



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

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

(Stock Code : 0038)

2015

2012



2010



2015
INTERIM REPORT

1997



1981

1955

IMPORTANT NOTICE

- I. The board of directors (the “**Board**”) and board of supervisors (the “**Board of Supervisors**”) 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 interim report (the “**Interim Report**”), and severally and jointly accept responsibility for the truthfulness, accuracy and completeness of the contents therein.
- II. All Directors attended the Board meeting convened to consider the Interim Report.
- III. The interim financial statements for the six months ended 30 June 2015 are unaudited.
- IV. Mr. Zhao Yanshui (the person in charge of the Company), Mr. Yao Weidong (the person in charge of the accounting function) and Ms. Zhou Juan (the person in charge of the Accounting Department and the accounting manager) have confirmed the truthfulness, accuracy and completeness of the financial statements in the Interim Report.
- V. Proposals of profit distribution or capitalization from capital reserves of the Company for the reporting period (the “**Reporting Period**”) as considered by the Board.

Nil
- VI. Statement for the Risks Involved in Forward-looking Statements

Forward-looking statements such as the development strategy and business plan of the Company contained in this report do not constitute any substantial commitment to investors by the Company. Investors are advised to pay attention to any investment risks.
- VII. Any misappropriation of the Company’s funds (not in the ordinary course of business) by the controlling shareholders or its associates?
No
- VIII. Any external guarantees in violation of any established decision-making procedures?

No

I. DEFINITIONS

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

A Share	means	ordinary shares as approved by the CSRC which are issued to domestic investors and qualified foreign investors, traded on domestic stock exchange, denominated, subscribed for and traded in RMB
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
BOL Financial Leasing	means	BOL Financial Leasing Co., Ltd. (洛銀金融租賃股份有限公司), an equity participating company of the Company
CBRC	means	China Banking Regulatory Commission
Changtuo Company	means	Changtuo Agricultural Machinery Equipment Group Company Limited (長拖農業機械裝備集團有限公司), a controlled subsidiary of the Company
Changxing Company	means	Luoyang Changxing Agricultural Machinery Company Limited (洛陽長興農業機械有限公司), a controlled subsidiary of the Company
Company	means	First Tractor Company Limited (第一拖拉機股份有限公司)

controlled subsidiary	means	a company held as to more than 50% shares or equity interest by the Company, or a company actually controlled by the Company through agreement and arrangement
crawler tractor	means	tractor with the crawler as walking device
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
Interim Report	means	the 2015 interim report
Jiangyan Power	means	YTO (Jiangyan) Power Machinery Co., Ltd. (一拖(姜堰)動力機械有限公司), a controlled subsidiary of the Company
Listing Rules of the Shanghai Stock Exchange	means	Listing Rules of the Shanghai Stock Exchange (as amended from time to time)
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
mining truck	means	non-road vehicle, mainly used to transport the earth-rock and ores, etc. relating to mine engineering
power machinery	means	diesel engine and fuel injection pump products, etc.
Shanghai Stock Exchange	means	the Shanghai Stock Exchange
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
Stock Exchange	means	The Stock Exchange of Hong Kong Limited
subsidiary	means	a subsidiary as defined under the Listing Rules of the Stock Exchange
Tractors Research Company	means	Luoyang Tractors Research Institute Co., Ltd. (洛陽拖拉機研究所有限公司), a controlled subsidiary of the Company
YTO	means	YTO Group Corporation (中國一拖集團有限公司), the controlling shareholder of the Company
YTO (Xinjiang) Machinery	means	YTO (Xinjiang) Dongfanghong Machinery Co., Ltd. (一拖(新疆)東方紅裝備機械有限公司), a wholly owned subsidiary of the Company

