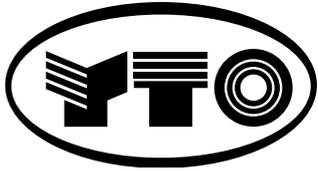


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第一拖拉机股份有限公司*

FIRST TRACTOR COMPANY LIMITED*

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

(Stock Code: 0038)

2014 FIRST QUARTERLY REPORT

1. IMPORTANT NOTICE

1.1 The board of directors (the “**Board**”) and supervisory committee of First Tractor Company Limited (the “**Company**”), and its directors (the “**Directors**”), supervisors (the “**Supervisors**”) and senior management confirm that there are no false information, misleading statements or material omissions contained in this first quarterly report, and severally and jointly accept legal responsibility for the truthfulness, accuracy and completeness of the contents therein.

1.2 All Directors of the Company attended the Board meeting to consider and approve the first quarterly report.

1.3 Person in charge of the Company	Zhao Yanshui
Person in charge of the accounting function	Yao Weidong
Person in charge of the accounting department	Zhou Juan

Zhao Yanshui (Person in charge of the Company), Yao Weidong (Person in charge of the accounting function) and Zhou Juan (Person in charge of the accounting department) have warranted the truthfulness, accuracy and completeness of the financial statements in the first quarterly report.

1.4 The financial statements in the first quarterly report of the Company were not audited. The Company completed the acquisition of the Technology and Materials Centre and the Calibration and Testing Centre of YTO on 31 January 2014. Since the acquisition constituted a business combination under common control, the financial data for 2013 has been adjusted retrospectively in the first quarterly report.

1.5 The relevant financial statements and financial data in the first quarterly report were prepared in accordance with the PRC accounting standards.

2. DEFINITIONS

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

Company	means	First Tractor Company Limited* (第一拖拉機股份有限公司)
Group	means	First Tractor Company Limited and its controlled subsidiaries
controlled subsidiary	means	a company held as to more than 50% by the Company; a company actually controlled by the Company through agreement and arrangement
subsidiary	means	a subsidiary as defined under the Rules Governing the Listing of Securities on the Stock Exchange
YTO	means	YTO Group Corporation* (中國一拖集團有限公司), the controlling shareholder of the Company
Sinomach	means	China National Machinery Industry Corporation* (中國機械工業集團有限公司), the ultimate controlling shareholder of the Company
YTO Flag	means	YTO (Luoyang) Flag Auto-Body Company Limited* (一拖(洛陽)福萊格車身有限公司), a wholly owned 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
Technology and Materials Centre	means	Technology and Materials Research Centre (工藝材料研究所), a non-independent legal entity institution of the Company
Calibration and Testing Centre	means	Calibration and Testing Centre (計量檢測中心), a non-independent legal entity institution of the Company
Zhongcheng Company	means	YTO (Luoyang) Zhongcheng Machinery Company Limited* (一拖(洛陽)中成機械有限公司), a subsidiary of the Company
YTO Finance	means	YTO Finance Company Limited* (中國一拖集團財務有限責任公司), a subsidiary of the Company
CSRC	means	China Securities Regulatory Commission
Shanghai Stock Exchange	means	the Shanghai Stock Exchange
Stock Exchange	means	the Stock Exchange of Hong Kong Limited
A Share	means	ordinary shares as approved by the CSRC which are issued to domestic investors and qualified foreign investors, traded on domestic stock exchanges, denominated, subscribed for and traded in RMB
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

3. MAJOR FINANCIAL DATA AND CHANGES IN SHAREHOLDERS OF THE COMPANY

3.1 Major accounting data

Unit: Yuan Currency: RMB

	At the end of the reporting period (31 March 2014)	At the end of the previous year (31 December 2013)		Increase/decrease at the end of the reporting period as compared to the end of the previous year (%)
		After adjustment	Before adjustment	
Total assets	12,353,319,406.90	11,710,216,392.53	11,668,342,025.93	5.49
Net assets attributable to shareholders of the Company	4,565,753,684.47	4,503,113,206.30	4,473,895,897.45	1.39
		From the beginning of the year to the end of the reporting period (1 January 2014 to 31 March 2014)		Year-on-year increase/decrease (%)
		After adjustment	Before adjustment	
Net cash flows from operating activities	-377,157,131.69	-300,087,729.55	-343,361,098.92	N/A

	From the beginning of the year to the end of the reporting period (1 January 2014 to 31 March 2014)	From the beginning of the previous year to the end of the reporting period of the previous year (1 January 2013 to 31 March 2013)	Before adjustment	Year-on-year increase/decrease (%)
Operating revenue	3,084,465,996.11	3,092,260,657.34	3,091,006,783.02	-0.25
Net profits attributable to shareholders of the Company	99,066,916.54	107,795,981.02	112,212,375.75	-8.10
Net profits after deduction of extraordinary profit and loss attributable to shareholders of the Company	91,003,961.04	107,006,693.25	111,498,087.99	-14.95
Weighted average return on net assets (%)	2.17	2.42	2.54	Decreased by 0.25 percentage point
Basic earnings per share (RMB/share)	0.0995	0.1082	0.1127	-8.10
Diluted earnings per share (RMB/share)	0.0995	0.1082	0.1127	-8.10

