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

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

(Stock Code: 0038)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

FINANCIAL HIGHLIGHTS

Total operating revenue: RMB5,158,780,013.03

Net profit attributable to the shareholders of the Company: RMB158,349,583.86

Earnings per share: RMB0.1590

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce the unaudited consolidated interim results of the Group prepared in accordance with the PRC Accounting Standards for Business Enterprises for the six months ended 30 June 2016 (the “**Reporting Period**”) together with the comparative figures for the corresponding period in 2015 (unless otherwise stated, the figures stated by the Company are denominated in RMB). The consolidated interim financial statements herein are unaudited, but have been reviewed by the audit committee of the Company.

CONSOLIDATED BALANCE SHEET

As at June 30, 2016

Prepared by: First Tractor Company Limited

Unit: RMB

Item	Note	Ending balance	Beginning balance
Current assets:			
Monetary funds	6	1,778,346,387.08	1,897,794,077.61
Settlement reserves for balance			
Loans to banks and other financial institutions		300,000,000.00	0.00
Financial assets measured at fair value and its movement recorded through profit or loss		146,888,383.56	414,865,981.64
Derivative financial assets (if significant)			
Notes receivable		576,550,822.50	629,595,676.71
Accounts receivable	7	730,127,362.71	846,592,058.32
Advances to suppliers		122,988,075.82	60,933,298.85
Premium receivable			
Reinsurance receivables			
Reinsurance contract reserves receivable			
Interest receivable		8,034,544.85	1,878,611.11
Dividend receivable			
Other receivables		69,046,633.15	67,644,192.90
Financial assets purchased with agreement to re-sale		100,484,109.59	899,544,776.20
Inventories		1,145,404,608.11	1,168,906,538.26
Assets classified as held for sale			
Non-current assets due within one year			
Other current assets		862,988,502.63	468,428,422.33
Total current assets		<u>5,840,859,430.00</u>	<u>6,456,183,633.93</u>

Item	<i>Note</i>	Ending balance	Beginning balance
Non-current assets:			
Loans and advances to customers		1,878,572,213.03	1,859,617,637.45
Financial assets available-for-sale		250,880,641.41	259,434,541.41
Held-to-maturity investments		85,707,703.65	0.00
Long-term receivables			
Long-term equity investments		148,961,759.31	150,640,194.51
Investment properties			
Fixed assets		2,778,212,121.05	2,866,761,443.98
Construction in progress		619,106,123.88	613,389,411.85
Construction materials			
Disposal of fixed assets			
Productive biological assets			
Oil and gas assets			
Intangible assets		906,591,391.81	922,350,120.29
Research and development expenses			
Goodwill			
Long-term deferred expenses		35,483,213.53	34,047,868.91
Deferred tax assets		117,621,962.30	110,024,707.65
Other non-current assets			
		<hr/>	<hr/>
Total non-current assets		<u>6,821,137,129.97</u>	<u>6,816,265,926.05</u>
Total assets		<u>12,661,996,559.97</u>	<u>13,272,449,559.98</u>

Item	<i>Note</i>	Ending balance	Beginning balance
Current liabilities:			
Short-term loans		1,662,513,030.08	1,938,954,945.26
Borrowings from central bank			
Receipts of deposits and deposits from other banks		307,207,659.33	527,213,699.13
Loans from other banks		0.00	350,000,000.00
Financial liabilities measured at fair value and its movement recorded through profit or loss			
Derivative financial liabilities (if significant)			
Notes payable		1,067,346,529.84	1,299,804,364.19
Accounts payable	8	1,915,944,631.34	1,526,746,992.98
Advance from customers		197,065,848.31	303,082,198.22
Funds from selling out and repurchasing			
Fee and commission payable			
Employee benefits		108,263,014.06	102,912,994.81
Taxes payables		-272,949,122.87	-347,088,631.55
Interests payable		17,660,468.68	53,716,956.57
Dividends payable		39,133,747.57	0.00
Other payables		269,835,601.41	242,762,492.73
Reinsurance accounts payables			
Reserves for insurance contracts			
Brokerage for trading securities			
Brokerage for consigning securities			
Liabilities classified as held for sale			
Non-current liabilities due within one year		37,820,668.40	32,395,168.40
Other current liabilities		110,546,505.83	98,038,848.99
Total current liabilities		<u>5,460,388,581.98</u>	<u>6,128,540,029.73</u>

Item	<i>Note</i>	Ending balance	Beginning balance
Non-current liabilities:			
Long-term loans		18,437,500.00	26,607,000.00
Bonds payable		1,495,459,563.42	1,494,277,758.19
Including: Preference shares			
Perpetual bond			
Long-term payables			
Long-term employee salary payable			
Special payables			
Estimated liabilities			
Deferred income		175,627,234.53	184,932,985.40
Deferred tax liabilities		37,079,668.62	39,507,239.32
Other non-current liabilities			
		<hr/>	<hr/>
Total non-current liabilities		<u>1,726,603,966.57</u>	<u>1,745,324,982.91</u>
		<hr/>	<hr/>
Total liabilities		<u>7,186,992,548.55</u>	<u>7,873,865,012.64</u>
		<hr/>	<hr/>
Shareholders' equity:			
Share capital		995,900,000.00	995,900,000.00
Other equity instruments			
Including: Preferred shares			
Perpetual bond			
Capital reserves		2,125,185,588.57	2,124,246,289.70
Less: Treasury shares			
Other comprehensive income		4,903,321.62	9,734,262.44
Special reserves		3,637,992.94	2,441,385.29
Surplus reserves		389,744,226.05	389,744,226.05
General risk reserves		8,819,548.63	8,819,548.63
Retained earnings	9	1,260,511,823.35	1,142,994,139.49
Total equity attributable to shareholders of the parent company		4,788,702,501.16	4,673,879,851.60
Minority interests		686,301,510.26	724,704,695.74
		<hr/>	<hr/>
Total shareholders' equity		<u>5,475,004,011.42</u>	<u>5,398,584,547.34</u>
		<hr/>	<hr/>
Total liabilities and shareholders' equity		<u>12,661,996,559.97</u>	<u>13,272,449,559.98</u>

CONSOLIDATED INCOME STATEMENT

January–June 2016

Prepared by: First Tractor Company Limited

Unit: RMB

Item	Note	This period	Last period
I. Total operating revenue		5,158,780,013.03	5,708,191,514.51
Including: Operating revenue		5,041,260,182.13	5,553,784,520.17
Interest income		117,300,250.87	154,161,050.67
Fees and commission income		219,580.03	245,943.67
II. Total operating costs		4,975,939,902.34	5,569,548,287.35
Including: Cost of operation		4,109,134,374.24	4,531,530,237.71
Interest expenses		52,559,932.21	124,120,897.30
Fees and commission expense		202,887.40	255,445.09
Business taxes and surcharges		12,105,432.02	14,638,261.89
Selling expenses		266,328,954.70	288,812,474.52
Administrative expenses		422,892,390.25	427,437,981.51
Financial expenses		40,452,792.56	42,207,637.61
Loss on impairment of assets		72,263,138.96	140,545,351.72
Add: Gain arising from the changes in fair value (Loss listed with “-”)		-442,878.26	4,991,993.93
Investment income (Loss listed with “-”)		28,612,715.99	51,984,548.53
Including: Income from investments in associates and joint ventures (Loss listed with “-”)		8,360,417.05	2,033,301.43
Exchange gain (Loss listed with “-”)			

