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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)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015**

(Financial Highlights)

Total operating revenue : RMB9,655,491,061.08
**Profits attributable to the equity
holders of the Company : RMB135,322,811.53**
**Earnings per share attributable to
the equity holders of the Company : RMB0.1359**

The board (the “**Board**”) of directors (the “**Directors**”) of First Tractor Company Limited (the “**Company**”) announces the audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2015 (the “**Reporting Period**”), which have been prepared in accordance with the PRC Accounting Standards for Business Enterprises, together with comparative figures for the same period in 2014 as follows (unless otherwise stated, the figures contained in this announcement by the Company are denominated in Renminbi).

CONSOLIDATED BALANCE SHEET

As at December 31, 2015

Prepared by: First Tractor Company Limited

Unit: RMB

Item	<i>Note</i>	Ending balance	Beginning balance
Current assets:			
Cash and cash equivalents	6	1,897,794,077.61	1,998,159,516.29
Settlement reserves for balance			
Loans to banks and other financial institutions			
Financial assets measured at fair value and its movement recorded through profit and loss		414,865,981.64	354,360,150.44
Derivative financial assets (if significant)			
Notes receivable		629,595,676.71	940,748,139.33
Accounts receivable	7	846,592,058.32	879,355,043.69
Advances to suppliers		60,933,298.85	292,088,912.74
Premium receivables			
Reinsurance receivables			
Reinsurance contract reserves receivable			
Interest receivable		1,878,611.11	133,472.22
Dividend receivable			
Other receivables		67,644,192.90	228,490,379.91
Financial assets purchased with agreement to re-sale		899,544,776.20	0.00
Inventories		1,168,906,538.26	1,447,426,253.97
Assets classified as held for sale			
Non-current assets due within one year			
Other current assets		468,428,422.33	56,383,561.23
Total current assets		<u>6,456,183,633.93</u>	<u>6,197,145,429.82</u>

Item	<i>Note</i>	Ending balance	Beginning balance
Non-current assets			
Loans and advances to customers		1,859,617,637.45	1,362,361,447.55
Financial assets available-for-sale		259,434,541.41	285,935,741.41
Held-to-maturity investments			
Long-term receivables			
Long-term equity investments		150,640,194.51	65,849,170.84
Investment properties			
Fixed assets		2,866,761,443.98	2,738,916,218.10
Construction in progress		613,389,411.85	642,813,215.87
Construction materials			
Disposal of fixed assets			
Productive biological assets			
Oil and gas assets			
Intangible assets		922,350,120.29	947,153,734.35
Research and development expenses			
Goodwill			
Long-term deferred expenses		34,047,868.91	23,378,553.87
Deferred tax assets		110,024,707.65	92,141,133.86
Other non-current assets			
		<hr/>	<hr/>
Total non-current assets		<u>6,816,265,926.05</u>	<u>6,158,549,215.85</u>
Total assets		<u>13,272,449,559.98</u>	<u>12,355,694,645.67</u>

Item	<i>Note</i>	Ending balance	Beginning balance
Current liabilities:			
Short-term loans		1,938,954,945.26	1,644,532,646.15
Borrowings from central bank			
Receipts of deposits and deposits from other banks		527,213,699.13	576,246,341.28
Loans from other banks		350,000,000.00	350,000,000.00
Financial liabilities measured at fair value and its movement recorded through profit and loss			
Derivative financial liabilities (if significant)			
Notes payable		1,299,804,364.19	916,374,670.17
Accounts payable	8	1,526,746,992.98	1,350,582,485.03
Advance from customers		303,082,198.22	266,897,178.83
Funds from selling out and repurchasing financial assets			
Fee and commission payable			
Employee benefits payables		102,912,994.81	100,709,706.51
Taxes payables		-347,088,631.55	-326,702,397.31
Interests payable		53,716,956.57	57,516,420.08
Dividends payable			
Other payables		242,762,492.73	256,876,518.96
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		32,395,168.40	30,055,745.54
Other current liabilities		98,038,848.99	53,243,515.75
Total current liabilities		<u>6,128,540,029.73</u>	<u>5,276,332,830.99</u>

Item	<i>Note</i>	Ending balance	Beginning balance
Non-current liabilities			
Long-term loans		26,607,000.00	46,597,500.00
Bonds payable		1,494,277,758.19	1,491,971,739.19
Including: Preference shares			
Perpetual bond			
Long-term payables			
Long-term employee salary payable			
Special payables			
Provisions			
Deferred income		184,932,985.40	174,628,692.16
Deferred tax liabilities		39,507,239.32	45,336,983.15
Other non-current liabilities			
		<hr/>	<hr/>
Total non-current liabilities		<u>1,745,324,982.91</u>	<u>1,758,534,914.50</u>
Total liabilities		<u>7,873,865,012.64</u>	<u>7,034,867,745.49</u>

Item	<i>Note</i>	Ending balance	Beginning balance
Shareholder's equity			
Share capital		995,900,000.00	995,900,000.00
Other equity instruments			
Including: Preferred shares			
Perpetual bond			
Capital reserves		2,124,246,289.70	2,124,246,289.70
Less: Treasury shares			
Other comprehensive income		9,734,262.44	16,295,741.20
Special reserves		2,441,385.29	0.00
Surplus reserves		389,744,226.05	368,972,848.56
General risk reserves		8,819,548.63	7,683,706.66
Retained earnings	9	1,142,994,139.49	1,080,369,447.42
Total equity attributable to shareholders of the parent company		4,673,879,851.60	4,593,468,033.54
Non-controlling interests		724,704,695.74	727,358,866.64
Total shareholder's equity		<u>5,398,584,547.34</u>	<u>5,320,826,900.18</u>
Total liabilities and shareholder's equity		<u>13,272,449,559.98</u>	<u>12,355,694,645.67</u>

CONSOLIDATED INCOME STATEMENT

For the Year of 2015

Prepared by: First Tractor Company Limited

Unit: RMB

Item	Note	This year	Last year
1. Total operating revenue		9,655,491,061.08	9,026,978,821.14
Including: Operating revenue		9,299,840,739.37	8,929,316,050.68
Interest income		355,264,578.40	97,253,173.58
Fees and commission income		385,743.31	409,596.88
2. Total cost of operation		9,580,721,409.54	9,138,543,652.57
Including: Cost of operation		7,617,420,810.89	7,457,744,855.37
Interest expenses		243,810,083.69	29,170,550.21
Fees and commission expense		452,274.93	455,137.26
Business taxes and surcharges		33,623,299.94	27,702,955.77
Selling and distribution expenses		446,334,564.36	393,300,666.51
Administrative expenses		933,468,993.96	973,938,133.86
Financial expenses		147,304,923.93	89,732,342.21
Loss on impairment of assets		158,306,457.84	166,499,011.38
Add: Gain arising from the changes in fair value (Loss listed with "-")		3,009,536.29	8,113,671.48
Investment income (Loss listed with "-")		95,364,775.28	108,929,271.92
Including: income from investments in associates and joint ventures (Loss listed with "-")		2,498,121.25	238,416.56
Exchange gain (Loss listed with "-")			