YTO Axle	means	YTO (Luoyang) Drive Axle Company Limited (一拖(洛陽)車橋有限公司), a wholly owned subsidiary of the Company
YTO Diesel	means	YTO (Luoyang) Diesel Engine Co., Ltd. (一拖(洛陽)柴油機有限公司), a controlled subsidiary of the Company
YTO Finance	means	China YTO Group Finance Company Limited (中國一拖集團財務有限責任公司), a controlled subsidiary of the Company
YTO 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
YTO France	means	YTO France SAS, a wholly owned subsidiary of the Company
YTO Injection Pump	means	YTO (Luoyang) Fuel Injection Pump Co., Ltd. (一拖(洛陽)燃油噴射有限公司), a controlled subsidiary of the Company
YTO International	means	YTO International Economy and Trade Co. Ltd. (一拖國際經濟貿易有限公司), a wholly owned subsidiary of the Company
YTO Shentong	means	YTO (Luoyang) Shentong Construction Machinery Co., Ltd. (一拖(洛陽)神通工程機械有限公司), a wholly owned subsidiary of the Company

YTO Transportation	means	YTO (Luoyang) Transportation Machinery Co., Ltd. (一拖(洛陽)搬運機械有限公司), a controlled subsidiary of the Company
ZF YTO Axle	means	ZF YTO (Luoyang) Axle Co., Ltd. (采埃孚一拖(洛陽)車橋有限公司), an equity participating company of the Company

II. COMPANY PROFILE

1. INFORMATION OF THE COMPANY

Chinese name of the Company	第一拖拉機股份有限公司
Short name in Chinese	第一拖拉機
English name of the Company	First Tractor Company Limited
Legal representative of the Company	Mr. Zhao Yanshui

2. CONTACT PERSONS AND METHODS

	Secretary to the Board	Representative of securities affairs
Name	Ms. Yu Lina	Ms. Wei Yajun
Contact address	No. 154 Jianshe Road, Luoyang, Henan Province, PRC	No. 154 Jianshe Road, Luoyang, Henan Province, PRC
Telephone	(86 379) 6496 7038	(86 379) 6497 0213
Facsimile	(86 379) 6496 7438	(86 379) 6496 7438
E-mail	yulina@ytogroup.com	weiyajun027@163.com

3. BASIC INFORMATION

Registered address of the Company	No. 154 Jianshe Road, Luoyang, Henan Province, PRC
Postal code of the registered address of the Company	471004
Office address of the Company	No. 154 Jianshe Road, Luoyang, Henan Province, PRC
Postal code of the office address	471004
Company's website	http://www.first-tractor.com.cn
E-mail	msc0038@ytogroup.com

4. CHANGES IN INFORMATION DISCLOSURE AND THE PLACE FOR DOCUMENTS INSPECTION

Name of newspapers designated for dissemination of information	“China Securities Journal” and “Shanghai Securities News”
Website for publication of the Interim Report as designated by the CSRC	www.sse.com.cn
Website for publication of the Interim Report as designated by the Stock Exchange	www.hkex.com.hk
Place for inspection of the Interim Report (Report of A Shares)	Office of the Board of the Company
Place for inspection of the Interim Report (Report of H Shares)	Li & Partners, 22/F, World-Wide House, Central, Hong Kong

5. BASIC INFORMATION OF THE COMPANY’S SHARES

Type	Stock exchanges for listing	Abbreviated name of shares	Stock code	Abbreviated name of shares before the change
A Share	Shanghai Stock Exchange	一拖股份	601038	/
H Share	Stock Exchange	First Tractor	0038	/

6. CHANGES IN REGISTRATION OF THE COMPANY DURING THE REPORTING PERIOD

There was no changes in the registration of the Company during the Reporting Period.

