.85



Item	Note 5	2024	2023
2. Minority interest income ("-" for net loss)		233,229.16	
VI. Other comprehensive income, net of tax		-89,661,176.97	298,350,266.31
Other comprehensive income, net of tax attributable to owners of the company		-89,661,176.97	298,350,266.31
(I) Other comprehensive income that cannot be reclassified into profit or loss		-94,067,073.29	295,023,585.31
1. Changes in remeasurement of defined benefit plans			
2. Other comprehensive income that cannot be transferred into profit or loss under equity method			
3. Changes in fair value of other equity instruments		-94,067,073.29	295,023,585.31
4. Changes in the fair value of the Company's own credit risk			
(II) Other comprehensive income that will be reclassified into profit or loss		4,405,896.32	3,326,681.00
1. Other comprehensive income that can be transferred into profit or loss under equity method		-4,006,468.39	897,674.34
2. Changes in fair value of other creditor's right investments			
3. Amount of financial assets reclassified into other comprehensive income			
4. Provision for credit impairment of other creditor's right investments			
5. Cash flow hedge reserve			
6. Translation differences of foreign currency financial statements		8,412,364.71	2,429,006.66
7. Others			
Other comprehensive income, net of tax attributable to minority shareholders			
VII. Total comprehensive income		1,539,377,206.20	2,165,495,735.16
Total comprehensive income attributable to owners of the company		1,539,143,977.04	2,165,495,735.16
Total comprehensive income attributable to minority shareholders		233,229.16	
VIII. Earnings per share:			
(I) Basic earnings per share (RMB/share)	5.59	3.22	3.69
(II) Diluted earnings per share (RMB/share)	5.59	3.22	3.69

The accompanying notes to the financial statements form an integral part of the financial statements.

Company Principal:



Chief Accountant:



Chief Finance Officer:



Zhejiang Dingli Machinery Co., Ltd.
Company's Income Statement
For the Year Ended December 31, 2024
(Amounts are expressed in RMB unless otherwise stated)
(English Translation for Reference Only)

Item	Note 15	2024	2023
I. Operating income	15.4	6,309,249,972.79	6,158,988,887.55
Less: operating costs	15.4	3,951,085,201.71	3,907,891,614.41
Taxes and surcharges		45,755,577.04	31,277,675.83
Selling and distribution expenses		76,895,172.77	67,441,662.54
General and administrative expenses		104,195,284.50	110,576,397.36
Research and development expenses		237,730,050.88	221,110,243.82
Financial expenses		-124,552,182.70	-233,177,637.11
Including: interest expenses		2,298,253.80	18,590,352.11
Interest income		148,110,529.28	155,791,163.18
Plus: Other income		43,570,575.75	97,535,414.75
Investment income ("-" for losses)	15.5	-51,144,621.15	74,443,253.22
Including: income from investment in associates and joint ventures		-49,555,078.98	57,045,729.33
Gains from derecognition of financial assets measured at amortized cost			
Gains from net exposure hedging ("-" for losses)			
Gains from changes in fair value ("-" for losses)		-108,793,051.63	-36,048,678.61
Losses from credit impairment ("-" for losses)		5,027,565.96	-11,013,601.98
Losses from asset impairment ("-" for losses)			
Gains from disposal of assets ("-" for losses)		2,496.96	-304,489.51
II. Operating profit ("-" for losses)		1,906,803,834.48	2,178,480,828.57
Plus: non-operating income		438,081.32	927,182.22
Less: non-operating expenses		862,207.95	1,918,669.39
III. Total profits ("-" for total losses)		1,906,379,707.85	2,177,489,341.40
Less: income tax expenses		259,286,697.35	285,032,421.00
IV. Net profit ("-" for net loss)		1,647,093,010.50	1,892,456,920.40
(I) Net profit from continued operation ("-" for net losses)		1,647,093,010.50	1,892,456,920.40
(II) Net profit from cease of operation ("-" for net losses)			
V. Other comprehensive income, net of tax		-92,393,969.91	295,971,131.21
(I) Other comprehensive income that cannot be reclassified into profit or loss		-94,067,073.29	295,023,585.31
1. Changes in remeasurement of defined benefit plans			
2. Other comprehensive income that cannot be transferred into profit or loss under equity method			
3. Changes in fair value of other equity instruments		-94,067,073.29	295,023,585.31
4. Changes in the fair value of the Company's own credit risk			
(II) Other comprehensive income that will be reclassified into profit or loss		1,673,103.38	947,545.90
1. Other comprehensive income that can be transferred into profit or loss under equity method		1,137,572.12	897,674.34
2. Changes in fair value of other creditor's right investments			
3. Amount of financial assets reclassified into other comprehensive income			
4. Provision for credit impairment of other creditor's right investments			
5. Cash flow hedge reserve			
6. Translation differences of foreign currency financial statements		535,531.26	49,871.56
7. Others			
VI. Total comprehensive income		1,554,699,040.59	2,188,428,051.61
VII. Earnings per share:			
(I) Basic earnings per share (RMB/share)			
(II) Diluted earnings per share (RMB/share)			

The accompanying notes to the financial statements form an integral part of the financial statements.

Company Principal:



Chief Accountant:



Chief Finance Officer:





Zhejiang Dingli Machinery Co., Ltd.
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2024
(Amounts are expressed in RMB unless otherwise stated)
(English Translation for Reference Only)

Item	Note 5	2024	2023
I. Cash flows from operating activities			
Cash received from sales of goods and rendering of services		7,662,855,938.63	6,351,305,945.08
Net increase in deposits from customers and due from banks and other financial institutions			
Net increase in borrowings from the central bank			
Net increase in loans from other financial institutions			
Cash received from receiving insurance premiums of original insurance contracts			
Net cash received from reinsurance business			
Net increase in deposits and investments from policyholders			
Cash received from interest, handling charges and commissions			
Net increase in loans from banks and other financial institutions			
Net capital increase in repurchase business			
Net cash received from vicariously traded securities			
Refunds of taxes and surcharges received		279,112,968.56	269,146,518.35
Cash received from other operating activities	5.60	271,829,976.13	288,157,312.23
Sub-total of cash inflows from operating activities		8,213,798,883.32	6,908,609,775.66
Cash paid for purchase of goods or receipt of services		4,782,348,283.51	3,614,572,052.27
Net increase in loans and advances to customers			
Net increase in deposits in central bank, other banks and financial institutions			
Cash paid for original insurance contract claims			
Net increase in loans to banks and other financial institutions			
Cash paid for interest, handling charges and commissions			
Cash paid for policy dividends			
Cash paid to and on behalf of employees		615,605,676.23	341,064,678.56
Taxes and fees paid		559,108,448.54	378,298,555.30
Cash paid for other operating activities	5.60	340,188,475.93	347,277,450.19
Sub-total of cash outflows from operating activities		6,297,250,884.21	4,681,212,736.32
Net cash flows from operating activities		1,916,547,999.11	2,227,397,039.34
II. Cash flows from investing activities			
Cash received from investors		2,325,814,654.27	849,420,891.55
Cash received from investment income		4,146,674.26	7,928,928.00
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		99,487.33	58,230.08
Net cash received from disposal of subsidiaries and other business units			
Cash received from other investing activities			
Sub-total of cash inflows from investing activities		2,330,060,815.86	857,408,049.63
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets		356,342,959.88	371,277,727.41
Cash paid for investments		1,926,339,953.36	1,348,748,097.59
Net increase in pledge loans			



Item	Note 5	2024	2023
Net cash paid to acquire subsidiaries and other business units		225,905,070.88	
Cash paid for other investing activities			
Sub-total of cash outflows from investing activities		2,508,587,984.12	1,720,025,825.00
Net cash flows from investing activities		-178,527,168.26	-862,617,775.37
III. Cash flows from financing activities			
Cash received from investors			
Including: cash received by subsidiaries from investment by minority shareholders			
Cash received from borrowings		1,174,000,000.00	1,588,235,241.60
Cash received from other financing activities			
Sub-total of cash inflows from financing activities		1,174,000,000.00	1,588,235,241.60
Cash paid for debt repayments		1,491,522,332.87	1,790,855,576.94
Cash paid for distribution of dividends and profits or payment of interest		664,955,188.90	310,480,250.47
Including: dividends and profits paid to minority shareholders by subsidiaries			
Cash paid for other financing activities	5.60	14,321,624.38	7,346,564.50
Sub-total of cash outflows from financing activities		2,170,799,146.15	2,108,682,391.91
Net cash flows from financing activities		-996,799,146.15	-520,447,150.31
IV. Effect of fluctuation in exchange rate on cash and cash equivalents		-5,699,250.80	32,065,961.53
V. Net increase in cash and cash equivalents		735,522,433.90	876,398,075.19
Plus: cash and balance of cash equivalents at the beginning of the period		4,396,602,661.50	3,520,204,586.31
VI. Ending balance of cash and cash equivalents		5,132,125,095.40	4,396,602,661.50

The accompanying notes to the financial statements form an integral part of the financial statements.

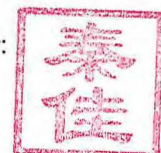
Company Principal:



Chief Accountant:



Chief Finance Officer:



Zhejiang Dingli Machinery Co., Ltd.
Company's Statement of Cash Flows
For the Year Ended December 31, 2024
(Amounts are expressed in RMB unless otherwise stated)
(English Translation for Reference Only)

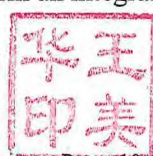
Item	Note	2024	2023
I. Cash flows from operating activities			
Cash received from sales of goods and rendering of services		5,635,515,563.84	5,852,045,667.27
Refunds of taxes and surcharges received		262,209,168.02	256,651,393.06
Cash received from other operating activities		244,079,774.33	262,223,324.29
Sub-total of cash inflows from operating activities		6,141,804,506.19	6,370,920,384.62
Cash paid for purchase of goods or receipt of services		3,775,312,178.53	3,514,202,954.89
Cash paid to and on behalf of employees		296,227,067.25	263,085,738.13
Taxes and fees paid		370,833,134.96	255,006,943.73
Cash paid for other operating activities		232,935,519.47	296,823,298.88
Sub-total of cash outflows from operating activities		4,675,307,900.21	4,329,118,935.63
Net cash flows from operating activities		1,466,496,605.98	2,041,801,448.99
II. Cash flows from investing activities			
Cash received from investors		1,514,653,285.97	333,028,768.75
Cash received from investment income		1,477,156.45	7,928,928.00
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		21,052.53	53,982.30
Net cash received from disposal of subsidiaries and other business units			
Cash received from other investing activities			104,889.12
Sub-total of cash inflows from investing activities		1,516,151,494.95	341,116,568.17
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets		343,297,120.39	366,028,918.30
Cash paid for investments		1,500,446,042.93	512,190,376.05
Net cash paid to acquire subsidiaries and other business units			
Cash paid for other investing activities			
Sub-total of cash outflows from investing activities		1,843,743,163.32	878,219,294.35
Net cash flows from investing activities		-327,591,668.37	-537,102,726.18
III. Cash flows from financing activities			
Cash received from investors			
Cash received from borrowings		110,000,000.00	521,095,900.00
Cash received from other financing activities			
Sub-total of cash inflows from financing activities		110,000,000.00	521,095,900.00
Cash paid for debt repayments		264,739,500.00	999,855,400.00
Cash paid for distribution of dividends and profits or payment of interest		512,254,565.12	272,919,473.34
Cash paid for other financing activities		329,039.43	6,958,972.69
Sub-total of cash outflows from financing activities		777,323,104.55	1,279,733,846.03
Net cash flows from financing activities		-667,323,104.55	-758,637,946.03
IV. Effect of fluctuation in exchange rate on cash and cash equivalents		-3,549,688.65	21,837,147.91
V. Net increase in cash and cash equivalents		468,032,144.41	767,897,924.69
Plus: cash and balance of cash equivalents at the beginning of the period		4,076,432,537.92	3,308,534,613.23
VI. Ending balance of cash and cash equivalents		4,544,464,682.33	4,076,432,537.92

The accompanying notes to the financial statements form an integral part of the financial statements.

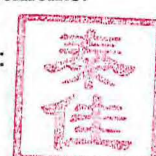
Company Principal:



Chief Accountant:



Chief Finance Officer:



Zhejiang Dingli Machinery Co., Ltd.
Consolidated Statement of Changes in Owners' Equity
For the Year Ended December 31, 2024
(Amounts are expressed in RMB unless otherwise stated)
(English Translation for Reference Only)

Item	2024												
	Equity attributable to owners of the company												
	Share capital	Other equity instruments			Capital reserves	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Retained earnings	Sub-total	Minority equity
I. Balance at the end of last year	506,347,879.00				2,354,200,438.45		300,951,416.61	6,590,159.57	261,714,343.13		5,535,429,653.89	8,965,233,890.65	
Plus: changes in accounting policies													
Correction of accounting errors in prior periods													
Business combination under common control													
Others													
II. Balance at the beginning of the year	506,347,879.00				2,354,200,438.45		300,951,416.61	6,590,159.57	261,714,343.13		5,535,429,653.89	8,965,233,890.65	
III. Increases/ decreases in this period ("+" for increases)					36,115,200.95		-367,344,865.77	1,133,677.64			1,400,157,908.82	1,070,061,921.64	2,901,653.62
(I) Total comprehensive income							-89,661,176.97				1,628,805,154.01	1,539,143,977.04	233,229.16
(II) Capital contributed or reduced by owners													
1. Common stock contributed by owners													
2. Capital invested by the holders of other equity instruments													
3. Amounts of share-based payments recognized in owners' equity													
4. Others													
(III) Profit distribution											-506,347,879.00	-506,347,879.00	
1. Withdrawal of surplus reserves													
2. Withdrawal of general risk reserves													
3. Profit distributed to owners (or shareholders)											-506,347,879.00	-506,347,879.00	



Item	2024													
	Equity attributable to owners of the company											Minority equity	Total owners' equity	
	Share capital	Other equity instruments			Capital reserves	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Retained earnings			Sub-total
	Preferred stock	Perpetual bond	Others											
4. Others														
(IV) Internal carry-forward of owners' equity						-16,945.01		-277,683,688.80				277,700,633.81		
1. Conversion of capital reserves into paid-in capital (or share capital)														
2. Conversion of surplus reserves into paid-in capital (or share capital)														
3. Surplus reserves offsetting losses														
4. Carry-forward of changes in the defined benefit plan for retained earnings														
5. Carry-forward of other comprehensive income for retained earnings								-277,683,688.80				277,683,688.80		
6. Others						-16,945.01						16,945.01		
(V) Special reserves									1,133,677.64				1,133,677.64	1,133,677.64
1. Amount withdrawn in the current period									8,200,026.00				8,200,026.00	8,200,026.00
2. Amount used in the current period									7,066,348.36				7,066,348.36	7,066,348.36
(VI) Others						36,132,145.96						36,132,145.96	2,668,424.46	38,800,570.42
IV. Balance at the end of the current period	506,347,879.00					2,390,315,639.40		-66,393,449.16	7,723,837.21	261,714,343.13		6,935,587,562.71	10,035,295,812.29	2,901,653.62 10,038,197,465.91

The accompanying notes to the financial statements form an integral part of the financial statements.

Company Principal:



Chief Accountant:



Chief Finance Officer:



Zhejiang Dingli Machinery Co., Ltd.
Consolidated Statement of Changes in Owners' Equity (Continued)
For the Year Ended December 31, 2024
(Amounts are expressed in RMB unless otherwise stated)
(English Translation for Reference Only)

Item	2023												Minority equity	Total owners' equity
	Share capital	Other equity instruments			Capital reserves	Equity attributable to owners of the company				General risk reserves	Retained earnings	Sub-total		
		Preferred stock	Perpetual bond	Others		Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserves					
I. Balance at the end of last year	506,347,879.00				2,367,784,898.94		2,601,150.30	5,276,279.60	261,714,343.13		3,921,458,124.54	7,065,182,675.51		7,065,182,675.51
Plus: changes in accounting policies														
Correction of accounting errors in prior periods														
Business combination under common control														
Others														
II. Balance at the beginning of the year	506,347,879.00				2,367,784,898.94		2,601,150.30	5,276,279.60	261,714,343.13		3,921,458,124.54	7,065,182,675.51		7,065,182,675.51
III. Increases/ decreases in this period ("-" for decreases)					-13,584,460.49		298,350,266.31	1,313,879.97			1,613,971,529.35	1,900,051,215.14		1,900,051,215.14
(I) Total comprehensive income							298,350,266.31				1,867,145,468.85	2,165,495,735.16		2,165,495,735.16
(II) Capital contributed or reduced by owners														
1. Common stock contributed by owners														
2. Capital invested by the holders of other equity instruments														
3. Amounts of share-based payments recognized in owners' equity														
4. Others														
(III) Profit distribution											-253,173,939.50	-253,173,939.50		-253,173,939.50
1. Withdrawal of surplus reserves														
2. Withdrawal of general risk reserves														
3. Profit distributed to owners (or shareholders)											-253,173,939.50	-253,173,939.50		-253,173,939.50
4. Others														
(IV) Internal carry-forward of owners' equity														



2023													
Item	Equity attributable to owners of the company												
	Share capital	Other equity instruments			Capital reserves	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Retained earnings	Sub-total	Minority equity
		Preferred stock	Perpetual bond	Others									
1. Conversion of capital reserves into paid-in capital (or share capital)													
2. Conversion of surplus reserves into paid-in capital (or share capital)													
3. Surplus reserves offsetting losses													
4. Carry-forward of changes in the defined benefit plan for retained earnings													
5. Carry-forward of other comprehensive income for retained earnings													
6. Others													
(V) Special reserves								1,313,879.97				1,313,879.97	
1. Amount withdrawn in the current period								7,860,097.36				7,860,097.36	
2. Amount used in the current period								6,546,217.39				6,546,217.39	
(VI) Others					-13,584,460.49							-13,584,460.49	
IV. Balance at the end of the current period	506,347,879.00				2,354,200,438.45		300,951,416.61	6,590,159.57	261,714,343.13		5,535,429,653.89	8,965,233,890.65	
													8,965,233,890.65

The accompanying notes to the financial statements form an integral part of the financial statements.

Company Principal:



Chief Accountant:



Chief Finance Officer:



Zhejiang Dingli Machinery Co., Ltd.
Company's Statement of Changes in Owners' Equity
For the Year Ended December 31, 2024
(Amounts are expressed in RMB unless otherwise stated)
(English Translation for Reference Only)

Item	(2) Statement of Financial Position (Continued)										
	Share capital	Other equity instruments			Capital reserves	Less: treasury stock	2024 Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Total owners' equity
I. Balance at the end of last year	506,347,879.00				2,353,734,192.60		298,864,464.52	6,590,159.57	261,714,343.13	5,502,271,092.88	8,929,522,131.70
Plus: changes in accounting policies											
Correction of accounting errors in prior periods											
Others											
II. Balance at the beginning of the year	506,347,879.00				2,353,734,192.60		298,864,464.52	6,590,159.57	261,714,343.13	5,502,271,092.88	8,929,522,131.70
III. Increases/ decreases in this period ("+" for increases)											
(I) Total comprehensive income					-16,945.01		-370,077,658.71	1,133,677.64		1,418,445,765.31	1,049,484,839.23
(II) Capital contributed or reduced by owners										1,647,093,010.50	1,554,699,040.59
1. Common stock contributed by owners											
2. Capital invested by the holders of other equity instruments											
3. Amounts of share-based payments recognized in owners' equity											
4. Others											
(III) Profit distribution										-506,347,879.00	-506,347,879.00
1. Withdrawal of surplus reserves											



Item	Share capital	Other equity instruments			Capital reserves	Less: treasury stock	2024				Total owners' equity
		Preferred stock	Perpetual bond	Others			Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	
2. Profit distributed to owners (or shareholders)										-506,347,879.00	-506,347,879.00
3. Others											
(IV) Internal carry-forward of owners' equity					-16,945.01		-277,683,688.80			277,700,633.81	
1. Conversion of capital reserves into paid-in capital (or share capital)											
2. Conversion of surplus reserves into paid-in capital (or share capital)											
3. Surplus reserves offsetting losses											
4. Carry-forward of changes in the defined benefit plan for retained earnings											
5. Carry-forward of other comprehensive income for retained earnings							-277,683,688.80			277,683,688.80	
6. Others					-16,945.01					16,945.01	
(V) Special reserves								1,133,677.64			1,133,677.64
1. Amount withdrawn in the current period								8,200,026.00			8,200,026.00
2. Amount used in the current period								7,066,348.36			7,066,348.36
(VI) Others											
IV. Balance at the end of the current period	506,347,879.00				2,353,717,247.59		-71,213,194.19	7,723,837.21	261,714,343.13	6,920,716,858.19	9,979,006,970.93

The accompanying notes to the financial statements form an integral part of the financial statements.

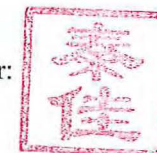
Company Principal:



Chief Accountant:



Chief Finance Officer:



Zhejiang Dingli Machinery Co., Ltd.
Company's Statement of Changes in Owners' Equity (Continued)
For the Year Ended December 31, 2024
(Amounts are expressed in RMB unless otherwise stated)
(English Translation for Reference Only)

Item	2023										
	Share capital	Other equity instruments			Capital reserves	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Total owners' equity
I. Balance at the end of last year	506,347,879.00				2,367,318,653.09		2,893,333.31	5,276,279.60	261,714,343.13	3,868,577,166.58	7,012,127,654.71
Plus: changes in accounting policies											
Correction of accounting errors in prior periods											
Others											
II. Balance at the beginning of the year	506,347,879.00				2,367,318,653.09		2,893,333.31	5,276,279.60	261,714,343.13	3,868,577,166.58	7,012,127,654.71
III. Increases/ decreases in this period ("-" for decreases)					-13,584,460.49		295,971,131.21	1,313,879.97		1,633,693,926.30	1,917,394,476.99
(I) Total comprehensive income							295,971,131.21			1,892,456,920.40	2,188,428,051.61
(II) Capital contributed or reduced by owners											
1. Common stock contributed by owners											
2. Capital invested by the holders of other equity instruments											
3. Amounts of share-based payments recognized in owners' equity											
4. Others											
(III) Profit distribution										-253,173,939.50	-253,173,939.50
1. Withdrawal of surplus reserves											
2. Profit distributed to owners (or shareholders)										-253,173,939.50	-253,173,939.50
3. Others											

Item	Share capital	Other equity instruments			Capital reserves	Less: treasury stock	2023					Total owners' equity
		Preferred stock	Perpetual bond	Others			Other comprehensive income	Special reserves	Surplus reserves	Retained earnings		
(IV) Internal carry-forward of owners' equity											-5,589,054.60	-5,589,054.60
1. Conversion of capital reserves into paid-in capital (or share capital)												
2. Conversion of surplus reserves into paid-in capital (or share capital)												
3. Surplus reserves offsetting losses												
4. Carry-forward of changes in the defined benefit plan for retained earnings												
5. Carry-forward of other comprehensive income for retained earnings												
6. Others											-5,589,054.60	-5,589,054.60
(V) Special reserves								1,313,879.97				1,313,879.97
1. Amount withdrawn in the current period								7,860,097.36				7,860,097.36
2. Amount used in the current period								6,546,217.39				6,546,217.39
(VI) Others					-13,584,460.49							-13,584,460.49
IV. Balance at the end of the current period	506,347,879.00				2,353,734,192.60		298,864,464.52	6,590,159.57	261,714,343.13	5,502,271,092.88		8,929,522,131.70

The accompanying notes to the financial statements form an integral part of the financial statements.

Company Principal:



Chief Accountant:



Chief Finance Officer:



Zhejiang Dingli Machinery Co., Ltd.
Notes to the Financial Statements
For the Year Ended December 31, 2024
(Amounts are expressed in RMB unless otherwise stated)
(English Translation for Reference Only)

1. Company profile

Zhejiang Dingli Machinery Co., Ltd. (hereinafter referred to as the "Company"), formerly known as Zhejiang Dingli Machinery Limited Company, was approved by Deqing Administration for Industry and Commerce to be established on May 16, 2005. In August 2011, the Company was changed to a joint stock company as a whole. The Company's unified social credit code: 913300007743880298.

As of December 31, 2024, the Company had issued a total of 506,347,879 shares, with registered capital of RMB506,337,879.00. Its registered place is at No.1255, South Baiyun Road, Leidian Town, Deqing County; the premise of its headquarters is at No.188, Qihang Road, Leidian Town, Deqing County, Huzhou City, Zhejiang Province; and the Company is mainly engaged in the research and development, production and sales of intelligent aerial work platforms, and its main products include arm-type, scissor-type, mast-type and differentiated aerial work platforms. The actual controller of the Company is Mr. Xu Shugen.

The financial statements have been approved by the board of directors of the Company on April 16, 2025.