Item	Note	This year	Last year
3. Operating profit			
(Loss listed with “-”)		173,143,963.11	5,478,111.97
Add: Non-operating income		59,808,311.35	211,836,734.97
Including: Gain from disposal of non-current assets		908,287.65	162,319,571.87
Less: Non-operating expenses		11,274,661.44	5,420,715.28
Including: Loss on disposal of non-current assets		4,412,254.29	1,742,962.60
4. Total profit (Loss listed with “-”)		221,677,613.02	211,894,131.66
Less: Income tax expenses	13	82,623,352.12	47,668,186.23
5. Net profit (Net loss listed with “-”)		139,054,260.90	164,225,945.43
Net profit attributable to shareholders of the parent company		135,322,811.53	167,698,247.35
Non-controlling interest		3,731,449.37	-3,472,301.92
6. Net other comprehensive income after tax		-7,172,820.86	18,801,873.15
Net other comprehensive income after tax attributable to owners of the parent company		-6,561,478.76	19,286,318.99
(1) Other comprehensive income that cannot be reclassified to profit and 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 and loss under equity method			

Item	<i>Note</i>	This year	Last year
(2) Other comprehensive income that will be subsequently reclassified to profit and loss		-6,561,478.76	19,286,318.99
1. Share of other comprehensive income of investee that will be subsequently reclassified to profit and loss under equity method			
2. Gains and losses from changes in fair value of financial assets available-for-sale		-17,442,385.10	34,160,499.37
3. Gains and losses from held-to-maturity investment reclassified as financial assets available-for-sale			
4. Effective part of hedging gains and losses from cash flows			
5. Exchange differences from retranslation of financial statements		10,880,906.34	-14,874,180.38
6. Others			
Net other comprehensive income after tax attributable to minority interests		-611,342.10	-484,445.84
7. Total comprehensive income		131,881,440.04	183,027,818.58
Total comprehensive income attributable to shareholders of the parent company		128,761,332.77	186,984,566.34
Total comprehensive income attributable to minority interests		3,120,107.27	-3,956,747.76
8. Earnings per share:			
(1) Basic earnings per share	<i>14</i>	0.1359	0.1684
(2) Diluted earnings per share	<i>14</i>	0.1359	0.1684

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 Jian she Road, Luoyang, Henan Province, the People’s Republic of China.

The Company is a company of 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, including forklifts and mining trucks
- Provision of loans, bills discounting and deposit-taking services

The directors (“**Directors**”) of the Company believe that the immediate holding company is YTO Group Corporation Limited (the “**Holding Company**”) and the ultimate holding company 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 Companies Ordinance, and based on the accounting policies stated in the Note “4. Accounting policies”.

3. STATEMENT OF COMPLIANCE OF ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

The 2015 financial statements of the Group have been prepared in accordance with the Accounting Standards for Business Enterprises (ASBEs), and present truly and completely the consolidated and the financial position of the Company as at December 31, 2015 and their 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 from 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, associates, and joint operators determine their own recording currency 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 financial 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 adjusted to capital reserves (capital premium). If the balance of capital reserves is insufficient to be off-set, 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 acquire (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 and or 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 profit or loss.

(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 consolidation statements are prepared. Shareholders' equity of subsidiaries not attributable to the parent, net profit and loss, other comprehensive income and the comprehensive income that is attributable to minority interest shall be disclosed 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 consolidation income 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. Adjustments to prior period during the preparation of consolidated financial statements are considered to exist in the reporting entity after combination since the ultimate control was obtained.

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 subsidiary 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 mode 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 over than 90% of the revenue of the Group is from the clients in China, and over than 90% of the assets located in China, 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 component;
- (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, mining trucks and other machinery;
- (d) The ‘financial service’ segment engages in the provision of loans, bills discounting and deposit-taking services.

Intersegment revenue is eliminated on consolidation. Intersegment 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, financial expenses, gain on disposal of subsidiaries, entitled share of profits or losses of associates, and income tax expenses. 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 year of 2015

Item	Agricultural machinery	Power machinery	Other machinery	Finance service	Elimination among segments	Total
Operating income	8,298,791,820.56	2,342,069,937.06	59,316,996.60	379,762,308.57	-1,424,450,001.71	9,655,491,061.08
Including: external transaction revenue	7,755,218,122.67	1,504,001,337.89	40,579,148.81	355,692,451.71	0.00	9,655,491,061.08
Revenue between segments	543,573,697.89	838,068,599.17	18,737,847.79	24,069,856.86	-1,424,450,001.71	0.00
Total profit (or loss) for segment	99,550,078.62	140,976,464.88	-110,049,116.58	105,866,928.68	-14,666,742.58	221,677,613.02
Total assets	9,842,261,398.46	2,065,214,077.31	181,159,732.55	1,264,379,352.33	-80,565,000.67	13,272,449,559.98
Including: significant impairment loss on individual assets	0.00	0.00	0.00	0.00	0.00	0.00
Total liabilities	<u>6,288,589,380.81</u>	<u>871,618,765.36</u>	<u>328,112,909.71</u>	<u>479,491,106.84</u>	<u>-93,947,150.08</u>	<u>7,873,865,012.64</u>
Supplementary information						
Capitalized expenditure	380,705,773.71	54,410,420.49	211,738.09	1,541,260.00	0.00	436,869,192.29
Recognized loss of impairment	113,917,079.00	8,956,680.27	34,012,208.22	1,420,490.35	0.00	158,306,457.84
Including: amortization of goodwill	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation and amortization expense	308,796,217.89	13,014,892.47	3,808,859.52	765,183.55	0.00	326,385,153.43
Non-cash expenses other than impairment loss, depreciation and amortization	<u>74,927,483.24</u>	<u>13,795,959.41</u>	<u>3,545,514.47</u>	<u>0.00</u>	<u>0.00</u>	<u>92,268,957.12</u>

Reporting segment for the year of 2014

Item	Agricultural machinery	Power machinery	Other machinery	Finance service	Elimination among segments	Total
Operating income	7,893,743,200.00	2,067,238,820.84	173,143,999.53	132,520,793.76	-1,239,667,992.99	9,026,978,821.14
Including: external transaction revenue	7,376,960,313.57	1,443,714,408.55	108,397,622.06	97,906,476.96	0.00	9,026,978,821.14
Revenue between segments	516,782,886.43	623,524,412.29	64,746,377.47	34,614,316.80	-1,239,667,992.99	0.00
Total profit (or loss) for segment	190,894,808.32	66,711,819.80	-126,198,850.27	87,554,749.01	-7,068,395.20	211,894,131.66
Total assets	9,245,340,398.30	2,211,316,192.56	303,138,400.87	943,348,204.44	-347,448,550.50	12,355,694,645.67
Including: significant impairment loss on individual assets	0.00	0.00	0.00	0.00	0.00	0.00
Total liabilities	<u>5,611,735,424.89</u>	<u>1,020,227,054.39</u>	<u>491,844,639.97</u>	<u>228,115,793.56</u>	<u>-317,055,167.32</u>	<u>7,034,867,745.49</u>
Supplementary information						
Capitalized expenditure	979,404,948.62	37,382,731.06	505,956.51	1,197,100.00	0.00	1,018,490,736.19
Recognized loss of impairment	116,986,128.75	4,268,213.87	42,062,288.51	3,182,380.25	0.00	166,499,011.38
Including: amortization of goodwill	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation and amortization expense	290,783,610.17	10,972,602.90	3,969,747.35	683,551.75	0.00	306,409,512.17
Non-cash expenses other than impairment loss, depreciation and amortization	<u>60,139,940.13</u>	<u>13,929,836.72</u>	<u>655,181.77</u>	<u>0.00</u>	<u>0.00</u>	<u>74,724,958.62</u>