Item	<i>Note</i>	This period	Last period
III. Operating profit (Loss listed with “-”)		211,009,948.42	195,619,769.62
Add: Non-operating income		14,200,819.99	11,745,539.36
Including: Gain from disposal of non-current assets		329,167.53	599,056.39
Less: Non-operating expenses		755,594.73	2,323,130.94
Including: Loss on disposal of non-current assets		527,730.14	1,508,949.56
IV. Total profit (Total loss listed with “-”)		224,455,173.68	205,042,178.04
Less: Income tax expenses	13	58,757,262.37	50,291,121.31
V. Net profit (Net loss listed with “-”)		165,697,911.31	154,751,056.73
Net profit attributable to shareholders of the parent company		158,349,583.86	148,644,010.04
Profit or loss of minority shareholders		7,348,327.45	6,107,046.69
VI. Net other comprehensive income after tax		-4,792,708.40	13,875,813.65
Net other comprehensive income after tax attributable to owners of the parent company		-4,830,940.82	13,780,623.96
(I) Other comprehensive income that cannot be reclassified to profit or loss in subsequent periods			
1. Changes in net liabilities or net assets arising from the re-measurement of defined benefit plans			
2. Share of other comprehensive income of investee that will not be subsequently reclassified to profit or loss under equity method			

Item	<i>Note</i>	This period	Last period
(II) Other comprehensive income that will be subsequently reclassified to profit or loss		-4,830,940.82	13,780,623.96
1. Share of other comprehensive income of investee that will be subsequently reclassified to profit or loss under equity method			
2. Gains or losses from changes in fair value of financial assets available-for-sale		-6,464,362.91	13,370,052.83
3. Gains or losses from held-to-maturity investment reclassified as financial assets available-for-sale			
4. Effective part of hedging gains or losses from cash flows			
5. Exchange differences from translation of foreign currency financial statements		1,633,422.09	410,571.13
6. Others			
Net other comprehensive income after tax attributable to minority interests		38,232.42	95,189.69
VII. Total comprehensive income		160,905,202.91	168,626,870.38
Total comprehensive income attributable to shareholders of the parent company		153,518,643.04	162,424,634.00
Total comprehensive income attributable to minority interests		7,386,559.87	6,202,236.38
VIII. Earnings per share:			
(I) Basic earnings per share	14	0.1590	0.1493
(II) Diluted earnings per share	14	0.1590	0.1493

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Company information

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

The Company is a company of investment holding, manufacturing and sales of agricultural machinery. In the following, the Company and its affiliated companies are collectively referred to as the “**Group**”. During the year, the main business operations of the Group in China are as follows:

- Manufacture and sale of agricultural machinery
- Manufacture and sale of power machinery
- Manufacture and sale of other machinery
- Provision of loans, bills discounting and deposit-taking service

The directors (“**Directors**”) of the Company believe that the immediate controlling shareholder is YTO Group Corporation Limited (the “**Controlling Shareholder**”) and the ultimate controlling shareholder is China National Machinery Industry Corporation. Both are companies registered and established in China.

2. Basis of preparation of financial statements

Based on the going-concern assumption and transactions and events actually incurred, the financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises and relevant stipulations (hereafter collectively referred as “**ASBEs**”) by the Ministry of Finance of the PRC, No. 15 Information Disclosures Regulations for Companies Offering Shares in Public – General Rules of Preparing Financial Reports (revised in 2014) issued by China Securities Regulatory Commission (CSRC), disclosure requirements by “Rules Governing the Listing of Securities” issued by Hong Kong Stock Exchange and “Hong Kong Companies Ordinance”, and based on the accounting policies and accounting estimates stated in the Note “4. Accounting policies”.

3. Statement of compliance of Accounting Standards for Business Enterprises

The 2016 interim financial statements of the Group have been prepared in accordance with the Accounting Standards for Business Enterprises (ASBEs), and present truly and completely the financial position of the Group as at June 30, 2016 and its financial performance and cash flows and other related information.

Given the fact that Chinese ASBEs are equivalent to Hong Kong Financial Reporting Standards (HKFRSs), the Hong Kong Securities and Futures Commission and the Hong Kong Stock Exchange have both accepted financial statements prepared by Hong Kong listed companies originally from mainland China in accordance to the Chinese ASBEs and audited by accounting firms based in mainland China with relevant qualifications. Approved by the 2014 second extraordinary Shareholders Meeting of the Company on October 31, 2014, the Group no longer prepares financial statements under both ASBEs and HKFRSs since the reporting year of 2014. Only the financial statements prepared in accordance to the Chinese ASBEs will be provided to shareholders of A shares and H shares of the Company.

4. Accounting policies

(1) Accounting year

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

(2) Recording currency

The recording currency of the Group is Renminbi (RMB). Its subsidiaries, joint ventures and associate enterprises determine their own recording currency by themselves according to their main economic environment.

(3) The Group adopts Renminbi (RMB) as the recording currency when preparing the financial statements.

(4) Accounting method for business combination under the common control and not under the common control

The Group, as the acquirer, recognizes acquired assets and liabilities under common control at the carrying amounts of the acquiree in the consolidated statements of the ultimate shareholder on the acquisition date. The difference between the carrying amount of the net assets obtained and the amount of consideration paid for the combinations is adjusted to capital reserves (capital premium). If the balance of capital reserves is insufficient to be offset, any excess is adjusted against retained earnings.

Identifiable assets, liabilities and contingent liabilities acquired through business combination not under the common control are recognized at their fair values at the acquisition date. The cost of business combination is the sum of cash paid, the fair value of non-cash assets, liabilities issued or assumed, equity securities issued on the date of acquisition, and other direct expenses incurred in order to obtain the control over the acquiree (the cost of the combination is the sum of the cost of each individual transaction for enterprise consolidation realized through multiple steps of transactions). Where the cost of combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference shall be recognized as goodwill. Where the cost of combination is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, firstly review the fair value of each identifiable net assets, liabilities, contingent liabilities and the non-cash assets or issued equity securities as the consolidation of the combination. After the review, if the combination cost is still less than the entitled fair value of the net identifiable assets acquired from the acquiree under the combination, the remaining difference is recognized as non-operating income in the current period profit or loss of the consolidation period.

(5) *Preparation method of consolidated financial statements*

The consolidation scope of the Group includes all subsidiaries controlled.

When accounting policies and accounting period that subsidiaries adopt are not in accordance with the ones of the Company, the financial statements of subsidiaries should be adjusted necessarily based on the accounting policies or accounting period of the Company when preparing consolidated financial statements.

All significant inter-company balances, transactions and unrealized profits are eliminated when the consolidation statements are prepared. Shareholders' equity of subsidiaries not attributable to the parent, net profit or loss, other comprehensive income and the comprehensive income that is attributable to minority interest shall be disclosed separately as non-controlling shareholders' equity, non-controlling shareholders' profit or loss, other comprehensive income attributable to non-controlling shareholders and total comprehensive income attributable to non-controlling shareholders in the consolidated financial statements.