2. Basis of preparation for financial statements

2.1 Basis of preparation

The financial statements are prepared in accordance with the Accounting Standards for Business Enterprises - Basic Standards and all the specific accounting standards, Application Guidance to the Accounting Standards for Business Enterprises, the interpretation of the Accounting Standards for Business Enterprises and other relevant provisions (hereinafter referred to as the Accounting Standards for Business Enterprises), as well as the disclosure provisions of the Rules for the Compilation and Submission of Information Disclosure by Companies Offering Securities to the Public No.15 - General Requirements for Financial Reports issued by the China Securities Regulatory Commission.

2.2 Going concern

The financial statements are prepared on a going concern basis.

After considering macro policy risks, market operation risks, current or long-term profitability, solvency, financial flexibility and other factors, the Company believes that it has ability to operate on a going concern basis for at least 12 months from December 31, 2024.

3. Significant accounting policies and accounting estimates

3.1 Statement on compliance with the Accounting Standards for Business Enterprises

The financial statements meet the Accounting Standards for Business Enterprises issued by the Ministry of Finance and truly and completely reflect the consolidated and company's financial position as at December 31, 2024 and consolidated and company's operating results and cash flows for the year then ended.

3.2 Accounting period

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

3.3 Operating cycle

The Company's operating cycle is 12 months.

3.4 Functional currency

The Company adopts RMB as its functional currency. Subsidiaries of the Company determine their functional currencies according to the main economic environment in which they operate. The financial statements are presented in RMB.

3.5 Accounting treatment methods for business combinations under common control and not under common control

Business combinations under common control: Assets and liabilities acquired from business combination by the acquirer (including the goodwill formed by the ultimate controller's acquisition of the acquiree) are measured at the book value of assets and liabilities of the acquiree in the financial statements of the ultimate controller on the combination date. The stock premium in the capital reserve is adjusted according to the difference between the book value of net assets acquired through combination and the book value of consideration paid for the combination (or total par value of shares issued). If the stock premium in the capital reserves is insufficient to cover the differences, the remaining amount shall be charged against retained earnings.

For the business combination not under common control, the combination costs are the fair value, on the acquisition date, of any assets acquired, any liabilities incurred or assumed, and any equity securities issued by the acquirer, in exchanges for the right of control over the acquiree. The Company shall recognize the difference of the combination costs in excess of the fair value of the identifiable net assets acquired from the acquiree as goodwill. The Company shall recognize the difference of the combination costs in short of the fair value of the identifiable net assets acquired from the acquiree in the current profit and loss. Various identifiable assets, identifiable liabilities and contingent liabilities which are obtained from the combinee in the course of business combination and eligible for recognition are measured at fair value on the acquisition date.

The expenses directly caused for business combination shall be included in the current profit and loss upon occurrence; the transaction costs for the issuance of equity securities or debt securities for business combination shall be included in the initial recognition amount of such equity securities or debt securities.

3.6 Criteria for determining control and the preparation method of consolidated financial statements

3.6.1 Judgment criteria for control

The consolidation scope of consolidated financial statements is determined on the basis of control, including the Company and all the subsidiaries. Control means that the investor has the power over the investee and enjoys the variable return through participating in activities related to the investee, and has the ability to affect its return by using the power over the investee.

3.6.2 Consolidation procedures

The Company prepares the consolidated financial statements according to the uniform accounting policies by taking the enterprise group as a whole accounting entity, to reflect the overall financial position, financial performance and cash flows of the enterprise group. Impacts of the internal transaction between the Company and its subsidiary or among subsidiaries of the Company should be offset. If any internal transaction indicates that relevant assets have been impaired, the impairment loss should be recognized in full. If the accounting policy or accounting period of any subsidiary is different from that of the Company, the consolidated financial statements of the subsidiary, upon preparation, will be adjusted according to the accounting policy and accounting period of the Company.

The share of owners' equity, current net profit or loss and current comprehensive income of subsidiaries attributable to minority owners are respectively and separately presented under the owners' equity in the consolidated balance sheet, the net profit in the consolidated income statement, and the total comprehensive income in the consolidated income statement. If the current loss shared by a minority shareholder of a subsidiary exceeds the balances arising from the shares enjoyed by the minority shareholder in the owners' equity of the subsidiary at the beginning of the period, minority equity will be written down accordingly.

(1) Increase of subsidiaries or business

During the reporting period, if the Company acquired subsidiaries or business from the business combination under common control, the operating results and cash flows for the period from the beginning of the period for such business combination to the end of the reporting period will be included in the consolidated financial statements. Meanwhile, the beginning amounts in the consolidated financial statements and relevant items in the comparative financial statements will be adjusted accordingly, as if the reporting entity after the business combination has been existing since the time-point when the ultimate controller has the control.

Where control can be exercised on the investee under the common control for additional investment or other reasons, equity investments held before the control over the combinee is obtained, the related gains and losses, other comprehensive income as well as other changes in net assets recognized from the later of the date when the original equity is obtained or the date when the acquirer and the acquiree are under the same control, to the combination date will respectively write down the retained earnings or current profit or loss in the comparative statements.

During the reporting period, subsidiaries or business acquired from the business combination not under common control are included in the consolidated financial statements from the acquisition date based on the fair value of various identifiable assets, identifiable liabilities or contingent liabilities determined on the acquisition date.

If there is control over the investee not under the common control due to additional investments or other reasons, for the equity of the acquiree held before the acquisition date, the Company will re-measure the equity on the acquisition date at its fair value and include the difference between the fair value and book value in current investment income. Other comprehensive income and other changes in owners' equity under the equity method that are involved in the equity of the acquiree held prior to the acquisition date and can be reclassified into profits or losses later are transferred to investment income of the period to which the acquisition date belongs.

(2) Disposal of subsidiaries

① General treatment methods

When the Company loses the control over the investee due to disposal of partial equity investment or other reasons, the remaining equity investment after the disposal should be remeasured by the Company at the fair value thereof on the date of losing the control. The difference between the sum of the equity disposal consideration and the fair value of the remaining equity and the sum of the share calculated at the original shareholding ratio in net assets enjoyed in the original subsidiary and continuously calculated from the acquisition date or combination date and the goodwill will be included in the investment income for the period where the control is lost. Other comprehensive income that will be reclassified into profit or loss and other change in owners' equity calculated by the equity method, associated with the equity investments of original subsidiaries should be transferred into the investment income for the period where the control is lost.

② Disposal of subsidiaries by stages

If the control is lost due to disposal of the equities in subsidiaries through multiple transactions by stages, and the terms, conditions and economic impact of the transactions related to the enterprise's disposal of its investment in the subsidiaries meet one or more of the following circumstances, it usually indicates that multiple transactions should be included in a package:

- i. The transactions are concluded at the same time or under the consideration of mutual effect;
- ii. These transactions as a whole can reach a complete business result;
- iii. The occurrence of a transaction depends on that of at least one other transactions; and/or
- iv. A single transaction is uneconomical but it is economical when considered together with other transactions.

When these transactions are deemed as a package deal, they are accounted for as a transaction of disposing subsidiary and losing control; the difference between the accumulated disposal considerations before loss of control and the Group's share of the net assets of the subsidiary is recognized as other comprehensive income in the consolidated financial statements, and is transferred into current profit and loss upon loss of control.

Where various transactions do not belong to a package deal, before the loss of the control, accounting treatment shall be made as for partial disposal of equity investments in the subsidiary without losing control; at the loss of the control, accounting treatment shall be made according to general treatment methods for disposal of subsidiaries.

- (3) Purchase of minority interest of subsidiaries
The share premium in the capital reserves under the consolidated balance sheet will be adjusted at the difference between the long-term equity investment acquired for the purchase of minority interest and the share of net assets calculated constantly from the acquisition date or combination date according to the newly increased shareholding ratio. Where the share premium is insufficient to offset, retained earnings will be adjusted.
- (4) Partial disposal of equity investments in subsidiaries without losing control
The share premium under capital reserve in the consolidated balance sheet will be adjusted at the difference between the proceeds achieved from the partial disposal of equity investment in subsidiaries and the share of net assets of subsidiaries attributable to the Company corresponding to the disposal of long-term equity investment and calculated constantly from the acquisition date or combination date without losing the control rights. Where the share premium is insufficient to offset, retained earnings will be adjusted.

3.7 Recognition criteria of cash and cash equivalents

Cash refers to the Company's cash on hand and the unrestricted deposits. Cash equivalents refer to short-term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

3.8 Foreign currency transactions and translation of foreign currency financial statements

3.8.1 Foreign currency transactions

Foreign currency transactions are translated into RMB for recording purpose at the spot exchange rate prevailing on the first working day of the month when the transactions are occurred.

The balance of foreign currency monetary items as at the balance sheet date are translated at the spot exchange rate on the balance sheet date and the exchange differences arising therefrom shall be included in the current profit and loss, except those exchange differences arising from the special borrowings of foreign currency related to the acquired and constructed assets qualified for capitalization that will be capitalized at the borrowing expenses.

3.8.2 Translation of foreign currency financial statements

Assets and liabilities in the balance sheet are translated at the spot exchange rates on balance sheet date; owners' equity items, except for the item of "retained earnings", are translated at the spot exchange rates on the first working day of the month when the transactions are occurred. The income and expenses items in income statements are translated at the annual average of the spot exchange rate prevailing at the end of the month.

When the Company disposes of an overseas business, the translation differences in foreign currency financial statements related to such overseas business shall be transferred into the current profit or loss from the item of owners' equity.

3.9 Financial instruments

When the Company becomes a party to a contract for financial instrument, a financial asset, financial liability or equity instrument should be recognized.

3.9.1 Classification of financial instruments

According to the business model of financial assets and contractual cash flow characteristics of the same, which are subject to the management of the Company, financial assets are classified at the initial recognition as: financial assets measured at the amortized cost, financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through the current profit or loss.

The Company classifies the financial assets not designated to be measured at fair value through the current profit or loss in line with the following conditions as the financial assets measured at amortized cost:

- The business model is adopted for the purpose of obtaining the contractual cash flow;
- The contractual cash flow is only used for the payment for the principal and the interest based on the outstanding principal amount.

The Company classifies the financial assets not designated to be measured at fair value through the current profit or loss in line with the following conditions as the financial assets (debt instruments) measured at fair value through other comprehensive income:

- The business model is adopted for the purpose of obtaining the contractual cash flow and selling such financial assets;
- The contractual cash flow is only used for the payment for the principal and the interest based on the outstanding principal amount.

At the initial recognition, the Company may irrevocably designate the non-trading equity instrument investments as financial assets (equity instruments) measured at fair value through other comprehensive income. The designation is made based on a single investment and the relevant investment is in line with the definition of the equity instrument from the issuer's perspective.

Except for the financial assets measured at amortized cost and the financial assets measured at fair value through other comprehensive income, the Company classifies other financial assets as financial assets measured at fair value through the current profit or loss. At the initial recognition, in order to eliminate or significantly reduce accounting mismatches, the Company may irrevocably designate the financial assets that should have been classified as the financial assets measured at amortized cost or those measured at fair value through other comprehensive income as the financial assets measured at fair value through the current profit or loss.

At the initial recognition, financial liabilities are classified as: financial liabilities measured at fair value through the current profit or loss and financial liabilities measured at the amortized cost.

At the initial recognition, financial liabilities meeting one of the following conditions can be designated as the financial liabilities measured at fair value through the current profit or loss:

- 1) This designation can eliminate or significantly reduce the accounting mismatch.
- 2) According to the enterprise risk management or investment strategies specified in formal written documents, the management and performance evaluation of financial liability portfolios or portfolios of financial assets and financial liabilities is carried out based on fair value, and the report to key officer in the enterprise has been made based on such management and performance evaluation.

- 3) The financial liabilities contain the embedded derivative which needs to be separated.

3.9.2 Recognition basis and measurement method of financial instruments

- (1) Financial assets measured at amortized cost
Financial assets measured at amortized cost include notes receivable, accounts receivable, other receivables, long-term receivables, and investment in debt securities, etc., which are initially measured at fair value, and related transaction expenses are included in the initial recognition amount; The accounts receivable excluding significant financing component and accounts receivable with a financing component of no more than one year which the Company decides not to consider are initially measured at the contractual transaction price.

During the holding period, the interest calculated by the effective interest method is included in the current profit or loss.

At recovery or disposal, the difference between the purchase price obtained and the book value of such financial assets is included in the current profit or loss.

- (2) Financial assets (debt instruments) measured at fair value through other comprehensive income
Financial assets (debt instruments) measured at fair value through other comprehensive income include receivables financing and investment in debt securities, and are initially measured at fair value. Relevant transaction costs are included in the initially recognized amount. The subsequent measurement of such financial assets is made at fair value. Changes in fair value are included in other comprehensive income except for interest, impairment losses or gains and exchange gains or losses calculated by the effective interest method.

At derecognition, the accumulated gains or losses previously included in other comprehensive income will be transferred from the other comprehensive income to current profit or loss.

- (3) Financial assets (equity instruments) measured at fair value through other comprehensive income
Financial assets (equity instruments) measured at fair value through the other comprehensive income include other equity instrument investment, of which initial measurement is made at fair value, and relevant transaction costs are included in the initially recognized amount. The financial assets are subsequently measured at fair value. Changes in fair value shall be included in other comprehensive income. The dividends obtained are included in the current profit and loss.

At derecognition, the accumulated gains or losses previously included in other comprehensive income will be transferred from the other comprehensive income to the retained earnings.

- (4) Financial assets measured at fair value through the current profit or loss
Financial assets measured at fair value through current profit and loss include financial assets held for trading, derivative financial assets, other non-current financial assets, and are initially measured at fair value. Relevant transaction costs are included in the current profit and loss. The financial assets are subsequently measured at fair value. Changes in fair value shall be included in current profit and loss.

- (5) Financial liabilities measured at fair value through the current profit or loss
Financial liabilities measured at fair value through current profit and loss include financial liabilities held for trading, derivative financial liabilities, etc., which are initially measured at fair value, and related transaction expenses are included in the current profit and loss. The financial liabilities are subsequently measured at fair value. Changes in fair value shall be included in current profit and loss.

Difference between the fair value and the consideration paid is included in the current profit and loss upon nonrecognition.

- (6) Financial liabilities measured at amortized cost
Financial liabilities measured 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 related transaction expenses are included in the initial recognition amount.

During the holding period, the interest calculated by the effective interest method is included in the current profit or loss.

At derecognition, the difference between the consideration paid and the book value of such financial liabilities is included in the current profit or loss.

3.9.3 Derecognition of financial assets and recognition basis and measurement method for the transfer of financial assets

In case one of the following conditions is met, the Company will derecognize financial assets:

- The contractual right of collecting cash flows of financial assets is terminated;
- The financial assets have been transferred, and nearly all of the risks and rewards related to the ownership of the financial assets have been transferred to the transferee;
- The financial assets have been transferred, and the Company neither transfers nor retains nearly all the risks and rewards associated with the ownership of the financial assets but does not retain its control over the financial assets.

If the Company and the counterparty modify or renegotiate the contract and it constitutes a substantial modification, the recognition of original financial asset shall be terminated and a new financial asset shall be recognized in accordance with the amended terms.

At the transfer of financial assets, where nearly all of the risks and rewards related to the ownership of the financial assets have been retained, such financial assets should not be derecognized.

When determining whether the transfer of a financial asset meets the above derecognition criteria of financial assets, the Company adopts the principle of substance over form.

The Company classifies the transfer of a financial asset into entire transfer and partial transfer. If the entire transfer of financial asset satisfies the criteria for derecognition, the difference between the amounts of the following two items shall be included in the current profit and loss:

- (1) The book value of the transferred financial asset;
- (2) The sum of consideration received from the transfer, and the accumulated change amount of fair value originally included in owners' equity (where the financial assets transferred are the financial assets (debt instruments) measured at fair value through other comprehensive income).

Where partial transfer of a financial asset meets the derecognition conditions, the entire book value of the financial assets transferred will be allocated between the derecognized part and the recognized part based on the relative fair value, and the difference between the following two amounts will be included in the current profit or loss:

- (1) the book value of the derecognized part;
- (2) The sum of the consideration for the derecognized part and the amount corresponding to the derecognition part in the accumulated change amount of fair value originally and directly included in owners' equity (where the financial assets transferred are the financial assets (debt instruments) measured at fair value through the other comprehensive income).

If the transfer of financial assets does not meet the derecognition criteria, the financial assets shall continue to be recognized, and the consideration received shall be recognized as a financial liability.

3.9.4 Derecognition of financial liabilities

Where the present obligations of financial liabilities have been discharged in whole or in part, the financial liability is derecognized or any part thereof shall be derecognized; if the Company signs an agreement with creditors to replace the existing financial liabilities by undertaking new financial liabilities, and the new financial liabilities are substantially different from the existing ones in terms of contract terms, the existing financial liabilities shall be derecognized, and at the same time, the new financial liability shall be recognized.

Where substantive changes are made to the contract terms of existing financial liability in whole or in part, the existing financial liabilities shall be derecognized in whole or in part, and the financial liability of which terms have been modified shall be recognized as a new financial liability.

Where financial liabilities are derecognized in whole or in part, the difference between the book value of the financial liabilities derecognized and the consideration paid (including non-cash assets transferred out or new financial liabilities borne) shall be included in current profit or loss.

Where the Company repurchases part of a financial liability, the entire book value of the financial liability shall be split into the de-recognized part and continuously-recognized part according to their respective fair value on the repurchase date. The difference between the book value of the derecognized part and the consideration paid (including non-cash assets transferred out or new financial liabilities assumed) shall be included in the current profit and loss.

3.9.5 Recognition method for fair value of financial assets and financial liabilities

The fair value of a financial instrument having an active market is determined on the basis of quoted price in the active market. The fair value of a financial instrument, for which there is no active market, is determined by using valuation techniques. At the time of valuation, the Company adopts the techniques that are applicable in the current situation and supported by enough available data and other information, selects the input values that are consistent with the features of assets or liabilities as considered by market participants in relevant asset or liability transactions, and gives priority to use relevant observable inputs. Unobservable input values are used only when relevant observable input values cannot be available or such values obtained are infeasible.

3.9.6 Test method and accounting treatment of impairment of financial instruments

The Company accounts for impairment of financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income (debt instruments) and financial guarantee contracts on the basis of expected credit losses.

The Company recognizes expected credit losses by calculating the probability-weighted amount of the present value of the difference between the cash flows receivable under the contract and the cash flows expected to be received, taking into account reasonable and substantiated information about past events, current conditions and forecasts of future economic conditions, weighted by the risk of default.

For receivables and contract assets arising from transactions regulated by the Accounting Standards for Business Enterprises No.14 - Income, regardless of whether there is a significant financing component, the Company always measures their provision for loss according to the amount of expected credit losses for the entire duration.

For lease receivables arising from transactions governed by Accounting Standard for Business Enterprises No.21 - Leases, the Company always measures their provision for loss according to the amount of expected credit losses for the entire duration.

For other financial instruments, the Company assesses changes in credit risk of the relevant financial instruments since initial recognition on each balance sheet date.

By comparing the default risk in financial instruments on the balance sheet date with the default risk in financial instruments on the initial recognition date, the Company determines the relative change in default risk in financial instruments during the estimated duration to assess whether the credit risk of financial instruments has greatly increased following the initial recognition of such financial instruments. Generally, once the overdue period is more than 30 days, the Company may consider that there is obvious increase in credit risk of such financial instrument, unless there is unambiguous evidence that there is no obvious increase in credit risk of such financial instrument following the initial recognition.

If the credit risk of the financial instrument is low on the balance sheet date, the Company will immediately consider that there is no obvious increase in credit risk of such financial instrument following the initial recognition.

If the credit risk of the financial instrument has increased significantly since its initial recognition, the provision for losses shall be measured at an amount equal to the lifetime expected credit loss of the financial instrument. If the credit risk of the financial instrument has not increased significantly since its initial recognition, the provision for losses is measured at an amount equal to the expected credit loss of the financial instrument in the next 12 months. The increase or reversal of provision for losses arising therefrom shall be included in the current profit or loss as impairment losses or gains. For financial assets measured at fair value through other comprehensive income (debt instruments), the Company recognizes its loss reverses in other comprehensive income, and includes the impairment losses or gains into the current profit and loss, without deduction of book value of such financial assets listed in the balance sheet.

If there is objective evidence that there is credit impairment for a receivable, the Company shall make provision for impairment of the receivable on a single basis.

Apart from the receivables for which bad debt provision is made on an individual basis, the Company classifies the remaining financial instruments into several portfolios based on credit risk characteristics and determines expected credit losses on a portfolio basis. The categories of the Company's portfolios for the provision for expected credit losses of notes receivable, accounts receivable, receivables financing, other receivables, long-term receivables, etc., and the basis for determination of such portfolios were as follows

Item	Portfolio category	Determination basis
Notes receivable	Bank acceptance bill	This portfolio consists of commercial bills accepted by banks with low credit risk ratings
Accounts receivable	Aging portfolio	This portfolio consists of accounts receivable with aging as the credit risk feature, and the aging is determined based on the completion date of the corresponding transaction
Receivables financing	Bank acceptance bill	This portfolio consists of commercial bills accepted by banks with high credit risk ratings
Other receivables	Credit risk portfolio	This portfolio includes margin or deposit, amounts collected or paid on behalf, and other current accounts.
	Export tax rebate portfolio	This portfolio consists of export rebates receivable
Long-term receivables	Aging portfolio	This portfolio consists of long-term receivables from sales of goods with installment payment, and with aging as credit risk feature. The aging is determined by the completion date of the corresponding transaction.
	Financial lease portfolio	This portfolio consists of long-term receivables arising from financial lease operations.

If the Company no longer reasonably expects that the contractual cash flow of the financial asset can be fully or partially recovered, the book balance of the financial asset will be directly written down.

3.10 Inventories

3.10.1 Classification and cost of inventories

Inventory can be classified into raw materials, revolving materials, stock commodities, goods in process, goods in transit, etc..

Inventories are initially measured at cost, and the inventory cost includes the procurement cost, processing cost and other expenses arising from making the inventory at their present location and condition.

3.10.2 Measurement method of dispatched inventories

The inventories are measured at weighted average method when dispatched.

3.10.3 Inventory system

Perpetual inventory system is adopted.

3.10.4 Amortization methods for low-cost consumables and packaging materials

(1) Low-cost consumables are amortized at lump-sum method.

(2) Packaging materials are amortized at lump-sum method.

3.10.5 Recognition criteria and provision method for inventory depreciation reserves

On the balance sheet date, the inventories shall be valued at the lower of their costs or net realizable values. Where the inventory cost is higher than its realizable value, the provision for inventory depreciation should be made. The net realizable values of inventories refer to the amounts of the estimated selling prices of inventories minus the estimated costs to completion, estimated selling expenses and relevant taxes and surcharges.

The net realizable values of merchandise inventories held directly for sale, such as finished goods, stock commodities, and available-for-sale materials, are measured at the estimated selling prices less estimated sales expenses and relevant taxes and surcharges in the normal production process. Net realizable values of material inventories which need further processing are measured at the estimated selling prices less the estimated costs of completion, estimated sales expenses and relevant taxes and surcharges in the normal production process. Net realizable values of inventories held for the purpose of fulfillment of sales contracts or service contracts are calculated on the basis of the contract prices; if the quantity of inventories held exceeds that stated in the contract, the net realizable values of the excessive part are calculated on the basis of normal selling prices.

After the provisions for the inventory depreciation are made, the factors causing any write-down of inventory value have disappeared, leading to the net realizable values of inventories higher than its book value, the amount of write-down shall be resumed and be reversed from the original provision for inventory devaluation with the reversal being included in current profit or loss.

3.11 Long-term equity investment

3.11.1 Judgment criteria for common control and significant influence

Joint control refers to the control that is shared over an arrangement in accordance with the relevant agreement, and the related activities of the arrangement must be unanimously agreed upon by the participants sharing the control before decisions can be made. Where the Company exercises joint control over the investee together with other parties to the joint venture and enjoys the right on the investee's net assets, the investee is a joint venture of the Company.

Significant influence refers to the power to participate in making decisions on the financial and operating policies of the investee, but not the power to control or jointly control the formulation of such policies with other parties. Where the Company is able to exert significant influence over the investee, the investee is its associate.

3.11.2 Determination of initial investment costs

(1) Long-term equity investments acquired through business combination

For long-term equity investments in subsidiaries acquired from business combinations under common control, the initial investment cost thereof shall be recognized at the share of book value of the owners' equity of the combinee in the consolidated financial statements of the ultimate controller on the combination date. The stock premium in the capital reserve is adjusted according to the difference between the initial cost of long-term equity investment and the book value of the consideration paid; if there is no sufficient premium in the capital reserve for write-downs, the retained earnings are adjusted. In case the Company can exercise control over the investee under common control for additional investment or other reasons, the capital premium will be adjusted at the difference between the initial investment cost of long-term equity investment recognized in accordance with the above principles and the sum of the book value of long-term equity investment before the combination plus the book value of the new consideration paid for further acquisition of shares on the combination date. If the capital premium is insufficient to offset, retained earnings will be offset.