6. MONETARY FUNDS

Item	Ending balance	Beginning balance
Cash on hand	983,395.10	1,225,011.51
Cash in bank	1,717,588,725.96	1,824,370,871.38
Other	179,221,956.55	172,563,633.40
Total	<u>1,897,794,077.61</u>	<u>1,998,159,516.29</u>
Including: Total amount deposited abroad	<u>28,910,171.89</u>	<u>173,871,582.28</u>

Note: At the end of December 31, 2015, the restricted monetary fund of the Group is the statutory reserve of RMB39,541,027.43 (amount in last period: RMB83,555,719.49) deposited at central bank, security deposit of acceptance notes of RMB153,702,064.13 (amount in last period: RMB161,476,511.50) and other security deposit of RMB14,265,558.73 (amount in last period: RMB3,225,117.09).

7. ACCOUNTS RECEIVABLE

(1) Accounts receivable

Item name	Ending balance	Beginning balance
Accounts receivable	1,365,434,680.04	1,270,883,492.72
Less: provision for bad debts	518,842,621.72	391,528,449.03
Net amount	<u>846,592,058.32</u>	<u>879,355,043.69</u>

(2) Aging analysis of accounts receivable

Aging	Ending balance	Beginning balance
Within 1 year	718,873,964.01	692,243,522.17
1–2 years	89,726,305.78	173,347,290.36
2–3 years	24,505,256.60	13,718,015.86
Over than 3 years	13,486,531.93	46,215.30
Net amount	<u>846,592,058.32</u>	<u>879,355,043.69</u>

8. ACCOUNTS PAYABLE

(1) Accounts payable

Item	Ending balance	Beginning balance
Purchase payable	1,370,467,578.02	1,178,243,379.75
Purchase of construction equipment payable	128,465,813.34	83,787,541.39
Service fee payable	23,535,898.88	40,921,388.89
Others	4,277,702.74	47,630,175.00
Total	<u>1,526,746,992.98</u>	<u>1,350,582,485.03</u>

(2) Aging analysis of accounts payable

Item	Ending balance	Beginning balance
Within 1 year	1,381,275,324.73	1,227,246,014.76
1–2 years	73,232,449.45	53,754,824.26
2–3 years	28,024,357.56	17,044,284.99
Over than 3 years	44,214,861.24	52,537,361.02
Total	<u>1,526,746,992.98</u>	<u>1,350,582,485.03</u>

9. RETAINED EARNINGS

Amount in this year

Item	Amount	Percentage of accrual or distribution (%)
Ending balance of last year	1,080,369,447.42	
Add: adjustment on beginning balance of retained earnings	0.00	
Beginning balance of this year	1,080,369,447.42	
Add: net profit for the year attributable to shareholders of the parent company	135,322,811.53	
Less: statutory surplus reserve	20,771,377.49	10% of current year net profits of the parent company
General risk reserves	1,135,841.97	Reserved on 1% of current year net profits of the subsidiary of the Group – YTO group finance Co., Ltd
Common stock dividends payable	<u>50,790,900.00</u>	
Ending balance of this year	<u><u>1,142,994,139.49</u></u>	

Amount in last year

Item	Amount	Percentage of accrual or distribution (%)
Ending balance of last year	1,015,236,952.27	
Add: adjustment on beginning balance of retained earnings	0.00	
Beginning balance of this year	1,015,236,952.27	
Add: net profit for the year attributable to shareholders of the parent company	167,698,247.35	
Less: statutory surplus reserve	42,225,509.09	10% of current year net profits of the parent company
General risk reserves	586,243.11	Reserved on 1% of current year net profits of the subsidiary of the Group – YTO group finance Co., Ltd
Common stock dividends payable	<u>59,754,000.00</u>	
Ending balance of this year	<u><u>1,080,369,447.42</u></u>	

10. NET CURRENT ASSETS

Item	Ending balance	Beginning balance
Current assets	6,456,183,633.93	6,197,145,429.82
Less: current liabilities	6,128,540,029.73	5,276,332,830.99
Net current assets	327,643,604.20	920,812,598.83

11. TOTAL ASSETS MINUS CURRENT LIABILITIES

Item	Ending balance	Beginning balance
Total assets	13,272,449,559.98	12,355,694,645.67
Less: current liabilities	6,128,540,029.73	5,276,332,830.99
Total assets minus current liabilities	7,143,909,530.25	7,079,361,814.68

12. DEPRECIATION AND AMORTIZATION

Depreciation and amortization recognized in the Income statement for the current year is RMB281,111,036.92 and RMB33,292,606.41 respectively (last year: RMB263,982,811.91 and RMB34,029,757.55 respectively).

13. INCOME TAX EXPENSES

Item	Amount in this year	Amount in last year
Current income tax expenses	105,989,030.34	66,264,123.43
Deferred income tax expense	-23,365,678.22	-18,595,937.20
Total	82,623,352.12	47,668,186.23

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, First Tractor Company Limited and its subsidiaries, YTO Diesel Engine Co., Ltd., Tractors Research Company, Luoyang Xiyuan Vehicles and Power Inspection Institute Co., Ltd. and YTO Flag Auto-body Company Limited are entitled to the 15% preferential 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 year	Last year
Consolidated net profit attributable to the ordinary shareholders of the parent company	135,322,811.53	167,698,247.35
Consolidated net profit attributable to the ordinary shareholders of the parent company (after deducting extraordinary gains or losses)	59,060,936.02	-21,999,386.97
The weighted average outstanding ordinary shares of the parent company	995,900,000.00	995,900,000.00
Basic earnings per share (<i>RMB/share</i>)	0.1359	0.1684
Basic earnings per share (<i>RMB/share</i>) (after deducting extraordinary gains or losses)	0.0593	-0.0221

The calculation process of ordinary share weighted average:

Item	This year	Last year
Beginning balance of outstanding ordinary shares issued	995,900,000.00	995,900,000.00
Reserve funds or share dividend distribution to increase the number of shares	0.00	0.00
Ending balance of outstanding ordinary shares issued	995,900,000.00	995,900,000.00

(2) Diluted earnings per share

Item	Year of 2015	Year of 2014
Adjusted consolidated net profit attributable to the ordinary shareholders of the parent	135,322,811.53	167,698,247.35
Adjusted consolidated net profit attributable to the ordinary shareholders of the parent (after deducting extraordinary gains or losses)	59,060,936.02	-21,999,386.97
The adjusted weighted average outstanding basic shares	995,900,000.00	995,900,000.00
Diluted earnings per share (<i>RMB/share</i>)	0.1359	0.1684
Diluted earnings per share (<i>RMB/share</i>) (after deducting extraordinary gains or losses)	0.0593	-0.0221

15. DIVIDEND

The 2015 Proposal of Profit Distribution of the Company was reviewed and approved by the third session of the seventh meeting of the board of directors convened on March 29, 2016. Annual dividend for the year of 2015 shall be paid to all shareholders on the basis of 995,900,000.00 shares of the total share capital registered as at December 31, 2015 at the amount of 0.041 Yuan per share (including tax), for the total amount of dividend distribution 40,831,900.00 Yuan (including tax). The proposal has not yet implemented until it is approved by the general meeting of shareholders of the Company.