For a subsidiary acquired through business combination under common control, its operating results and cash flow shall be consolidated from the beginning of the period that the Group acquires its control. When preparing the consolidated comparative financial statements, adjustments shall be made to the related items in the financial statements of the last period as though the reporting entity formed after the combination has been existed since the time point when the ultimate controlling party started to control.

For subsidiaries acquired through business combination not under the common control, its operating results and cash flow shall be consolidated from the date that the Group obtained the control. Adjustments to the financial statements of the subsidiaries shall be made based on the fair value of identifiable assets, liabilities and contingent liabilities on acquisition date when preparing consolidated financial statements.

(6) *Changes in accounting policies*

None.

5. Segment information

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

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

- (a) The ‘agricultural machinery’ segment engages in the research and development, manufacture and sale of agricultural machinery, including tractors, relevant parts and components;
- (b) The ‘power machinery’ segment engages in the manufacture and sale of diesel engines, fuel injection pumps and fuel jets;
- (c) The ‘other machinery’ segment engages in the manufacture and sale of forklifts and other machinery;

- (d) The ‘financial service’ segment engages in the provision of loans, bills discounting and deposit-taking services.

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

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

Reporting segment for the period of January–June 2016 (Unit: RMB’000)

Item	Agricultural machinery	Power machinery	Other machinery	Financial service	Elimination among segments	Total
Operating income	4,545,206	1,328,486	22,592	125,453	-862,957	5,158,780
Including: External transaction revenue	4,120,261	902,135	18,864	117,520	0	5,158,780
Transactional revenue between segments	424,945	426,351	3,728	7,933	-862,957	0
Total profit of segment	115,474	116,494	-23,271	26,009	-10,251	224,455
Total assets	9,498,194	2,378,481	140,083	920,353	-275,114	12,661,997
Including: Significant impairment loss on individual assets	0	0	0	0	0	0
Total liabilities	5,792,166	820,156	304,179	497,757	-227,265	7,186,993
Supplementary information	-	-	-	-	-	-
Capitalized expenditure	75,844	15,361	51	2	0	91,258
Depreciation and amortization expenses	134,629	32,534	1,580	441	0	169,184
Non-cash expenses other than impairment loss, depreciation and amortization	47,964	49,510	0	0	0	97,474

Reporting segment for the period of January–June 2015 (Unit: RMB'000)

Item	Agricultural machinery	Power machinery	Other machinery	Financial service	Elimination among segments	Total
Operating income	4,968,831	1,281,045	33,561	169,864	-745,109	5,708,192
Including: External transaction revenue	4,690,579	841,870	21,298	154,445	0	5,708,192
Transactional revenue between segments	278,252	439,175	12,263	15,419	-745,109	0
Total profit of segment	143,161	86,657	-58,621	53,447	-19,602	205,042
Total assets	7,195,196	2,048,630	245,251	3,894,043	-19,602	13,363,518
Including: Significant impairment loss on individual assets	0	0	0	0	0	0
Total liabilities	5,590,384	849,880	248,221	1,242,273	0	7,930,758
Supplementary information	-	-	-	-	-	-
Capitalized expenditure	14,528	47,502	0	87	0	62,117
Depreciation and amortization expenses	121,959	37,434	1,875	380	0	161,648
Non-cash expenses other than impairment loss, depreciation and amortization	51,388	29,966	970	20,007	0	102,331

6. Monetary funds

Item	Ending balance	Beginning balance
Cash on hand	1,561,333.67	983,395.10
Bank deposits	1,644,049,522.79	1,717,588,725.96
Other monetary funds	132,735,530.62	179,221,956.55
Total	<u>1,778,346,387.08</u>	<u>1,897,794,077.61</u>
Including: Total amount deposited abroad	<u>50,108,298.05</u>	<u>28,910,171.89</u>

Note: At the end of June 30, 2016, the restricted monetary fund of the Group is the statutory deposit reserve deposited at central bank of RMB21,504,536.15 (beginning balance: RMB39,541,027.43), security deposit of acceptance notes of RMB108,897,046.61 (beginning balance: RMB153,702,064.13) and other security deposit of RMB11,810,475.84 (beginning balance: RMB14,265,558.73).

7. Accounts receivable

Classification	Book balance		Ending balance		Book value
	Amount	Percentage (%)	Provision for bad debts		
			Amount	Accrual percentage (%)	
Individually significant and provided for bad debts on individual basis	501,425,600.32	39.01	127,726,884.02	25.47	373,698,716.30
Receivables that are provided for bad debts on credit risk portfolio basis	763,724,137.59	59.41	418,059,701.67	54.74	345,664,435.92
Individually insignificant but provided for bad debts on individual basis	20,298,970.92	1.58	9,534,760.43	46.97	10,764,210.49
Total	1,285,448,708.83	100.00	555,321,346.12	-	730,127,362.71

Classification	Book balance		Beginning balance		Book value
	Amount	Percentage (%)	Provision for bad debts		
			Amount	Accrual percentage (%)	
Individually significant and provided for bad debts on individual basis	497,166,498.52	36.41	126,507,886.80	25.45	370,658,611.72
Receivables that are provided for bad debts on credit risk portfolio basis	854,961,785.02	62.62	386,189,223.29	45.17	468,772,561.73
Individually insignificant but provided for bad debts on individual basis	13,306,396.50	0.97	6,145,511.63	46.18	7,160,884.87
Total	1,365,434,680.04	100.00	518,842,621.72	/	846,592,058.32

8. Accounts payable

(1) Accounts payable

Item	Ending balance	Beginning balance
Purchase payable	1,767,510,549.13	1,370,467,578.02
Purchase of construction equipment payable	128,572,798.76	128,465,813.34
Service fee payable	10,045,689.28	23,535,898.88
Others	9,815,594.17	4,277,702.74
Total	<u>1,915,944,631.34</u>	<u>1,526,746,992.98</u>

(2) Aging analysis of accounts payable

Item	Ending balance	Beginning balance
Within 1 year	1,758,266,209.87	1,381,275,324.73
1–2 years	73,659,795.39	73,232,449.45
2–3 years	30,387,885.88	28,024,357.56
Over than 3 years	53,630,740.20	44,214,861.24
Total	<u>1,915,944,631.34</u>	<u>1,526,746,992.98</u>

9. Retained earnings

Item	This period	Last period
Ending balance of last year	1,142,994,139.49	1,080,369,447.42
Add: Adjustment to the beginning balance of retained earnings	0.00	0.00
Beginning balance of this period	1,142,994,139.49	1,080,369,447.42
Add: Net profit attributable to the shareholders of the parent company in this period	158,349,583.86	148,644,010.04
Less: Appropriation to the statutory surplus reserve	0.00	0.00
Appropriation to the general risk reserves	0.00	0.00
Common stock dividends payable	40,831,900.00	50,790,900.00
Ending balance of this period	<u>1,260,511,823.35</u>	<u>1,178,222,557.46</u>

10. Net current assets

Item	Ending balance	Beginning balance
Current assets	5,840,859,430.00	6,456,183,633.93
Less: current liabilities	5,460,388,581.98	6,128,540,029.73
Net current assets	<u>380,470,848.02</u>	<u>327,643,604.20</u>

11. Total assets minus current liabilities

Item	Ending balance	Beginning balance
Total assets	12,661,996,559.97	13,272,449,559.98
Less: current liabilities	5,460,388,581.98	6,128,540,029.73
Total assets minus current liabilities	<u>7,201,607,977.99</u>	<u>7,143,909,530.25</u>

12. Depreciation and amortization

Depreciation and amortization recognized in the Income statement for this period is RMB146,800,426.42 and RMB16,710,438.95 respectively (last period: RMB138,702,805.16 and RMB16,602,716.57 respectively).