Deduction of extraordinary profit and loss and the amount

Unit: Yuan Currency: RMB

Item	Amount of the reporting period (January-March 2014)
Profit/loss from disposal of non-current assets	-422,352.63
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)	3,913,364.56
Gains or losses from changes in fair values of trading financial assets and trading financial liabilities held by the Company, and investment gains from disposal of trading financial assets, trading financial liabilities and available-for-sale financial assets, other than effective hedging activities associated with normal business operations of the Company	7,685,043.48
Net profit from the beginning of the reporting period to the acquisition date attributable to the subsidiaries acquired through business combination under common control	-1,266,667.02
Other non-operating income and expenses other than the aforesaid items	1,440,329.83
Effect of income tax	-2,591,623.12
Effect of minority interests (after tax)	-695,139.60
Total	<u><u>8,062,955.50</u></u>

3.2 Total number of shareholders, shareholdings of the top ten shareholders and the top ten shareholders of non-restricted circulating shares as at the end of the reporting period

Total number of shareholders 31,297 (including 30,896 holders of A Shares as at the end of the reporting period and 401 holders of H Shares)

Shareholdings of the top ten shareholders

Name of shareholders	Nature of shareholders	Percentage of shareholding (%)	Total number of shareholding (share)	Number of shares held with selling restrictions (share)	Number of shares subject to pledge or moratorium (share)
YTO	State-owned legal person	44.57	443,910,000	443,910,000	Nil
HKSCC NOMINEES LIMITED	Foreign legal person	39.99	398,217,398	0	Unknown
Huang Hui (黃慧)	Domestic natural person	0.15	1,446,471	0	Unknown
Luo Xiuzhen (羅秀珍)	Domestic natural person	0.11	1,081,351	0	Unknown
Deng Dulian (鄧杜廉)	Domestic natural person	0.08	751,600	0	Unknown
Wu Xiaoxian (吳小仙)	Domestic natural person	0.07	731,372	0	Unknown
LIU HON NAM	Foreign natural person	0.07	726,000	0	Unknown
Ye Bin (葉斌)	Domestic natural person	0.07	693,108	0	Unknown
Cai Peihua (蔡佩華)	Domestic natural person	0.06	631,900	0	Unknown
Guo Hongcheng (郭洪程)	Domestic natural person	0.06	553,410	0	Unknown

Shareholdings of the top ten shareholders of non-restricted circulating shares

Name of shareholders (in full)	Number of non-restricted circulating shares held as at the end of the reporting period	Share type
HKSCC NOMINEES LIMITED	398,217,398	H Share
Huang Hui (黃慧)	1,446,471	A Share
Luo Xiuzhen (羅秀珍)	1,081,351	A Share
Deng Dulian (鄧杜廉)	751,600	A Share
Wu Xiaoxian (吳小仙)	731,372	A Share
LIU HON NAM	726,000	H Share
Ye Bin (葉斌)	693,108	A Share
Cai Peihua (蔡佩華)	631,900	A Share
Guo Hongcheng (郭洪程)	553,410	A Share
Wang Wei (王偉)	550,000	A Share

Connections or parties acting in concert among the aforesaid shareholders

Of the top 10 shareholders and top 10 shareholders of non-restricted circulating shares, 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) 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.

Note: according to the register of members of the Company as provided by HKSCC Nominees Limited, those H Shares held by it were held on behalf of various clients. There was no client who owned 5% or more interest in the total share capital of the Company.

4. SIGNIFICANT EVENTS

4.1 Material changes in major accounting items and financial indicators of the Company and the reasons therefor

Currency: RMB Unit: 0'000

Items in the consolidated balance sheet	Amount at the end of the reporting period	Amount at the beginning of the reporting period	Increase/decrease	Reasons
Cash and bank balance	117,441	188,348	-38%	Due to repayment of placements from external banks and expenditure of investment activities during the period
Accounts receivable	219,864	106,749	106%	Due to the increase in accounts receivable in the peak season of sales
Other current assets	10,000	—	N/A	Due to purchase of short term wealth management products during the period
Held-to-maturity investments	11,427	2,560	346%	Due to the new purchase of financial products by YTO Finance during the period
Placements from banks and other financial institutions	—	35,000	-100%	Due to the repayment of placements from external financial institutions by YTO Finance during the period
Short-term borrowings	57,010	29,244	95%	Due to the increase in short-term borrowings and rediscount with external banks by YTO Finance during the period
Bills payable	85,006	65,477	30%	Due to the increase in bank acceptance from banks during the period
Interests payable	3,401	5,503	-38%	Due to payment of interests for corporate bonds of the Company during the period
Other current liabilities	13,400	8,795	52%	Due to the increase in provision for “three guarantees” and sales service charges during the period