TO ALL SHAREHOLDERS:

The Board is pleased to present the annual results announcement for the year of 2015 of the Group to all shareholders.

During the Reporting Period, the Group realized total operating revenue of RMB9.655 billion, with a year-on-year increase of 6.96% and realized net profits attributable to shareholders of the Company of RMB135 million, with a year-on-year drop of 19.31%. Earnings per share was RMB0.1359, with a year-on-year drop of 19.30%.

BUSINESS REVIEW

In 2015, in the context of increasing PRC domestic economy downturn pressure, deep adjustment occurred in the development of the agricultural machinery industry. Because of the PRC agricultural machinery purchase subsidy policy and client demand, the tractors market remained steady with growth in general and significantly changed in structure. General demand obviously tended to hi-powered and high-end products which speeded up level upgrade. Market demand for hi-powered wheeled tractor with 100 horsepower or above increased significantly.

The Company actively adapted to the new norm of economic development and the new features of industrial development, reinforced and promoted the market position of its main products, continuously improved the quality of its economic operation and further enhanced its basis of corporate quality and efficiency promotion, transformation and upgrade. During the Reporting Period, the Company continued to promote the competitiveness of its main products and realized sale of hi-powered wheeled tractors of 41,500 units with a year-on-year growth of 23.5% which was higher than the industry level growth rate. The Company kept its no. 1 in the industry in terms of market share. Sale of the power shift tractors for which the Company has full intellectual property right had a year-on-year increase of approximately 6.3 times, indicating a firm step in respect of upgrade of main products. The annual sale of diesel engine products was 177,000 units with a year-on-year growth of 12.6% and 112,000 units was exported. The Company completed the upgrade of the existing main diesel engine products to national III in terms of technology and production capacity.

The Company effectively expanded its international business, During the Reporting Period, the Group realized export amount of approximately USD100 million, with a year-on-year increase of approximately 64%, among which more than 1,000 units of hi-powered and mid-powered wheeled tractors were exported to Cuba, which reflected the comprehensive strength of the Company and established a foundation to enter into the market in Latin America.

The Company continuously enhanced its research and development capacity and reinforced its competitiveness. During the Reporting Period, the Company completed system development and performance test of electrical diesel engines. The core capacity promotion project of new type of wheeled tractor was basically completed, further promoting the core manufacturing capacity of main products and consolidating the leading position of the Company in products technology. “Henan Province Tractor Key Technology Key Laboratory” passed the inspection and was accepted by Henan Provincial Department of Science and Technology and was formally established and operating. “Tractor Power System National Key Laboratory” smoothly passed evaluation of and obtained certification from the PRC Ministry of Science and Technology and was formally under preparation. It created advantageous conditions for the Company to reinforce its existing technical advantages and promote its competitive advantages.

The Company kept promoting its management level. The effect of constructing platforms including strategic purchase and customer service gradually showed up. Enhancement on synergy and application of ERP information system and information system in sections including research and development, purchase, manufacturing, sale and finance continued. Level of information management significantly improved. “Dongfanghong e-shopping Mall” was established and operating smoothly, building an e-commerce model with a combination of online operation on internet and offline operation in physical stores for main unit products.

During the Reporting Period, the governance of the Company was effective. The Company smoothly completed change of session of the Board. The composition of the new session of the Board is diverse in order to adapt to the complicated and variable external environment of the Company. The decision making process of the Board was reinforced with professional support from special committees. Standardization and effectiveness of the operation of the Board were enhanced. The Company was again appraised by the Shanghai Stock Exchange as the Excellent Company in Information Disclosure and was also awarded the prize of “Excellent Board of Directors” under the 11th PRC Boards of Directors of Listed Companies “Gold Table Award”.

Reviewing works for the year, under severe and complicated conditions, the Company actively handled changes in market demand, made timely decision to change advantages in research and development and technology to advantages in products and markets, which maintained its steady business development.

PROSPECTS

Affected by factors including the new norm of macro economy, saturation of traditional products and upgrade of customer demand, the agricultural machinery industry is in the transformation period of deep adjustment. There is excessive low and mid-end production capacity and difficulty in demand and supply adjustment reform. The growth power mechanism of the agricultural machinery industry is gradually transforming from the factor expansion growth driven mostly by the subsidy policy in the past to the allocation-optimized growth characterized by integration of industrial resources and the quality-improved growth characterized by promoting quality and efficiency. The industry will continue to grow in low speed. Meanwhile, the assurance from the PRC national food security policy and important measures including mechanization for the whole agricultural production promoted by the Ministry of Agriculture have provided a good environment and opportunity for stable development of the agricultural machinery industry. The basic long-term positive development trend of the agricultural machinery market in transformation period remains unchanged.

Reviewing conditions of the Company, the Company is in the key and necessary transition period and key timing for successful transformation and upgrade. Significant progress was made in adjustment in product structure. There was continuous improvement in competitiveness of main products. However, level of internationalization of corporate operation was low. There was relatively larger loss in some of the internal companies. There is new norm in the macro economy and change in growth power mechanism of the agricultural machinery industry, which indicates that corporates have entered into revolutionary competition period. In order to win, there must be successful transformation and upgrade.

In the current internal and external context, the Company will continue to implement the new development idea of “innovation, coordination, green and open” and insist on the strategy of “focusing on the core areas for stronger businesses, being innovation-driven and developing whole-set solutions”. The Company will take promotion of product technology as power, promotion of manufacturing level and product quality as basis, promotion of resource integration and operation internationalization as key, and control of reform, enhancement of synergy and employment of talents as guarantee, in order to keep the leading position of its existing core businesses. The Company will also develop innovative new models and whole-set solutions for agricultural equipment.

In 2016, the Company will ensure stable growth, focusing on market target and speeding up our response. The Company will further drive transformation and upgrade, adjust product structure, and increase series of power shift tractor products. The Company will work on strengthening the power of the Company including developing and commercializing the new generation drive system, finalizing the research and development of national IV diesel engine products and developing whole-set solutions. The Company will actively work on the opportunity to implement the strategy of “Made in China 2025” and make use of the mindset of “Internet +” to promote “integration of information and industrialization” by improving the e-commerce and actively exploring application of new technology including Internet of Things, in order to fulfill client needs effectively and efficiently. The Company will further explore commercial model that is suitable to its development by effectively making use of new technology and method in information technology to improve platform construction works including capital market, strategic purchase, sale of components, client service and information disclosure. The Company will work on constructing a commercial platform on the basis of the internet. The internal reform of the Company will be deepened to optimize business management mode and improve incentive and restraint mechanism. The Company will systemically implement construction of teams of talent to speed up formation of new advantage of the Company in human resource. In terms of operation internationalization, the Company will enhance capacity to explore overseas markets to speed up transformation from simple product trading to comprehensive provision of service. The Company will also intergrate internal and external resources, optimize internal resource allocation, speed up disposal of low-efficiency and ineffective assets and businesses so as to promote operation efficiency of assets. Core business value chain will be strengthened to promote upgrade of the production and enhance competitiveness of the production chain, which can effectively improve ability to provide whole-set solutions to clients.