13. Income tax expenses

Item	Amount in this period	Amount in last period
Current income tax expenses	64,514,096.06	64,620,077.21
Deferred income tax expense	-5,756,833.69	-14,328,955.90
Total	<u>58,757,262.37</u>	<u>50,291,121.31</u>

As jointly approved by the Science and Technology Department and the Finance Department of Henan Province, the State Administration of Taxation and the local tax bureau, the Company and its subsidiaries, YTO (Luoyang) Diesel Engine Co., Ltd., Luoyang Tractors Research Company, Luoyang Xiyuan Vehicles and Power Inspection Institute Co., Ltd. and YTO (Luoyang) Flag Auto-body Company Limited are entitled to the 15% income tax rate for new and high tech enterprises according to the stipulations of Article 28 of Law of the People's Republic of China on Enterprise Income Tax.

14. Earnings per share

(1) Basic earnings per share

Basic earnings per share is calculated as the result of the consolidated net profits attributable to shareholders of ordinary shares of the parent company divided by the weighted average of outstanding ordinary shares of the parent company.

Item	This period	Last period
Consolidated net profit attributable to the ordinary shareholders of the parent company	158,349,583.86	148,644,010.04
Consolidated net profit attributable to the ordinary shareholders of the parent company (after deducting extraordinary gains or losses)	142,647,691.79	133,246,720.67
The weighted average outstanding ordinary shares of the parent company	995,900,000.00	995,900,000.00
Basic earnings per share (RMB/share)	0.1590	0.1493
Basic earnings per share (RMB/share) (after deducting extraordinary gains or losses)	0.1432	0.1338

The calculation process of the weighted average number of ordinary shares:

Item	This period	Last period
Number of outstanding ordinary shares issued at the beginning of the year	995,900,000.00	995,900,000.00
Adjustment of share capital increased from the transfer of reserve funds	0.00	0.00
Number of outstanding ordinary shares issued at the end of the period	995,900,000.00	995,900,000.00

(2) *Diluted earnings per share*

Item	This period	Last period
Adjusted consolidated net profit attributable to the ordinary shareholders of the parent company	158,349,583.86	148,644,010.04
Adjusted consolidated net profit attributable to the ordinary shareholders of the parent (after deducting extraordinary gains or losses)	142,647,691.79	133,246,720.67
The adjusted weighted average number of outstanding common stocks of the Company	995,900,000.00	995,900,000.00
Diluted earnings per share (<i>RMB/share</i>)	0.1590	0.1493
Diluted earnings per share (<i>RMB/share</i>) (after deducting extraordinary gains or losses)	0.1432	0.1338

KEY ACCOUNTING DATA AND FINANCIAL INDICATORS OF THE COMPANY PREPARED IN ACCORDANCE WITH THE PRC ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

1. Key Accounting Data

Unit: Yuan Currency: RMB

Key Accounting Data	For the Reporting Period (January to June)	For the corresponding period of the last year	Year-on-year increase/decrease during the Reporting Period (%)
Total operating revenue	5,158,780,013.03	5,708,191,514.51	-9.62
Operating revenue	5,041,260,182.13	5,553,784,520.17	-9.23
Net profit attributable to shareholders of the Company	158,349,583.86	148,644,010.04	6.53
Net profit attributable to shareholders of the Company after deduction of non-recurring items	142,647,691.79	133,246,720.67	7.06
Net cash flows from operating activities	487,141,637.61	256,360,072.95	90.02
	As at the end of the Reporting Period	As at the end of last year	Increase/decrease as at the end of the Reporting Period compared with the end of last year (%)
Net assets attributable to shareholders of the Company	4,788,702,501.16	4,673,879,851.60	2.46
Total assets	12,661,996,559.97	13,272,449,559.98	-4.60

2. Key financial indicators

Key financial indicators	For the Reporting Period (January to June)	For the corresponding period of last year	Year-on-year increase/decrease during the Reporting Period (%)
Basic earnings per share (<i>RMB yuan/share</i>)	0.1590	0.1493	6.50
Diluted earnings per share (<i>RMB yuan/share</i>)	0.1590	0.1493	6.50
Basic earnings per share after deduction of non-recurring profit or loss items (<i>RMB yuan/share</i>)	0.1432	0.1338	7.03
Weighted average return on net assets (%)	3.36	3.21	Increased by 0.15 percentage point
Weighted average return on net assets after deduction of non-recurring profit or loss items (%)	3.02	2.88	Increased by 0.14 percentage point

Explanation on the key accounting data and financial indicators of the Company

1. The basic earnings per share and diluted earnings per share showed a year-on-year increase of 6.50%, mainly due to an increase in the net profit attributable to shareholders of the Company during the period.
2. Basic earnings per share after deduction of non-recurring profit or loss items presented a year-on-year increase of 7.03%, mainly due to an increase in the net profit attributable to shareholders of the Company after deduction of non-recurring profit or loss items during the period.

NON-RECURRING PROFIT OR LOSS ITEMS AND AMOUNTS

Unit: Yuan Currency: RMB

Non-recurring Profit or Loss Items	Amounts
Gain or loss from disposal of non-current assets	-198,562.61
Government grants credited to current profit or loss (except for those which are closely related to the Company's ordinary business, in accordance with national policies and continuously received in certain standard amounts and quantities)	11,372,972.87
Profit or loss from debt restructuring	380,988.49
Profit or loss from changes in fair value arising from holding held-for-trading financial assets and held-for-trading financial liabilities, and investment income from disposal of held-for-trading financial assets, held-for-trading financial liabilities and available-for-sale financial assets, except effective hedging business related to the Company's normal operations	7,543,586.43
Non-operating income and expenses other than those stated above	1,889,826.51
Impact on minority interests	-1,534,161.64
Effect of income tax	-3,752,757.98
Total	<u><u>15,701,892.07</u></u>

THE BOARD'S DISCUSSION AND ANALYSIS ON THE COMPANY'S OPERATIONS DURING THE REPORTING PERIOD

In the first half of 2016, as affected by the continuing sluggish world economy and global market demand, there was an "L-shaped" macroeconomic trend in the PRC. New norm and features of the economic development has been clearer, with old development drivers transforming towards new ones. Since the beginning of this year and driven by the effective macroeconomic policy of the PRC, the PRC economy and operation has been generally stable.