Items in the consolidated income statement	Amount for the reporting period	Amount for the corresponding period of the previous year	Increase/ decrease	Reasons
Handling charges and commission income	30	44	-32%	Due to the decrease in handling charges and commission income of YTO Finance during the period
Handling charges and commissions expenses	11	5	121%	Due to the increase in handling charges and commission expenses of YTO Finance during the period
Selling expenses	15,005	9,151	64%	Due to the increase in the “three guarantees” sales service charges for improving service quality and the increase in payment for transportation services as a result of the change in marketing policy
Finance expenses	2,451	1,410	74%	Due to the increase in loan size over the corresponding period of the previous year during the period
Impairment loss on assets	3,612	2,387	51%	Due to the increase in accounts receivable and increase of aged debts during the period
Gains from changes in fair value	245	44	453%	Due to the increase in the fair value of financial assets held during the period
Investment income	819	484	69%	Due to the increase in investment income from disposal of financial assets by YTO Finance during the period
Non-operating income	587	372	58%	Due to the increase in government grants received during the period
Income tax expenses	1,338	896	49%	Due to the increase in taxable income during the period

4.2 Progress of significant events and their impacts, and analysis of solutions

4.2.1 On 20 January 2014, at the ninth meeting of the sixth session of the Board of the Company, the acquisition by the Company of certain assets, liabilities and relevant businesses of Technology and Materials Centre and Calibration and Testing Centre of YTO, the controlling shareholder of the Company, was approved, and the relevant transfer agreements were entered into on 21 January 2014 (for details, please see the announcement (No. Lin 2014-03) published by the Company on the website of Shanghai Stock Exchange and on the China Securities Journal and Shanghai Securities News on 22 January 2014). As at the disclosure date of this report, the Company has made a one-off payment of RMB36,865,930 pursuant the agreement, and the asset transfer procedures was completed. As the acquisition constituted a business combination under common control, the Technology and Materials Centre and Calibration and Testing Centre were incorporated into the consolidated financial statements the Company in accordance with the requirements of accounting standards during the reporting period.

4.2.2 On 20 January 2014, at the ninth meeting of the sixth session of the Board of the Company, the integration of the assets of YTO Flag and YTO Foundry, the wholly owned subsidiaries of the Company, was approved (for details, please see the Announcement on the Resolutions of the Ninth Meeting of the Sixth Session of the Board published by the Company on the website of Shanghai Stock Exchange and on the China Securities Journal and Shanghai Securities News on 20 January 2014). The Company entered into asset transfer agreements with YTO Flag and YTO Foundry respectively on 1 March 2014, and acquired assets such as inventories, machineries and equipment and real estates from each of the companies. The integration of internal resources strengthened the internal synergy of the Company, reduced transaction costs and improved the operation efficiency of the Company.

- 4.2.3 On 20 January 2014, at the ninth meeting of the six session of the Board of the Company, the sale of 73% equity interests in Zhongcheng Company held by the Company by way of listing-for-sale and the sale of relevant assets including machineries leased by Zhongcheng Company to the successful bidder at the listing-for-sale were considered and approved. On 25 March 2014, the Company approved to sale its 73% equity interests in Zhongcheng Company via Beijing Equity Exchange by way of listing-for-sale at a consideration of RMB10,563,900 (for details, please see the Announcement on Disposal of Equity Interests in a Controlled Subsidiary by way of Listing-for-sale published by the Company on the website of Shanghai Stock Exchange and on the China Securities Journal and Shanghai Securities News on 22 March 2014).
- 4.2.4 On 4 March 2014, the Company entrusted Shanghai Branch of China Securities Depository and Clearing Corporation Limited to pay bond holders interests amounting to RMB800 million for the corporate bonds issued by the Company in 2012 (first tranche) incurred in the period from 4 March 2013 to 3 March 2014 (for details, please see the Announcement on Payment of Interests for the Corporate Bonds issued by the Company in 2012 (First Tranche) for 2014 published by the Company on the website of Shanghai Stock Exchange and on the China Securities Journal and Shanghai Securities News on 25 February 2014).

4.3 Implementation of commitments made by the Company and shareholders holding 5% or more of the shares of the Company

Background	Type	Party making the commitment	Commitment	Explanation on performance
Undertaking related to the initial public offering	Solutions to business competition	The Company	Commencing from 11 January 2012, YTO (Luoyang) Farming Implements Company Limited (now known as YTO (Luoyang) Zhongcheng Machinery Company Limited) no longer engages in the purchase, assembly and sales of farming implements products other than the supporting sale of the farming implements products which have been purchased or ordered. The Company and all its controlled subsidiaries shall not engage in the processing, production or assembly of farming implements, except the supporting sales and relevant procurement.	Honoring commitments and normal performance
Undertaking related to the initial public offering	Solutions to business competition	YTO	YTO will not engage in and procure other enterprises controlled by it not to engage in the same or similar business of the Company to avoid direct or indirect competition with the Company's business operations. In addition, where YTO or other enterprises controlled by it may bring unfair impact on the Company in respect of market share, business opportunity and resources allocation, YTO will voluntarily give up and procure other enterprises controlled by it to give up business competition with the Company.	Honoring commitment and normal performance