By focusing on key points and breaking through difficulties, the Company will complete every work with values, grasp opportunities in challenges and speed up transformation in development. The Company will have a good start and environment for its development in the “13th Five-year Plan” period.

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

In 2015, the agricultural machinery industry continued the middle to low growth trend since 2014. The annual revenue from principal business reached RMB452.360 billion for the PRC agricultural machinery enterprises above national scale, with a year-on-year increase of 7.32%. The growth rate continued to decrease, and was the lowest record in the latest 10 years. While the PRC was actively implementing the food safety policies and accelerating important agriculture-supporting and farming-benefiting policies including mechanization of the whole agricultural production, the agricultural machinery industry had a better development than the machine manufacturing industry. However, development speed of the agricultural machinery industry obviously slowed down and the pace of structural adjustment was quickened with increasing degree of transformation and upgrade.

In 2015, the tractor industry recovered due to factors including land transfer, application of deep plow, subsidy guidance and fruitful grain harvest in the northeast area. There was obvious development trend towards hi-powered, high-end and efficient products. According to the product sales statistics for core tractor enterprises by China Association of Agricultural Machinery Manufacturers, annual industrial sales volume of hi-powered and mid-powered wheeled tractors was 307,700 units, with a year-on-year growth of 0.46%, among which 134,600 units of hi-powered wheeled tractors were sold, with a year-on-year growth of 20.31% and 172,800 units of mid-powered wheeled tractors were sold, with a year-on-year drop of 10.88%.

Last year, the Company actively coped with unfavorable impacts from slow growth rate and increasing difficulty in maintaining stable growth of the agricultural machinery industry. The Company actively adapted to the new norm in economic development and new characteristics of industrial development, emphasized on upgrading and transformation of products and adjusted product marketing strategies to adapt to market changes. The Company realized stable progress of various operation goals and task plans. In 2015, the Company realized total sales revenue of RMB9.655 billion, with a year-on-year increase of 6.96%, among which revenue from principal business was RMB8.902 billion, with a year-on-year increase of 4.13%, net profits attributable to shareholders of the Company was RMB135 million, with a year-on-year drop of 19.31%, gross profit rate was 18.09%, with a year-on-year increase of 1.61 percentage points, and net amount of cash flow generated by operation activities was RMB638 million, with a year-on-year increase of inflow of RMB563 million.

Agricultural Machinery Business

In 2015, the Company persisted in market orientation, accurately focused on client needs and the main sales regional markets, analyzed market situation in advance and quickly arranged marketing works. The Company realized steady growth in sales volume of high-horsepower tractors products in main sales area through a series of competitive strategies including strengthening product promotion, utilizing product mix strategy and improving sales of weak regional products which utilized potential of channels. Through continuous improvement and upgrading of power shift/reversing tractors product technology, the Company's Dongfanghong power shift/reversing tractor technology was more advanced and intelligent, making it more comfortable and convenient in operation, which won a good reputation among customers and became popular in the market. Doubling sales volume of power shift tractors led to updating and upgrading of main tractors products of the Company. At the same time, the Company actively explore innovative marketing modes and constructed "Dongfanghong e-shopping mall" platform, building a "traditional and internet" and "online to offline" O2O brand franchise model.

During the Reporting Period, the Company realized sales volume of 77,000 units of hi-powered and mid-powered wheeled tractors, with a year-on-year growth of 4.2% and 3.7 percentage points higher than the industrial level. Dongfanghong kept its no. 1 in the industry in terms of market share of hi-powered and mid-powered wheeled tractors. The Company sold a total of 42,000 units of hi-powered wheeled tractors in 2015, with a year-on-year increase of 23.5% and 3.5 percentage points higher than the industrial level, among which 24,000 units of hi-powered wheeled tractors with 100 horsepower or above were sold, with a year-on-year increase of 45%. More than 3,000 power shift tractors were sold, with a year-on-year increase of more than 6 times. Affected by agricultural machinery subsidy in favour of hi-powered products and upgrade in market demand structure, growth in mid-powered wheeled tractors continued to decrease with an annual sales volume of 35,000 units and a year-on-year decrease of 11.5%, which was a smaller decline than 2014. Sales of low-powered wheeled tractor continued to decrease with an annual sales volume of more than 4,000 units and a year-on-year decrease of 47.5%. During the Reporting Period, the Company exported a total of more than 2,400 units of high and middle horsepower tractors, with a year-on-year increase of 10.8%.

Power Machinery Business

During the Reporting Period, the Company sold 177,000 units of diesel engine products, with a year-on-year increase of 12.6%, among which external sales volume was 112,000 with a year-on-year increase of 1.1%.

Sales volume of diesel engine products had a higher increase than 2014, mainly due to an increase in sales volume of high-horsepower wheeled tractors and market demands induced by upgrade of non-road use diesel engine emission standard. Due to the impacts from the year-on-year decrease in sales volume of the wheat and corn harvester, external sales volume of the Company's diesel engine products was basically held at the same level. During the Reporting Period, the Company also actively worked on transformation of diesel engine products to national III standard, and upgraded dominant products comprehensively from national II to national III.

Finance and Other Business

During the Reporting Period, YTO Finance, improved capital usage efficiency by strengthening centralized funds management, and provided important capital support to the Company's production and operation. At the same time, YTO Finance further improved percentage of revenue from funds by developing appropriate investment activities. The annual total profit was RMB106 million, with a year-on-year increase of 16.5%.

Business cooperation between BOL Financial Leasing Company Limited, an equity participating company of the Company, and the Company commenced. BOL Financial Leasing Company Limited provided certain financing support to sale of the Company's power shift tractors.

During the Reporting Period, the Company continued to dispose and decrease the size of other machinery business including forklift truck and mining truck.

ANALYSIS OF FINANCIAL RESULTS

1. Analysis on Changes in Items of Income Statement and Cash Flows Statement

Unit: Yuan Currency: RMB

Items	For the Reporting Period	For the corresponding period of last year	Changes (%)
Revenue	9,299,840,739.37	8,929,316,050.68	4.15
Operating costs	7,617,420,810.89	7,457,744,855.37	2.14
Selling costs	446,334,564.36	393,300,666.51	13.48
Administrative expenses	933,468,993.96	973,938,133.86	-4.16
Finance costs	147,304,923.93	89,732,342.21	64.16
Loss in asset impairment	158,306,457.84	166,499,011.38	-4.92
Gain from change in fair value	3,009,536.29	8,113,671.48	-62.91
Revenue from non-operating activities	59,808,311.35	211,836,734.97	-71.77
Expenses from non-operating activities	11,274,661.44	5,420,715.28	107.99
Income tax expenses	82,623,352.12	47,668,186.23	73.33
Net cash flow generated from operating activities	637,795,720.18	74,866,397.52	751.91
Net cash flow generated from investing activities	-643,001,833.63	-651,099,306.24	N/A
Net cash flow generated from financing activities	-10,693,437.77	707,727,024.91	-101.51
Research and development expenses	389,241,683.88	405,569,602.90	-4.03
Interest revenue	355,264,578.40	97,253,173.58	265.30
Interest costs	243,810,083.69	29,170,550.21	735.81

Gain from change in fair value: decreased by 62.91% as compared with the last period, mainly resulting from the reduction in market price of the Company's trading financial assets in the Reporting Period.