In the first half of this year, agricultural machinery industry was overall steady, and recognized a principal operating revenue of approximately RMB221.855 billion with a year-on-year increase of approximately 7.5%. Due to factors including the drop in prices of crops, decrease in subsidy for purchase of agricultural machinery and users' hesitation in purchases as a result of the shift to national III engine, demand in the tractor industry was in a downturn. Meanwhile, the trend in transformation and upgrade of the tractor industry became clearer, shaping an apparent trend for transformation from two wheels to four wheels products. In the first half of this year, the aggregate sales volume of the hi-powered and mid-powered wheeled tractors in the industry reached 173,400 units, representing a year-on-year decrease of 11.69%, of which the sales volume of hi-powered wheeled tractors was 76,400 units, representing

a year-on-year decrease of 2.44%, the ratio of hi-powered wheeled tractors with horsepower of 100 or above in the sales of hi-powered and mid-powered wheeled tractors had a year-on-year increase of 4.6 percentage points, and the sales volume of mid-powered wheeled tractors was 96,900 units, representing a year-on-year decrease of 17.77%.

Facing the overall downturn in the industry, the Company adhered to the established strategies and directions, focused on the annual operation plan, and firmly carried out the key works in product structure adjustment, transformation and upgrade as well as enhancement in quality and efficiency. As a result, various works were carried out steadily and the business operation kept basically stable in the first half of this year. During the Reporting Period, the Company recorded total operating revenue of RMB5.159 billion, representing a year-on-year decrease of 9.62%; and the net profit attributable to the Company amounted to RMB158 million, representing a year-on-year increase of 6.53%. As the product structure of the Company was constantly optimizing, profitability was enhanced with a year-on-year increase in the consolidated gross profit margin of products of 0.08 percent point. Net inflow of cash flow from operating activities of the Company was RMB487 million, with a year-on-year increase of 90.02%.

Agricultural machinery business

During the Reporting Period, the Company actively followed the trend for higher powered tractors and four wheels products development, continued to optimize the products sales structure and improved product profitability. Based on the foundation from sale of power shifting tractor products last year, the Company further improved its marketing plan and service capability. In the first half of this year, the Company sold 3,225 units of power shifting tractors, representing a year-on-year increase of 1.27 times, which consolidated and improved the market competitiveness of Dongfanghong power shifting products. The Company is well-prepared to fully launch the whole national III engine products and will focus in particular on the demand fluctuation during shifting to national III engine and the changing competitive environment by way of enhancement in end user promotion and channel capability and co-organization of application promotion campaigns with relevant ministries and commissions. In the first half of this year, the Company sold 42,300 units of hi-powered and mid-powered tractors, representing a year-on-year decrease of 9.07% (the level of decline was lower than the industry level, which contributed to a higher market share), while 22,400 units of hi-powered wheeled tractors were sold, representing a year-on-year decrease of 5.65% and 19,700 units of mid-powered wheeled tractors were sold, representing a year-on-year decrease of 12.33%.

Meanwhile, the “Tractor Power System National Key Laboratory” was now formally under construction, which would strongly support further enhancement in the Company’s capability to be an independent innovative enterprise.

Power machinery business

Due to the overall drop in the ancillary markets for dominant products, such as harvesters and hi-powered and mid-powered tractors, the Company sold 85,700 units of diesel engines in aggregate in the first half of this year, representing a year-on-year decrease of 15.1%, while external sales accounted for 56,800 units, representing a year-on-year decrease of 12.1%. Given that there was a decline in sales volume, the Company grasped the opportunities in the tendency of the subsidy policy on purchase of agricultural machinery towards hi-powered agricultural machinery, so as to continue to enhance its sales and marketing capability and optimize its sales structure gradually. There was also a significant year-on-year increase in sales volume of high value added diesel engine products which facilitated enhancement in efficiency and return of the Company.

During the Reporting Period, with the steady progress of the key technologies improvement projects in respect of power machinery business of the Company, the Company completed the installation of auxiliary equipment for the public utilities works of the hi-powered diesel engines project (phase II) and the demonstration on the scheme on upgrade and improvement of LR diesel engines national IV technology. Based on the requirements in products transformation and upgrade, the Company implemented improved internal resources allocation, and YTO Diesel Engine completed the merger and acquisition of YTO (Luoyang) Power Machinery Company Limited, a wholly-owned subsidiary.

Other business

During the Reporting Period, the Company conducted key risk inspection and focused on improving risk prevention and control, and controlling operational risks according to the changes and risk status in the financial market environment while fully utilizing YTO Finance to strengthen centralized management of internal funds and enhance efficiency in the use of funds.

In the first half of 2016, as a result of the improvement in its product sales structure and achievement in cost control, the Company enjoyed improved profitability given overall falling sales. However, as there are adjustments in policy-driven priorities and no significant changes in market environment, the tractor market is expected to remain sluggish in the second half of 2016. The Company will regard the changes in the subsidy policy on purchase of agricultural machinery and implementation of mandatory environmental policy as vital opportunities for accelerating its transformation and upgrade and consolidating its competitive advantages. The Company will adhere to the operating direction of “expand the market with steady growth; improve quality and create new advantages; adjust structure and promote to make transformation; strengthen management and improve efficiency” as adopted at the beginning of the year, so as to take the initiative to solidify advantages in adverse situation.

The Company will continue to intensify market development and try its utmost to consolidate and increase the market share of its Dongfanghong products, and speed up adjustment of product mix and transformation and upgrade, enhance the driving force for enterprise development, and speed up the study and domestic application and development of power system technologies in particular in YTO France. The Company will also promote development of key research and development projects such as the development of tractor equipped with continuous variable transmission, so as to continue to consolidate and enhance its industry-leading advantages in product technologies. The Company will continue to take measures to improve management, strive to build a long-term effective mechanism for management improvement, consolidate the foundation for enterprise operations and management, deepen internal control, strengthen risk prevention and control, in order to maintain effective and efficient management and guarantee the quality and efficiency of the Company.

ANALYSIS OF PRINCIPAL BUSINESSES

1. Analysis of Changes in Items of the Financial Statements

(1) Consolidated balance sheet

Unit: Yuan Currency: RMB

Item	For the Reporting Period	As at the beginning of the year	Changes (%)	Explanation
Loans to banks and other financial institutions	300,000,000.00	0.00	N/A	Loans to banks and other financial institutions from YTO Finance as at the end of the period
Financial assets at fair value through profit or loss	146,888,383.56	414,865,981.64	-64.59	Decrease in trust products held by YTO Finance during the period
Advances to suppliers	122,988,075.82	60,933,298.85	101.84	Increase in advances to suppliers for purchase during the period
Interest receivable	8,034,544.85	1,878,611.11	327.69	Increase in interest receivable of YTO Finance during the period

Item	For the Reporting Period	As at the beginning of the year	Changes (%)	Explanation
Financial assets purchased with agreement to re-sale	100,484,109.59	899,544,776.20	-88.83	Decrease in financial assets purchased with agreement to re-sale of YTO Finance during the period
Other current assets	862,988,502.63	468,428,422.33	84.23	Increase in wealth management products purchased using short-term idle funds during the period
Held-to-maturity investments	85,707,703.65	0.00	N/A	Increase in bonds purchased by YTO Finance during the period
Receipts of deposits and deposits from other banks	307,207,659.33	527,213,699.13	-41.73	Decrease in receipts of deposits and deposits from other banks of YTO Finance during the period
Loans from other banks	0.00	350,000,000.00	-100.00	Repayment of loans from other banks by YTO Finance during the period
Accounts payable	1,915,944,631.34	1,526,746,992.98	25.49	Increase in procurement amount and the settlement thereof not yet due during the period
Advances from customers	197,065,848.31	303,082,198.22	-34.98	Materialization of sales in the period for advances from customers at the end of last year
Interest payable	17,660,468.68	53,716,956.57	-67.12	Payment of interests on the corporate bonds during the period