For long-term equity investments in subsidiaries acquired from business combinations not under common control, the initial investment cost thereof shall be recognized at the combination costs determined on the date of acquisition. If the Company can exercise control over the investee not under common control as a result of additional investment or other reasons, the sum of the book value of the equity investment previously held plus the newly increased investment costs shall be regarded as the initial investment costs.

(2) For long-term equity investments obtained by means other than business combination

For long-term equity investments acquired from cash payment, the initial investment cost is the actually paid purchasing cost.

For the long-term equity investments acquired through issuing the equity securities, the fair value of equity securities issued shall be recognized as the initial investment cost.

3.11.3 Subsequent measurements and recognition of profit or loss

(1) Long-term equity investments accounted for under cost method

Long-term equity investments of the Company in its subsidiaries are accounted for under the cost method, unless the investments meet the conditions for holding for sale. Except for the actual price paid for acquisition of investment or the cash dividends or profits contained in the consideration which have been declared but not yet distributed, the Company recognizes the investment income in the current period at the cash dividends or profits declared by the investee.

(2) Long-term equity investments accounted for under the equity method

The Company's long-term equity investment in its associates and joint ventures are calculated under the equity method. If the cost of initial investment is in excess of the proportion of the fair value of the net identifiable assets in the investee when the investment is made, the difference will not be adjusted to the initial cost of the long-term equity investment; if the cost of initial investment is in short of the proportion of the fair value of the net identifiable assets in the investee when the investment is made, the difference will be included in the current profit and loss, and the costs of long-term equity investment will be adjusted.

The Company shall, in accordance with its attributable share of the net profit or loss and other comprehensive income realized by the investee, respectively recognize the investment income and other comprehensive income and simultaneously adjust the book value of the long-term equity investment. The Company shall, in the light of the profits or cash dividends that the investee declares to distribute, reduce the book value of the long-term equity investment correspondingly. As to any change in owners' equity of the investee other than net profit or loss, other comprehensive income and profit distribution (hereinafter referred to as "other changes in owners' equity"), the Company shall adjust the book value of the long-term equity investment and include such change into the owners' equity.

The Company should, based on the fair value of net identifiable assets of the investee when the investment is made, recognize its attributable share of the net profits or losses, other comprehensive income and other changes in owners' equity of the investee after the adjustment made to the net profit and other comprehensive income of the investee according to the accounting policies and accounting period adopted by the Company.

The profit and loss of the internal transactions that are not realized arising among the Company, affiliated enterprises, and joint ventures will be offset at the part attributable to the Company and the investment income will be recognized on that basis, except where those assets investments or sale constitute business. Unrealized internal transaction loss incurred between the Company and the investee shall be recognized in full amount if such loss belongs to the asset impairment.

For net losses on joint ventures or associates, apart from the obligation of assuming the extra loss, the Company should write down such losses with the book value of long-term equity investments and the long-term equity where net investments in joint ventures or associates have been formed substantially; and the maximum of such losses should be the sum of the book value and long-term equity mentioned above. Where any joint venture or associate realizes net profit in the future, the Company should recognize the income sharing amount when the unrecognized loss sharing amount is offset with the income sharing amount.

(3) Disposal of long-term equity investments

For disposal of long-term equity investment, the difference between the book value and the actual payments shall be included into the current profit and loss.

For partial disposal of long-term equity investment accounted for under the equity method, if the remaining equity is still accounted for under the equity method, other comprehensive income originally accounted for and recognized under the equity method shall be carried forward in proportion on the basis same as that for the direct disposal of related assets or liabilities by the investee, and other changes in owners' equity shall be carried forward to current profit and loss in proportion.

In case the joint control or significant influence over the investee is lost for disposing of equity investment or other reasons, other comprehensive income recognized from original equity investment by using the equity method shall be subject to accounting treatment on the basis same as that for the direct disposal of related assets or liabilities by the investee when the equity method is terminated, and other changes in owners' equity shall be transferred to current profits or losses when the equity method is terminated.

Where the Company loses the control over the investee due to disposal of partial equity investment or other reasons, when it prepares individual financial statements, if the remaining equity can exercise joint control or significant influence on the investee, such investment should be changed to be accounted for under the equity method and the remaining equity should be deemed to have been accounted for by adopting the equity method on acquisition and adjusted; other comprehensive income recognized before the control of the investee is obtained will be carried forward on the basis same as that for the direct disposal of related assets or liabilities by the investee, and other changes in owners' equity accounted for and recognized under the equity method will be carried forward to current profits or losses in proportion; if the remaining equity cannot exercise joint control or significant influence on the investee, such equity will be recognized as financial assets, and the difference between fair value and book value on the date of loss of the control should be included in the current profits or losses; other comprehensive income and other changes in owners' equity recognized before the control of the investee is obtained will be carried forward.

Where the Company disposes of equity investments in subsidiaries through multiple transactions and by stages until loss of the control, if the above transactions belong to a package deal, accounting treatment shall be made on the transactions as a transaction to dispose equity investments of subsidiaries and lose the control. The difference between each disposal cost and the book value of long-term equity investments corresponding to disposed equities before the loss of the control should be firstly recognized as other comprehensive income in individual financial statements and then transferred into current profit or loss at the loss of the control. If the transactions are not under a package of transactions, each transaction shall be subject to accounting treatment separately.

3.12 Fixed assets

3.12.1 Recognition and initial measurement of fixed assets

Fixed assets are tangible assets that are held for the purpose of producing goods, providing services, leasing or operating management, and having a life span of more than one fiscal year. Fixed assets are recognized when they simultaneously meet the following conditions:

- (1) It is probable that the economic benefits relating to the fixed assets will flow into the Company; and
- (2) The costs of the fixed assets can be measured reliably.

A fixed asset shall be initially measured at its cost with the consideration of the expected discard expenses.

The subsequent expenditures relating to fixed assets shall be included in the costs of fixed assets when the relevant economic interests are much likely to flow in the Company and their costs may be measured reliably; as for the part replaced, the book value shall be derecognized; all other subsequent expenditures shall be included in the current profit or loss when incurred.

3.12.2 Depreciation method

The provision for depreciation of fixed assets is made by category and by using the straight-line method and the depreciation rates are determined according to the categories, estimated useful lives and estimated net residual rates of fixed assets. For fixed assets with provision for impairment, the depreciation amount shall be determined in the future according to the book value after deducting the provision for impairment and the remaining useful life. If the components of a fixed asset have different useful lives or cause economic benefit for the Company in different ways, different depreciation rate or method shall be adopted for depreciation on an individual component basis.

The depreciation methods, depreciation years, residual value rates and annual depreciation rates of fixed assets are presented by categories as follows:

Type	Depreciation method	Depreciation life (year)	Residual value rate (%)	Annual depreciation rate (%)
Buildings and constructions	Straight-line method	10~40	0, 5	2.50~10.00
Machinery equipment	Straight-line method	2~15	0, 5	6.67~50.00
Transportation facilities	Straight-line method	3~5	0, 5	20.00~33.33
Office and electronic equipment	Straight-line method	3~10	0, 5	10.00~33.33

Land held permanently by the Company is not subject to depreciation.

3.12.3 Disposal of fixed assets

When fixed assets are disposed of or are expected to fail to generate economic benefits after the use or disposal, the fixed assets shall be derecognized. The difference of the income from sales, transfer, retirement or damage of fixed assets deducting the book value and related taxes should be included in the current profit or loss.

3.13 Construction in progress

Construction in progress is measured at the actual cost incurred. The actual cost includes the construction cost, installation cost, borrowing cost eligible for capitalization and other necessary expenditure incurred before making the construction in progress reach the working condition for intended use. When the construction in progress reaches the working condition for intended use, it will be transferred to fixed assets, and the provision for depreciation of the construction in progress will be made in the next month. The criteria and timing for conversion of the construction in progress of the Company into the fixed assets are as follows:

Type	Criteria and timing for conversion of the construction in progress into the fixed assets
Buildings and constructions	(1) The entity construction (including installation) has been completed or substantially completed in whole ; (2) Continued expenditures on buildings and constructions acquired or constructed are little or almost no longer occur; (3) The buildings and constructions acquired or constructed have met the design or contract requirements, or are consistent or basically consistent with the design or contract requirements; (4) For construction projects that have reached their intended usable state but for which final accounts for completion have not been handled, they shall be transferred into fixed assets at estimated price based on actual costs from the date they reach the intended usable state.
Machinery equipment	(1) Related equipment and other supporting facilities have been fully installed; (2) Trial production or operation of the equipment has been completed, and the results indicate that it can stably produce qualified products or maintain normal stable operation; (3) The equipment has been accepted by asset management personnel and users.

3.14 Borrowing costs

3.14.1 Recognition criteria of capitalization of borrowing costs

The borrowing costs incurred to the Company and directly attributable to the acquisition and construction or production of assets eligible for capitalization should be capitalized and included in relevant asset costs; other borrowing costs should be recognized as costs based on the amount incurred and be included in the current profit or loss.

Assets eligible for capitalization refer to fixed assets, investment property, inventories and other assets which may reach their intended use or sale status only after long-time acquisition and construction or production activities.

3.14.2 Capitalization period for borrowing costs

Capitalization period refers to the period from the commencement of capitalization of borrowing costs to its cessation, excluding the period of capitalization suspension of borrowing costs.

Borrowing costs may be capitalized only when all the following conditions are met:

- (1) Asset disbursements, which include those incurred by cash payment, the transfer of non-cash assets or the undertaking of interest-bearing debts for acquiring and constructing or producing assets eligible for capitalization, have already been incurred;
- (2) Borrowing costs have already been incurred; and
- (3) The acquisition and construction or production activities which are necessary to prepare the assets for their intended use or sale have been in progress.

Capitalization of borrowing costs should cease when the acquired and constructed or produced assets eligible for capitalization have reached the working condition for their intended use or sale.

3.14.3 Period of capitalization suspension of borrowing costs

If the acquisition and construction or production activities of assets eligible for capitalization are abnormally interrupted and such condition lasts for more than three months, the capitalization of borrowing costs should be suspended; if the interruption is necessary procedures for the acquired, constructed or produced assets eligible for capitalization to reach the working conditions for its intended use or sale, the borrowing costs continue to be capitalized. Borrowing costs incurred during the interruption are recognized as the current profit and loss and continue to be capitalized until the acquisition, construction or production of the asset restarts.

3.14.4 Calculation method of capitalization rate and capitalization amount of borrowing costs

For special borrowings gained for acquiring, constructing or producing assets eligible for capitalization, their borrowing costs actually incurred in the current period, less the interest income from undrawn borrowings deposited in the bank or investment income from temporary investment, should be recognized as the capitalization amount of borrowing costs.

For general borrowings for the acquisition, construction or production of a qualifying asset conditions and occupancy, according to the weighted average asset disbursement of accumulated assets exceed the special loans with the general borrowing by multiplying the capitalization rate, calculate and determine the general loan should be capitalized. The capitalization rate is determined based on the weighted and average effective interest rate for general borrowings.

During the period for capitalization, the balance of exchange from the principal and interest of the special borrowings in foreign currency should be capitalized, and included in the cost of assets eligible for capitalization. Exchange differences arising from the principal amount of foreign currency borrowings other than special borrowings in foreign currencies and interest thereon are recognized in the current profit or loss.

3.15 Intangible assets

3.15.1 Measurement of intangible assets

- (1) The Company initially measures intangible assets at cost on acquisition;
The costs of externally purchased intangible assets include purchase prices, relevant taxes and surcharges and other directly attributable expenditures incurred to prepare the assets for their intended uses.
- (2) Subsequent measurement
The useful lives of the intangible assets are analyzed and determined on acquisition.

Intangible assets with definite useful lives shall be amortized within the period during which they can bring economic benefits to the Company; if the period during which they can bring economic benefits to the Company cannot be forecast, those intangible assets shall be deemed as assets with indefinite lives and not be amortized.

3.15.2 Estimate of useful lives of intangible assets with definite useful lives

Item	Estimated useful life	Amortization method	Residual value rate	Determined basis of estimated useful life
Land use right	50	Straight-line method	0	Certificate of land use right
Software use right	3-10	Straight-line method	0	Estimated useful life
Patent	20	Straight-line method	0	Estimated useful life
Trademark	20	Straight-line method	0	Estimated useful life

The useful lives and amortization methods of intangible assets with definite useful lives shall be reviewed at the end of each year.

Upon review, the useful lives and amortization methods of the intangible assets at the end of the current period are not different from those estimated before.

3.15.3 Specific criteria for classifying research and development stages

The Company's expenditures for its internal research and development projects are classified into research expenditures and development expenditures.

Research phase: Research phase is the stage when creative and planned investigation and research activities are conducted to acquire and understand new scientific or technological knowledge.

Development phase: Development phase is the stage when the research achievements and other knowledge are applied to a plan or design, prior to the commercial production or use, so as to produce any new or substantially improved material, device or product.

3.15.4 Criteria for capitalization of qualifying expenditures during the development stage

The expenditures in research phase will be included in current profit or loss on occurrence. Expenditures in the development stage will be recognized as intangible assets only when the following conditions are simultaneously satisfied, and included in current profit or loss if the following conditions are not satisfied:

- (1) In respect of the technology, it is feasible to finish the intangible asset for use or sale;
- (2) It is intended to finish and use or sell the intangible asset;
- (3) The method that the intangible assets generate economic benefits, including the existence of a market for products produced by the intangible assets or for the intangible assets themselves, shall be proved. Or, if to be used internally, the usefulness of the assets shall be proved;
- (4) With the support of sufficient technologies, financial resources and other resources, it is able to finish the development of the intangible assets, and it is able to use or sell the intangible assets; and
- (5) The expenditures attributable to the development of the intangible asset can be reliably measured.

Where the research expenditures and the development expenditures are indistinguishable, the Company shall include research expenditures and development expenditures incurred in current profit or loss.

3.16 Long-term asset impairment

Long-term equity investments, fixed assets, construction in progress, right-of-use assets, intangible assets with finite useful lives, and oil and gas assets are subject to impairment testing if there are indications of impairment on the balance sheet date. If the result of the impairment test shows that the recoverable amount of the asset is lower than its book value, the provision for impairment shall be made and included in impairment loss. The recoverable amounts of intangible assets are the higher of their fair values less costs to sell and the present values of the future cash flows expected to be derived from the assets. Provision for assets impairment is made on individual asset basis. If it is difficult to estimate the recoverable amount of the individual asset, the Company shall estimate the recoverable amount of the asset group that the individual asset belongs to. The asset group is the minimum asset group that can independently generate the cash inflow.

Impairment tests for goodwill arising from the business combination, intangible assets with indefinite useful lives and intangible assets that have not reached the serviceable conditions shall be conducted at the end of each year whether the indication of impairment exists or not.

The Company conducts an impairment test for the goodwill. The book value of goodwill arising from business combinations is amortized to relevant asset groups with a reasonable method since the date of acquisition; or amortized to relevant combination of asset groups if it is difficult to be amortized to relevant asset groups. The related asset group or combination of asset groups shall be the asset group or combination of asset groups that can benefit from the synergy effect of business combination.

When making an impairment test on the relevant asset groups or combination of asset groups containing goodwill, if any indication shows that the asset groups or combinations of asset groups related to the goodwill may be impaired, the Company shall first conduct an impairment test on the asset groups or combinations of asset groups not containing goodwill, calculate the recoverable amount and compare it with the relevant book value to recognize the corresponding impairment loss. Then, the Group shall conduct an impairment test on the asset groups or asset groups portfolio containing goodwill, and compare it book value and recoverable amount: if the recoverable amount is lower than book value, the amount of impairment losses should be firstly used to deduct book value of goodwill allocated to the asset group or the asset group portfolio, and then deduct book value of other assets according to the proportion of the book value of other assets other than the goodwill in the asset group or the asset group portfolio.

The above losses from asset impairment cannot be reversed in subsequent accounting periods once recognized.

3.17 Long-term deferred expenses

Long-term deferred expenses refer to various expenses which have been already incurred but will be borne in the reporting period and in the future with an amortization period of over one year.

The amortization period and method of various expenses are as follows:

Item	Amortization method	Amortization period
Insurance premiums	Straight-line method	Beneficial period or contract term
Renovation costs	Straight-line method	Beneficial period

3.18 Contract liabilities

The Company presents contract assets or contract liabilities in the balance sheet based on the relationship between its performance of fulfillment obligations and customer payments. The Company's obligations in transferring goods or rendering services to customers on the ground that it has received or will receive relevant considerations from these customers are presented as contract liabilities. Contractual assets and contractual liabilities under the same contract are presented by their net amounts.

3.19 Employee compensation

3.19.1 Accounting treatment of short-term compensation

During the accounting period where employees serve the Company, the short-term remuneration actually incurred should be recognized as a liability and included in the current profit or loss or the assets-related cost.

The social insurance premiums and the housing provident fund paid by the Company for its employees, together with the labor union expenditures and employee education drew as required are used to calculate and determine the relevant employee remuneration amount based on the prescribed accrual basis and accrual proportion during the accounting period in which the employees provide services to the Company.

The employee welfare expenses incurred in the Company are included in the current profit or loss or assets-related cost based on the actually incurred amount, in which the non-monetary benefits are measured at fair value.

3.19.2 Accounting treatment of post-employment benefits

(1) Defined contribution plan

The Company pays the basic endowment insurance premiums and unemployment insurance for employees according to the relevant provisions of the local governments. During the accounting period when employees serve the Company, the paid amount which is calculated based on the payment base and proportion as stipulated in the provisions of the local place is recognized as liabilities and included in the current profit or loss or assets-related cost.

(2) Defined benefit plans

The Company has no defined benefit plan.

3.19.3 Accounting treatment of dismissal benefits

Where the Company provides dismissal benefits to employees, employee compensation incurred from dismissal benefits are recognized as liabilities and included into the current profit or loss at the earlier date of: when the Company is unable to unilaterally withdraw the dismissal benefits provided in the plan on the cancellation of labor relationship or the layoff proposal; when the Company recognizes the cost or expense related to restructuring concerning payment of dismissal benefits.

3.20 Estimated liabilities

Where the obligation related to contingency meets all the following conditions simultaneously, it may be recognized as estimated liabilities by the Company:

- (1) Such obligation is a present obligation of the Company;
- (2) The performance of this obligation may very probably lead to the flow of economic interests out of the Company; and
- (3) The amount of the obligation can be measured reliably.

Estimated liabilities are initially measured at the best estimate of expenses required for the performance of relevant present obligations.

When determining the best estimates, the Hotel comprehensively considers the risks, uncertainties, time value of money, and other factors relating to the contingencies. If the time value of money is significant, the best estimate shall be determined after discounting the relevant future outflow of cash.

If there is continuous range for the necessary expenses, and probabilities of occurrence of all the outcomes within this range are equal, the best estimate will be determined at the intermediate value; in other cases, the best estimate is subject to the treatment for the following circumstances:

- If the contingency involves a single item, it shall be determined at the most likely outcome; or
- If the contingency involves multiple items, the best estimate shall be recognized at the various possible outcomes and the associated probabilities.

When all or some of the expenses necessary for the liquidation of estimated liabilities are expected to be compensated by a third party, the compensation should be separately recognized as an asset only when it is virtually certain that the reimbursement will be obtained. The amount recognized for the reimbursement should not exceed the book value of estimated liabilities.

The Company reviews the book value of estimated liabilities on the balance sheet date. If there is unambiguous evidence indicating that such book value cannot reflect the current best estimate, such book value will be adjusted based on the current best estimate.

3.21 Income

3.21.1 Accounting policies for income recognition and measurement

If the Company fulfills its performance obligations in a contract, it will recognize income when relevant customer obtains right of control over relevant goods or services. Obtaining the right of control over relevant goods or services means that the customer is able to make decisions on the use of the goods or the rendering of the services, and can obtain almost all of the economic benefits therefrom.

If two or more performance obligations are covered in the contract, on the contract commencement date, the transaction price will be amortized to individual performance obligation based on the relative proportion of the individual selling price of goods or services involved in the individual performance obligation. The Company measures income at the transaction price amortized to individual performance obligation.

The transaction price refers to the amount of consideration the Company is expected to have the right to take on account of the transfer of goods or services to the customer, excluding the payments charged by any third party and the payments expected to be refunded to the customer. The Company determines the transaction price according to the contract terms and in light of its previous regular practice, in the meantime, factors such as variable consideration, significant financing composition existing in the contract, non-cash consideration, and consideration payable to customers will be taken into account. The Company determines the transaction price involving the variable consideration at the amount that should not exceed the amount of accumulatively recognized income that is highly unlikely to have a major reversal when relevant uncertainty is eliminated. If the significant financing component is covered in the contract, the Company will determine the transaction price based on the amount of cash payable at once by the customer when the customer acquires the right of control over goods or services, as assumed, and amortize the difference between such transaction price and the contract price by the effective interest method during the contract period.

The obligation performance belongs to certain period in case one of the following conditions is met; otherwise, it belongs to certain time-point:

- The customer obtains and consumes the economic benefits brought by the performance of the Company while the Company is performing the obligation.
- Customers are able to control the goods under construction by the Company in the course of performing obligations.
- The Goods produced in the course of performing obligations have irreplaceable uses, and the Company has the right to receive payments for the portion of the performance that has been completed to date.

For a performance obligation to be performed within a certain period, the Company recognizes the income according to the performance progress during such period, except for the case that the performance progress cannot be reasonably determined. The Company may determine the performance progress by the output method or input method based on the nature of goods or service. When the performance progress cannot be reasonably determined, if the cost incurred is expected to be compensated, the income will be recognized by the Company at the amount of the cost incurred until the performance progress can be reasonably determined.

For a performance obligation performed at a certain point in time, the Company recognizes the income when the customer obtains control of the relevant goods or services. The Company will consider the following signs when judging whether the customer has acquired the right of control over relevant goods or services:

- The customer has the current payment obligation for such goods or service, i.e. the Company enjoys the current right to collect the payment for such goods or service.
- The Company has transferred the legal ownership of such goods to the customer, i.e. the customer possesses the legal ownership of such goods.
- The Company has transferred goods to the customer in kind, i.e. the customer has possessed such goods in kind.
- The substantial risks and rewards of the ownership of such goods have been transferred by the Company to the customer, i.e. the customer has acquired the substantial risks and rewards of the ownership of such goods.
- The customer has accepted the goods or services.

The Company determines whether its status is a principal person in charge or an agent at the time of engaging in a transaction based on whether it has control of the goods or services prior to transferring them to the customer. If the Company is able to control the goods or services before transferring them to the customer, the Company is the main principal and recognizes income based on the total consideration received or receivable; otherwise, the Company is the agent and recognizes income based on the amount of commissions or handling fees to which it expects to be entitled.

3.21.2 Recognition and measurement methods for disclosure of specific income by business type

(1) Income from the sale of goods

Domestic product income: The Company dispatches goods based on sales requests, delivers products to the contractually agreed location, and obtains customer signature for confirmation. After receiving the customer's signature form, the control of the goods will be transferred to the customer. A sales invoice will be issued and sales income will be recognized upon confirmation that the consideration for the goods transferred to the customer is likely to be recovered.

Export product income: After products have been declared for customs according to the contract and the bill of lading is obtained, control of the goods will be transferred to the customer. A sales invoice will be issued and sales income will be recognized upon confirmation that the consideration for the goods transferred to the customer is likely to be recovered.

(2) Financial lease income

On the commencement date of the lease term, the difference between the sum of the financial lease receivables and the unguaranteed residual value and the present value thereof is recognized as the unrealized financing income. The unrealized financing income is allocated by using the effective interest method during the lease term, and is recognized as interest income in each period in which the rent is received in the future.

(3) Contract for provision of services

According to the specific content of the signed contract and the nature of the business, the Company judges whether it is a performance obligation to be performed within a certain period of time or a performance obligation to be performed at a certain time point, and recognizes income in the contract term according to the performance progress or at the time point when the customer obtains the control.

3.22 Contract costs

Contract costs include contract performance costs and contract acquisition costs.

If the Company does not apply the scope of the relevant standards such as inventories, fixed assets or intangible assets for the costs incurred in performing the contract, and the following conditions are met at the same time, such costs shall be recognized as an asset categorized as contract performance cost:

- Such cost is directly related to a current or expected contract;
- The costs increase the resources of the Company to fulfill its performance obligations in the future.
- Such cost is expected to be recovered.

If the incremental cost incurred by the Company for obtaining the contract is expected to be recovered, the contract acquisition cost is recognized as an asset.

Assets related to contract costs are amortized on the same basis as the recognition of income from the goods or services related to such asset; however, if the amortization period of contract acquisition costs does not exceed one year, the Company will include them in the current profit or loss at the time of occurrence.

For an asset related to the contract cost whose book value is higher than the difference between the following two items, the Company will make provision for impairment for the excess and recognize it as asset impairment loss:

1. The remaining consideration expected to be obtained due to the transfer of goods or services related to the asset;
2. Estimate the costs that will occur in order to transfer the relevant goods or services.