Revenue from non-operating activities: decreased by 71.77% as compared with the last period, mainly resulting from the increase in revenue from selling non-current assets of the Company in the previous period.

Expenses from non-operating activities: increased by 107.99% as compared with the last period, mainly resulting from the increase in loss in debt restructuring of the Company in the Reporting Period.

Income tax expenses: increased by 73.33% as compared with the last period, mainly resulting from the increase in taxable income of the Company in the Reporting Period.

Interest revenue and interest costs: interest revenue increased by 265.30% as compared with the last period and interest costs increased by 735.81% as compared with the last period, mainly due to the significant increase in interest revenue and costs at the same time and increase in net revenue of 63.70%, resulting from the active business products development of YTO Finance, which led to significant year-on-year increase in business of transfer discounting and timely issuance of bills in accordance with the liquidity need of the Company.

2. Revenue

During the Reporting Period, the Company realized revenue of RMB9.29984 billion, increased by 4.15% as compared with the corresponding period in the last year, mainly resulting from the increase in sales of agricultural machinery products.

3. Costs

Cost Analysis

Unit: 0'000 Currency: RMB

By industry

By industry	Cost items	Amount for the Reporting Period	Amount for the Reporting Period as a percentage of total costs (%)	Amount for the corresponding period last year	Amount for the corresponding period last year as a percentage of total costs (%)	Changes in the amount for the Reporting Period as compared with the corresponding period last year (%)	Explanation
Equipment manufacturing industry	Material	783,776	86.92	755,114	87.46	3.80	
	Labour	49,028	5.44	49,596	5.74	-1.15	
	Production costs	68,968	7.65	58,657	6.79	17.58	

By products

By products	Cost items	Amount for the Reporting Period	Amount for the Reporting Period as a percentage of total costs (%)	Amount for the corresponding period last year	Amount for the corresponding period last year as a percentage of total costs (%)	Changes in the amount for the Reporting Period as compared with the corresponding period last year (%)	Explanation
Agricultural machinery	Material	623,406	88.04	601,835	89.00	3.58	
	Labour	35,168	4.97	35,522	5.25	-1.00	
	Production costs	49,505	6.99	38,896	5.75	27.28	
Power machinery	Material	154,289	83.06	139,753	82.65	10.40	
	Labour	13,145	7.08	11,818	6.99	11.23	
	Production costs	18,331	9.87	17,510	10.36	4.69	
Other machinery	Material	6,081	76.71	13,526	75.01	-55.04	
	Labour	715	9.02	2,256	12.51	-68.31	
	Production costs	1,132	14.28	2,251	12.48	-49.71	

Note: This table contains data before inter-segment elimination.

Explanation on other situation on cost analysis:

In 2015, the Company continued to optimize its costs in the whole company. The Company explicitly defined departments with expenses control responsibility through control on expenses and refinement of reasons for incurring expenses, in order to raise the control awareness of all employees. The annual material and labor costs had year-on-year decrease at different level.

4. Expenses

Unit: Yuan Currency: RMB

Items	Amount for the Reporting Period	Amount for the corresponding period of the last year	Change in amounts	Change (%)
Selling expenses	446,334,564.36	393,300,666.51	53,033,897.85	13.48
Administrative expenses	933,468,993.96	973,938,133.86	-40,469,139.90	-4.16
Finance expenses	147,304,923.93	89,732,342.21	57,572,581.72	64.16

During the Reporting Period, the Company's total expenses were RMB1.5271085 billion, with a year-on-year increase of RMB70.1373 million, which was an increase of 4.81%.

Selling expenses increased slightly as compared with the corresponding period of the last year, mainly due to an increase in exportation of tractor products in the Reporting Period and an increase in service charge of three guarantees and commission, etc.

Administrative expenses decreased slightly as compared with the corresponding period of the last year, mainly due to the strengthened expenses control by the Company in the Reporting Period.

Finance expenses increased significantly as compared with the corresponding period of the last year, mainly due to the adjustment of formation mechanism of middle price of RMB for foreign currency exchange by the PRC which led to substantial RMB depreciation and the increase in exchange loss of the Company.

5. Research and Development Investment

Research and development investment table

Unit: Yuan Currency: RMB

Research and development investment expensed during the Reporting Period	389,241,683.88
Research and development investment capitalized during the Reporting Period	0.00
Total research and development investment	389,241,683.88
Total research and development investment as a percentage of revenue (%)	4.19
Number of research and development personnel of the Company	1,429
Number of research and development personnel as a percentage of total staff of the Company (%)	12.03
Ratio of research and development investment capitalization (%)	0.00

Explanation:

Research and development expenses in the Reporting Period basically maintained at the same level as compared with the corresponding period last year, maintaining the relatively strong research and development efforts, mainly for research and development of products relating to tractor and power machinery, so as to enhance the technical level of the leading products of the Company, and consolidate and enhance product competitiveness.

6. Cash Flows

<i>Unit: Yuan Currency: RMB</i>				
Items	Amount for the Reporting Period	Amount for the corresponding period last year	Change in amounts	Change (%)
Net cash flow from operating activities	637,795,720.18	74,866,397.52	562,929,322.66	751.91
Net cash flow from investment activities	-643,001,833.63	-651,099,306.24	8,097,472.61	N/A
Net cash flow from financing activities	-10,693,437.77	707,727,024.91	-718,420,462.68	-101.51

Net cash flow from operating activities increased by an inflow of RMB562.93 million as compared with the corresponding period last year, mainly due to the adjustment of sales policy in the Reporting Period with incentive measures to increase cash return, which led to speed up of cash return.

Net cash flow from investment activities decreased by an outflow of RMB8.10 million as compared with the corresponding period last year, mainly due to disposal of fixed assets, intangible assets and other long-term assets in the Reporting Period.

Net cash flow from financing activities increased by an outflow of RMB714.82 million as compared with the corresponding period last year, mainly due to an increase in debt repayment in the Reporting Period as compared with the corresponding period last year, and a decrease in cash obtained from loan in the Reporting Period as compared with the corresponding period last year.