Undertaking related to the initial public offering	Solutions to business competition	Sinomach	Sinomach will not engage in and procure other enterprises controlled by it not to engage in the same or similar business of the Company to avoid direct or indirect competition with the Company's business operations. In addition, where Sinomach or other enterprises controlled by it may bring unfair impact on the Company in respect of market share, business opportunity and resources allocation, Sinomach will voluntarily give up and procure other enterprises controlled by it to give up business competition with the Company.	Honoring commitment and normal performance
Undertaking related to the initial public offering	Restriction on trading of shares	Sinomach	Within 36 months after the date of initial public offering, listing and trading of A Shares of the Company, Sinomach will not transfer or engage others to manage the shares of the Company issued before the initial public offering of shares of the Company directly and indirectly held by Sinomach, nor allow the Company to repurchase such shares.	Honoring commitment and normal performance
Undertaking related to the initial public offering	Restriction on trading of shares	YTO	Within 36 months after the date of initial public offering, listing and trading of A Shares of the Company, YTO will not transfer or engage others to manage the shares of the Company issued before the initial public offering of shares of the Company directly and indirectly held by YTO, nor allow the Company to repurchase such shares.	Honoring commitment and normal performance
Undertaking related to the initial public offering	Size of deposit and loan	YTO	On 16 August 2010, YTO and YTO Finance entered into the Deposit Agreement and Loan Agreement, which stipulated the annual cap of loan obtained by YTO and its subsidiaries (except the Company) from YTO Finance. YTO further undertook that on the basis of the aforesaid Deposit Agreement and Loan Agreement and cap amount of connected transactions, the loan of YTO and its subsidiaries (except the Company) obtained from YTO Finance will be less than their deposits placed with YTO Finance, and ensured the safety of its subsidiaries' loans through various measures.	Honoring commitment and normal performance

Undertaking related to the initial public offering	Improvement of asset integrity	YTO	As to the patents related to the products of the Company and its subsidiaries which are in the process of application, YTO undertook to transfer the relevant 50 patents to the Company at nil consideration upon completion of the applications. Except for the aforesaid patents which are in the process of application, YTO will no longer apply for patents related to the products of the Company and its subsidiaries in its own name. YTO will transfer to the Company at nil consideration any such new technologies related to the products of the Company and its subsidiaries that may be developed by YTO after issue of the undertaking letter, and patents in respect of such technologies will be applied for directly in the name of the Company.	Honoring commitment and normal performance
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4.4 Implementation of cash dividend distribution policy during the reporting period

Pursuant to the Articles of Association of the Company, the annual profits distributed by the Company by way of cash shall not be less than 25% of the profit available for distribution for the year (the lower of those in the financial statements under the PRC accounting standards and the Hong Kong accounting standards), provided that the capital needs for the Company's normal production and operation are satisfied and there will be no such events of material investment plan or material cash expenses. The profit distribution proposal shall be formulated by the Board and implemented after consideration and approval by the shareholders in the general meeting.

As audited by Baker Tilly China Certified Public Accountants and Baker Tilly Hong Kong Limited in accordance with the PRC accounting standards and Hong Kong accounting standards respectively, the Company realized a net profit of RMB238,693,700 (the figure is on the Company's basis, the same below) under both the PRC accounting standards and the Hong Kong accounting standards in 2013. In accordance with the Articles of Association of the Company, after contributing 10% of the net profit to the statutory common reserve fund, the distributable profit of the Company realized for 2013 amounted to RMB214,824,300.

On 27 March 2014, the profit distribution proposal of the Company for 2013 was considered and approved at the tenth meeting of the sixth Board. The Company proposes to distribute a cash dividend of RMB0.6 (tax inclusive) for every ten shares to all shareholders on the basis of the total share capital of the Company of 995,900,000 shares as at 31 December 2013. The total amount of the cash dividend was RMB59,754,000 (tax inclusive), representing 27.8% of the distributable profit of the Company realized for the year and 26.9% of the net profit attributable to the shareholders of the Company realized for the year.

The aforesaid profit distribution proposal shall be implemented upon consideration and approval at the 2013 annual general meeting of the Company.

By Order of the Board
FIRST TRACTOR COMPANY LIMITED*
Zhao Yanshui
Chairman

Luoyang, the PRC
28 April 2014

As at the date of this announcement, Mr. Zhao Yanshui is the Chairman of the Company and Mr. Wang Erlong is the vice Chairman of the Company. Other members of the Board are four Directors, namely, Mr. Yan Linjiao, Mr. Guo Zhiqiang, Mr. Liu Jiguo and Mr. Wu Yong; and four independent non-executive Directors, namely, Mr. Hong Xianguo, Mr. Zhang Qiusheng, Mr. Xing Min and Mr. Wu Tak Lung.