If the factors of impairment in the previous period have changed later, causing that the aforesaid difference is higher than the book value of the asset, the Company will reverse the provision for asset impairment that was originally accrued and include it in the current profit or loss, but the book value of the reversed asset shall not exceed that of the asset on the date of reversal under the assumption that no provision for impairment is made. 3.20 Government subsidies 3.20.1 Category

3.23 Government subsidies

3.23.1 Type

Government subsidies are monetary assets and non-monetary assets freely obtained by the Company from the government. Government subsidies are classified into assets-related government subsidies and income-related government subsidies.

Asset-related government subsidies are government subsidies that the Company acquires for acquisition, construction or otherwise form long-term assets. Government subsidies related to income refer to government subsidies other than those related to assets.

Specific criteria for government subsidies related to assets: the funds obtained by the Company from the government for free and used for acquiring or constructing long-term assets projects;

Specific criteria for government subsidies related to income: rewards, support, tax rebates and other funds obtained by the Company from the government for free and not used for the acquisition or construction of long-term assets projects;

Where government documents fail to clearly define objects, the judgment basis for the Company to divide government subsidies into those related to assets or those related to income are as follows: whether the relevant subsidies are used for the acquisition or construction of long-term assets.

3.23.2 Recognition time

Government subsidies shall be recognized when they are able to meet the conditions attached hereto and are available for receipt.

3.23.3 Accounting treatment

Asset-related government subsidies shall be used to offset the book value of relevant assets or recognized as deferred income. Where such subsidies are recognized as the deferred income, they will be included in the current profit or loss by reasonable and systematic methods within useful lives of related assets (Where such subsidies are related to the routine activities of the Company, they will be included in other income; where such subsidies are not related to the routine activities of the Company, they will be included in non-operating income);

Government subsidies relating to income used to compensate for relevant costs or losses which will occur in the following period in the Company shall be recognized as deferred income, and, during the period when relevant costs or losses are recognized, be included in current profit or loss (where government subsidies relating to income are relevant to routine activities of the Company, such subsidies shall be included in other income; where government subsidies relating to income are irrelevant to routine activities of the Company, such subsidies shall be included in non-operating income) or used to offset relevant costs or losses; government subsidies relating to income used to compensate for relevant costs or losses incurred in the Company shall be included in current profit or loss (where such subsidies are related to daily activities of the Company, they will be included in other income; where such subsidies are related to the daily activities of the Company, they will be included in non-operating income) or used to offset relevant costs or losses.

The interest subsidies of policy-based preferential loans obtained by the Company are subject to the following accounting treatments according to two situations:

- (1) When the finance department appropriates the interest subsidies to the lending bank, and the lending bank provides the loan at the policy-based preferential interest rate to the Company, the Company will take the book-entry value at the loan amount actually received, and relevant loan expenses are calculated based on the principal of the loan and the policy-based preferential interest rate.
- (2) Where the finance department directly appropriates the interest subsidies to the Company, the Company will use the corresponding interest subsidies to offset related borrowing costs.

3.24 Deferred income tax assets and deferred income tax liabilities

Income tax includes the current income tax and deferred income tax. The Company recognizes current and deferred income taxes in the current profit or loss, except for income taxes arising from business combinations and transactions or events directly recognized in owners' equity (including other comprehensive income).

Deferred income tax assets and deferred income tax liabilities are calculated and recognized based on differences (temporary differences) between tax bases and book values of the assets and liabilities.

Deferred income tax assets are recognized for deductible temporary differences to the extent that it shall not exceed the taxable income probably obtained in future period to be against the deductible temporary difference. For deductible losses and tax credits that can be carried forward to subsequent periods, the Company recognized deferred tax assets to the extent that it is probable that taxable profit will be available against which the deductible losses and tax credits can be utilized.

Taxable temporary differences are recognized as deferred income tax liabilities except in special circumstances.

Such special circumstances include:

- Initial recognition of goodwill;
- The transaction or matter that is not a business combination and that affects neither accounting profit nor taxable income (or deductible loss) when it occurs, and in which initially recognized asset or liability does not cause equal taxable temporary difference and deductible temporary difference.

For the taxable temporary differences related to the investments in subsidiaries, associates and joint ventures, the deferred tax liabilities should be recognized, unless that the timing of the reversal of the temporary differences is able to be controlled by the Company and the temporary differences will be probable not to be reversed in the foreseeable future. For the deductible temporary differences related to investments in subsidiaries, associates and joint ventures, the deferred income tax assets are recognized when the temporary differences may be reversed in the foreseeable future and they are likely to be obtained to offset the taxable income of deductible temporary differences in the future.

On the balance sheet date, deferred tax assets and deferred tax liabilities should be measured at the applicable tax rate during the period of expected recovery of the relevant assets or liquidation of the relevant assets according to the provisions of tax laws.

On the balance sheet date, the Company reviews the book value of deferred income tax assets. If it is unlikely to obtain sufficient taxable income taxes to offset the benefit of the deferred tax assets, the book value of the deferred tax assets shall be written down. When it is likely to earn sufficient taxable income, the write-down amount should be reversed.

If the Company has the legal right to settle in net amounts and intends to settle in net amount or to obtain assets and discharge liabilities simultaneously, the current tax assets and current tax liabilities of the Company shall be presented based on the net amount after offset.

At the balance sheet date, deferred income tax assets and deferred income tax liabilities are presented at net amounts after offsetting when the following conditions are met:

- The taxpayer has the statutory right to settle the current income tax assets and current income tax liabilities with net amount;

- Deferred income tax assets and deferred income tax liabilities are related to the income tax which are imposed on the same taxpayer by the same tax collection authority or to different taxpayers, but, in each important future period in connection with the reversal of deferred income tax assets and liabilities, the involved taxpayers intend to settle the current income tax assets and current income tax liabilities with net amount or to obtain assets and discharge liabilities simultaneously.

3.25 Lease

Lease refers to a contract in which the lessor transfers the right to use the assets to the lessee within a certain period to obtain consideration. On the commencement date of a contract, the Company evaluates whether the contract is concluded for lease or involved with lease. If any party to a contract has exchanged the right to control the use of one or more identified assets within a certain period for consideration, the contract is concluded for lease or involved with lease.

If the contract is involved with several individual leases at the same time, the Company will divide the contract and carry out the accounting treatment for lease individually. If the contract includes both the lease part and non-lease part, the lessee and the lessor will separate the lease part from the non-lease part.

3.25.1 The Company as the lessee

(1) Right-of-use assets

On the commencement date of the lease term, the Company recognizes leases other than short-term lease and low-value asset lease as the right-of-use assets. Right-of-use assets are initially measured at cost. Such costs include:

- The initial measurement amount of the lease liability;
- In case of any lease incentives, relevant amount of the lease incentives enjoyed shall be deducted from the lease payments paid on or before the lease commencement date;
- Initial direct costs incurred by the Company;
- The Company expects to incur costs for dismantling and removing leased assets, restoring the site of the leased assets to its original condition, or restoring leased assets to their original condition, excluding costs incurred for the production of inventories.

The Company subsequently depreciates right-of-use assets using the straight-line method. Where the Company can reasonably confirm that the ownership of the leased assets can be obtained at the expiration of the lease term, the provision for depreciation of right-of-use assets should be made over the remaining useful life for the leased assets; otherwise, such provision should be made over the lease term or the remaining useful life for the leased assets, whichever is shorter.

The Company determines whether the right-to-use assets have been impaired in accordance with the principles stated in Note 3.16 Impairment of long-term assets, and conducts accounting treatment on the identified impairment losses.

(2) Lease liabilities

At the commencement of the lease term, the Company recognizes lease liabilities for leases other than short-term and low-value asset leases. The lease liabilities are initially measured at the present value of unpaid lease payment. The lease payment includes:

- Fixed payments (including substantial fixed payments), and if there is any lease incentive, the relevant amount of the lease incentive shall be deducted;
- variable lease payments depending on index or ratio;
- The payments expected to be payable based on the residual value of the guarantee provided by the Hotel;
- The exercise price of purchase option, provided that the Hotel reasonably determines that it will exercise the option;
- The amount to be paid to exercise the lease termination option, provided that it is reflected that the Company will exercise the lease termination option during the lease period;

The Company uses the interest rate implicit in lease as the discount rate, but if the interest rate implicit in the lease cannot be reasonably determined, the Company uses the incremental borrowing rate as the discount rate.

The Company calculates the interest expense of the lease liabilities in each the lease term at a fixed periodic interest rate, and includes it in the current profit or loss or related asset costs.

Variable lease payments that are not included in the lease liabilities are included in current profit or loss or related asset costs when incurred.

In case of any of the following circumstances after the commencement date of the lease term, the Company will re-measure the lease liability and adjust the corresponding right-of-use asset; if the book value of the right-of-use asset has been reduced to zero but the lease liability needs to be further reduced, the difference between the aforesaid two is recognized in the current profit or loss:

- If the Company's assessment results of call options, lease renewal options or lease termination options have changed, or the actual exercise of the said options is inconsistent with the original assessment results, the Company remeasures its lease liabilities based on the lease payments after change and the present value calculated at revised discount rate;
- When there is a change in the substantive fixed payment amount, a change in the amount expected to be payable for the guaranteed residual value, or a change in the index or rate used to determine the lease payment amount, the Company remeasures lease liabilities based on the lease payments after change and the present value calculated at original discount rate. However, where changes in lease payments arise from changes in floating interest rates, the present value of such lease payments shall be calculated at the revised discount rate.

(3) Short-term and low-value asset leases

The Company chooses not to recognize the right-of-use assets and lease liabilities for short-term and low-value asset leases, and includes the related lease payments in the current profit or loss or related asset costs with the straight-line method in each lease term. Short-term lease refers to a lease that lasts for no more than 12 months and includes no purchase options at the commencement of the lease term. Low-value asset lease refers to a lease with lower value when the individual leased assets are brand new assets. If the Company sublets or anticipates subletting the leased assets, the original lease is not a low-value asset lease.

(4) Lease change

If a lease changes and meets all the following conditions, the Company will account for the lease change as a separate lease:

- The lease change expands the scope of the lease by adding one or more rights to use the leased assets;
- The increased consideration is equivalent to the individual price of the expanded part adjusted according to the contract.

If the lease change is not accounted for as a separate lease, the Company shall, on the effective date of the lease change, re-allocate the consideration of the changed contract, re-determine the lease term, and remeasure the lease liabilities at the present value calculated based on the changed lease payment and the revised discount rate.

If a lease change results in a reduction in the scope of the lease or a shortening of the lease term, the Company reduces the book value of the right-of-use asset accordingly and recognizes the gain or loss related to the partial or complete termination of the lease in current profit or loss. If other lease changes result in a remeasurement of the lease liability, the Company adjusts the book value of the right-of-use asset accordingly.

3.25.2 The Company as the lessor

On the commence date of a lease, the Company classifies the lease as financing lease or operating lease. The finance lease refers to the lease where all risks and rewards related to the ownership of leased assets have been transferred, no matter whether the ownership has been finally transferred. The operating leases refers to the leases other than the finance leases. The Company, as the sublessor, classifies subleases based on the right-of-use assets generating from the original leases.

(1) Accounting treatment of operating lease

The lease receipt from operating lease is recognized as the rent income by the straight-line method during each period within the lease term. The Company will capitalize the initial direct costs incurred in relation to operating leases and apportion them to the current profit or loss during the lease term on the same basis as rent income is recognized. Variable lease payment not included in the lease receipt is included in the current profit or loss when it is actually incurred. In case of any change in operating lease, the Company will make accounting treatment for the operating lease changed by taking it as a new lease from the change commencement date, the amount receivable of the new lease will be recognized at the lease payment to be received or receivable which is relevant to the lease before the change.

(2) Accounting treatment of financing lease

On the commencement date of a lease, the Company recognizes financing lease receivables for the financing lease and de-recognizes financing lease assets. When initially measuring financing lease receivables, the Company will record the net amount of lease investment as the book-entry value of financing lease receivables. The net lease investment is the sum of the unguaranteed residual value and the present value of the lease payments that have not been received at the beginning of the lease term and discounted at the interest rate included in the lease.

The Company calculates and recognizes interest income for each period of the lease term based on a fixed periodic interest rate. The derecognition and impairment of financial lease receivables shall be accounted for in accordance with Note "3.9 Financial instruments".

Variable lease payments not included in the net lease investment are recognized in the current profit or loss when they are actually incurred.

If a financial lease changes and meets all the following conditions, the Company will account for the lease change as a separate lease:

- The change expands the scope of the lease by adding one or more rights to use the leased assets;
- The increased consideration is equivalent to the individual price of the expanded part adjusted according to the contract.

If the change of financing lease is not accounted for as a separate lease, the Company will deal with the changed lease under the following circumstances:

- If the change becomes effective on the lease commencement date and the lease would have been classified as an operating lease, the Company accounts for it as a new lease from the effective date of the lease change and uses the net investment in the lease prior to the effective date of the lease change as the book value of the leased asset;
- If the lease is classified as a financial lease when the change is effective on the commencement date of the lease, the Company would have accounted for the lease in accordance with the policy on modification or renegotiation of contracts as described in Note 3.9 "Financial instruments".

3.25.3 Sale-and-leaseback deals

The Company evaluates and determines whether the asset transfer in the sale-and-leaseback deals is a sale in accordance with the principles described in Note "3.21 Income".

(1) As the lessee

If the asset transfer in the sale-and-leaseback deal is a sale, the Company, as the lessee, measures the right-of-use asset formed by the sale-and-leaseback deal according to the part, in the book value of original assets, related to the use right obtained from the leaseback, and only recognizes the relevant gains or losses for the rights transferred to lessor.

After the commencement date of the lease term, the subsequent measurement of the right-of-use asset and the lease liability and the change in lease are detailed in "3.25 Lease 3.25.1 The Company as the lessee". In the subsequent measurement of the lease liability formed from sale-and-leaseback, the way in which the Company determines the lease payment or lease payment after the change will not result in the recognition of gains or losses related to the right to use obtained by the sale-and-leaseback.

If the transfer of an asset in a sale-and-leaseback transaction is not a sale, the Company, as the lessee, continues to recognize the transferred asset and at the same time recognizes a financial liability equal to the transfer proceeds. Refer to Note "3.9 Financial instruments" for the accounting treatment of financial liabilities.

(2) As the lessor

Where the asset transfer in the sale-and-leaseback transactions belongs to sales, the Company as the lessor conducts the accounting treatment for purchase of assets, and conducts the lease of assets in accordance with the policies on "3.25.2 The Company as the lessor" stated above; where the asset transfer in the sale-and-leaseback transactions belongs to sales, the Company as the lessor does not recognize the transferred assets, but confirms a financial asset equivalent to the transfer income. Refer to Note "3.9 Financial instruments" for the accounting treatment of financial assets.

3.26 Method and basis for determining significance

Item	Criteria for significance
Significant provision for bad debts accrued on an individual basis	The provision for bad debts made individually accounts for over 10% of the total provisions for bad debts of various receivables, and amounts to RMB 50.00 million or more.
Recovery, reversal and write-off of significant provision for bad debts	The amount of individual recovery, reversal or write-off accounts for over 0.5% of the total of various receivables, and is RMB 10.00 million or more.
Significant current accounts with aging of over one year	The amount of individual current account with aging of over one year accounts for more than 10% of the total amount of all current accounts and is RMB100.00 million or more
Significant construction projects in progress	The amount of individual construction in progress accounts for more than 5% of the total assets and is RMB500.00 million or more
Significant joint ventures or associates	The ending balance of long-term equity investments in the company accounts for more than 5% of the Group's consolidated total assets, or the investment income (or loss, in absolute value) accounted for under the equity method during the reporting period accounts for more than 5% of the Group's total consolidated profit
Significant cash flows from investing activities	Cash flows from a single investing activity exceed 5% of total assets
Significant overseas operating entities	The operating entity's operating income during the reporting period accounts for more than 15% of the Group's consolidated operating income, or its net profit accounts for more than 5% of the Group's consolidated net profit
Significant contingencies	The amount is RMB50.00 million or more

3.27 Changes in significant accounting policies and accounting estimates

3.27.1 Changes in significant accounting policies

(1) Implementation of the Interpretation No.17 of the Accounting Standards for Business Enterprises

The Ministry of Finance announced the Interpretation No.17 of the Accounting Standards for Business Enterprises (Cai Kuai [2023] No.21, hereinafter referred to as the "Interpretation No.17") on October 25, 2023.

① Regarding the classification of current liabilities and non-current liabilities

Interpretation No.17 clarifies that:

- If on the balance sheet date, the enterprise has no substantial right to defer the repayment of liability for more than one year after the balance sheet date, the liability shall be classified as current liability.
- For liabilities arising from enterprise loan arrangements, the enterprise's right to defer the repayment of liabilities to more than one year after the balance sheet date may depend on whether the enterprise has complied with the conditions specified in the loan arrangements (hereinafter referred to as "Contractual Conditions"). When judging whether the enterprise has a substantial right to defer the debt repayment, it shall only consider the Contractual Conditions that should be followed on or before the balance sheet date, other than Contractual Conditions to be followed after the balance sheet date.
- When classifying the liquidity of liabilities, the liquidation of liabilities refers to the release of liabilities by the enterprise by transferring cash, other economic resources (such as goods or services) or its own equity instruments to the counterparty. Where the clause on the liability causes the enterprise to settle it by delivering its own equity instruments at the option of the counterparty, if the enterprise classifies the above option as an equity instrument and separately recognizes it as an equity component of a compound financial instrument in accordance with the Accounting Standards for Business Enterprises No.37 - Presentation of Financial Instruments, the clause will not affect the liquidity classification of the liability.

The Interpretation shall come into force on January 1, 2024, and enterprises shall adjust the information of comparable periods in accordance with the Interpretation when implementing the Interpretation for the first time. The implementation of the Provisions does not have the significant impact on the Company's financial position and operating results.

- ② Disclosure of supplier financing arrangements
Interpretation No.17 requires enterprises to disclose information related to supplier financing arrangements in summary when making note disclosures, so as to help users of statements assess the impact of these arrangements on the enterprise's liabilities, cash flows and the enterprise's liquidity risk exposure. The impact of supplier financing arrangements should also be considered when identifying and disclosing liquidity risk information. This disclosure requirement applies only to supplier financing arrangements. A supplier financing arrangement refers to a transaction with the following characteristics: one or more financing providers provide funds to pay the amount due to suppliers by the enterprise, and it is agreed that the enterprise will repay the financing provider on or after the day when the supplier receives the payment according to the terms and conditions of the arrangement. The supplier financing arrangement extends the payment period of the enterprise or advances the collection period of the enterprise's suppliers compared with the original payment due date.

The Interpretation will come into force on January 1, 2024, and the enterprise does not need to disclose relevant information of comparable periods and some opening information when implementing the Interpretation for the first time. The implementation of the Provisions does not have the significant impact on the Company's financial position and operating results.

- ③ Accounting treatment of sale-and-leaseback transactions
Interpretation No.17 stipulates that in the subsequent measurement by the lessee of the lease liability formed from leaseback, the way in which the enterprise determines the lease payment or lease payment after the change shall not result in the recognition of gains or losses related to the right to use obtained by the leaseback. When implementing the provisions for the first time, enterprises shall make retroactive adjustments to the sale-and-leaseback transactions carried out after the first implementation date of the Accounting Standards for Business Enterprises No.21 - Leases.

The Interpretation will come into force on January 1, 2024, and enterprises are allowed to implement it in advance from the year of issuance. The Company implements the Provisions from January 1, 2024. Implementation of the Provisions has no significant impact on the Company's financial status and operating results.

- (2) Implementation of the Interim Provisions on Accounting Treatment Related to Enterprise Data Resources
On August 1, 2023, the Ministry of Finance issued the Interim Provisions on Accounting Treatment Related to Enterprise Data Resources (Cai Kuai [2023] No.11), which apply to the accounting treatment related to data resources that meet the relevant provisions of the Accounting Standards for Business Enterprises and are recognized as intangible assets or assets such as inventory, and data resources that are legally owned or controlled by enterprises and are expected to bring economic benefits to enterprises but are not recognized because they do not meet the conditions for asset recognition. The Interim Provisions also put forward specific requirements for the disclosure of data resources.

The Interim Provisions will come into force on January 1, 2024, and enterprises shall adopt the prospective application method. Expenditures related to data resources that have been expensed and included in profit or loss before the implementation of the Interim Provisions will not be adjusted. The implementation of the Provisions does not have the significant impact on the Company's financial position and operating results.

- (3) Implement the provisions of the Interpretation No.18 of the Accounting Standards for Business Enterprises --Accounting Treatment of Guarantee-type Quality Assurance that Does Not Belong to a Single Performance Obligation
On December 6, 2024, the Ministry of Finance issued the Interpretation No.18 of the Accounting Standards for Business Enterprises (Cai Kuai [2024] No.24, hereinafter referred to as the "Interpretation No.18"), which came into force as of the date of issuance, and enterprises are allowed to implement it in advance from the year of issuance.

According to the Interpretation No.18, when accounting for the estimated liabilities arising from the guarantee-type quality assurance that does not belong to a single performance obligation, according to the relevant provisions of the Accounting Standards for Business Enterprises No.13 - Contingencies, they shall be debited into "Cost of primary business" and "Cost of other business" and other items, credited into "Estimated liabilities ", and presented correspondingly in the income statement under "Operating costs" and in the balance sheet under "Other current liabilities" and "Non-current liabilities due within one year", "Estimated liabilities" and other items.

When implementing the Interpretation for the first time, if the original provision for guarantee-type quality assurance is included in "Selling and distribution expenses", etc., retrospective adjustment shall be made in accordance with the changes in accounting policies. The main impacts of the Company's implementation of the provisions from 2024 are as follows:

Content of and reason for changes in accounting policies	Affected items in the financial statements	Consolidated		Parent company	
		Year 2024	Year 2023	Year 2024	Year 2023
Implement the provisions of the Interpretation No.18 of the Accounting Standards for Business Enterprises --Accounting Treatment of Guarantee-type Quality Assurance that Does Not Belong to a Single Performance Obligation	Operating costs	87,107,723.05	107,422,364.69	57,517,697.49	99,567,366.03
	Selling and distribution expenses	-87,107,723.05	-107,422,364.69	-57,517,697.49	-99,567,366.03

3.27.2 Changes in significant accounting estimates

The Company had no changes in significant accounting estimates in the reporting period.

ZHEJIANG DINGLI MACHINERY CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(ENGLISH TRANSLATION FOR REFERENCE ONLY)

4. Taxation

4.1 Major tax types and tax rates

Tax type	Basis of tax assessment	Tax rate
Value-added tax	Output VAT is calculated based on taxable sales income and service income calculated in accordance with tax laws, and VAT payable shall be the difference between the output VAT and input VAT deductible in the same period	13%, 6%, etc.
Enterprise income tax	Levied based on the taxable income	See the table below

Notes to disclosure of enterprises with different enterprise income tax rates:

Name of taxpayer	Income tax rate
Zhejiang Dingli Machinery Co., Ltd.	15%
Shanghai Dingce Financial Leasing Co., Ltd.	25%
Zhejiang Green Power Machinery Co., Ltd.	20% (subject to preferential income tax rate for small and micro enterprises)
Deqing Liguan Machinery Trading Co., Ltd.	20% (subject to preferential income tax rate for small and micro enterprises)
Zhejiang Dingli Technology Trade Co., Ltd.	20% (subject to preferential income tax rate for small and micro enterprises)
Zhejiang Dinglv Trading Co., Ltd.	20% (subject to preferential income tax rate for small and micro enterprises)
Other overseas subsidiaries	Subject to local tax rates and tax policies

4.2 Preferential tax policies

Zhejiang Dingli Machinery Co., Ltd. has passed the high-tech enterprise review in 2024. According to the high-tech enterprise certificate (No.GR202433001395 with a valid term of three years) jointly issued by the Department of Economy and Information Technology of Zhejiang Province, the Department of Finance of Zhejiang Province, and the Zhejiang Provincial Tax Service, State Taxation Administration on December 6, 2024 to Zhejiang Dingli Machinery Co., Ltd., Zhejiang Dingli Machinery Co., Ltd. is subject to enterprise income tax at 15% from January 1, 2024 to December 31, 2026.