ANALYSIS ON OPERATION BY INDUSTRY, PRODUCTS OR REGION

Principal Businesses by Industry, by Products and by Region

Unit: 0'000 Currency: RMB

Principal business by industry

By industry	Revenue	Operating cost	Profit margin (%)	Increase/decrease in revenue as compared with the last year (%)	Increase/decrease in operating cost as compared with the last year (%)	Increase/decrease in profit margin as compared with the last year
Equipment manufacturing industry	929,984	761,742	18.09	4.15	2.14	Increased by 1.61 percentage points

Principal businesses by products

By products	Revenue	Operating cost	Profit margin (%)	Increase/decrease in revenue as compared with the last year (%)	Increase/decrease in operating cost as compared with the last year (%)	Increase/decrease in profit margin as compared with the last year
Agricultural machinery	829,879	708,078	14.68	5.13	4.71	Increased by 0.35 percentage points
Power machinery	234,207	185,766	20.68	13.29	9.87	Increased by 2.47 percentage points
Other machinery	5,932	7,928	-33.65	-65.74	-56.04	Decreased by 29.50 percentage point
Inter-segment eliminations	-140,034	-140,030	/	/	/	/
Total	929,984	761,742	18.09	4.15	2.14	Increased by 1.61 percentage points

Principal businesses by region

By region	Revenue	Operating cost	Profit margin (%)	Increase/ decrease in revenue as compared with the last year (%)	Increase/ decrease in operating cost as compared with the last year (%)	Increase/ decrease in profit margin as compared with the last year
PRC domestic	875,272.77	719,874.03	17.75	3.20	1.86	Increased by 1.08 percentage points
PRC offshore	54,711.30	41,868.05	23.47	22.08	7.18	Increased by 10.63 percentage points

ANALYSIS ON ASSET AND LIABILITY

Unit: Yuan Currency: RMB

Items	Balance as at the end of the Report Period	Balance as at the end of the Report Period as a percentage of total assets (%)	Balance as at the end of the corresponding period last year	Balance as at the end of the corresponding period last year as a percentage of total assets (%)	Change in balance as at the end of the Report Period as compared with balance as at the end of the corresponding period last year (%)	Explanation
Bill receivable	629,595,676.71	4.74	940,748,139.33	7.61	-33.08	Mainly because sales return of the Company was mainly in cash in the Reporting Period which lowered the ratio of bill receivable.
Advance payment	60,933,298.85	0.46	292,088,912.74	2.36	-79.14	Mainly due to settlement of purchase of the Company at the end of last year in the Reporting Period.
Interest receivable	1,878,611.11	0.01	133,472.22	0.00	1,307.49	Mainly due to an increase in interest receivable of YTO Finance.
Other receivables	67,644,192.90	0.51	228,490,379.91	1.85	-70.40	Mainly due to receipt of payment in the Reporting Period in accordance with the agreement for the sales of intangible assets of the drive axle business of the Company in the last period.
Acquisition of financial assets for sales	899,544,776.20	6.78	0.00	0.00	N/A	Mainly due to purchase of financial assets for sales by YTO Finance using its short-time spare funds.
Other current assets	468,428,422.33	3.53	56,383,561.23	0.46	730.79	Mainly due to purchase of financial products by the Company using its short-time spare funds.
Loans issued and advance	1,859,617,637.45	14.01	1,362,361,447.55	11.03	36.50	Mainly due to an increase in purchase of bill by YTO Finance in its transfer discounting business.
Long-term equity investment	150,640,194.51	1.13	65,849,170.84	0.53	128.77	Mainly because all investment by the Company in its associate, ZF YTO Drive Axle was realized.

Items	Balance as at the end of the Report Period	Balance as at the end of the Report Period as a percentage of total assets (%)	Balance as at the end of the corresponding period last year	Balance as at the end of the corresponding period last year as a percentage of total assets (%)	Change in balance as at the end of the Report Period as compared with balance as at the end of the corresponding period last year (%)	Explanation
Long-term prepaid expense	34,047,868.91	0.26	23,378,553.87	0.19	45.64	Mainly due to an increase in purchase of prepaid tool and die by the Company.
Bill payable	1,299,804,364.19	9.79	916,374,670.17	7.42	41.84	Mainly due to an increase in ratio of use of acceptance bill in external payment of the Company.
Other current liabilities	98,038,848.99	0.74	53,243,515.75	0.43	84.13	Mainly due to an increase in depreciation allowance on sales impairment and service charge of sales three guarantees of the Company in the Reporting Period.
Long-term loan	26,607,000.00	0.20	46,597,500.00	0.38	-42.90	Mainly due to the transfer of long term liability to be expired within one year to current liability by the Company.
Other composite income	9,734,262.44	0.07	16,295,741.20	0.13	-40.26	Mainly due to disposal of certain available-for-sale financial assets by the Company and a decrease in fair value of available-for-sale financial assets held.

1. Key Financial Ratio

Items	As at the end of the Reporting Period	As at the beginning of the Reporting Period	Year-on-year change
Gearing ratio (%)	59.32	56.94	Increased by 2.38 percentage points
Current ratio	1.05	1.17	Decreased by 0.12
Quick ratio	0.86	0.90	Decreased by 0.04

As at the end of the Reporting Period, the gearing ratio of the Company increased by 2.38 percentage points as compared with the beginning of the Reporting Period. As at the end of the Reporting Period, the current ratio decreased by 0.12 as compared with the beginning of the Reporting Period and the quick ratio decreased by 0.04 as compared with the beginning of the Reporting Period, mainly due to a significant increase in bill payable of the Company as at the end of the Reporting Period.

2. Bank Loans

Bank loans of the Group are mainly in currency unit of RMB, US dollar and Euro. As at the end of the Reporting Period, bank loans of the Group due within one year amounted to RMB1.9566929 billion, in which loans in foreign currency amounted to RMB809.8027 million (mainly in US dollar); bank loans due over one year amounted to RMB26.6070 million; and the fixed lending rate bank loans amounted to RMB1.8559411 billion. The Company has good bank credit rating and PRC domestic and overseas financing ability.

3. Charged Assets

As at the end of the Reporting Period, fixed assets and intangible assets amounting to RMB100.0981 million were charged and bill receivable amounting to RMB376.8902 million was pledged by the Group to obtain a bank loan of RMB446.8902 million.

As at the end of the Reporting Period, bill receivable amounting to RMB485.3906 million and deposit amounting to RMB153.7021 million were pledged for bills issued by financial institution amounting to approximately RMB1.2998043 billion.

FOREIGN EXCHANGE RISK

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 US dollar, HKD, Euro, Japanese Yen, AUD, XOF and ZAR), exchange rate fluctuations may affect the operating results of the Company at a certain level. In 2015, the Company realized loss due to exchange rate fluctuations and had locked existing foreign currency loans through forward foreign exchange settlement.

PRINCIPAL SOURCES AND USE OF FUNDS

The main sources of funds of the Company were receipts from product sales, bank borrowings and prepayments from customers. The fund was mainly used for the projects relating to operating and investment activities of the Company.

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.

CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Name	Position	Change	Reason for Change
Li Hepeng	Non-executive Director	Appointed	Election of new session of the Board
Xie Donggang	Non-executive Director	Appointed	Election of new session of the Board
Li Kai	Non-executive Director	Appointed	Election of new session of the Board
Yin Dongfang	Non-executive Director	Appointed	Election of new session of the Board
Yang Minli	Independent Non-executive Director	Appointed	Election of new session of the Board
Wu Yong	General Manager	Appointed	Recruitment
Wang Kejun	Deputy General Manager	Appointed	Recruitment
Liu Jiguo	Deputy General Manager	Appointed	Recruitment
Yao Weidong	Financial Controller	Appointed	Change of job title
Yu Lina	Deputy General Manager and Secretary to the Board	Appointed	Change of job title
Yan Linjiao	Former non-executive Director	Resigned	Expiration of term of office of the Board
Wu Zongyan	Former non-executive Director	Resigned	Expiration of term of office of the Board
Wang Kejun	Former non-executive Director	Resigned	Expiration of term of office of the Board
Guo Zhiqiang	Former non-executive Director	Resigned	Expiration of term of office of the Board
Liu Jiguo	Former non-executive Director	Resigned	Expiration of term of office of the Board
Hong Xianguo	Former independent non-executive Director	Resigned	Expiration of term of office of the Board
Zhao Yanshui	Former Standing General Manager	Resigned	Job reallocation
Lian Guoqing	Former Standing Deputy General Manager	Resigned	Job reallocation
Liu Yao	Former Deputy General Manager	Resigned	Job reallocation
Hou Zhiping	Former Deputy General Manager	Resigned	Job reallocation

CORPORATE GOVERNANCE REPORT

During the Reporting Period, the Company strictly complied with the principles and most code provisions under the “Corporate Governance Code and Corporate Governance Report” (the “Code”) as set out in Appendix 14 to the Listing Rules of the Stock Exchange. The Company deviated from Code provision A.2.1 which requires that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual and Code provision A.6.7 which requires that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders.

From 1 January 2015 to 13 August 2015, Mr. Zhao Yanshui acted as the Chairman of the Board and the General Manager of the Company. The Board of the Company was composed of highly experienced and talented members and meetings were held regularly to discuss issues that might affect the operations of the Company. The operation of the Board was sufficient to ensure the balance of powers and duties. The Board considered that such structure would not affect the balance of power and duties between the Board and the management. The Board was full of confidence in Mr. Zhao and believed that the then appointment of him as the Chairman and General Manager was beneficial for the business development of the Company. With effect from 14 August 2015, Mr. Zhao Yanshui resigned as the General Manager of the Company while Mr. Wu Yong was appointed as the General Manager of the Company. Mr. Zhao Yanshui remains as the Chairman of the Board. The Company re-complied with Code provision A.2.1.

Due to other business engagement, Mr. Hong Xianguo, Mr. Wu Tak Lung and Mr. Yu Zengbiao, Independent Non-executive Directors and Mr. Wu Zongyan, Non-executive Director, did not attend the general meeting of the Company held on 29 May 2015; and Mr. Hong Xianguo, Mr. Xing Min, Mr. Wu Tak Lung and Mr. Yu Zengbiao, Independent Non-executive Directors and Mr. Wu Zongyan, Non-executive Director, did not attend the general meeting of the Company held on 29 October 2015. Other Non-executive Directors and Independent Non-executive Directors had been present at the respective general meetings to enable the Board to develop a balanced understanding of the views of the shareholders of the Company.

SECURITIES TRANSACTIONS BY DIRECTORS

After making enquiries to, and as confirmed by all Directors of the Company, Mr. Wu Tak Lung, an independent non-executive Director of the Company, holds 10,000 H Shares of the Company. During the Reporting Period, all Directors of the Company have strictly complied with the code of conduct in relation to the securities transactions by Directors under the “Model Code for Securities Transactions by Directors of Listed Issuers” in Appendix 10 to the Listing Rules of the Stock Exchange.

DIVIDEND

In accordance with the profit distribution policy of the Articles of Association of the Company, the Board recommends the following profit distribution proposal for 2015: a cash dividend of RMB0.41 (tax inclusive) for every ten shares on the basis of a total share capital of the Company of 995,900,000 shares as at 31st December 2015. The proposal is still subject to the approval of the shareholders in the 2015 annual general meeting.

As the date of the 2015 annual general meeting has not been determined, the relevant record date will be announced later. If the aforesaid proposal is approved by the shareholders of the Company, then pursuant to the “Corporate Income Tax Law of the PRC” and its implementing regulations, which came into force on 1st January 2008, and other relevant rules, the Company is required to withhold corporate income tax at the rate of 10% before distributing the dividend to non-resident enterprise (as defined in the “Corporate Income Tax Law of the PRC”) shareholders whose names appear on the H Share register of members of the Company. Any H Shares registered in the name of non-individual shareholders, including HKSCC Nominees Limited, other nominees, trustees or other groups and organizations, will be treated as being held by non-resident enterprise shareholders, thus, the Company will distribute the dividend to such non-individual shareholders after withholding the 10% corporate income tax. The individual income tax will not be withheld by the Company from the dividend payable to any natural person shareholders whose names appear on the H Share register of members of the Company.

OPERATION OF THE AUDIT COMMITTEE

During the Reporting Period, the Audit Committee under the Board convened six meetings, details are set out below:

Session of meeting	Date	Resolutions	Results
First Meeting in 2015	2015.1.12	<ol style="list-style-type: none"> 1. Plan for preparation of annual report of the Company in 2014 2. Plan for preparation of auditing of annual financial report of the Company in 2014 3. Proposal for preparation of annual internal control evaluation of the Company in 2014 	
Second Meeting in 2015	2015.2.16	The continuing connected transactions between the Company and ZF YTO Drive Axle	
Third Meeting in 2015	2015.3.27	<ol style="list-style-type: none"> 1. The annual report and audited financial report of the Company in 2014 2. The annual internal control evaluation report and internal audit report of the Company in 2014 3. Appointment of annual internal control auditor by the Company and the remuneration thereof in 2015 4. Appointment of the PRC domestic auditors by the Company and the remuneration thereof in 2015 5. Execution of connected transactions of the Company in 2014 6. The performance report of the Audit Committee under the sixth session of the Board in 2014 	All are passed
Fourth Meeting in 2015	2015.4.24	The first quarterly report of the Company in 2015	
Fifth Meeting in 2015	2015.8.20	<ol style="list-style-type: none"> 1. The interim report of the Company in 2015 2. Proposal for continuing connected transactions of the Company for the years from 2016 to 2018 	
Sixth Meeting in 2015	2015.10.22	The third quarterly report of the Company in 2015	

As at the date of publication of this announcement, the Audit Committee under the seventh session of the Board of the Company had reviewed the annual results of the Company in 2015.

DEFINITION

Unless the context otherwise requires, the following terms should have the following meanings in this report:

agricultural machinery	means	various machinery used in the crop farming and animal husbandry, and the primary processing of agricultural and animal products
auditor	means	the financial report auditor appointed by the Company, ShineWing Certified Public Accountants LLP, as the Company's auditor for the year of 2015
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	the Company 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 a power of 70 (inclusive) horsepower or above
Hong Kong	means	the Hong Kong Special Administrative Region of the PRC
Listing Rules of the Stock Exchange	means	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)

low-powered wheeled tractor	means	wheeled tractor with a power of less than 25 horsepower
mid-powered wheeled tractor	means	wheeled tractor with a power of 25 (inclusive) to 70 horsepower power machinery
power machinery	means	products including diesel engine and fuel injection pump
PRC	means	the People's Republic of China which, for the purpose of the Annual Report, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
Shanghai Stock Exchange	means	the Shanghai Stock Exchange
Stock Exchange	means	The Stock Exchange of Hong Kong Limited
subsidiary	means	a subsidiary as defined under the Listing Rules of the Stock Exchange
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
ZF YTO Drive Axle	means	ZF YTO (Luoyang) Drive Axle Company Limited (采埃孚一拖(洛陽)車橋有限公司), an equity participating company of the Company

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

Luoyang, the PRC
29 March 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