* *for identification purposes only*

5. APPENDICES

Financial Statements (Prepared in accordance with the PRC Accounting Standards)

5.1 Consolidated Balance Sheet

31 March 2014

Unit: Yuan Currency: RMB

Item	Balance as at the end of the period	Balance as at the beginning of the year
Current assets:		
Cash and bank balance	1,174,409,168.06	1,883,479,523.60
Balances with clearing companies	—	—
Placements with banks and other financial institutions	—	—
Held-for-trading financial assets	326,870,451.18	359,095,259.97
Bills receivable	990,414,171.22	1,269,899,186.51
Accounts receivable	2,198,643,985.31	1,067,488,278.19
Prepayments	241,416,018.20	194,539,070.95
Premiums receivable	—	—
Reinsurance accounts receivable	—	—
Reinsurance contract reserves receivable	—	—
Interests receivable	—	—
Dividends receivable	—	—
Other receivables	90,317,699.08	78,606,099.64
Financial assets purchased under resale agreements	—	—
Inventories	1,909,160,489.92	1,766,268,480.42
Non-current assets due within one year	—	—
Other current assets	100,000,000.00	—
Total current assets	7,031,231,982.97	6,619,375,899.28

Item	Balance as at the end of the period	Balance as at the beginning of the year
Non-current assets:		
Entrusted loans and advances granted	848,263,091.26	725,322,825.23
Available-for-sale financial assets	52,558,400.00	56,737,271.60
Held-to-maturity investments	114,274,148.16	25,601,874.77
Long-term receivables	—	—
Long-term equity investments	90,176,098.38	90,028,359.61
Investment properties	30,822,408.92	31,160,041.52
Fixed assets	2,668,088,519.61	2,685,745,048.61
Construction in progress	467,671,787.81	424,579,666.44
Construction materials	—	—
Disposal of fixed assets	—	—
Biological assets for production	—	—
Fuel assets	—	—
Intangible assets	950,983,052.19	958,395,440.46
Development expenses	—	—
Goodwill	—	—
Long-term deferred expenses	19,184,329.44	16,919,867.57
Deferred income tax assets	80,065,588.16	76,350,097.44
Other non-current assets	—	—
Total non-current assets	5,322,087,423.93	5,090,840,493.25
Total assets	12,353,319,406.90	11,710,216,392.53

Item	Balance as at the end of the period	Balance as at the beginning of the year
Current liabilities:		
Short-term borrowings	570,103,461.97	292,437,410.89
Loans from central bank	—	—
Deposit taking and deposit in inter-bank market	496,883,646.81	565,022,287.05
Placements from banks and other financial institutions	—	350,000,000.00
Held-for-trading financial liabilities	—	—
Bills payable	850,056,210.31	654,769,401.01
Accounts payable	2,507,428,498.76	2,095,124,850.72
Payments received in advance	259,672,975.26	260,683,445.11
Disposal of repurchased financial assets	—	—
Handling charges and commissions payable	—	—
Staff remuneration payables	112,356,485.80	111,379,298.46
Taxes payable	-294,883,515.06	-351,328,558.11
Interests payable	34,014,131.78	55,028,515.34
Dividends payable	—	—
Other payables	262,738,999.38	224,315,326.11
Reinsurance accounts payable	—	—
Reserve for insurance contracts	—	—
Customer deposits for trading in securities	—	—
Customer deposits for underwriting	—	—
Non-current liabilities due within one year	301,018,000.00	301,018,000.00
Other current liabilities	133,997,874.56	87,951,003.54
Total current liabilities	5,233,386,769.57	4,646,400,980.12

Item	Balance as at the end of the period	Balance as at the beginning of the year
Non-current liabilities:		
Long-term borrowings	84,189,000.00	84,189,000.00
Bonds payable	1,490,300,106.07	1,489,772,818.57
Long-term payables	—	—
Specific payables	—	—
Accrued liabilities	—	—
Deferred income tax liabilities	49,239,603.08	49,917,073.21
Other non-current liabilities	180,760,400.85	182,418,508.05
Total non-current liabilities	1,804,489,110.00	1,806,297,399.83
Total liabilities	7,037,875,879.57	6,452,698,379.95
Owners' equity (or shareholders' equity)		
Paid-up capital (or share capital)	995,900,000.00	995,900,000.00
Capital reserve	2,135,483,422.04	2,174,134,946.04
Less: Treasury stock	—	—
Special reserve	—	—
Surplus reserve	326,747,339.47	326,747,339.47
General risk provision	7,097,463.55	7,097,463.55
Retained earnings	1,114,303,868.81	1,015,236,952.27
Currency translation differences	-13,778,409.40	-16,003,495.03
Total equity attributable to the owners of the Company	4,565,753,684.47	4,503,113,206.30
Minority interests	749,689,842.86	754,404,806.28
Total owners' equity	5,315,443,527.33	5,257,518,012.58
Total liabilities and owners' equities	12,353,319,406.90	11,710,216,392.53

Balance Sheet of the Company

31 March 2014

Unit: Yuan Currency: RMB

Item	Balance as at the end of the period	Balance as at the beginning of the year
Current assets:		
Cash and bank balance	643,365,469.53	1,091,180,747.25
Held-for-trading financial assets	—	—
Bills receivable	330,342,833.48	417,754,765.39
Accounts receivable	2,377,404,953.17	1,108,271,652.69
Prepayments	165,619,648.35	122,883,981.86
Interests receivable	—	—
Dividends receivable	—	—
Other receivables	124,819,936.12	43,372,760.70
Inventories	526,391,239.16	627,996,230.25
Non-current assets due within one year	—	—
Other current assets	207,681,844.34	107,017,010.00
Total current assets	4,375,625,924.15	3,518,477,148.14