III. ACCOUNTING DATA AND FINANCIAL INDICATORS SUMMARY

1. KEY ACCOUNTING DATA AND FINANCIAL INDICATORS OF THE COMPANY

(I) Key Accounting Data

Unit: Yuan Currency: RMB

Key Accounting Data	For the Reporting Period (January to June)	For the corresponding period of the last year	Year-on-year increase/decrease (%)
Operating revenue	5,553,784,520.17	5,436,300,755.86	2.16
Net profit attributable to shareholders of the Company	148,644,010.04	112,427,795.03	32.21
Net profit attributable to shareholders of the Company after deduction of non-recurring items	133,246,720.67	103,758,937.98	28.42
Net cash flows from operating activities	256,360,072.95	-365,339,320.44	N/A
			Increase/decrease at the end of the Reporting Period compared with the end of last year (%)
	As at the end of the Reporting Period	As at the end of last year	
Net assets attributable to shareholders of the Company	4,705,101,767.54	4,593,468,033.54	2.43
Total assets	13,363,517,821.56	12,355,694,645.67	8.16

(II) Major Financial Indicators

Currency: RMB

Major financial indicators	For the Reporting Period (January to June)	For the corresponding period of last year	Year-on- year increase/ decrease (%)
Basic earnings per share (<i>yuan/share</i>)	0.1493	0.1129	32.24
Diluted earnings per share (<i>yuan/share</i>)	0.1493	0.1129	32.24
Basic earnings per share after deduction of non-recurring items (<i>yuan/share</i>)	0.1338	0.1042	28.41
Weighted average return on net assets (%)	3.21	2.49	Increased by 0.72 percentage point
Weighted average return on net assets after deduction of non-recurring items (%)	2.88	2.30	Increased by 0.58 percentage point

Notes to the key accounting data and major financial indicators of the Company

1. The basic earnings per share and diluted earnings per share showed a year-on-year increase of 32.24%, mainly due to an increase in the net profit attributable to shareholders of the Company during the period.
2. Basic earnings per share after deduction of non-recurring items presented a year-on-year increase of 28.41%, mainly due to an increase in the net profit attributable to shareholders of the Company after deduction of non-recurring items during the period.

2. NON-RECURRING ITEMS AND AMOUNTS

Unit: Yuan Currency: RMB

Non-recurring Items	Amounts
Gain or loss from disposal of non-current assets	-909,893.17
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)	8,805,040.40
Profit or loss from debt restructuring	205,200.00
Profit or loss from changes in fair value arising from holding held-for-trading financial assets and held-for-trading financial liabilities, and investment income from disposal of held-for-trading financial assets, held-for-trading financial liabilities and available-for-sale financial assets, except effective hedging business related to the Company's normal operations	11,755,465.11
Non-operating income and expenses other than those stated above	1,322,061.19
Impact on minority interests	-3,166,971.95
Effect of income tax	<u>-2,613,612.21</u>
Total	<u><u>15,397,289.37</u></u>

IV. REPORT OF THE BOARD

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

In the first half of 2015, the policies on maintaining stable growth and reform measures for promoting reform, adjusting structure, benefiting people and preventing risks launched by the government in the earlier stage have showed effects, and the industrial economy presented a moderate but stable trend. The principal operating revenue of sizable agricultural machinery enterprises continued to grow at a slower rate. As affected by the factors including the year-on-year increase in the subsidies for purchase of agricultural machineries in the first half of this year and the good harvest in Heilongjiang Province in the Northeast Region, the sales of the tractor industry recovered to a certain degree in the first half of this year and fluctuated within a narrow range at the high level. Meanwhile, as affected by factors like the deep ploughing, straw mulching and land transfer promoted by the PRC government, the trend of product and power upgrade of tractors continued to develop. In the first half of this year, the accumulated sales volume of the hi-powered and mid-powered tractors industry reached 196,000 units, representing a slight year-on-year decrease of 0.4%, of which the sales volume of hi-powered wheeled tractors was 77,800 units, representing a 14.9% year-on-year increase, the sales volume of tractors with power of 100 horsepower or above was 33,900 units, representing a 44.8% year-on-year increase, and the sales volume of mid-powered wheeled tractors was 118,000 units, representing a 8.4% year-on-year decrease.