Item	For the Reporting Period	As at the beginning of the year	Changes (%)	Explanation
Dividend payable	39,133,747.57	0.00	N/A	Distribution of dividend for the year of 2015 announced during the period
Long-term loans	18,437,500.00	26,607,000.00	-30.70	Transfer of long-term loans due within one year to current liabilities during the period
Other comprehensive income	4,903,321.62	9,734,262.44	-49.63	Decrease in fair value of available-for-sale financial assets during the period

(2) *Consolidated income statement*

Unit: Yuan Currency: RMB

Item	For the Reporting Period	For the corresponding period of the previous year	Changes (%)
Total revenue from operations	5,158,780,013.03	5,708,191,514.51	-9.62
Operating revenue	5,041,260,182.13	5,553,784,520.17	-9.23
Operating costs	4,109,134,374.24	4,531,530,237.71	-9.32
Selling costs	266,328,954.70	288,812,474.52	-7.78
Administrative expenses	422,892,390.25	427,437,981.51	-1.06
Finance costs	40,452,792.56	42,207,637.61	-4.16
Research and development expenses	190,476,732.63	185,186,939.65	2.86
Loss in asset impairment	72,263,138.96	140,545,351.72	-48.58
Gain from change in fair value	-442,878.26	4,991,993.93	-108.87
Gain from investment	28,612,715.99	51,984,548.53	-44.96
Non-operating expenses	755,594.73	2,323,130.94	-67.48

Explanation on changes in total revenue from operations, operating revenue and operating costs: Mainly due to the decrease in sales of agricultural machinery products of the Company.

Explanation on change in loss in asset impairment: Decreased by 48.58% as compared with the same period last year, mainly due to the decrease in provision for bad debt as a result of the decrease in accounts receivable of the Company as at the end of the period as compared with the end of the same period last year.

Explanation on change in gain from change in fair value: Decreased by 108.87% as compared with the same period last year, mainly due to the decrease in market value of held-for-trading financial assets held by the Company during the period.

Explanation on change in gain from investment: Decreased by 44.96% as compared with the same period last year, mainly due to the decrease in gain from acquisition or disposal of financial assets of the Company during the period.

Explanation on change in non-operating expenses: Decreased by 67.48% as compared with the same period last year, mainly due to the decrease in the net loss from disposal of fixed assets of the Company during the period.

(3) Consolidated cash flow statement

Unit: Yuan Currency: RMB

Item	For the Reporting Period	For the corresponding period of last year	Changes (%)
Net cash flow from operating activities	487,141,637.61	256,360,072.95	90.02
Net cash flow from investing activities	-336,699,358.99	-665,197,231.67	N/A
Net cash flow from financing activities	-207,611,250.33	28,653,767.33	-824.55

Explanation on change in net cash flow from operating activities: Increased by 90.02% as compared with the same period last year, mainly because the financial assets purchased with agreement to re-sale held by YTO Finance at the beginning of the period was sold during the period.

Explanation on change in net cash flow from investing activities: Decreased by an outflow of RMB328,500,000 as compared with the same period last year, mainly due to the decrease in wealth management products purchased during the period as compared with the same period last year.

Explanation on change in net cash flow from financing activities: Increased by an outflow of RMB236,260,000 as compared with the same period last year, mainly due to the increase in bank loan repayment during the period as compared with the same period last year, and the decrease in cash obtained from loan during the period as compared with the same period last year.

2. Others

(1) Key Financial Ratios

Item	As at the end of the period	As at the beginning of the year	Year- on-year changes
Gearing ratio (%)	56.76	59.32	Decreased by 2.56 percentage points
Current ratio	1.07	1.05	Increased by 0.02
Quick ratio	0.86	0.86	–

(2) Bank Loans

Bank loans of the Group are mainly denominated in RMB, USD and Euro. As at the end of the Reporting Period, bank loans of the Group due within one year amounted to RMB1,680,950,500 in which loans in foreign currency amounted to RMB726,474,700 (mainly in USD and Euro). Bank loans due over one year amounted to RMB18,437,500. Bank loans in fixed rate amounted to RMB1,551,888,000. The Company has good credit ranking and financing ability within and outside the PRC.

(3) Charged Assets

As at the end of the Reporting Period, fixed assets and intangible assets amounting to RMB100,098,100 were charged, and bills receivable amounting to RMB184,475,800 was pledged, by the Group to obtain bank loans of RMB254,475,800 in total.

As at the end of the Reporting Period, the Group obtained bills issued by financial institution amounting to approximately RMB1,067,346,500 in total, which were pledged by bills receivable amounting to RMB230,139,500 and deposits amounting to RMB108,897,000.

(4) *Currency Exchange Risks*

The business of the Company is mainly situated in the PRC and most of the transactions are settled in RMB. However, as the Company has foreign currency loans and its export transactions are settled in foreign currencies (mainly in USD, HKD, Euro, Japanese Yen, Australian dollars, West African CFA franc and South African Rand), exchange rate fluctuations may affect the operating results of the Company.

ANALYSIS OF INDUSTRY, PRODUCTS OR REGIONAL OPERATION

1. Principal Businesses by Industry and by Product

Unit: 0'000 yuan Currency: RMB

Principal business by industry

By industry	Operating revenue	Operating cost	Gross profit margin (%)	Increase/decrease in operating revenue as compared with last year (%)	Increase/decrease in operating cost as compared with last year (%)	Increase/decrease in gross profit margin as compared with last year
Equipment manufacturing	<u>504,126</u>	<u>410,913</u>	<u>18.49</u>	<u>-9.23</u>	<u>-9.32</u>	Increased by 0.08 percentage point

Principal businesses by products

By products	Operating revenue	Operating cost	Gross profit margin (%)	Increase/decrease in operating revenue as compared with last year (%)	Increase/decrease in operating cost as compared with last year (%)	Increase/decrease in gross profit margin as compared with last year
Agricultural machinery	454,521	390,076	14.18	-8.53	-7.28	Decreased by 1.15 percentage points
Power machinery	132,849	103,749	21.90	3.70	2.81	Increased by 0.67 percentage point
Other machinery	2,258	2,590	-14.70	-32.72	-38.60	Increased by 10.98 percentage points
Inter-segment elimination	-85,502	-85,502	/	/	/	/
Total	<u>504,126</u>	<u>410,913</u>	<u>18.49</u>	<u>-9.23</u>	<u>-9.32</u>	Increased by 0.08 percentage point

2. Principal Businesses by Geographical Location

Unit: 0'000 Yuan Currency: RMB

Geographical location	Operating revenue	Increase/decrease in operating revenue as compared with last year (%)
PRC Domestic	490,541.46	-8.78
PRC Overseas	13,584.56	-22.88

ANALYSIS OF CORE COMPETITIVENESS

During the Reporting Period, the core competitiveness of the Company had no material change.