5. Notes to main items of the consolidated financial statements

5.1 Monetary funds

Item	Balance as at December 31, 2024	Balance as at December 31, 2023
Cash on hand	67,638.05	43,614.16
Bank deposits	5,076,450,972.76	4,396,559,047.34
Other monetary funds	1,498,743.65	
Total	5,078,017,354.46	4,396,602,661.50
Including: Total amount deposited overseas	274,229,592.07	52,052,458.77

5.2 Financial assets held for trading

Item	Balance as at December 31, 2024	Balance as at December 31, 2023
Financial assets measured at fair value through the current profit or loss	208,734,591.14	178,789,929.05
Including: other equity instrument investments	54,133,409.16	178,789,929.05
Monetary fund	54,601,181.98	
Structured deposits of banks	100,000,000.00	
Total	208,734,591.14	178,789,929.05

5.3 Derivative financial assets

Item	Balance as at December 31, 2024	Balance as at December 31, 2023
Foreign exchange derivatives	14,974,286.78	3,033,221.14
Total	14,974,286.78	3,033,221.14

5.4 Notes receivable

5.4.1 Presentation of the notes receivable by classification

Item	Balance as at December 31, 2024	Balance as at December 31, 2023
Bank acceptance bill	20,196,142.69	20,493,656.30
Total	20,196,142.69	20,493,656.30

ZHEJIANG DINGLI MACHINERY CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(ENGLISH TRANSLATION FOR REFERENCE ONLY)

5.4.2 Classified disclosure of notes receivable by provision for bad debts

Type	Balance as at December 31, 2024					Balance as at December 31, 2023				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)		Amount	Proportion (%)	Amount	Proportion of provision (%)	
Provision for bad debts accrued on an individual basis										
Provision for bad debts by portfolio with the credit risk characteristics	20,196,142.69	100.00			20,196,142.69	20,493,656.30	100.00			20,493,656.30
Total	20,196,142.69	100.00			20,196,142.69	20,493,656.30	100.00			20,493,656.30

5.4.3 Notes receivable endorsed or discounted by the Company as at December 31, 2024 but not expired on the balance sheet date

Item	Amount derecognized as at December 31, 2024	Amount not derecognized as at December 31, 2024
Bank acceptance bill		16,382,259.21
Total		16,382,259.21

5.5 Accounts receivable

5.5.1 Disclosure of accounts receivable by aging

Aging	Balance as at December 31, 2024	Balance as at December 31, 2023
Within 1 year	2,222,648,827.74	2,349,483,774.05
1 - 2 years	155,195,232.80	96,945,393.55
2 - 3 years	14,198,284.02	5,543,868.04
3 - 4 years	659,774.64	185,318.72
4 - 5 years	186,732.19	310,041.77
Over 5 years	789.00	1,220,955.84
Sub-total	2,392,889,640.39	2,453,689,351.97
Less: provision for bad debts	83,759,794.93	82,911,327.73
Total	2,309,129,845.46	2,370,778,024.24

ZHEJIANG DINGLI MACHINERY CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(ENGLISH TRANSLATION FOR REFERENCE ONLY)

5.5.2 Classified disclosure of accounts receivable by provision for bad debts

Type	Balance as at December 31, 2024					Balance as at December 31, 2023				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)		Amount	Proportion (%)	Amount	Proportion of provision (%)	
Provision for bad debts accrued on an individual basis						1,530,220.21	0.06	1,530,220.21	100.00	
Provision for bad debts by portfolio with the credit risk characteristics	2,392,889,640.39	100.00	83,759,794.93	3.50	2,309,129,845.46	2,452,159,131.76	99.94	81,381,107.52	3.32	2,370,778,024.24
Including: aging portfolio	2,392,889,640.39	100.00	83,759,794.93	3.50	2,309,129,845.46	2,452,159,131.76	99.94	81,381,107.52	3.32	2,370,778,024.24
Total	2,392,889,640.39	100.00	83,759,794.93		2,309,129,845.46	2,453,689,351.97	100.00	82,911,327.73		2,370,778,024.24

ZHEJIANG DINGLI MACHINERY CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(ENGLISH TRANSLATION FOR REFERENCE ONLY)

Provision for bad debts made on credit risk characteristics portfolio basis:

Items subject to provision made on portfolio basis

Name	Balance as at December 31, 2024		
	Accounts receivable	Provision for bad debts	Proportion of provision(%)
Within 1 year	2,222,648,827.74	66,329,335.16	2.98
1 - 2 years	155,195,232.80	14,764,229.21	9.51
2 - 3 years	14,198,284.02	2,293,892.02	16.16
3 - 4 years	659,774.64	222,510.24	33.73
4 - 5 years	186,732.19	149,039.30	79.81
Over 5 years	789.00	789.00	100.00
Total	2,392,889,640.39	83,759,794.93	

5.5.3 Provision, reversal or recovery of provision for bad debts in 2024

Type	Balance as at December 31, 2023	Change in 2024				Balance as at December 31, 2024
		Provision	Recovery or reversal	Write-off or charge-off	Effect of fluctuation in exchange rate	
Provision for bad debts accrued on an individual basis	1,530,220.21			1,537,878.18	7,657.97	
Provision for bad debts accrued on a portfolio basis	81,381,107.52	4,341,862.73		900,604.75	-1,062,570.57	83,759,794.93
Total	82,911,327.73	4,341,862.73		2,438,482.93	-1,054,912.60	83,759,794.93

5.5.4 Accounts receivable actually charged off in 2024

Item	Amount charged off
Accounts receivable actually written off	2,438,482.93

5.5.5 Top 5 of accounts receivable as at December 31, 2024, presented by debtor, and contract assets

Entity name	Ending balance of accounts receivable	Ending balance of contract assets	Ending balances of accounts receivable and contract assets	Proportion in the total of balances of accounts receivable and contract assets as at December 31, 2024 (%)	Ending balance of bad debt provision for accounts receivable and impairment provision for contract assets
No.1	261,066,607.73		261,066,607.73	10.91	7,831,998.23
No.2	207,674,260.94		207,674,260.94	8.68	6,230,227.83
No.3	154,543,366.10		154,543,366.10	6.46	4,636,300.98
No.4	101,183,070.17		101,183,070.17	4.23	3,035,492.11
No.5	75,579,287.23		75,579,287.23	3.16	7,557,928.72
Total	800,046,592.17		800,046,592.17	33.44	29,291,947.87

5.6 Receivables financing

5.6.1 Disclosure of receivables financing by category

Item	Balance as at December 31, 2024	Balance as at December 31, 2023
Notes receivable	18,315,265.15	10,156,840.13
Total	18,315,265.15	10,156,840.13

5.6.2 Changes in receivables financing and changes in fair value in 2024

Item	Balance as at December 31, 2023	Increase in 2024	Amount derecognized in 2024	Other changes	Balance as at December 31, 2024	Accumulated loss reserves recognized in other comprehensive income
Notes receivable	10,156,840.13	85,213,845.53	77,055,420.51		18,315,265.15	
Total	10,156,840.13	85,213,845.53	77,055,420.51		18,315,265.15	

5.6.3 Receivables financing endorsed or discounted by the Company as at December 31, 2024 but not expired on the balance sheet date

Item	Amount derecognized as at December 31, 2024	Amount not derecognized as at December 31, 2024
Bank acceptance bill	18,749,855.37	
Total	18,749,855.37	

5.6.4 Receivables financing without impairment provision

5.7 Advances to suppliers

5.7.1 Presentation of advances to suppliers by aging

Aging	Balance as at December 31, 2024		Balance as at December 31, 2023	
	Amount	Ratio (%)	Amount	Ratio (%)
Within 1 year	26,406,605.12	99.98	6,079,703.07	90.67
1 - 2 years	5,000.00	0.02	625,293.54	9.33
Total	26,411,605.12	100.00	6,704,996.61	100.00

5.7.2 Top 5 advances to suppliers in terms of the ending balance collected by the suppliers

Prepaid object	Balance as at December 31, 2024	Proportion in the total ending balance of advances to suppliers (%)
No.1	4,931,414.92	18.67
No.2	3,302,548.62	12.50
No.3	2,058,539.59	7.79
No.4	1,673,607.74	6.34
No.5	1,617,390.00	6.12
Total	13,583,500.87	51.42

5.8 Other receivables

Item	Balance as at December 31, 2024	Balance as at December 31, 2023
Other accounts receivable	122,722,445.83	19,868,931.72
Total	122,722,445.83	19,868,931.72

ZHEJIANG DINGLI MACHINERY CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(ENGLISH TRANSLATION FOR REFERENCE ONLY)

Other accounts receivable

(1) Disclosure by aging

Aging	Balance as at December 31, 2024	Balance as at December 31, 2023
Within 1 year	6,029,520.48	19,487,532.92
1 - 2 years	72,629,433.32	383,648.87
2 - 3 years	44,178,376.93	46,549.83
3 - 4 years	78,094.78	
4 - 5 years		871,373.98
Over 5 years		581,250.00
Sub-total	122,915,425.51	21,370,355.60
Less: provision for bad debts	192,979.68	1,501,423.88
Total	122,722,445.83	19,868,931.72

ZHEJIANG DINGLI MACHINERY CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(ENGLISH TRANSLATION FOR REFERENCE ONLY)

(2) Classified disclosure by provision for bad debts

Type	Balance as at December 31, 2024					Balance as at December 31, 2023				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)		Amount	Proportion (%)	Amount	Proportion of provision (%)	
Provision for bad debts accrued on an individual basis										
Provision for bad debts by portfolio with the credit risk characteristics	122,915,425.51	100.00	192,979.68	0.16	122,722,445.83	21,370,355.60	100.00	1,501,423.88	7.03	19,868,931.72
Including: credit risk portfolio	120,108,258.34	97.72	192,979.68	0.16	119,915,278.66	18,578,805.61	86.94	1,501,423.88	8.08	17,077,381.73
Export tax rebate portfolio	2,807,167.17	2.28			2,807,167.17	2,791,549.99	13.06			2,791,549.99
Total	122,915,425.51	100.00	192,979.68		122,722,445.83	21,370,355.60	100.00	1,501,423.88		19,868,931.72

ZHEJIANG DINGLI MACHINERY CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(ENGLISH TRANSLATION FOR REFERENCE ONLY)

Provision for bad debts made on credit risk characteristics portfolio basis:

Items subject to provision made on portfolio basis

Name	Balance as at December 31, 2024		
	Other accounts receivable	Provision for bad debts	Proportion of provision(%)
Provision made on the basis of credit risk characteristics portfolio	120,108,258.34	192,979.68	0.16
Provision based on export tax rebate portfolio	2,807,167.17		
Total	122,915,425.51	192,979.68	

(3) Provision for bad debts

Provision for bad debts	Stage I	Stage II	Stage III	Total
	Expected credit loss within the next 12 months	Lifetime expected credit loss (without credit impairment)	Lifetime expected credit loss (with credit impairment)	
Balance as at December 31, 2023	1,501,423.88			1,501,423.88
Balance as at December 31, 2023, in 2024				
- Transfer to Stage II				
- Transfer to Stage III				
- Reversal from Stage II				
- Reversal from Stage I				
Provision in 2024	-1,472,199.97			-1,472,199.97
Reversal in 2024				
Charge-off in 2024				
Charge-off in 2024				
Other changes	163,755.77			163,755.77
Balance as at December 31, 2024	192,979.68			192,979.68

ZHEJIANG DINGLI MACHINERY CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(ENGLISH TRANSLATION FOR REFERENCE ONLY)

(4) Provision, reversal or recovery of provision for bad debts in 2024

Type	Balance as at December 31, 2023	Change in 2024				Balance as at December 31, 2024
		Provision	Recovery or reversal	Write-off or charge-off	Effect of fluctuation in exchange rate	
Provision for bad debts accrued on an individual basis						
Provision for bad debts accrued on a portfolio basis	1,501,423.88	-1,472,199.97			163,755.77	192,979.68
Total	1,501,423.88	-1,472,199.97			163,755.77	192,979.68

(5) No other receivables actually written off in 2024.

(6) Classification by nature of payment

Nature of payment	Book balance as at December 31, 2024	Book balance as at December 31, 2023
Margin or down payment	117,664,741.58	6,064,205.48
Export rebates	2,807,167.17	2,791,549.99
Funds collected and remitted	145,265.79	263,667.59
Other current accounts	2,298,250.97	12,250,932.54
Total	122,915,425.51	21,370,355.60

(7) Top 5 other receivables in terms of their ending balance collected by the debtors

Entity name	Nature of payment	Balance as at December 31, 2024	Aging	Proportion in the total ending balance of other receivables (%)	Ending balance of provision for bad debts
Foreign-Trade Zones Board	Deposits for import duties	113,734,584.45	1-4 years	92.53	
Deqing County Taxation Bureau	Export rebates	2,361,375.71	Within 1 year	1.92	
SERTRADING SERVICOS IMP. E EXP LTDA	Other current accounts	1,458,178.02	Within 1 year	1.19	43,745.34
China Resources Sun Hung Kai (Hangzhou) Co., Ltd.	Margin or down payment	847,062.99	Within 1 year	0.69	25,411.89
RTMA Properties, LLC	Margin or down payment	503,188.00	Within 1 year	0.41	15,095.64
Total		118,904,389.17		96.74	84,252.87

ZHEJIANG DINGLI MACHINERY CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(ENGLISH TRANSLATION FOR REFERENCE ONLY)

5.9 Inventories

5.9.1 Classification of inventories

Type	Balance as at December 31, 2024			Balance as at December 31, 2023		
	Book balance	Provision for inventory depreciation reserve/provision for impairment of contract performance costs	Book value	Book balance	Provision for inventory depreciation reserve/provision for impairment of contract performance costs	Book value
Raw materials	315,058,127.44		315,058,127.44	320,851,744.75		320,851,744.75
Revolving materials	1,719,614.08		1,719,614.08	2,054,867.39		2,054,867.39
Goods in progress	317,173,039.13		317,173,039.13	332,612,735.69		332,612,735.69
Commodity stocks	1,340,974,740.97	7,188,400.00	1,333,786,340.97	867,593,481.12		867,593,481.12
Goods in transit	374,399,217.31		374,399,217.31	398,262,113.29		398,262,113.29
Total	2,349,324,738.93	7,188,400.00	2,342,136,338.93	1,921,374,942.24		1,921,374,942.24

5.9.2 Provision for inventory depreciation and provision for impairment of contract performance costs

Type	Balance as at December 31, 2023	Increase in 2024		Decrease in 2024		Balance as at December 31, 2024
		Provision	Effect of fluctuation in exchange rate	Reversal or write-off	Others	
Commodity stocks		7,123,887.50	64,512.50			7,188,400.00

ZHEJIANG DINGLI MACHINERY CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(ENGLISH TRANSLATION FOR REFERENCE ONLY)

5.10 Non-current assets maturing within one year

Item	Balance as at December 31, 2024	Balance as at December 31, 2023
Long-term receivables maturing within one year	1,154,749,077.73	1,117,889,021.00
Total	1,154,749,077.73	1,117,889,021.00

5.11 Other current assets

Item	Balance as at December 31, 2024	Balance as at December 31, 2023
Input tax to be certified	425.79	2,519.75
Input VAT retained for future offsetting	62,870,887.89	93,865,871.72
Enterprise income tax prepaid	7,121,726.64	511,717.70
Total	69,993,040.32	94,380,109.17

ZHEJIANG DINGLI MACHINERY CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(ENGLISH TRANSLATION FOR REFERENCE ONLY)

5.12 Long-term receivables

5.12.1 Breakdown of long-term receivables

Item	Balance as at December 31, 2024			Balance as at December 31, 2023			Range of discount rate
	Book balance	Provision for bad debts	Book value	Book balance	Provision for bad debts	Book value	
Financing lease outlay	1,908,856,628.29	31,248,938.30	1,877,607,689.99	2,015,296,120.47	9,706,704.65	2,005,589,415.82	4.61%-18.68%
Less: unrealized financing income	270,770,706.82		270,770,706.82	311,732,316.76		311,732,316.76	
Installment proceeds from sale of goods	624,104,933.74	24,147,328.25	599,957,605.49	332,400,726.58	14,391,303.38	318,009,423.20	4.75%-6%
Less: unrealized financing income	34,894,245.00		34,894,245.00	11,245,612.59		11,245,612.59	
Total	2,227,296,610.21	55,396,266.55	2,171,900,343.66	2,024,718,917.70	24,098,008.03	2,000,620,909.67	
Less: Long-term receivables maturing within one year	1,191,955,240.82	37,206,163.09	1,154,749,077.73	1,135,017,453.01	17,128,432.01	1,117,889,021.00	
Long-term receivables	1,035,341,369.39	18,190,103.46	1,017,151,265.93	889,701,464.69	6,969,576.02	882,731,888.67	

ZHEJIANG DINGLI MACHINERY CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(ENGLISH TRANSLATION FOR REFERENCE ONLY)

5.12.2 Classified disclosure of long-term receivables by provision for bad debts

Type	Balance as at December 31, 2024					Balance as at December 31, 2023				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)		Amount	Proportion (%)	Amount	Proportion of provision (%)	
Provision for bad debts accrued on an individual basis										
Provision for bad debts by portfolio with the credit risk characteristics	2,227,296,610.21	100.00	55,396,266.55	2.49	2,171,900,343.66	2,024,718,917.70	100.00	24,098,008.03	1.19	2,000,620,909.67
Including:										
financial lease portfolio	1,638,085,921.47	73.55	31,248,938.30	1.91	1,606,836,983.17	1,703,563,803.71	84.14	9,706,704.65	0.57	1,693,857,099.06
Aging portfolio	589,210,688.74	26.45	24,147,328.25	4.10	565,063,360.49	321,155,113.99	15.86	14,391,303.38	4.48	306,763,810.61
Total	2,227,296,610.21	100.00	55,396,266.55		2,171,900,343.66	2,024,718,917.70	100.00	24,098,008.03		2,000,620,909.67

Provision for bad debts made on credit risk characteristics portfolio basis:

Items subject to provision made on portfolio basis

Name	Balance as at December 31, 2024		
	Long-term receivables	Provision for bad debts	Proportion of provision (%)
Provision based on financial lease portfolio	1,638,085,921.47	31,248,938.30	1.91
Provision based on aging portfolio	589,210,688.74	24,147,328.25	4.10
Total	2,227,296,610.21	55,396,266.55	

5.12.3 Provision for bad debts of long-term receivables

Type	Balance as at December 31, 2023	Change in 2024				Balance as at December 31, 2024
		Provision	Recovery or reversal	Write-off or charge-off	Effect of fluctuation in exchange rate	
Provision for bad debts accrued on an individual basis						
Provision for bad debts accrued on a portfolio basis	24,098,008.03	32,873,073.76	1,574,815.24			55,396,266.55
Total	24,098,008.03	32,873,073.76	1,574,815.24			55,396,266.55

ZHEJIANG DINGLI MACHINERY CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(ENGLISH TRANSLATION FOR REFERENCE ONLY)

5.13 Long-term equity investments

Investee	Balance as at December 31, 2023	Balance of provision for impairment as at December 31, 2023	Increase/decrease in 2024								Balance as at December 31, 2024	Balance of impairment provision as at December 31, 2024
			Additional investment	Reduced investment	Profit or loss on investments recognized under the equity method	Adjustments to other comprehensive income	Other changes in equity	Cash dividends or profits declared to be distributed	Provision for impairment accrued	Other decreases		
Associates												
California Manufacturing and Engineering Co., LLC	297,756,738.70				-50,042,732.92	800,557.97				248,514,563.75		
Teupen Maschinenbau GmbH	34,660,812.63			34,840,646.71	487,653.94	-307,819.86						
Total	332,417,551.33			34,840,646.71	-49,555,078.98	492,738.11				248,514,563.75		

5.14 Other equity investment instruments

5.14.1 Other equity investment instruments

Item	Balance as at December 31, 2024	Balance as at December 31, 2023	Gains included in other comprehensive income in 2024	Losses included in other comprehensive income in 2024	Cumulative gains included in other comprehensive income as at December 31, 2024	Cumulative losses recognized in other comprehensive income as at December 31, 2024	Dividend income recognized in 2024	Reason for being designated as the item measured at fair value through other comprehensive income
Joint stock company:								
Magni Telescopic Handlers S.R.L.		482,712,064.00		10,459,826.00				
Horizon Construction Development Limited	40,867,997.27	134,977,391.01		94,109,393.74		90,267,266.80	1,477,156.45	
Total	40,867,997.27	617,689,455.01		104,569,219.74		90,267,266.80	1,477,156.45	

5.14.2 Description of derecognition in 2024

Item	Cumulative gains transferred to retained income	Accumulated losses transferred to retained earnings	Reasons for derecognition
Magni Telescopic Handlers S.R.L.	277,700,633.81		Equity disposal

5.15 Fixed assets

5.15.1 Fixed assets and disposal of fixed assets

Item	Balance as at December 31, 2024	Balance as at December 31, 2023
Fixed assets	1,799,948,914.00	1,612,784,196.69
Disposal of fixed assets		
Total	1,799,948,914.00	1,612,784,196.69

ZHEJIANG DINGLI MACHINERY CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(ENGLISH TRANSLATION FOR REFERENCE ONLY)

5.15.2 Fixed assets

Item	Buildings and constructions	Machinery equipment	Transportation facilities	Office and electronic equipment	Land	Total
1. Original book value						
(1) Balance as at December 31, 2023	915,464,051.17	1,086,216,703.97	4,972,966.24	31,533,810.05		2,038,187,531.43
(2) Increase in 2024	201,019,761.78	140,180,987.93	1,671,094.23	2,571,233.42	11,185,869.24	356,628,946.60
-Purchase	6,478,047.70	15,329,747.33	1,434,048.55	457,794.67		23,699,638.25
- Transfer-in of construction in progress	153,538,038.15	116,205,198.59				269,743,236.74
-Increase due to business combination	40,533,120.02	8,529,670.57	228,595.46	2,087,875.00	11,058,113.43	62,437,374.48
-Effect of exchange rate	470,555.91	116,371.44	8,450.22	25,563.75	127,755.81	748,697.13
(3) Decrease in 2024	310,894.22	595,092.17	505,906.16	134,757.00		1,546,649.55
- Disposal or scrapping	310,894.22	545,390.58	351,027.31	70,057.36		1,277,369.47
-Effect of exchange rate		49,701.59	154,878.85	64,699.64		269,280.08
(4) Balance as at December 31, 2024	1,116,172,918.73	1,225,802,599.73	6,138,154.31	33,970,286.47	11,185,869.24	2,393,269,828.48
2. Accumulated depreciation						
(1) Balance as at December 31, 2023	142,961,460.96	255,377,332.30	2,354,384.80	24,710,156.68		425,403,334.74
(2) Increase in 2024	49,859,574.51	115,065,682.61	1,001,724.37	3,282,111.16		169,209,092.65
-Provision	49,849,117.14	115,041,889.91	999,685.27	3,279,301.56		169,169,993.88
-Effect of exchange rate	10,457.37	23,792.70	2,039.10	2,809.60		39,098.77

ZHEJIANG DINGLI MACHINERY CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(ENGLISH TRANSLATION FOR REFERENCE ONLY)

Item	Buildings and constructions	Machinery equipment	Transportation facilities	Office and electronic equipment	Land	Total
(3) Decrease in 2024	310,894.22	518,616.84	378,422.65	83,579.20		1,291,512.91
- Disposal or scrapping	310,894.22	511,323.01	333,904.80	64,962.49		1,221,084.52
-Effect of exchange rate		7,293.83	44,517.85	18,616.71		70,428.39
(4) Balance as at December 31, 2024	192,510,141.25	369,924,398.07	2,977,686.52	27,908,688.64		593,320,914.48
3. Provision for impairment						
(1) Balance as at December 31, 2023						
(2) Increase in 2024						
(3) Decrease in 2024						
(4) Balance as at December 31, 2024						
4. Book value						
(1) Book value as at December 31, 2024	923,662,777.48	855,878,201.66	3,160,467.79	6,061,597.83	11,185,869.24	1,799,948,914.00
(2) Book value as at December 31, 2023	772,502,590.21	830,839,371.67	2,618,581.44	6,823,653.37		1,612,784,196.69

5.16 Construction in progress

5.16.1 Construction in progress and engineering materials

Item	Balance as at December 31, 2024			Balance as at December 31, 2023		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Construction in progress	58,349,007.87		58,349,007.87	214,587,607.99		214,587,607.99

5.16.2 Details of construction in progress

Item	Balance as at December 31, 2024			Balance as at December 31, 2023		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Large intelligent aerial work platform project with an annual output of 4,000 units	34,240,869.83		34,240,869.83	214,587,607.99		214,587,607.99
New energy aerial work platform project with an annual output of 20,000 units	17,907,123.51		17,907,123.51			
Others	6,201,014.53		6,201,014.53			
Total	58,349,007.87		58,349,007.87	214,587,607.99		214,587,607.99

5.17 Right-of-use assets

Item	Buildings and constructions	Total
1. Original book value		
(1) Balance as at December 31, 2023	20,401,911.07	20,401,911.07
(2) Increase in 2024	52,135,029.42	52,135,029.42
- New leases	30,455,296.05	30,455,296.05
-Increase due to business combination	21,304,673.33	21,304,673.33
-Effect of exchange rate	375,060.04	375,060.04
(3) Decrease in 2024	5,450,472.97	5,450,472.97
-Disposal	4,633,375.32	4,633,375.32
-Effect of exchange rate	817,097.65	817,097.65
(4) Balance as at December 31, 2024	67,086,467.52	67,086,467.52
2. Accumulated depreciation		
(1) Balance as at December 31, 2023	6,976,631.49	6,976,631.49
(2) Increase in 2024	13,478,726.12	13,478,726.12
-Provision	13,453,839.79	13,453,839.79
-Effect of exchange rate	24,886.33	24,886.33
(3) Decrease in 2024	4,489,412.42	4,489,412.42
-Disposal	4,185,253.10	4,185,253.10
-Effect of exchange rate	304,159.32	304,159.32
(4) Balance as at December 31, 2024	15,965,945.19	15,965,945.19
3. Provision for impairment		
(1) Balance as at December 31, 2023		
(2) Increase in 2024		
(3) Decrease in 2024		
(4) Balance as at December 31, 2024		
4. Book value		
(1) Book value as at December 31, 2024	51,120,522.33	51,120,522.33
(2) Book value as at December 31, 2023	13,425,279.58	13,425,279.58

ZHEJIANG DINGLI MACHINERY CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(ENGLISH TRANSLATION FOR REFERENCE ONLY)

5.18 Intangible assets

Item	Land use right	Software	Patent	Trademark	Total
1. Original book value					
(1) Balance as at December 31, 2023	404,757,191.12	33,016,027.83			437,773,218.95
(2) Increase in 2024	198,121,818.40	8,077,471.17	60,094,336.71	157,497,844.00	423,791,470.28
-Purchase	198,121,818.40	657,505.01			198,779,323.41
-Increase due to business combination		7,342,532.17	59,408,668.00	155,699,033.00	222,450,233.17
-Effect of exchange rate		77,433.99	685,668.71	1,798,811.00	2,561,913.70
(3) Decrease in 2024		816,630.03	75,894.98		892,525.01
-Disposal		816,630.03	75,894.98		892,525.01
(4) Balance as at December 31, 2024	602,879,009.52	40,276,868.97	60,018,441.73	157,497,844.00	860,672,164.22
2. Accumulated amortization					
(1) Balance as at December 31, 2023	37,157,606.02	11,912,035.43			49,069,641.45
(2) Increase in 2024	9,088,886.57	11,445,586.91	2,877,057.61	5,249,928.33	28,661,459.42
-Provision	9,088,886.57	11,438,488.80	2,851,237.38	5,202,812.69	28,581,425.44
-Effect of exchange rate		7,098.11	25,820.23	47,115.64	80,033.98
(3) Decrease in 2024		649,377.11			649,377.11
-Disposal		649,377.11			649,377.11
(4) Balance as at December 31, 2024	46,246,492.59	22,708,245.23	2,877,057.61	5,249,928.33	77,081,723.76
3. Provision for impairment					
(1) Balance as at December 31, 2023					
(2) Increase in 2024					
(3) Decrease in 2024					
(4) Balance as at December 31, 2024					
4. Book value					
(1) Book value as at December 31, 2024	556,632,516.93	17,568,623.74	57,141,384.12	152,247,915.67	783,590,440.46
(2) Book value as at December 31, 2023	367,599,585.10	21,103,992.40			388,703,577.50

ZHEJIANG DINGLI MACHINERY CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(ENGLISH TRANSLATION FOR REFERENCE ONLY)

5.19 Goodwill

Name of the investee or matters forming goodwill	Balance as at December 31, 2023	Increase in 2024		Decrease in 2024		Balance as at December 31, 2024
		Formed from the business combination	Effect of fluctuation in exchange rate	Disposal	Effect of fluctuation in exchange rate	
Original book value						
California Manufacturing and Engineering Co., LLC		138,408,304.19	1,731,286.72			140,139,590.91
Sub-total		138,408,304.19	1,731,286.72			140,139,590.91
Provision for impairment						
California Manufacturing and Engineering Co., LLC						
Sub-total						
Book value		138,408,304.19	1,731,286.72			140,139,590.91

Goodwill was formed by the acquisition of California Manufacturing and Engineering Co., LLC in 2024. For details, please refer to Note "7.1 Business combination not under common control".