Item	Balance as at the end of the period	Balance as at the beginning of the year
Non-current assets:		
Available-for-sale financial assets	33,264,000.00	33,792,000.00
Held-to-maturity investments	—	—
Long-term receivables	—	—
Long-term equity investments	2,904,700,123.25	2,904,726,436.13
Investment properties	—	—
Fixed assets	1,320,531,188.15	1,102,175,206.12
Construction in progress	328,107,275.76	224,241,167.99
Construction materials	—	—
Disposal of fixed assets	—	—
Biological assets for production	—	—
Fuel assets	—	—
Intangible assets	512,607,181.46	479,416,911.19
Development expenditures	—	—
Goodwill	—	—
Long-term deferred expenditures	13,401,641.15	—
Deferred income tax assets	5,032,911.39	5,032,911.39
Other non-current assets	—	—
Total non-current assets	5,117,644,321.16	4,749,384,632.82
Total assets	9,493,270,245.31	8,267,861,780.96
Current liabilities:		
Short-term borrowings	427,245,119.87	451,145,119.87
Held-for-trading financial liabilities	—	—
Bills payable	676,664,009.27	385,179,704.45
Accounts payable	1,835,835,073.21	1,351,037,684.61
Payments received in advance	27,900,550.72	15,085,814.01
Staff remuneration payable	33,862,349.89	33,645,648.89
Taxes payable	-267,546,275.75	-317,474,985.81
Interests payable	29,162,465.80	50,326,849.36
Dividends payable	—	—
Other payables	368,714,064.74	30,694,393.07
Non-current liabilities due within one year	300,000,000.00	300,000,000.00
Other current liabilities	63,874,256.80	20,846,726.00
Total current liabilities	3,495,711,614.55	2,320,486,954.45

Item	Balance as at the end of the period	Balance as at the beginning of the year
Non-current liabilities:		
Long-term borrowings	84,189,000.00	84,189,000.00
Bonds payable	1,490,300,106.07	1,489,772,818.57
Long-term payables	—	—
Specific payables	—	—
Accrued liabilities	—	—
Deferred income tax liability	2,637,600.00	2,716,800.00
Other non-current liabilities	139,437,862.41	141,056,362.41
Total non-current liabilities	1,716,564,568.48	1,717,734,980.98
Total liabilities	5,212,276,183.03	4,038,221,935.43
Owners' equity (or shareholders' equity)		
Paid-up capital (or share capital)	995,900,000.00	995,900,000.00
Capital reserve	2,032,695,574.91	2,070,296,602.01
Less: Treasury Stock	—	—
Special reserve	—	—
Surplus reserve	252,254,055.64	252,254,055.64
General risk provision	—	—
Undistributed profit	1,000,144,431.73	911,189,187.88
Total owners' equity (or shareholders' equity)	4,280,994,062.28	4,229,639,845.53
Total liabilities and owners' equity (or shareholders' equity)	9,493,270,245.31	8,267,861,780.96

5.2 Consolidated Income Statement

January - March 2014

Unit: Yuan Currency: RMB

Item	Amount for the reporting period	Amount for the corresponding period of the previous year
I. Total revenue from operations	3,103,725,179.50	3,108,105,947.26
Including: Operating revenue	3,084,465,996.11	3,092,260,657.34
Interest income	18,958,186.78	15,404,231.26
Premiums earned	—	—
Income from handling charges and commissions	300,996.61	441,058.66
II. Total operating costs	3,011,239,853.61	2,998,876,219.67
Including: Operating costs	2,539,315,412.41	2,639,931,385.96
Interest expenses	8,405,129.72	8,243,080.53
Handling charges and commissions expenses	110,089.00	49,854.57
Surrender payment	—	—
Net expenditure for compensation payments	—	—
Net provision for insurance contracts	—	—
Policyholder dividend expenses	—	—
Reinsurance costs	—	—
Business taxes and surcharges	8,671,951.90	7,491,478.16
Selling expenses	150,046,155.64	91,513,099.90
Administration expenses	244,056,372.05	213,677,489.65
Finance expenses	24,512,589.96	14,098,622.05
Impairment loss on assets	36,122,152.93	23,871,208.85

Item	Amount for the reporting period	Amount for the corresponding period of the previous year
Add: Gains from changes in fair value (losses are represented by “-”)	2,445,426.38	442,580.06
Investment income (losses are represented by “-”)	8,191,447.91	4,835,018.76
Including: Gains from investment in associates and joint ventures	-19,112.88	-53,348.70
Gains from currency exchange (losses are represented by “-”)	—	—
III. Operating profit (loss is represented by “-”)	103,122,200.18	114,507,326.41
Add: Non-operating income	5,867,124.90	3,722,240.19
Less: Non-operating expenses	931,983.14	987,802.25
Including: Loss from disposal of non-current assets	561,555.79	371,704.03
IV. Total profit (total loss is represented by “-”)	108,057,341.94	117,241,764.35
Less: Income tax expenses	13,375,303.17	8,959,117.29
V. Net profit (net loss is represented by “-”)	94,682,038.77	108,282,647.06
Net profit attributable to the owners of the Company	99,066,916.54	107,795,981.02
Profit or loss attributable to minority shareholders	-4,384,877.77	486,666.04