ANALYSIS OF MAJOR SUBSIDIARIES AND EQUITY PARTICIPATING COMPANIES

1. Information on major subsidiaries

Currency: RMB, unless otherwise specified

Name of companies	Registered capital (0'000 Yuan)	Principal business	As at 30 June 2016		For the Reporting Period	
			Total assets (0'000 Yuan)	Net assets (0'000 Yuan)	Operating revenue (0'000 Yuan)	Net profit (0'000 Yuan)
YTO Finance	50,000	Provision of financial services	449,351	74,235	12,545	1,719
YTO Diesel Engine	USD16,000,000	Manufacture and sale of engines	166,602	96,875	114,039	9,709
Jiangyan Power	20,000	Manufacture and sale of multi-bore medium and small diesel engines and castings	48,838	25,170	19,567	-296
YTO Fuel Injection Pump	16,192	Manufacture and sale of diesel engine products including fuel injection nozzle and pump	31,690	24,025	9,997	374
Tractors Research Company	44,500	Development and research of tractor products	74,090	64,694	10,623	436
YTO International Trade	6,600	International sale of agricultural machineries	74,365	9,094	22,209	-52
YTO France	Euro 34,600,000	Manufacture and sale of agricultural machinery components	24,213	3,315	9,705	-675
YTO Foundry	24,883	Processing and sale of casting, rough and semi-finished products and finished products	30,469	22,013	2,836	-197
Changtuo Company	28,200	Manufacture and sale of agricultural machineries and parts	19,300	8,240	1,232	-1,651
YTO Shentong	5,300	Manufacturing and sale of mining trucks and other agricultural machinery products	6,526	-25,057	690	-1,642
Changxing Company	300	Sale of products including agricultural machineries and parts and diesel engines	86,992	-27,613	310,746	-4,372

2. Acquisition and disposal of subsidiaries during the Reporting Period

During the Reporting Period, YTO Diesel Engine completed the merger and acquisition of its wholly-owned subsidiary, YTO (Luoyang) Power Machinery Company Limited.

3. Subsidiaries contributing more than 10% to the net profit of the Company

Unit: 0'000 Yuan Currency: RMB

Number	Name of companies	Operating revenue for the Reporting Period	Operating profit for the Reporting Period	Net profit for the Reporting Period
1	YTO Diesel Engine	114,039	11,157	9,709
2	YTO Finance	12,545	2,601	1,719
3	YTO Shentong	690	-1,658	-1,642
4	Changtuo Company	1,232	-1,723	-1,651
5	Changxing Company	310,746	-4,140	-4,372

PROPOSAL OF PROFIT DISTRIBUTION OR CAPITALIZATION FROM CAPITAL RESERVES

On 27 May 2016, the 2015 Annual General Meeting of the Company considered and approved the profit distribution plan for 2015 to pay RMB0.041 (tax inclusive) per share in cash on the basis of the total share capital of the Company of 995,900,000 shares, amounting to RMB40,831,900 in total. Profit distribution of the Company was completed in July 2016.

THE GROUP'S STAFF, REMUNERATION POLICY AND TRAINING

As at 30 June 2016, the Group had 12,003 employees. During the Reporting Period, the total remuneration paid to employees of the Group was approximately RMB635 million.

During the Reporting Period, staff remuneration was determined by human resources department of the Group according to the established basic salary system of the Company based on the specific posts of the staff with reference to work performance and competence, etc., and paid in a timely manner.

During the Reporting Period, the Group planned multi-tier and cross-system trainings for the staff, in order to improve the abilities and qualities of staff in different level and of different kind, according to the need of their posts and the development of the Company. The Group organized a total of 149 various training including technical, management and operation courses for 6,639 staff.

CONTINGENT LIABILITIES

Save for the contingent events in external guarantees, as of 30 June 2016, the Company had no other material contingent liabilities.

CORPORATE GOVERNANCE CODE

During the Reporting Period, the Company has complied with the principles and most of the code provisions under the “Corporate Governance Code” and “Corporate Governance Report” as set out in Appendix 14 to the Listing Rules of the Stock Exchange, and the Company has amended the Implementation Rules for the Audit Committee of the Board of Directors on 18 January 2016 and re-complied with code provision C.3.3 which sets out that the terms of reference of the audit committee should include certain minimum duties, including code provisions C.3.3(a) to (n). Current governance structure of the Company is in compliance with the corporate governance policy as set out in Appendix 14 to the Listing Rules of the Stock Exchange.

CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

1. Changes in Share Capital

(1) Changes in shares

1. Changes in shares

During the Reporting Period, there was no change in the total number of shares and the capital structure of the Company.

2. Changes in share capital during the period after the Reporting Period to the date hereof which affect financial indicators such as earnings per share and net assets per share (if any)

During 19 to 22 July 2016, the Company repurchased, according to the repurchase mandate from the general meeting, 1,230,000 H Shares of the Company through the open market on the Stock Exchange, representing approximately 0.3060% of the total H Shares of the Company and approximately 0.1235% of the total share capital of the Company as at the date of general meeting granting the repurchase mandate. As at the date hereof, such repurchased H Shares are not yet cancelled.

2. Shareholders

(1) Total number of shareholders:

Total number of shareholders as at the end of the Reporting Period (shareholder)	36,032 including 35,654 holders of A Shares and 378 holders of H Shares
Total number of preference shareholders with redeemed voting rights as at the end of the Reporting Period (shareholder)	N/A

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

Unit: Share

Name of shareholder	Increase/ decrease during the Reporting Period	Shareholdings of the top 10 shareholders			Pledged or frozen Status of shares	Nature of shareholder
		Total Number of shares held as at the end of the Reporting Period	Percentage (%)	Number of shares held subject to selling restrictions		
YTO	0	443,910,000	44.57	0	None	0 State-owned legal person
HKSCC NOMINEES LIMITED (Note 1)	-65,999	398,063,399	39.97	0	Unknown	/ Overseas legal person
Zhao Zhenbo (趙振博)	1,800,000	1,800,000	0.18	0	Unknown	/ Domestic natural person
Hong Kong Securities Clearing Company Limited (Note 2)	683,637	1,216,249	0.12	0	Unknown	/ Overseas legal person
Jiao Yanfeng (焦延峰)	-126,000	1,040,000	0.10	0	Unknown	/ Domestic natural person
Ai Zhaoquan (艾照全)	1,037,844	1,037,844	0.10	0	Unknown	/ Domestic natural person
Ye Shiping (葉時平)	969,127	969,127	0.10	0	Unknown	/ Domestic natural person
LIU HON NAM	0	726,000	0.07	0	Unknown	/ Overseas natural persons

Name of shareholder	Increase/ decrease during the Reporting Period	Shareholdings of the top 10 shareholders			Pledged or frozen Status of shares	Nature of shareholder
		Total Number of shares held as at the end of the Reporting Period	Percentage (%)	Number of shares held subject to selling restrictions		
Shengzhen Hongta Assets – China Everbright Bank – Hongta Assets Huiyan No. 1 Asset Management Plan (深 圳市紅塔資產－光大 銀行－紅塔資產慧眼1 號資產管理計劃)	718,300	718,300	0.07	0	Unknown	/ Others
Bank of China Limited – Changsheng High-end Equipment Manufacturing Flexible Configuration Mixed Securities Investment Fund (中國銀行股份有 限公司－長盛高端裝 備製造靈活配置混合 型證券投資基金)	711,914	711,914	0.07	0	Unknown	/ Others