5.20 Long-term deferred expenses

Item	Balance as at December 31, 2023	Increase in 2024	Amortization in 2024	Other decreases	Balance as at December 31, 2024
Renovation costs	808,450.16	263,060.17	614,807.16		456,703.17
Insurance premiums	1,546,192.08	2,146,078.32	1,212,544.78		2,479,725.62
Total	2,354,642.24	2,409,138.49	1,827,351.94		2,936,428.79

5.21 Deferred income tax assets and deferred income tax liabilities

5.21.1 Deferred income tax assets before offsetting

Item	Balance as at December 31, 2024		Balance as at December 31, 2023	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Deductible loss	2,329,835.50	356,430.74	21,235.65	1,061.78
Bad debt provision and provision for depreciation	149,922,875.02	31,873,850.06	94,333,751.69	14,989,231.43
Unrealized profits of internal transactions	128,727,694.73	38,412,344.11		
Changes in fair value of other equity instruments	90,267,266.80	13,540,090.02		
Changes in fair value of financial assets held for trading	120,866,590.84	18,129,988.62		

ZHEJIANG DINGLI MACHINERY CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(ENGLISH TRANSLATION FOR REFERENCE ONLY)

Item	Balance as at December 31, 2024		Balance as at December 31, 2023	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Changes in fair value of derivatives	999,897.45	149,984.62	9,904,207.26	1,485,631.09
Deferred income	216,784,631.07	32,517,694.66	155,885,111.38	23,382,766.71
Estimated liabilities	107,733,203.22	16,437,337.71	99,021,842.89	14,853,276.44
Lease liabilities	4,446,407.50	1,111,601.88	7,814,714.93	1,953,678.73
Total	822,078,402.13	152,529,322.42	366,980,863.80	56,665,646.18

5.21.2 Deferred income tax liabilities before offset

Item	Balance as at December 31, 2024		Balance as at December 31, 2023	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Asset evaluation increment from business combination not under common control	216,217,152.08	64,519,198.18		
Changes in fair value of other equity instruments			347,086,570.95	52,062,985.64
Changes in fair value of financial assets held for trading			3,648,822.69	547,323.40
Changes in fair value of derivatives	14,974,286.78	2,246,143.02	3,033,221.14	454,983.17
Accelerated depreciation of fixed assets	97,979,132.90	14,914,704.88	104,016,946.76	15,637,574.73
Right-of-use assets	4,126,913.68	1,031,728.42	7,654,182.12	1,913,545.53
Total	333,297,485.44	82,711,774.50	465,439,743.66	70,616,412.47

5.21.3 Deferred income tax assets or liabilities presented by net amount after offset

Item	As at December 31, 2024		As at December 31, 2023	
	Amount after mutual offset of deferred income tax assets and liabilities	Balance of deferred income tax assets or liabilities after offset	Amount after mutual offset of deferred income tax assets and liabilities	Balance of deferred income tax assets or liabilities after offset
Deferred income tax assets	69,011,450.95	83,517,871.47	54,131,036.40	2,534,609.78
Deferred income tax liabilities	69,011,450.95	13,700,323.55	54,131,036.40	16,485,376.07

5.21.4 Breakdowns of unrecognized deferred income tax assets

Item	Balance as at December 31, 2024	Balance as at December 31, 2023
Deductible temporary differences	1,337.41	789.91
Deductible loss	13,741,708.85	21,692,250.37
Total	13,743,046.26	21,693,040.28

5.21.5 Deductible losses of unrecognized deferred income tax assets will become due in the following year

Year	Balance as at December 31, 2024	Balance as at December 31, 2023	Remarks
Year 2028	2,086,225.59	2,086,225.59	
Year 2029	2,518,390.28		
Year 2033		973,716.59	
Indefinite term	9,137,092.98	18,632,308.19	
Total	13,741,708.85	21,692,250.37	

5.22 Other non-current assets

Item	Balance as at December 31, 2024			Balance as at December 31, 2023		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Funds prepaid for the acquisition of long-term assets	10,844,760.00		10,844,760.00			
Total	10,844,760.00		10,844,760.00			

ZHEJIANG DINGLI MACHINERY CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(ENGLISH TRANSLATION FOR REFERENCE ONLY)

5.23 Assets with restricted ownership or usage rights

Item	As at December 31, 2024				As at December 31, 2023			
	Book balance	Book value	Type of restriction	Restriction	Book balance	Book value	Type of restriction	Restriction
Accounts receivable					118,593,053.75	115,035,262.14	Pledge	Export commercial bill financing
Long-term receivables (including those due within one year)	1,108,443,098.32	951,628,957.56	Pledge and factoring	Pledged loans and factoring of lease receivables	1,242,810,463.76	1,043,991,329.73	Pledge and factoring	Pledged loans and factoring of lease receivables
Fixed assets	306,325,454.73	240,547,697.15	Mortgage	Maximum mortgage	340,763,414.65	267,675,701.14	Mortgage	Maximum mortgage
Intangible assets	116,293,197.74	97,199,824.88	Mortgage	Maximum mortgage	123,718,197.74	104,781,731.60	Mortgage	Maximum mortgage
Total	1,531,061,750.79	1,289,376,479.59			1,825,885,129.90	1,531,484,024.61		

ZHEJIANG DINGLI MACHINERY CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(ENGLISH TRANSLATION FOR REFERENCE ONLY)

5.24 Short-term borrowings

Item	Balance as at December 31, 2024	Balance as at December 31, 2023
Pledged borrowings		106,240,500.00
Mortgage borrowings	80,000,000.00	
Credit loans	30,000,000.00	
Interest payable on short-term borrowings	70,694.45	1,509,841.82
Total	110,070,694.45	107,750,341.82

5.25 Derivative financial liabilities

Item	Balance as at December 31, 2024	Balance as at December 31, 2023
Foreign exchange derivatives	999,897.45	9,904,207.26
Total	999,897.45	9,904,207.26

5.26 Notes payable

Category	Balance as at December 31, 2024	Balance as at December 31, 2023
Bank acceptance bill	1,547,679,212.07	1,339,204,963.35
Total	1,547,679,212.07	1,339,204,963.35

5.27 Accounts payable

Item	Balance as at December 31, 2024	Balance as at December 31, 2023
Payment for material purchase	1,427,201,450.44	1,535,969,478.85
Payment for purchase of fixed assets	49,487,665.31	65,334,942.30
Other purchase payments	51,659,081.14	30,499,612.51
Total	1,528,348,196.89	1,631,804,033.66

5.28 Contract liabilities

Item	Balance as at December 31, 2024	Balance as at December 31, 2023
Advances from customers for goods	108,157,791.99	24,985,107.40
Total	108,157,791.99	24,985,107.40

5.29 Employee compensation payable

5.29.1 Presentation of employee compensation payable

Item	Balance as at December 31, 2023	Increase in 2024	Decrease in 2024	Balance as at December 31, 2024
Short-term compensation	82,232,140.46	586,331,932.08	587,694,996.90	80,869,075.64
Post-employment benefits - defined contribution plans	1,942,926.91	28,218,316.06	27,873,142.25	2,288,100.72
Dismissal benefits	115,072.21	465,536.00	580,608.21	
Other benefits maturing within one year				
Total	84,290,139.58	615,015,784.14	616,148,747.36	83,157,176.36

ZHEJIANG DINGLI MACHINERY CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(ENGLISH TRANSLATION FOR REFERENCE ONLY)

5.29.2 Presentation of short-term compensation

Item	Balance as at December 31, 2023	Increase in 2024	Decrease in 2024	Balance as at December 31, 2024
(1) Salaries, bonuses, allowances and subsidies	80,277,430.61	516,030,172.59	520,112,835.37	76,194,767.83
(2) Employee welfare expenses		31,724,020.80	31,671,688.37	52,332.43
(3) Social insurance premiums	1,094,631.13	24,809,988.98	24,680,151.84	1,224,468.27
Including: medical insurance premium	997,799.96	20,418,427.72	20,320,834.45	1,095,393.23
Work-related injury insurance premium	95,936.49	4,382,220.40	4,349,081.85	129,075.04
Maternity insurance premiums	894.68	9,340.86	10,235.54	
(4) Housing provident fund	860,078.72	10,447,731.80	10,534,928.52	772,882.00
(5) Labor union expenditures and employee education funds		695,451.34	695,392.80	58.54
(6) Short-term compensated absences		2,624,566.57		2,624,566.57
(7) Short-term profit sharing plan				
Total	82,232,140.46	586,331,932.08	587,694,996.90	80,869,075.64

5.29.3 Presentation of defined contribution plans

Item	Balance as at December 31, 2023	Increase in 2024	Decrease in 2024	Balance as at December 31, 2024
Basic endowment insurance premium	1,866,982.00	27,273,013.93	26,982,698.76	2,157,297.17
Unemployment insurance premium	75,944.91	945,302.13	890,443.49	130,803.55
Enterprise annuity payment				
Total	1,942,926.91	28,218,316.06	27,873,142.25	2,288,100.72

ZHEJIANG DINGLI MACHINERY CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(ENGLISH TRANSLATION FOR REFERENCE ONLY)

5.30 Taxes and surcharges payable

Tax item	Balance as at December 31, 2024	Balance as at December 31, 2023
Value-added tax	14,245,434.19	3,728,167.38
Enterprise income tax	344,007,851.71	273,945,227.86
Individual income tax	1,035,071.52	566,274.40
House property tax	7,749,272.73	3,254,429.28
Land use tax	5,978,322.46	5,431,009.90
Stamp duty	668,677.92	776,648.66
Urban maintenance and construction tax	2,676,917.60	1,174,162.91
Educational surtax	2,676,640.08	1,172,027.93
Others	223,968.77	
Total	379,262,156.98	290,047,948.32

5.31 Other payables

Item	Balance as at December 31, 2024	Balance as at December 31, 2023
Other amounts payable	183,549,659.49	210,848,043.99
Total	183,549,659.49	210,848,043.99

Other amounts payable

Presentation in terms of nature of payment

Item	Balance as at December 31, 2024	Balance as at December 31, 2023
Deposit from financing lease	167,097,300.00	184,796,712.00
Cash deposit	1,300,070.00	2,370.00
Others	15,152,289.49	26,048,961.99
Total	183,549,659.49	210,848,043.99

5.32 Non-current liabilities maturing within one year

Item	Balance as at December 31, 2024	Balance as at December 31, 2023
Long-term borrowings due within one year	553,309,513.21	712,264,301.23
Lease liabilities due within one year	10,683,383.67	6,358,646.21
Total	563,992,896.88	718,622,947.44

5.33 Other non-current liabilities

Item	Balance as at December 31, 2024	Balance as at December 31, 2023
Output tax to be carried forward	1,106,366.70	2,841,297.65
Endorsed but undue bank acceptance bills	16,382,259.21	15,186,889.20
Total	17,488,625.91	18,028,186.85

ZHEJIANG DINGLI MACHINERY CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(ENGLISH TRANSLATION FOR REFERENCE ONLY)

5.34 Long-term borrowings

Item	Balance as at December 31, 2024	Balance as at December 31, 2023
Mortgage borrowings	15,554,583.84	
Guaranteed borrowings	914,923,139.82	1,045,204,828.94
Credit loans		158,499,000.00
Interests payable on long-term borrowings	887,155.52	1,664,141.10
Less: long-term borrowings due within one year and interest payable thereon	553,309,513.21	712,264,301.23
Total	378,055,365.97	493,103,668.81

5.35 Lease liabilities

Item	Balance as at December 31, 2024	Balance as at December 31, 2023
Lease payments	64,803,773.45	13,835,899.52
Less: Financing charges unrecognized	9,765,153.54	626,920.89
Less: Lease liabilities due within one year	10,683,383.67	6,358,646.21
Total	44,355,236.24	6,850,332.42

5.36 Estimated liabilities

Item	Balance as at December 31, 2023	Increase in 2024	Decrease in 2024	Balance as at December 31, 2024	Cause
Product quality assurance	99,021,842.89	87,107,723.05	76,097,104.51	110,032,461.43	
Total	99,021,842.89	87,107,723.05	76,097,104.51	110,032,461.43	

5.37 Deferred income

Item	Balance as at December 31, 2023	Increase in 2024	Decrease in 2024	Balance as at December 31, 2024	Cause
Government subsidies	191,120,111.38	71,960,000.00	16,280,480.31	246,799,631.07	
Total	191,120,111.38	71,960,000.00	16,280,480.31	246,799,631.07	

5.38 Share capital

Item	Balance as at December 31, 2023	Changes in 2024 ("+" for increase and "-" for decrease)					Balance as at December 31, 2024
		New shares issued	Share donation	Conversion of reserves into share	Others	Sub-total	
Total shares	506,347,879.00						506,347,879.00

ZHEJIANG DINGLI MACHINERY CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(ENGLISH TRANSLATION FOR REFERENCE ONLY)

5.39 Capital reserves

Item	Balance as at December 31, 2023	Increase in 2024	Decrease in 2024	Balance as at December 31, 2024
Capital premium (share premium)	2,390,315,639.40			2,390,315,639.40
Other capital reserves	-36,115,200.95	36,132,145.96	16,945.01	
Total	2,354,200,438.45	36,132,145.96	16,945.01	2,390,315,639.40

The increase in 2024 refers to investment income transferred from other capital reserves related to the original equities held before the acquisition date of the business combination not under common control.

ZHEJIANG DINGLI MACHINERY CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(ENGLISH TRANSLATION FOR REFERENCE ONLY)

5.40 Other comprehensive income

Item	Balance as at December 31, 2023	2024						Balance as at December 31, 2024
		Amount before income tax in 2024	Less: amount previously included in other comprehensive income and currently transferred to the profit or loss	Less: income tax expenses	Attributable to the company after tax	Attributable to minority shareholders after tax	Less: amount previously included in other comprehensive income and currently transferred to the retained earnings	
1. Other comprehensive income that cannot be reclassified into profit or loss	295,023,585.31	-104,569,219.74		-10,519,880.58	-94,049,339.16		277,701,422.93	-76,727,176.78
Including: Changes in fair value of other equity instrument investment	295,023,585.31	-104,569,219.74		-10,519,880.58	-94,049,339.16		277,701,422.93	-76,727,176.78
2. Other comprehensive income that will be reclassified into profit or loss	5,927,831.30	8,905,102.82	4,516,940.63		4,388,162.19		-17,734.13	10,333,727.62
Including: other comprehensive income that can be transferred to profit or loss under the equity method	4,006,468.39	492,738.11	4,516,940.63		-4,024,202.52		-17,734.13	
Translation differences of foreign currency financial statements	1,921,362.91	8,412,364.71			8,412,364.71			10,333,727.62
Total of other comprehensive income	300,951,416.61	-95,664,116.92	4,516,940.63	-10,519,880.58	-89,661,176.97		277,683,688.80	-66,393,449.16

5.41 Special reserves

Item	Balance as at December 31, 2023	Increase in 2024	Decrease in 2024	Balance as at December 31, 2024
Work safety costs	6,590,159.57	8,200,026.00	7,066,348.36	7,723,837.21
Total	6,590,159.57	8,200,026.00	7,066,348.36	7,723,837.21

The increase in 2024 refers to the safe production expenses accrued by the Company according to the document (Cai Zi [2022] No.136), and the decrease in 2024 refers to the actual safe production expenses actually incurred by the Company.

5.42 Surplus reserves

Item	Balance as at December 31, 2023	Increase in 2024	Decrease in 2024	Balance as at December 31, 2024
Statutory surplus reserves	261,714,343.13			261,714,343.13
Total	261,714,343.13			261,714,343.13

According to the provisions of the Company Law and the Articles of Association, the cumulative amount of the statutory surplus reserves of the Company has reached more than 50% of the registered capital of the Company, so no further allocation will be made.

5.43 Retained earnings

Item	2024	2023
Retained earnings as at the end of the previous year before adjustment	5,535,429,653.89	3,921,458,124.54
Total adjustment to retained earnings as at the beginning of the year ("+" for increase and "-" for decrease)		
Retained earnings at the beginning of the year after adjustment	5,535,429,653.89	3,921,458,124.54
Plus: net profit attributable to owners of the company in the current period	1,628,805,154.01	1,867,145,468.85
Less: withdrawal of statutory surplus reserves		
Withdrawal of discretionary surplus reserves		
Withdrawal of general risk reserves		
Common stock dividends payable	506,347,879.00	253,173,939.50
Common stock dividends transferred to share capital		
Plus: Carry-forward of other comprehensive income for retained earnings	277,683,688.80	
Others	16,945.01	
Retained earnings at the end of the period	6,935,587,562.71	5,535,429,653.89

5.44 Operating income and operating costs

5.44.1 Operating income and operating costs

Item	2024		2023	
	Income	Cost	Income	Cost
Primary business	7,171,720,598.85	4,756,145,300.85	5,960,188,453.18	3,889,468,073.42
Other business	627,193,380.19	309,835,217.19	351,775,396.75	100,395,232.72
Total	7,798,913,979.04	5,065,980,518.04	6,311,963,849.93	3,989,863,306.14

5.44.2 Breakdown of income from and cost of primary business

Type	2024		2023	
	Income from primary business	Cost of primary business	Income from primary business	Cost of primary business
Classification by industry:				
Industry	7,171,720,598.85	4,756,145,300.85	5,960,188,453.18	3,889,468,073.42
Total	7,171,720,598.85	4,756,145,300.85	5,960,188,453.18	3,889,468,073.42
Classification by product:				
Arm-type aerial work platform	2,955,688,241.79	2,063,034,902.73	2,445,922,088.78	1,743,394,191.49
Scissor-type aerial work platform	3,444,009,255.80	2,220,708,481.58	3,010,130,497.33	1,851,960,535.03
Mast-type aerial work platform	772,023,101.26	472,401,916.54	504,135,867.07	294,113,346.90
Total	7,171,720,598.85	4,756,145,300.85	5,960,188,453.18	3,889,468,073.42
Classification by region:				
Within China	1,648,797,455.58	1,213,761,625.70	2,120,203,390.37	1,579,652,525.73
Outside China	5,522,923,143.27	3,542,383,675.15	3,839,985,062.81	2,309,815,547.69
Total	7,171,720,598.85	4,756,145,300.85	5,960,188,453.18	3,889,468,073.42

5.45 Taxes and surcharges

Item	2024	2023
House property tax	9,719,855.02	6,194,278.90
Vehicle and vessel tax	15,050.01	9,619.84
Land use tax	5,978,322.46	5,941,411.18
Stamp duty	3,235,225.76	3,274,250.99
Urban maintenance and construction tax	14,284,487.66	8,938,584.67
Educational surtax	14,258,927.66	8,936,109.41
Environmental protection tax	17,312.78	14,016.12
Others	838,178.58	71,750.95
Total	48,347,359.93	33,380,022.06

5.46 Selling and distribution expenses

Item	2024	2023
Employee compensation	123,470,937.09	48,789,742.39
Publicity and exhibition expenses	24,312,595.35	12,292,512.10
Insurance premiums	24,191,603.56	5,578,971.87
Travel expenses	18,216,461.25	6,562,433.24
Market promotion fee	15,009,859.85	8,046,322.15
Packing expenses	12,976,894.33	13,274,610.94
Others	35,702,689.76	30,493,890.14
Total	253,881,041.19	125,038,482.83

5.47 General and administrative expenses

Item	2024	2023
Employee compensation	124,198,877.72	74,423,692.16
Depreciation and amortization expenses	33,719,691.51	25,613,293.66
Design and consulting fees	35,189,955.62	14,231,244.20
Vehicle expenses	1,031,781.44	1,130,454.70
Entertainment expenses	3,018,843.05	5,177,096.18
Office costs	5,796,149.07	917,040.41
Travel expenses	1,201,892.07	1,289,771.24
Others	20,676,707.32	18,442,438.24
Total	224,833,897.80	141,225,030.79

5.48 Research and development expenses

Item	2024	2023
Labor cost	85,136,778.92	49,898,103.56
Direct expenses invested	127,563,505.86	119,293,273.77
Depreciation and amortization costs	30,869,976.02	29,577,072.03
New product design expenses, etc.	6,072,524.28	12,658,755.02
Other related expenses	6,275,811.30	8,579,497.75
Total	255,918,596.38	220,006,702.13

5.49 Financial expenses

Item	2024	2023
Interest expenses	10,773,913.31	19,213,222.32
Including: interest expenses on lease liabilities	3,378,013.53	371,143.56
Less: interest income	156,551,393.95	159,297,475.82
Profit or loss on foreign exchange	52,031,675.50	-105,149,843.97
Handling charges	1,832,176.69	469,474.96
Total	-91,913,628.45	-244,764,622.51

5.50 Other income

Item	2024	2023
Government subsidies	32,316,748.91	98,195,235.14
Additional deduction of input tax	12,755,963.69	
Withholding handling charges on individual income tax	360,388.58	25,504.58
Total	45,433,101.18	98,220,739.72

5.51 Investment income

Item	2024	2023
Long-term equity investment income calculated under the equity method	-70,283,968.92	76,220,632.02
Investment income from disposal of long-term equity investments	-4,780,397.26	
financial assets held for trading during the holding period	1,935,722.21	
Investment income from disposal of financial assets held for trading	3,325,718.19	9,468,595.89
Dividends income from other equity instruments invested during the holding period	1,477,156.45	7,928,928.00
Gains or losses arising from the re-measurement of the original equity held before the acquisition date at the fair value	81,727,085.32	
Investment income transferred from other comprehensive income and other changes in equity related to the original equities held before the acquisition date	-30,988,105.45	
Initial transaction costs		-1,765,194.11
Total	-17,586,789.46	91,852,961.80

5.52 Gains from changes in fair value

Sources of income from changes in fair value	2024	2023
Financial assets held for trading	-123,465,433.23	3,648,822.69
Including: Gains from the changes in fair value arising from derivative financial instruments	15,287,099.54	-40,673,030.35
Total	-108,178,333.69	-37,024,207.66

5.53 Losses from credit impairment

Item	2024	2023
Losses from bad debts of accounts receivable	-11,048,153.97	12,071,518.35
Losses from bad debts of other receivables	-1,472,199.97	-221,261.64
Losses from bad debts of long-term receivables	31,100,023.48	13,285,112.83
Total	18,579,669.54	25,135,369.54

ZHEJIANG DINGLI MACHINERY CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(ENGLISH TRANSLATION FOR REFERENCE ONLY)

5.54 Losses from asset impairment

Item	2024	2023
Losses on inventory depreciation and impairment losses on contract performance costs	7,123,887.50	
Total	7,123,887.50	

5.55 Gains from disposal of assets

Item	2024	2023	Amount included in non-recurring profit or loss in 2024
Gains from disposal of non-current assets	-10,966.53	2,564.11	-10,966.53
Total	-10,966.53	2,564.11	-10,966.53

5.56 Non-operating income

Item	2024	2023	Amount included in non-recurring profit or loss in 2024
Income from liquidated damages	623,669.52	877,060.72	623,669.52
Others	3,126,134.75	74,839.85	3,126,134.75
Total	3,749,804.27	951,900.57	3,749,804.27

5.57 Non-operating expenses

Item	2024	2023	Amount included in non-recurring profit or loss in 2024
Losses from the damage and scrapping of non-current assets	203,101.35	2,068.36	203,101.35
Donations made	860,000.00	1,918,613.86	860,000.00
Liquidated damages expenses	144,738.35	219.25	144,738.35
Others	118,842.91	12,329.75	118,842.91
Total	1,326,682.61	1,933,231.22	1,326,682.61

5.58 Income tax expenses

5.58.1 List of income tax expenses

Item	2024	2023
Current income tax expenses	395,712,481.99	314,898,730.36
Deferred income tax expenses	-86,508,094.89	-7,893,912.94
Total	309,204,387.10	307,004,817.42

5.58.2 Accounting profit and income tax expense adjustment process

Item	2024
Total profits	1,938,242,770.27
Income tax expenses calculated at statutory [or applicable] tax rate	290,736,415.54
Effect of different tax rates applicable to subsidiaries	-21,986,704.14
Effect of adjustments to the income tax for the prior years	2,972,152.55
Effect of non-taxable income	5,718,727.06
Effect of non-deductible costs, expenses and losses	47,237,944.69

Item	2024
Effect of deductible losses from using the deferred income tax assets unrecognized in previous periods	-2,455,516.30
Effect of deductible temporary differences or losses from deferred income tax assets unrecognized in the current period	18,537,799.58
Impact of additional deductions specified by tax laws	-33,220,817.05
Others	1,664,385.17
Income tax expenses	309,204,387.10

5.59 Earnings per share

5.59.1 Basic earnings per share

Basic earnings per share are calculated by dividing the consolidated net profit attributable to ordinary shareholders of the Company by weighted average number of outstanding ordinary shares of the Company:

Item	2024	2023
Consolidated net profit attributable to ordinary shareholders of the company	1,628,805,154.01	1,867,145,468.85
Weighted average of outstanding ordinary shares	506,347,879.00	506,347,879.00
Basic earnings per share	3.22	3.69
Including: basic earnings per share from continuing operations	3.22	3.69
Basic earnings per share from discontinued operations		

5.59.2 Diluted earnings per share

The Company has no outstanding dilutive potential ordinary shares , so the diluted earnings per share is the same as the basic earnings per share.