Item	Amount for the reporting period	Amount for the corresponding period of the previous year
VI. Earnings per share:		
(I) Basic earnings per share	0.0995	0.1082
(II) Diluted earnings per share	0.0995	0.1082
VII. Other comprehensive income	3,225,701.62	3,554,127.15
VIII. Total comprehensive income	97,907,740.39	111,836,774.21
Total comprehensive income attributable to owners of the Company	102,341,268.42	111,672,951.37
Total comprehensive income attributable to minority shareholders	-4,433,528.03	163,822.84

There was business combination under common control during the period, the net profit realized by the combined party before the combination was RMB-1,266,667.02.

Income Statement of the Company

January - March 2014

Unit: Yuan Currency: RMB

Item	Amount for the reporting period	Amount for the corresponding period of the previous year
I. Operating revenue	2,623,202,513.17	1,976,739,972.40
Less: Operating costs	2,332,877,344.59	1,734,287,980.56
Business taxes and surcharges	65,399.13	34,086.65
Selling expenses	33,347,469.86	16,518,790.62
Administration expenses	128,438,743.56	109,292,141.48
Finance expenses	19,956,955.97	13,981,082.28
Impairment loss on assets	17,871,344.81	688,936.97
Add: Gains from changes in fair value (losses are represented by “-”)	—	—
Investment income (losses are represented by “-”)	-26,312.88	0.00
Including: Gains from investment in associates and joint ventures	-26,312.88	—
II. Operating profit (loss is represented by “-”)	90,618,942.37	101,936,953.84
Add: Non-operating income	3,688,813.47	2,057,314.30
Less: Non-operating expenses	589,611.95	357,595.50
Including: Loss from disposal of non-current assets	294,382.49	357,595.50

Item	Amount for the reporting period	Amount for the corresponding period of the previous year
III. Total profit		
(total loss is represented by “-”)	93,718,143.89	103,636,672.64
Less: Income tax expenses	4,530,483.37	—
IV. Net profit		
(net loss is represented by “-”)	89,187,660.52	103,636,672.64
V. Earnings per share:		
(I) Basic earnings per share	—	—
(II) Diluted earnings per share	—	—
VI. Other comprehensive income	-448,800.00	-1,720,400.00
VII. Total comprehensive income	88,738,860.52	101,916,272.64

5.3 Consolidated Cash Flow Statement

January - March 2014

Unit: Yuan Currency: RMB

Item	Amount for the reporting period	Amount for the corresponding period of the previous year
I. Cash flow from operating activities:		
Cash received from sale of goods and rendering of services	2,513,442,717.64	2,661,377,435.27
Net increase in customer deposits and deposits from banks and other financial institutions	-68,138,640.24	-272,560,898.19
Net increase in loans from the central bank	—	—
Net increase in placements from banks and other financial institutions	-350,000,000.00	-360,000,000.00
Cash receipts from premiums under direct insurance contracts	—	—
Net cash receipts from reinsurance business	—	—
Net increase in policyholders' deposits and investment funds	—	—
Net increase in disposal of held-for-trading financial assets	—	—
Cash receipts from interests, handling charges and commissions	19,684,238.10	15,686,149.76
Net increase in placements from banks and other financial institutions	—	—
Net increase in financial assets sold under repurchase arrangements	—	—
Refunds of taxes	20,849,652.42	4,480,887.36
Other cash received relating to operating activities	55,400,444.27	52,282,428.00
Sub-total of cash inflow from operating activities	2,191,238,412.19	2,101,266,002.20

Item	Amount for the reporting period	Amount for the corresponding period of the previous year
Cash paid for goods purchased and services received	2,061,615,798.06	2,223,179,331.57
Net increase in customer loans and advances	-34,664,205.72	-264,301,719.58
Net increase in deposit in central bank and inter-bank deposits	-10,220,796.04	-40,884,134.73
Cash paid for claims and policyholders' benefits under direct insurance contracts	—	—
Cash paid for interests, handling charges and commissions	4,854,873.86	2,968,430.99
Cash paid for insurance policyholder dividends	—	—
Cash paid to and on behalf of employees	294,926,872.33	276,719,762.81
Cash paid for all types of taxes	74,106,315.52	57,340,947.08
Other cash paid relating to operating activities	177,776,685.87	146,331,113.61
Sub-total of cash outflow from operating activities	2,568,395,543.88	2,401,353,731.75
Net cash flow from operating activities	-377,157,131.69	-300,087,729.55
II. Cash flow from investment activities:		
Cash received from investments	2,133,443.16	32,980,672.82
Cash received from return on investments	—	640,741.68
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	424,210.13	842,997.81
Net cash received from disposal of subsidiaries and other operating entities	—	—
Other cash received relating to investment activities	—	21,100,000.00
Sub-total of cash inflow from investment activities	2,557,653.29	55,564,412.31