Shareholdings of top ten shareholders without selling restrictions

Name of shareholder	Number of non-restricted circulating shares held	Number and class of shares	
		Class	Number
YTO	443,910,000	Ordinary shares denominated in RMB	443,910,000
HKSCC NOMINEES LIMITED (Note 1)	398,063,399	Overseas listed foreign shares	398,063,399
Zhao Zhenbo (趙振博)	1,800,000	Ordinary shares denominated in RMB	1,800,000
Hong Kong Securities Clearing Company Limited (Note 2)	1,216,249	Ordinary shares denominated in RMB	1,216,249
Jiao Yanfeng (焦延峰)	1,040,000	Ordinary shares denominated in RMB	1,040,000
Ai Zhaoquan (艾照全)	1,037,844	Ordinary shares denominated in RMB	1,037,844
Ye Shiping (葉時平)	969,127	Ordinary shares denominated in RMB	969,127
LIU HON NAM	726,000	Overseas listed foreign shares	726,000
Shenzhen Hongta Assets – China Everbright Bank – Hongta Assets Huiyan No. 1 Asset Management Plan (深圳市紅塔資產－光大銀行－紅塔資產慧眼1號資產管理計劃)	718,300	Ordinary shares denominated in RMB	718,300
Bank of China Limited – Changsheng High-end Equipment Manufacturing Flexible Configuration Mixed Securities Investment Fund (中國銀行股份有限公司－長盛高端裝備製造靈活配置混合型證券投資基金)	711,914	Ordinary shares denominated in RMB	711,914

Connection relationship or parties acting in concert among the aforesaid shareholders	Of the top 10 shareholders and top 10 shareholders without selling restrictions, YTO, the controlling shareholder of the Company, has no connected relationship with, nor is it a party acting in concert (as defined in the “Administrative Measures on Acquisitions by Listed Companies” of the PRC) with, any of other shareholders. The Company is not aware of any connected relationship among the aforesaid shareholders, nor aware of any parties acting in concert among them as defined in the “Administrative Measures on Acquisitions by Listed Companies” of the PRC.
Explanations on preference shareholders with voting rights restored and number of shares held thereby	N/A

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

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

3. Changes in Controlling Shareholder and Ultimate Controller

There were no changes in the controlling shareholder and the ultimate controller of the Company during the Reporting Period.

4. Details of Preferred Shares

The Company had no preferred shares during the Reporting Period.

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

Neither the Company nor its subsidiaries repurchased, sold or redeemed any of the Company’s listed securities during the Reporting Period.

During 19 to 22 July 2016, the Company repurchased, according to the repurchase mandate from the general meeting, 1,230,000 H Shares of the Company through the open market on the Stock Exchange, representing approximately 0.3060% of the total H Shares of the Company and approximately 0.1235% of the total share capital of the Company as at the date of general meeting granting the repurchase mandate. As at the date hereof, such repurchased H Shares are not yet cancelled.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

A Share	means	ordinary shares as approved by the CSRC which are issued to the PRC domestic investors and qualified foreign investors, traded on the PRC domestic stock exchange, denominated, subscribed for and traded in RMB
agricultural machinery	means	various machinery used in the crop farming and animal husbandry production, and the primary processing of agricultural and animal products
Changtuo Company	means	Changtuo Agricultural Machinery Equipment Group Company Limited (長拖農業機械裝備集團有限公司), a controlled subsidiary of the Company
Changxing Company	means	Luoyang Changxing Agricultural Machinery Company Limited (洛陽長興農業機械有限公司), a controlled subsidiary of the Company
Company	means	First Tractor Company Limited (第一拖拉機股份有限公司)
controlled subsidiary	means	a company held as to more than 50% shares or equity interest by the Company, or a company actually controlled by the Company through agreement and arrangement
CSRC	means	China Securities Regulatory Commission
diesel engine	means	internal combustion engine that uses diesel as fuel
Group	means	First Tractor Company Limited and its controlled subsidiaries
H Share	means	ordinary shares as approved by the CSRC which are issued to foreign investors, and listed with the approval of the Stock Exchange, denominated in RMB, subscribed for and traded in Hong Kong dollars
hi-powered wheeled tractor	means	wheeled tractor with horsepower of 70 (inclusive) or above

Hong Kong	means	the Hong Kong Special Administrative Region of the PRC
Jiangyan Power	means	YTO (Jiangyan) Power Machinery Co., Ltd. (一拖(姜堰)動力機械有限公司), a controlled subsidiary of the Company
Listing Rules of the Stock Exchange	means	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
mid-powered wheeled tractor	means	wheeled tractor with horsepower of 25 (inclusive) to 70
mining truck	means	non-road vehicle, mainly used to transport the earth-rock and ores, etc. relating to mine engineering
power machinery	means	products including diesel engine and fuel injection pump
PRC	means	The People's Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
RMB	means	Renminbi, the lawful currency of the PRC;
Stock Exchange	means	The Stock Exchange of Hong Kong Limited
subsidiary	means	a subsidiary as defined under the Listing Rules of the Stock Exchange
Tractors Research Company	means	Luoyang Tractors Research Institute Company Limited (洛陽拖拉機研究所有限公司), a controlled subsidiary of the Company
YTO	means	YTO Group Corporation (中國一拖集團有限公司), the controlling shareholder of the Company
YTO Diesel Engine	means	YTO (Luoyang) Diesel Engine Company Limited (一拖(洛陽)柴油機有限公司), a controlled subsidiary of the Company
YTO Finance	means	China YTO Group Finance Company Limited (中國一拖集團財務有限責任公司), a controlled subsidiary of the Company

YTO Foundry	means	YTO (Luoyang) Foundry Company Limited (一拖(洛陽)鑄造有限公司), a wholly owned subsidiary of the Company
YTO France	means	YTO France SAS, a wholly owned subsidiary of the Company
YTO Fuel Injection Pump	means	YTO (Luoyang) Fuel Injection Pump Company Limited (一拖(洛陽)燃油噴射有限公司), a controlled subsidiary of the Company
YTO International Trade	means	YTO International Economy and Trade Company Limited (一拖國際經濟貿易有限公司), a wholly-owned subsidiary of the Company
YTO Shentong	means	YTO (Luoyang) Shentong Construction Machinery Company Limited (一拖(洛陽)神通工程機械有限公司), a wholly-owned subsidiary of the Company

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

Luoyang, the PRC
25 August 2016

As at the date of this announcement, the Board comprises Mr. Zhao Yanshui (Chairman), Mr. Wang Erlong (vice Chairman) and Mr. Wu Yong as executive Directors; Mr. Li Hepeng, Mr. Xie Donggang, Mr. Li Kai and Mr. Yin Dongfang as non-executive Directors; and Ms. Yang Minli, Mr. Xing Min, Mr. Wu Tak Lung and Mr. Yu Zengbiao as independent non-executive Directors.

* *For identification purposes only*