5.60 Items in the statement of cash flows

5.60.1 Cash related to operating activities

(1) Cash received from other operating activities

Item	2024	2023
Interest income	156,551,393.95	159,297,475.82
Government subsidies and refund of handling charges on individual income tax	90,421,152.04	108,322,116.05
Quality compensation	623,669.52	877,060.72
Corporate and personal accounts	24,233,760.62	19,660,659.64
Total	271,829,976.13	288,157,312.23

ZHEJIANG DINGLI MACHINERY CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(ENGLISH TRANSLATION FOR REFERENCE ONLY)

(2) **Cash paid for other operating activities**

Item	2024	2023
Selling and distribution expenses, general and administrative expenses, as well as research and development expenses	321,788,909.24	321,071,156.68
Bank charges	1,832,176.69	469,474.96
Donations and other expenditures	1,012,408.60	1,920,871.49
Current account between enterprises	15,554,981.40	23,815,947.06
Total	340,188,475.93	347,277,450.19

5.60.2 Cash related to financing activities

(1) **Cash paid for other financing activities**

Item	2024	2023
Cash paid for lease liabilities	14,321,624.38	7,346,564.50
Total	14,321,624.38	7,346,564.50

ZHEJIANG DINGLI MACHINERY CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(ENGLISH TRANSLATION FOR REFERENCE ONLY)

(2) **Changes in liabilities arising from financing activities**

Item	Balance as at December 31, 2023	Increase in 2024		Decrease in 2024		Balance as at December 31, 2024
		Cash change	Non-cash change	Cash change	Non-cash change	
Short-term borrowings	107,750,341.82	130,000,000.00	38,480,781.44	166,160,428.81		110,070,694.45
Long-term loans (including those due within one year)	1,205,367,970.04	1,044,000,000.00	55,172,316.34	1,373,175,407.20		931,364,879.18
Lease liabilities (including those due within one year)	13,208,978.63		56,598,823.01	14,321,624.38	447,557.35	55,038,619.91

5.61 Supplementary information to the statement of cash flows

5.61.1 Supplementary information to the statement of cash flows

Supplementary information	2024	2023
1. Net profit adjusted to cash flows from operating activities		
Net profit	1,629,038,383.17	1,867,145,468.85
Plus: losses from credit impairment	18,579,669.54	25,135,369.54
Provision for asset impairment	7,123,887.50	
Depreciation of fixed assets	169,169,993.88	110,674,778.76
Depreciation of right-of-use assets	13,453,839.79	6,549,169.97
Amortization of intangible assets	28,581,425.44	16,573,093.87
Amortization of long-term deferred expenses	1,827,351.94	1,678,878.34
Losses from disposal of fixed assets, intangible assets and other long-term assets ("-" for gains)	10,966.53	-2,564.11
Losses from scrapping of fixed assets ("-" for gains)	202,260.64	-39,560.09
Losses from changes in fair value ("-" for income)	108,178,333.69	37,024,207.66
Financial expenses ("-" for income)	12,037,680.25	-7,963,598.96
Investment losses ("-" for gains)	17,586,789.46	-91,852,961.80
Decreases in deferred income tax assets ("-" for increases)	-67,443,565.43	27,646,378.65
Increases in deferred income tax liabilities ("-" for decreases)	-19,064,529.46	-35,577,609.57
Decreases in inventories ("-" for increases)	82,276,197.46	-126,149,102.63
Decreases in operating receivables ("-" for increases)	324,711,934.47	-468,264,540.94
Increases in operating payables ("-" for decreases)	-423,429,124.63	810,169,125.12
Others	13,706,504.87	54,650,506.68
Net cash flows from operating activities	1,916,547,999.11	2,227,397,039.34
2. Significant investing and financing activities not involving cash receipts and payments		
Conversion of debt into capital		
Convertible corporate bonds maturing within one year		
Acquisition of right-of-use assets by assuming lease liabilities		
3. Net changes in cash and cash equivalents		
Ending balance of cash	5,078,017,354.46	4,396,602,661.50
Less: balance of cash as at the beginning of the period	4,396,602,661.50	3,520,204,586.31
Plus: ending balance of cash equivalents	54,107,740.94	
Less: beginning balance of cash equivalents		
Net increase in cash and cash equivalents	735,522,433.90	876,398,075.19

5.61.2 Net cash paid for the acquisition of subsidiaries in 2024

	Amount
Cash or cash equivalents incurred and paid for business combination in 2024	332,933,032.02
Including: California Manufacturing and Engineering Co., LLC	329,558,619.15
Less: cash and cash equivalents held by subsidiaries on the acquisition date	107,027,961.14
Including: California Manufacturing and Engineering Co., LLC	107,027,961.14
Net cash paid to acquire subsidiaries	225,905,070.88

5.61.3 Breakdown of cash and cash equivalents

Item	Balance as at December 31, 2024	Balance as at December 31, 2023
I. Cash	5,078,017,354.46	4,396,602,661.50
Including: cash on hand	67,638.05	43,614.16
Unrestricted digital monetary funds		
Unrestricted bank deposit	5,076,450,972.76	4,396,559,047.34
Other unrestricted cash and cash equivalents	1,498,743.65	
Deposits with central bank available for payments		
II. Cash equivalents	54,107,740.94	
Including: bond investments maturing within three months		
III. Ending balance of cash and cash equivalents	5,132,125,095.40	4,396,602,661.50
Including: cash and cash equivalents held but restricted for use by the parent company or subsidiaries within the Group		

Cash equivalents are unrestricted monetary funds held by the Company, excluding expected but unrealized earnings.

5.62 Foreign currency monetary items

5.62.1 Foreign currency monetary items

Item	Balance in foreign currency as at December 31, 2024	Rate of translation	Converted RMB balance as at December 31, 2024
Monetary funds			3,496,632,136.67
Including: USD	222,310,674.17	7.1884	1,598,058,050.20
EUR	130,799,332.39	7.5257	984,356,535.77
JPY	9,651,043,479.00	0.0462	446,196,693.16
HKD	234,577,254.01	0.9260	217,227,920.30
GBP	8,345,367.14	9.0765	75,746,724.85
AUD	22,125,751.15	4.5070	99,720,760.43
SGD	24,156.72	5.3214	128,547.57
NZD	199.00	4.0955	815.00
MYR	83.00	1.6199	134.45
KRW	6,342,935,558.00	0.0049	31,320,045.22
AED	3,074,830.27	1.9711	6,060,928.55

ZHEJIANG DINGLI MACHINERY CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(ENGLISH TRANSLATION FOR REFERENCE ONLY)

Item	Balance in foreign currency as at December 31, 2024	Rate of translation	Converted RMB balance as at December 31, 2024
DKK	1,500.00	1.0084	1,512.55
TRY	107.00	0.2051	21.95
THB	340.00	0.2126	72.30
BRL	31,987,568.03	1.1821	37,812,504.17
INR	1,190.00	0.0853	101.48
TWD	500.00	0.2228	111.40
PHP	290.00	0.1254	36.37
SAR	322.00	1.9284	620.95
Accounts receivable			2,016,023,456.98
Including: USD	173,963,190.51	7.1884	1,250,516,998.66
EUR	51,548,754.03	7.5257	387,940,458.20
JPY	470,988,287.00	0.0462	21,775,201.47
GBP	21,304,733.11	9.0765	193,372,410.07
AUD	11,926,446.68	4.5070	53,752,495.19
KRW	12,634,149,710.00	0.0049	62,384,701.31
AED	2,738,615.71	1.9711	5,398,201.75
BRL	34,585,052.31	1.1821	40,882,990.33
Other receivables			119,361,125.93
Including: USD	15,894,567.25	7.1884	114,256,507.22
EUR	143,268.26	7.5257	1,078,193.94
JPY	12,936,000.00	0.0462	598,070.09
GBP	49,819.47	9.0765	452,186.42
AUD	104,124.99	4.5070	469,291.33
KRW	74,580,000.00	0.0049	368,259.92
AED	109,160.69	1.9711	215,171.27
BRL	1,627,143.00	1.1821	1,923,445.74
Long-term receivables			260,399,139.75
Including: USD	23,177,176.57	7.1884	166,606,816.06
BRL	79,343,814.98	1.1821	93,792,323.69
Long-term borrowings			15,554,583.83
Including: USD	2,163,845.06	7.1884	15,554,583.83
Accounts payable			219,835,692.52
Including: USD	27,017,350.31	7.1884	194,211,520.97
EUR	19,852.83	7.5257	149,406.44
AUD	2,413,023.78	4.5070	10,875,498.18
KRW	4,732,200.00	0.0049	23,366.58
BRL	12,330,513.79	1.1821	14,575,900.35
Other payables			10,316,553.20
Including: USD	264,469.22	7.1884	1,901,110.54
EUR	870,172.45	7.5257	6,548,656.81
JPY	1,441,507.00	0.0462	66,645.19
GBP	144,461.10	9.0765	1,311,201.17
AUD	58,208.29	4.5070	262,344.76
KRW	17,139,793.00	0.0049	84,632.59
AED	3,971.43	1.9711	7,828.25
BRL	113,470.85	1.1821	134,133.89

ZHEJIANG DINGLI MACHINERY CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(ENGLISH TRANSLATION FOR REFERENCE ONLY)

5.62.2 Significant overseas operating entities

Name of subsidiary	Principal place of business	Functional currency
California Manufacturing and Engineering Co., LLC	United States	USD

5.63 Lease

5.63.1 Acting as the lessee

Item	2024	2023
Interest expenses on lease liabilities	3,378,013.53	371,143.56
Lease expenses included in the cost of the related assets or in the current profit and loss for simplified treatment	5,298,956.40	7,295,051.47
Total cash outflows relevant to lease	19,620,580.78	14,641,615.97

5.63.2 Acting as the lessor

Financing lease	2024	2023
Financing income on net lease investment	151,665,764.86	145,795,908.61

The lease receipt to be received after the balance sheet date are as follows:

Remaining lease term	2024	2023
Within 1 year	1,050,033,058.00	1,045,539,305.06
1 - 2 years	518,389,473.29	585,452,727.46
2 - 3 years	227,272,388.00	250,568,314.95
3 - 4 years	96,384,334.00	102,092,131.00
4 - 5 years	16,777,375.00	31,631,189.00
Over 5 years		12,453.00
Subtotal of undiscounted lease receipt	1,908,856,628.29	2,015,296,120.47

6. Research and development expenditures

Item	2024	2023
Labor cost	85,136,778.92	49,898,103.56
Direct expenses invested	127,563,505.86	119,293,273.77
Depreciation and amortization costs	30,869,976.02	29,577,072.03
New product design expenses, etc.	6,072,524.28	12,658,755.02
Other related expenses	6,275,811.30	8,579,497.75
Total	255,918,596.38	220,006,702.13
Including: research and development expenditures	255,918,596.38	220,006,702.13
Capitalized research and development expenses		

7. Changes in the consolidation scope

7.1 Business combination not under common control

7.1.1 Business combination not under common control occurred in 2024

Acquiree	Time for equity acquisition	Equity acquisition cost	Ratio of the acquired equity (%)	Method of equity acquisition	Acquisition date	Determination basis of acquisition date	Income of the acquiree from the acquisition date to December 31, 2024	Net profit of the acquiree from the acquisition date to December 31, 2024	Cash flows of the acquiree from the acquisition date to the end of the period
California Manufacturing and Engineering Co., LLC	April 2024	329,558,619.15	49.697%	Purchase in cash	April 2024	Acquisition of control	2,478,841,809.94	46,367,625.57	218,222,365.80

7.1.2 Combination costs and goodwill

	California Manufacturing and Engineering Co., LLC
Combination cost	
- Cash	329,558,619.15
- Fair value on the acquisition date of the equity held before the acquisition date	330,241,649.07
Total combination costs	659,800,268.22
Less: shares of fair value of the identifiable net assets acquired	521,391,964.03
Goodwill	138,408,304.19

7.1.3 Identifiable assets and liabilities purchased by the acquiree on the acquisition date

	California Manufacturing and Engineering Co., LLC	
	Fair value on the acquisition date	Book value on the acquisition date
Assets:	1,572,683,072.46	1,348,248,782.50
Monetary funds	71,972,259.97	71,972,259.97
Financial assets held for trading	35,196,538.86	35,196,538.86
Accounts receivable	512,696,109.99	512,696,109.99
Advances to suppliers	2,219,252.37	2,219,252.37
Other receivables	118,188,380.13	118,188,380.13
Inventories	525,274,054.41	525,274,054.41
Fixed assets	62,437,374.48	45,352,275.49
Construction in progress	944,195.75	944,195.75
Right-of-use assets	21,304,673.33	21,304,673.33
Intangible assets	222,450,233.17	15,101,042.20
Liabilities:	1,048,655,248.48	981,684,056.36
Short-term borrowings	31,984,568.01	31,984,568.01
Accounts payable	739,917,510.85	739,917,510.85
Employee compensation payable	10,798,028.89	10,798,028.89
taxes and surcharges payable	32,142,714.31	32,142,714.31
Other payables	120,612,449.56	120,612,449.56
Contract liabilities	5,562,086.09	5,562,086.09
Non-current liabilities maturing within one year	3,378,959.24	3,378,959.24
Long-term borrowings	14,998,156.06	14,998,156.06
Lease liabilities	20,133,908.56	20,133,908.56
Estimated liabilities	1,421,260.00	1,421,260.00
Deferred income tax liabilities	67,705,606.91	734,414.79
Net assets	524,027,823.98	366,564,726.14
Less: minority equity	2,635,859.95	1,843,820.57
Net assets acquired	521,391,964.03	364,720,905.57

7.1.4 Supplementary information on step-by-step business combinations

Acquiree	Acquisition date of equities held before the acquisition date	Acquisition percentage of equities held before the acquisition date	Acquisition cost of equities held before the acquisition date	Acquisition method of equities held before the acquisition date	Book value of equities held before the acquisition date on the acquisition date	Fair value of equities held before the acquisition date on the acquisition date	Gains or losses arising from the re-measurement of the original equity held before the acquisition date at the fair value	Method and key assumptions for determining the fair value of equities held before the acquisition date on the acquisition date	Amount of investment income transferred from other comprehensive income and other changes in equity related to the original equities held before the acquisition date
California Manufacturing and Engineering Co., LLC	January 1, 2018	25.00%	128,018,000.00	Purchase in cash				Income approach parameters: income growth rate of 29.69%-0.97%, discount rate of 15.45%	
	October 31, 2023	24.80%	167,022,385.16	Purchase in cash	248,514,563.75	330,241,649.07	81,727,085.32		-30,988,105.45

7.2 Changes in scope of consolidation due to other reasons

New subsidiary (sub-subsidiary) established in 2024: Dingli AWP (Singapore) Trading PTE.LTD.

ZHEJIANG DINGLI MACHINERY CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(ENGLISH TRANSLATION FOR REFERENCE ONLY)

8. Equity in other entities

8.1 Equity in subsidiaries

Structure of the enterprise group

Name of subsidiary	Registered capital	Principal place of business	Registration place	Nature of business	Shareholding ratio (%)		Method of acquisition
					Direct	Indirect	
Shanghai Dingee Financial Leasing Co., Ltd.	RMB300 million	Hangzhou City	Shanghai Municipality	Financing lease	100.00		Establishment
Deqing Liguang Machinery Trading Co., Ltd.	RMB5 million	Deqing County	Deqing County	Trade	100.00		Establishment
Zhejiang Dingli Technology Trade Co., Ltd.	RMB20 million	Hangzhou City	Hangzhou City	Trade	100.00		Establishment
Zhejiang Green Power Machinery Co., Ltd.	RMB38.868093 million	Deqing County	Deqing County	Manufacturing	100.00		Combination under common control
Zhejiang Dinglv Trading Co., Ltd.	RMB10 million	Hangzhou City	Hangzhou City	Trade	100.00		Establishment
Dingli Machinery UK Limited	GBP200,000	United Kingdom	United Kingdom	Trade	100.00		Establishment
Tripod Machinery International B.V.	EUR100,000	The Netherlands	The Netherlands	Trade	100.00		Establishment
Dingli AWP Europe Trading Limited	EUR2,000,000	The Netherlands	The Netherlands	Trade		100.00	Establishment
Dingli AWP Oceania Trading Pty Ltd	AUD100	Australia	Australia	Trade		100.00	Establishment
Dingli Middle East Trading (FZE)	AED150,000	The United Arab Emirates	The United Arab Emirates	Trade		100.00	Establishment
Dingli of Brazil Importation and Trading of Machinery LTD	BRL12.3475 million	Brazil	Brazil	Trade		100.00	Establishment
Dingli AWP Japan Trading CO., LTD	JPY100 million	Japan	Japan	Trade		100.00	Acquisition
Dingli AWP (Singapore) Trading PTE.LTD	SGD360,000	Singapore	Singapore	Trade		100.00	Establishment
California Manufacturing and Engineering Co., LLC	USD2.5 million	United States	United States	Manufacturing, trade	99.497		Combination not under common control
MEC Aerial Platform Sales Corp.	USD0.1 million	United States	United States	Trade		99.497	Combination not under common control
Aerial Parts and Technology Co., Inc.	USD0.1 million	United States	United States	Trade		99.497	Combination not under common control

9. Government subsidies

9.1 Types, amounts, and reporting items of government subsidies

9.1.1 Government subsidies included in current profit and loss

Asset-related government subsidies

Item presented on the balance sheet	Amount of government subsidies	Amount included in the current profit or loss or offsetting the loss in related cost expenses		Item included in the current profit or loss or used to offset relevant costs
		2024	2023	
Deferred income	320,432,290.00	16,280,480.31	17,004,792.19	Other income
Total	320,432,290.00	16,280,480.31	17,004,792.19	

Income-related government subsidies

Item included in the current profit or loss or used to offset relevant costs	Amount of government subsidies	Amount included in the current profit or loss or offsetting the loss in related cost expenses	
		2024	2023
Financial expenses	4,157,994.73	2,064,494.86	2,093,499.87
Other income	97,226,711.55	16,036,268.60	81,190,442.95
Total	101,384,706.28	18,100,763.46	83,283,942.82

ZHEJIANG DINGLI MACHINERY CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(ENGLISH TRANSLATION FOR REFERENCE ONLY)

9.1.2 Liabilities involving with government subsidies

Liability item	Balance as at December 31, 2023	New subsidies in 2024	Amount included in non-operating income in 2024	Amount included in other income in 2024	Costs offset in 2024	Other changes	Balance as at December 31, 2024	Related to assets/income
Deferred income	191,120,111.38	71,960,000.00		16,280,480.31			246,799,631.07	Related to assets

10. Risks related to financial instruments

Risks arising from financial instruments

During its business operation, the Company faces various financial risks, including credit risks, liquidity risks and market risks. The financial risks mentioned above and the risk management policies adopted by the Company to mitigate these risks are described as follows:

The board of directors is responsible for planning and establishing the Company's risk management framework, specifying the Company's risk management policies and relevant guidelines, and supervising the implementation of risk management measures. The Company has formulated risk management policies to identify and analyze the risks faced by the Company. These risk management policies specify specific risks and cover many aspects such as market risk, credit risk and liquidity risk management. The Company regularly evaluates changes in the market environment and the Company's business activities to decide whether to update the risk management policies and systems. The Company's risk management is carried out in accordance with the policies approved by the board of directors. The Company's internal audit department regularly reviews the risk management controls and procedures, and reports the audit results to the Company's Audit Committee.

The Company diversifies the risks of financial instruments through appropriate diversified investment and business portfolios, and reduces risk concentrated on a single industry, a specific region, or a specific counterparty by formulating appropriate risk management policies.

(1) Credit risk

Credit risk refers to the risk of financial loss to the Company caused by the counterparty's failure to perform its contractual obligations.

The Company mainly faces customer credit risks caused by sales on account. Prior to the conclusion of the new contract, the Company will evaluate the credit risk of the new customer including the external credit rating and bank credential letter under some circumstances (if it is available). The Company sets a credit limit for each customer. The limit is the maximum amount unnecessary for additional approval.

The Company quarterly monitors the existing customer credit rating and monthly reviews aging analysis of accounts receivable to ensure that the Company's overall credit risk is within the controllable range. When monitoring the credit risk of the customer, the Company will divide the customer into groups by their credit characteristics.

(2) Liquidity risk

Liquidity risk refers to a risk that an enterprise suffers funds shortage in performing the obligations of settlement in cash or other financial assets.

The policy of the Company is to ensure that there is sufficient cash for the payment of the matured debts. Liquidity risk is under centralized control of the financial department of the Company. The financial department monitors cash balance and readily realizable and marketable securities and makes rolling forecast on cash flows of the next 12 months to ensure that the Company has sufficient funds to repay debts in all cases of reasonable prediction.

(3) Market risk

Market risk associated with financial instruments refers to the risk that fair value or future cash flows of financial instruments fluctuate due to variations in market prices, and it includes exchange rate risk, interest rate risk and price risks.

(1) Interest rate risk

Interest rate risk refers to the risk of fluctuation in the fair value or future cash flows of financial instruments due to changes in market interest rate.

Interest-bearing financial instruments with fixed and floating rates expose the Company to fair value interest rate risk and cash flow interest rate risk, respectively. The Company decides the proportion of fixed rate instruments to floating rate instruments based on market conditions and maintains an appropriate mix by regularly reviewing and monitoring. When necessary, the Company uses interest rate swaps to hedge against interest rate risk.