Item	Amount for the reporting period	Amount for the corresponding period of the previous year
Cash paid for acquisition and construction of fixed assets, intangible assets and other long-term assets	154,012,619.43	117,238,121.81
Cash paid for investments	226,910,413.37	1,567,407.94
Net increase in secured loans	—	—
Net cash paid for acquiring subsidiaries and other operating entities	—	126,978,619.33
Other cash paid relating to investment activities	—	—
Sub-total of cash outflow from investment activities	380,923,032.80	245,784,149.08
Net cash flow from investment activities	-378,365,379.51	-190,219,736.77
III. Cash flow from financing activities:		
Cash received from investments	—	50,960,000.00
Including: Proceeds received by subsidiaries from minority shareholders' investment	—	50,960,000.00
Cash received from borrowings	120,000,000.00	121,701,300.00
Cash received from issuing bonds	—	795,200,000.00
Other cash received relating to financing activities	—	—
Sub-total of cash inflow from financing activities	120,000,000.00	967,861,300.00
Cash paid for repayments of debts	—	632,820,000.00
Cash paid for distribution of dividends and profits or for interest expenses	46,742,100.93	19,124,402.90
Including: Dividends and profits paid by subsidiaries to minority shareholders	—	—

Item	Amount for the reporting period	Amount for the corresponding period of the previous year
Other cash paid relating to financing activities	—	306,000.00
Sub-total of cash outflow from financing activities	46,742,100.93	652,250,402.90
Net cash flow from financing activities	73,257,899.07	315,610,897.10
IV. Effect of fluctuations in exchange rates on cash and cash equivalents	1,016,727.55	-2,305,050.12
V. Net increase in cash and cash equivalents	-681,247,884.58	-177,001,619.34
Add: Balance of cash and cash equivalents at the beginning of the reporting period	1,618,450,134.70	1,620,052,764.94
VI. Balance of cash and cash equivalents at the end of the reporting period	937,202,250.12	1,443,051,145.60

Cash Flow Statement of Company

January - March 2014

Unit: Yuan Currency: RMB

Item	Amount for the reporting period	Amount for the corresponding period of the previous year
I. Cash flow from operating activities:		
Cash received from sale of goods and rendering of services	1,737,911,796.85	2,987,400,626.07
Refunds of taxes	1,759,698.96	—
Other cash received relating to operating activities	4,862,371.33	10,704,870.91
Sub-total of cash inflow from operating activities	1,744,533,867.14	2,998,105,496.98
Cash paid for goods purchased and services received	1,550,938,377.01	2,586,650,598.93
Cash paid to and on behalf of employees	110,048,478.45	95,686,969.31
Cash paid for all types of taxes	12,084,997.33	9,587,847.87
Other cash paid relating to operating activities	77,478,193.86	92,662,280.32
Sub-total of cash outflow from operating activities	1,750,550,046.65	2,784,587,696.43
Net cash flow from operating activities	-6,016,179.51	213,517,800.55
II. Cash flow from investment activities:		
Cash received from investments	64,000,000.00	94,000,000.00
Cash received from return on investments	1,853,722.30	1,833,399.15
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	342,888.00	583,964.21
Net cash received from disposal of subsidiaries and other operating entities	—	—
Other cash received relating to investment activities	—	—

Item	Amount for the reporting period	Amount for the corresponding period of the previous year
Sub-total of cash inflow from investment activities	66,196,610.30	96,417,363.36
Cash paid for acquisition and construction of fixed assets, intangible assets and other long-term assets	111,761,089.92	50,521,580.18
Cash paid for investments	204,391,854.48	339,884,718.96
Net cash paid for acquiring subsidiaries and other operating entities	—	—
Other cash paid relating to investment activities	—	—
Sub-total of cash outflow from investment activities	316,152,944.40	390,406,299.14
Net cash flow from investment activities	-249,956,334.10	-293,988,935.78
III. Cash flow from financing activities:		
Cash received from investments	—	—
Cash received from borrowings	388,000,000.00	376,000,000.00
Cash received from issuing bonds	—	795,200,000.00
Other cash received relating to financing activities	38,547,954.93	—
Sub-total of cash inflow from financing activities	426,547,954.93	1,171,200,000.00
Cash paid for repayments of debts	515,900,000.00	1,122,000,000.00
Cash paid for distribution of dividends and profits or for interest expenses	45,146,366.97	17,709,926.42
Other cash paid relating to financing activities	—	306,000.00
Sub-total of cash outflow from financing activities	561,046,366.97	1,140,015,926.42
Net cash flow from financing activities	-134,498,412.04	31,184,073.58

Item	Amount for the reporting period	Amount for the corresponding period of the previous year
IV. Effect of fluctuations in exchange rates on cash and cash equivalents	-14,868.04	-42,610.13
V. Net increase in cash and cash equivalents	-390,485,793.69	-49,329,671.78
Add: Balance of cash and cash equivalents at the beginning of the reporting period	958,278,308.01	976,518,640.09
VI. Balance of cash and cash equivalents at the end of the reporting period	567,792,514.32	927,188,968.31