(2) Exchange rate risk

Exchange rate risk refers to the risk that fair value or future cash flows of financial instruments fluctuates due to variations in foreign exchange rate.

The Company continuously monitors the scale of foreign currency transactions and foreign currency assets and liabilities to minimize exposure to exchange rate risk. In addition, the Company may also sign forward foreign exchange contracts or currency swap contracts to achieve the purpose of avoiding exchange rate risk. As at the end of the period, the undue ordinary RMB and foreign exchange option contracts sold by the Company had a nominal amount of USD3.6 million, EUR3.3 million, and GBP1.2 million. The undue RMB and foreign exchange option contracts purchased by the Company had a nominal amount of USD3.3 million, EUR3.3 million, and GBP600,000. The Company's undue RMB and foreign exchange swap contracts had a nominal amount of USD600,000. The Company's undue USD and JPY swap contracts had a notional amount of USD62,343,406.93. The Company's undue USD and HKD swap contracts had a nominal amount of USD30 million. The Company's undue USD and HKD forward contracts had a nominal amount of USD1,078,924.26.

ZHEJIANG DINGLI MACHINERY CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(ENGLISH TRANSLATION FOR REFERENCE ONLY)

Exchange rate risk faced by the Company mainly comes from dollar-denominated financial assets and financial liabilities. Foreign financial assets and foreign financial liabilities are converted into amount in RMB as follows:

Item	Balance as at December 31, 2024			Balance as at December 31, 2023		
	USD	Other foreign currencies	Total	USD	Other foreign currencies	Total
Monetary funds	1,598,058,050.20	1,898,574,086.47	3,496,632,136.67	869,518,315.97	297,571,257.50	1,167,089,573.47
Accounts receivable	1,250,516,998.66	765,506,458.32	2,016,023,456.98	1,175,782,108.06	974,939,060.72	2,150,721,168.78
Other receivables	114,256,507.22	5,104,618.71	119,361,125.93		14,157,749.27	14,157,749.27
Long-term receivables (including those due within one year)	166,606,816.06	93,792,323.69	260,399,139.75	32,669,269.78		32,669,269.78
Short-term borrowings				106,240,500.00		106,240,500.00
Long-term loans (including those due within one year)	15,554,583.83		15,554,583.83			
Accounts payable	194,211,520.97	25,624,171.55	219,835,692.52	41,858.76	293,876.63	335,735.39
Other payables	1,901,110.54	8,415,442.66	10,316,553.20	8,890,692.33	8,768,620.34	17,659,312.67

(3) **Other price risks**

Other price risks refer to the risk that fair value or future cash flows of financial instruments fluctuate due to changes in market prices other than exchange rate and interest rate risks.

Other price risks of the Company mainly arise from various equity investments, with the risk of changes in equity instrument prices.

11. Disclosure of fair value

The inputs used for measuring fair value is divided into three levels:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access on the measurement date.

Level 2 inputs refer to inputs that are directly or indirectly observable for the asset or liability other than Level 1 inputs.

Level 3 inputs are unobservable inputs for the relevant asset or liability.

The level of the measurement result of fair value shall be subject to the lowest level which the input that is of great significance to the entire measurement of fair value belongs to.

11.1 Fair value of assets and liabilities measured at fair value as at December 31, 2024

Item	Fair value as at December 31, 2024			
	Measurement of fair value at level 1	Measurement of fair value at level 2	Measurement of fair value at level 3	Total
I. Continuous measurement of fair value				
◆ Financial assets held for trading	54,133,409.16	154,601,181.98		208,734,591.14
1. Financial assets measured at fair value through current profit and loss	54,133,409.16	154,601,181.98		208,734,591.14
(1) Investment in equity instruments	54,133,409.16			54,133,409.16
(2) Monetary funds		54,601,181.98		54,601,181.98
(3) Structural deposit		100,000,000.00		100,000,000.00
◆ Derivative financial assets			14,974,286.78	14,974,286.78
◆ Receivables financing			18,315,265.15	18,315,265.15
◆ Other equity instrument investments	40,867,997.27			40,867,997.27
Total assets with continuous measurement at fair value	95,001,406.43	154,601,181.98	33,289,551.93	282,892,140.34
◆ Derivative financial liabilities			999,897.45	999,897.45
Total liabilities with continuous measurement at fair value			999,897.45	999,897.45

11.2 Basis of determination for market prices of continuous and non-continuous measurements of fair values at level 1

For investment varieties with an active market, if there is a transaction price on the balance sheet date, the closing price of the day will be used as the fair value; if there is no transaction price on the balance sheet date and no significant changes in the economic environment after the last trading day, the closing price of the last trading day will be used as the fair value.

11.3 Qualitative and quantitative information on the valuation techniques and important parameters adopted for continuous and non-continuous measurements of fair values at level 2

Item	Fair value as at December 31, 2024	Valuation techniques	Key parameters	
			Qualitative information	Quantitative information
Monetary fund	54,601,181.98	Discounted cash flow method		Expected rate of return
Structured deposits of banks	100,000,000.00	Discounted cash flow method		Expected rate of return

11.4 Qualitative and quantitative information on the valuation techniques and important parameters adopted for continuous and non-continuous measurements of fair values at level 3

Item	Fair value as at December 31, 2024	Valuation techniques	Unobservable input
Receivables financing	18,315,265.15	Discounted cash flow method	Discount rates that reflect the credit risk of the counterparty
Derivative financial assets	14,974,286.78	Option pricing model	Forward exchange rate
Derivative financial liabilities	999,897.45	Option pricing model	Forward exchange rate

11.5 For continuous fair value measurement items, conversion between the various levels did not occur in 2024.

12. Related parties and related-party transactions

12.1 Information on the parent company of the Company

Name of parent company	Shareholding ratio in the Company (%)	Voting ratio in the Company (%)
Xu Shugen	45.53	45.53

12.2 Subsidiaries of the Company

See "Note 8. Equity in other entities" for details of subsidiaries of the Company.

12.3 Joint ventures and associates of the Company

Other joint ventures or associates conducting related party transactions with the Company in 2024 or having balances from related party transactions with the Company in 2023:

Name of joint venture or associate	Relationship with the Company
California Manufacturing and Engineering Co., LLC (hereinafter referred to as "CMEC")	It was changed from an associate into a holding subsidiary of the Company in 2024.
Teupen Maschinenbau GmbH (hereinafter referred to as "Teupen")	An associate in which the Company originally held 24% shares all of which were disposed of in 2024

12.4 Other related parties

Name of other related party	Relationship with the Company
Magni Telescopic Handlers S.R.L. (hereinafter referred to as "Magni")	A joint stock company in which the Company originally held 20% shares all of which were disposed of in 2024
Xu Shugen	Chairman
Xu Zhong	Director, General Manager
Yu Yutang	Director
Wang Meihua	Director, Financial Principal
Liang Jin	Director, Secretary of the Board of Directors
Xu Ronggen	Director
Qiu Baoyin	Independent director
Wang Baoqing	Independent director
Qu Danming	Independent director
Xiang Cunyun	Chairman of the Board of Supervisors
Gao Qineng	Supervisor
Zhou Min	Supervisor

12.5 Related party transactions

12.5.1 Related-party transaction on purchase and sales of goods, and rendering and receipt of services

Purchase of goods/receipt of services

Related parties	Content of related transaction	2024	2023
Magni Telescopic Handlers S.R.L.	Procurement of goods		197,172.76
Teupen Maschinenbau GmbH	Procurement of goods		662.97
Teupen Maschinenbau GmbH	Receipt of services		400,318.20

Sales of goods/rendering of services

Related parties	Content of related transaction	2024	2023
California Manufacturing and Engineering Co., LLC	Sales of commodities	217,863,485.95	1,012,361,260.87
California Manufacturing and Engineering Co., LLC	Rendering of services		29,955,489.53
Magni Telescopic Handlers S.R.L.	Sales of commodities	234,097,645.75	580,058,184.14

- In April 2024, CMEC was changed from an associate to a holding subsidiary of the Company. The aforementioned amount in 2024 refers to the volume of transaction with CMEC from January to April 2024. CMEC's financial statements from May to December 2024 have been incorporated into the consolidated scope.
- In April 2024, the Company completed the equity disposal of Magni. From May 2024, Magni was no longer a related party of the Company. The aforementioned amount in 2024 refers to the volume of transaction with Magni from January to April 2024.

12.5.2 Compensation of key management personnel

Item	2024	2023
Remuneration of key management personnel	5.9565million	5.7675million

12.6 Unsettled transactions with related parties

Accounts receivable

Item	Related parties	Balance as at December 31, 2024		Balance as at December 31, 2023	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable					
	California Manufacturing and Engineering Co., LLC			714,487,257.95	21,434,617.74
	Magni Telescopic Handlers S.R.L.			349,313,087.15	10,480,977.03
Advances to suppliers					
	Magni Telescopic Handlers S.R.L.			822,466.30	

1. In April 2024, CMEC was changed from an associate to a holding subsidiary of the Company.
2. In April 2024, the Company completed the equity disposal of Magni. From May 2024, Magni was no longer a related party of the Company. As of December 31, 2024, the balance of the Company's accounts receivable from Magni was RMB261,066,607.73, and a bad debt provision of RMB7,831,998.23 was accrued.

13. Commitments and contingencies

13.1 Significant commitments

13.1.1 Significant commitments on the balance sheet date

Related guarantees and asset collateral:

- (1) At the tenth meeting of the fifth board of directors on April 23, 2024, and the 2023 annual general meeting of shareholders on May 28, 2024, the Company reviewed and approved the Proposal on the Estimated Guarantee Limit for Subsidiaries within the Consolidated Financial Statements of the Company, agreeing to provide routine guarantees for the subsidiaries within the consolidated financial statements for their daily operations and business development, with a total estimated limit not exceeding RMB28 billion (or equivalence in foreign currency), effective from the date of approval at the general meeting of shareholders to the date of the 2024 annual general meeting of shareholders. As of December 31, 2024, the Company's guarantee balance was RMB914,923,139.82.

The subsidiary Shanghai Dingce pledged its accounts receivable from financial leases (book balance of long-term receivables) or use them to conduct recourse factoring business with the bank to obtain long-term loans. As of December 31, 2024, the pledge and factoring balance of the subsidiary Shanghai Dingce's accounts receivable from financial leases was RMB1,108,443,098.32, and the balance of long-term loans under this pledge and factoring was RMB914,923,139.82.

- (2) From May 1, 2024, CMEC became a consolidated subsidiary of the Company. CMEC and its subsidiaries used land and operating assets as collateral to borrow from financial institutions for operational needs, with a loan balance of USD2,163,845.06 as of December 31, 2024.

13.1.2 There were no other significant commitments required to be disclosed by the Company.

13.2 Contingencies

The Company had no significant contingencies required to be disclosed.

14. Post balance sheet events

14.1 Profit distribution

According to the profit distribution plan for 2024 reviewed and approved at the fourteenth meeting of the fifth board of directors on April 16, 2025: based on the existing total share capital of 506,347,879 shares, a cash dividend of RMB10.00 (tax included) per 10 shares will be distributed to all shareholders. The total cash dividend will amount to RMB506,347,879 (tax included), no housing provident fund will be converted into capital reserve and no bonus shares will be allocated. The profit distribution plan shall be submitted to the Company's 2024 annual general meeting of shareholders for review.

14.2 There were no other post balance sheet events required to be disclosed by the Company.

15. Notes to the main items of the Company's financial statements

15.1 Accounts receivable

15.1.1 Disclosure of accounts receivable by aging

Aging	Balance as at December 31, 2024	Balance as at December 31, 2023
Within 1 year	3,221,346,376.04	2,779,533,090.34
1 - 2 years	225,755,028.18	122,041,044.29
2 - 3 years	16,621,555.91	5,543,868.04
3 - 4 years		185,318.72
4 - 5 years	185,000.00	309,264.37
Over 5 years		1,220,955.84
Sub-total	3,463,907,960.13	2,908,833,541.60
Less: provision for bad debts	54,710,260.02	68,006,118.52
Total	3,409,197,700.11	2,840,827,423.08

ZHEJIANG DINGLI MACHINERY CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(ENGLISH TRANSLATION FOR REFERENCE ONLY)

15.1.2 Classified disclosure of accounts receivable by provision for bad debts

Type	Balance as at December 31, 2024					Balance as at December 31, 2023				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion of provision(%)		Amount	Proportion (%)	Amount	Proportion of provision(%)	
Provision for bad debts accrued on an individual basis						1,530,220.21	0.05	1,530,220.21	100.00	
Provision for bad debts by portfolio with the credit risk characteristics	3,463,907,960.13	100.00	54,710,260.02	1.58	3,409,197,700.11	2,907,303,321.39	99.95	66,475,898.31	2.29	2,840,827,423.08
Including: aging portfolio	1,521,664,391.67	43.93	54,710,260.02	3.60	1,466,954,131.65	1,957,613,648.76	67.30	66,475,898.31	3.40	1,891,137,750.45
Consolidated related party portfolio	1,942,243,568.46	56.07			1,942,243,568.46	949,689,672.63	32.65			949,689,672.63
Total	3,463,907,960.13	100.00	54,710,260.02		3,409,197,700.11	2,908,833,541.60	100.00	68,006,118.52		2,840,827,423.08

Provision for bad debts made on credit risk characteristics portfolio basis:

Items subject to provision made on portfolio basis

Name	Balance as at December 31, 2024		
	Accounts receivable	Provision for bad debts	Proportion of provision(%)
Within 1 year	1,407,267,081.38	42,218,012.44	3.00
1 - 2 years	104,982,144.73	10,498,214.47	10.00
2 - 3 years	9,230,165.56	1,846,033.11	20.00
4 - 5 years	185,000.00	148,000.00	80.00
Total	1,521,664,391.67	54,710,260.02	

15.1.3 Provision, reversal or recovery of provision for bad debts in 2024

Type	Balance as at December 31, 2023	Change in 2024				Balance as at December 31, 2024
		Provision	Recovery or reversal	Write-off or charge-off	Effect of fluctuation in exchange rate	
Provision for bad debts accrued on an individual basis	1,530,220.21			1,537,878.18	7,657.97	
Provision for bad debts accrued on a portfolio basis	66,475,898.31	-10,641,301.24		880,603.23	-243,733.82	54,710,260.02
Total	68,006,118.52	-10,641,301.24		2,418,481.41	-236,075.85	54,710,260.02

15.1.4 Accounts receivable actually charged off in 2024

Item	Amount charged off
Accounts receivable actually written off	2,418,481.41

15.1.5 Top 5 of accounts receivable as at December 31, 2024, presented by debtor, and contract assets

Entity name	Ending balance of accounts receivable	Ending balance of contract assets	Ending balances of accounts receivable and contract assets	Proportion in the total of balances of accounts receivable and contract assets as at December 31, 2024 (%)	Ending balance of bad debt provision for accounts receivable and impairment provision for contract assets
No.1	925,431,531.60		925,431,531.60	26.72	
No.2	408,667,733.35		408,667,733.35	11.80	
No.3	260,583,921.37		260,583,921.37	7.52	7,817,517.64
No.4	207,674,260.94		207,674,260.94	6.00	6,230,227.83
No.5	207,324,779.31		207,324,779.31	5.99	
Total	2,009,682,226.57		2,009,682,226.57	58.03	14,047,745.47

15.2 Other receivables

Item	Balance as at December 31, 2024	Balance as at December 31, 2023
Other accounts receivable	254,616,891.32	202,092,274.25
Total	254,616,891.32	202,092,274.25

ZHEJIANG DINGLI MACHINERY CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(ENGLISH TRANSLATION FOR REFERENCE ONLY)

Other accounts receivable

(1) Disclosure by aging

Aging	Balance as at December 31, 2024	Balance as at December 31, 2023
Within 1 year	54,311,017.02	55,849,836.59
1 - 2 years	54,256,817.58	96,020.11
2 - 3 years	71,716.37	40,046,549.83
3 - 4 years	40,000,000.00	106,000,000.00
4 - 5 years	106,000,000.00	871,373.98
Over 5 years		581,250.00
Sub-total	254,639,550.97	203,445,030.51
Less: provision for bad debts	22,659.65	1,352,756.26
Total	254,616,891.32	202,092,274.25

ZHEJIANG DINGLI MACHINERY CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(ENGLISH TRANSLATION FOR REFERENCE ONLY)

(2) Classified disclosure by provision for bad debts

Type	Balance as at December 31, 2024					Balance as at December 31, 2023				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)		Amount	Proportion (%)	Amount	Proportion of provision (%)	
Provision for bad debts accrued on an individual basis										
Provision for bad debts by portfolio with the credit risk characteristics	254,639,550.97	100.00	22,659.65	0.01	254,616,891.32	203,445,030.51	100.00	1,352,756.26	0.66	202,092,274.25
Including: credit risk portfolio	732,155.43	0.29	22,659.65	3.09	709,495.78	3,445,030.51	1.69	1,352,756.26	39.27	2,092,274.25
Consolidated related party portfolio	253,907,395.54	99.71			253,907,395.54	200,000,000.00	98.31			200,000,000.00
Total	254,639,550.97	100.00	22,659.65		254,616,891.32	203,445,030.51	100.00	1,352,756.26		202,092,274.25

ZHEJIANG DINGLI MACHINERY CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(ENGLISH TRANSLATION FOR REFERENCE ONLY)

Provision for bad debts made on credit risk characteristics portfolio basis:

Items subject to provision made on portfolio basis

Name	Balance as at December 31, 2024		
	Other accounts receivable	Provision for bad debts	Proportion of provision(%)
Provision made on the basis of credit risk characteristics portfolio	732,155.43	22,659.65	3.09
Provision based on consolidated related party portfolio	253,907,395.54		
Total	254,639,550.97	22,659.65	

(3) Provision for bad debts

Provision for bad debts	Stage I	Stage II	Stage III	Total
	Expected credit loss within the next 12 months	Lifetime expected credit loss (without credit impairment)	Lifetime expected credit loss (with credit impairment)	
Balance as at December 31, 2023	1,352,756.26			1,352,756.26
Balance as at December 31, 2023, in 2024				
- Transfer to Stage II				
- Transfer to Stage III				
- Reversal from Stage II				
- Reversal from Stage I				
Provision in 2024	-1,328,519.88			-1,328,519.88
Reversal in 2024				
Charge-off in 2024				
Charge-off in 2024				
Other changes	-1,576.73			-1,576.73
Balance as at December 31, 2024	22,659.65			22,659.65

(4) Provision, reversal or recovery of provision for bad debts in 2024

Type	Balance as at December 31, 2023	Change in 2024				Balance as at December 31, 2024
		Provision	Recovery or reversal	Write-off or charge-off	Effect of fluctuation in exchange rate	
Provision for bad debts accrued on an individual basis						
Provision for bad debts accrued on a portfolio basis	1,352,756.26	-1,328,519.88			-1,576.73	22,659.65
Total	1,352,756.26	-1,328,519.88			-1,576.73	22,659.65

ZHEJIANG DINGLI MACHINERY CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(ENGLISH TRANSLATION FOR REFERENCE ONLY)

(5) No other receivables actually written off in 2024.

(6) Classification by nature of payment

Nature of payment	Book balance as at December 31, 2024	Book balance as at December 31, 2023
Margin or down payment	452,131.54	2,957,967.51
Funds collected and remitted	37,280.00	136,062.43
Other current accounts	242,743.89	351,000.57
Current accounts with subsidiaries	253,907,395.54	200,000,000.00
Total	254,639,550.97	203,445,030.51

(7) Top 5 other receivables in terms of their ending balance collected by the debtors

Entity name	Nature of payment	Balance as at December 31, 2024	Aging	Proportion in the total ending balance of other receivables (%)	Ending balance of provision for bad debts
Shanghai Dingce Financial Leasing Co., Ltd.	Current accounts with subsidiaries	250,000,000.00	Within 5 years	98.18	
California Manufacturing and Engineering Co., LLC	Current accounts with subsidiaries	3,374,412.87	Within 1 year	1.33	
Deqing Liguang Machinery Trading Co., Ltd.	Current accounts with subsidiaries	384,768.67	Within 2 years	0.15	
Zhejiang Dingli Technology Trade Co., Ltd.	Current accounts with subsidiaries	148,214.00	Within 3 years	0.06	
Huzhou International Business Center	Other current accounts	84,000.00	Within 4 years	0.03	2,520.00
Total		253,991,395.54		99.75	2,520.00

15.3 Long-term equity investments

Item	Balance as at December 31, 2024			Balance as at December 31, 2023		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investment to subsidiaries	974,633,987.42		974,633,987.42	394,606,069.52		394,606,069.52
Investments in associates and joint ventures				332,417,551.33		332,417,551.33
Total	974,633,987.42		974,633,987.42	727,023,620.85		727,023,620.85

ZHEJIANG DINGLI MACHINERY CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(ENGLISH TRANSLATION FOR REFERENCE ONLY)

15.3.1 Investment in subsidiaries

Investee	Balance as at December 31, 2023	Balance of provision for impairment as at December 31, 2023	Increase/decrease in 2024				Balance as at December 31, 2024	Balance of impairment provision as at December 31, 2024
			Increase investment	Reduced investment	Impairment provision accrued at the current period	Other increases		
Shanghai Dingce Financial Leasing Co., Ltd.	300,000,000.00						300,000,000.00	
Zhejiang Green Power Machinery Co., Ltd.	38,401,846.74						38,401,846.74	
Zhejiang Dinglv Trading Co., Ltd.	10,000,000.00						10,000,000.00	
California Manufacturing and Engineering Co., LLC			329,558,619.15			248,514,563.75	578,073,182.90	
Dingli Machinery UK Limited	1,771,240.00						1,771,240.00	
Tripod Machinery International B.V.	44,432,982.78		1,954,735.00				46,387,717.78	
Total	394,606,069.52		331,513,354.15			248,514,563.75	974,633,987.42	

ZHEJIANG DINGLI MACHINERY CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(ENGLISH TRANSLATION FOR REFERENCE ONLY)

15.3.2 Investment in associates and joint ventures

Investee	Balance as at December 31, 2023	Balance of provision for impairment as at December 31, 2023	Increase/decrease in 2024								Balance as at December 31, 2024	Balance of impairment provision as at December 31, 2024
			Increase investment	Reduced investment	Profit or loss on investments recognized under the equity method	Adjustments to other comprehensive income	Other changes in equity	Cash dividends or profits declared to be distributed	Provision for impairment accrued	Other decreases		
Associates												
California Manufacturing and Engineering Co., LLC	297,756,738.70				-50,042,732.92	800,557.97				248,514,563.75		
Teupen Maschinenbau GmbH	34,660,812.63			34,840,646.71	487,653.94	-307,819.86						
Total	332,417,551.33			34,840,646.71	-49,555,078.98	492,738.11				248,514,563.75		

15.4 Operating income and operating costs

Item	2024		2023	
	Income	Cost	Income	Cost
Primary business	6,089,383,730.51	3,869,217,453.68	5,949,135,431.74	3,833,742,570.62
Other business	219,866,242.28	81,867,748.03	209,853,455.81	74,149,043.79
Total	6,309,249,972.79	3,951,085,201.71	6,158,988,887.55	3,907,891,614.41

15.5 Investment income

Item	2024	2023
Long-term equity investment income calculated under the equity method	-49,555,078.98	57,045,729.33
Investment income from disposal of long-term equity investments	-4,780,397.26	
Investment income from disposal of financial assets held for trading	1,713,698.64	9,468,595.89
Dividends income from other equity instruments invested during the holding period	1,477,156.45	7,928,928.00
Total	-51,144,621.15	74,443,253.22

16. Supplementary information

16.1 Breakdown of current non-recurring profits and losses

Item	Amount	Remarks
Profit or loss of disposal of non-current assets (including the offset amount where provision for asset impairment has been made)	-4,993,624.43	
Government subsidies included in the current profit or loss (except for government subsidies closely related with the normal business of the Company, obtained based on the established standard in accordance with national policies and provisions and having the continuous influence on the profits or losses of the Company)	34,381,243.77	
The profit or loss from changes in the fair value of financial assets and financial liabilities held by non-financial enterprises and the profit or loss from the disposal of financial assets and financial liabilities, except the effective hedging relevant to the Company's normal business	-52,177,913.42	
Other non-operating income and expenses except for the above-mentioned items	2,625,382.30	
Other items of profit or loss subject to the definition of non-recurring profit or loss	360,388.58	
Sub-total	-19,804,523.20	
Affected amount of income tax	10,140,321.71	
Adjustment of minority equity (after tax)	-18,851.74	
Total	-9,683,053.23	

ZHEJIANG DINGLI MACHINERY CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(ENGLISH TRANSLATION FOR REFERENCE ONLY)

16.2 Rate of return on net assets and earnings per share

Profit in the reporting period	Weighted average rate of return on net assets (%)	Earnings per share (RMB)	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	17.21	3.22	3.22
Net profit attributable to ordinary shareholders of the Company after deducting the non-recurring profit or loss	17.31	3.24	3.24

Zhejiang Dingli Machinery Co., Ltd.

April 16, 2025