To proactively grasp the opportunities arising from the changes in the industry, the Company made tremendous efforts in exploring potentials of the traditional market, timely turned its achievements in research and technology to its product and market advantages through the launch of high-performance tractors, thus meeting the customer needs for upgrading. Through strengthening cost optimization and controlling expenses, it continually improved the overall business operation. In the first half of this year, the Company recorded total revenue of RMB5,708 million, representing an increase of 4.3% over the corresponding period of last year; and the net profit attributable to the parent company amounted to RMB149 million, representing an increase of 32.2% over the corresponding period of last year.

In respect of agricultural machinery, during the Reporting Period, the Company understood the market changes thoroughly, optimized its product structure, and actively launched new products for sale. It sold 46,500 units of hi-powered and mid-powered tractors, representing a year-on-year increase of 2.5%, including 23,800 units of hi-powered wheeled tractors, representing a year-on-year increase of 26.1%, 11,200 units of hi-powered wheeled tractors with power of 100 horsepower or above, representing a year-on-year increase of 53.5% and 8.7 percentage points higher than the industry level; and over 1,400 units of power shifting tractors, representing a significant year-on-year increase, which further consolidated the leading position of the Company in the domestic high-end tractor industry. However, subject to the influence of adjustment to regional subsidy policy on agricultural machineries and users' demands for upgrade, the Company sold 22,500 units of mid-powered wheeled tractors in the first half of this year, representing a year-on-year decrease of 13.9%. In addition, the Company made breakthrough in the key projects in the international market and the orders for exporting tractors to South America region have all been delivered.

In respect of power machinery, as driven by the market demand growth of hi-powered tractors, the Company sold 100,900 units of diesel engines in the first half of this year, representing a year-on-year increase of 5.1%; of which external sales accounted for 64,600 units, representing a year-on-year increase of 1.4%. In the first half of the year, the Company continued to promote the preparation for the crafting and production of the national III diesel engines so as to ensure the smooth shift of its product line as scheduled.

During the Reporting Period, the Company continuously promoted cost optimization project and increased management and control efforts over expenses through enhanced budget plan. The expenses of the Company for the first half of this year decreased by 2.2% as compared with the corresponding period of last year. Meanwhile, it improved sale policies and strengthened management and control over receivables. As a result, the accounts receivable of the Company decreased significantly as compared with the corresponding period of last year while the growth of operating revenue was maintained.

During the Reporting Period, the Company proactively promoted the innovation of operation mode. The Dongfanghong E-shopping Mall was formally put into operation. Meanwhile, the Company's cooperation with BOL Financial Leasing to support the sales of the Company's high-end products has been in the implementation stage.

In the first half year of 2015, the Company achieved certain results in adjustment of product structure, with profit level growing moderately. However, the profit of the Company was adversely affected by the significant decrease in sales of mid-powered tractors and the failure to improve mining trucks and other machineries.

In the second half of 2015, the Company will still be confronted with a relatively complex environment due to the reduction in subsidies for agricultural machinery purchase over the corresponding period of last year and more pressure from dilution of subsidies by other machineries such as corn harvestors in the tractor market, together with the switching emission standards of the diesel engine, marketing and policy coherence.

The Company will pay close attention to the market and national policy, devote more efforts in marketing scheming and structuring, and vigorously promote the sale of new products such as power-shifting products. Also, it will endeavor to deliver a good performance on the shift in the emission standards of diesel engine to national III level, enhance exploration of major international markets, proactively promote the exportation of high-powered and mid-powered wheeled tractors to Cuba and implementation of other key projects, and provide supporting value-added services. The Company will also intensify the reform and business integration, strengthen business synergy, and inject more energy to its operation. Meanwhile, it will enhance risk prevention and control by adopting various measures and maintain the stable growth of its business by prioritizing the quality of growth.

I ANALYSIS OF PRINCIPAL BUSINESSES

1. Analysis of Changes in Items of the Financial Statements

(1) Consolidated balance sheet

Unit: Yuan Currency: RMB

Item	For the Reporting Period	For the beginning of the year	Changes (%)
Loans to banks and other financial institutions	200,000,000.00	0.00	N/A
Notes receivable	598,838,189.57	940,748,139.33	-36.34
Accounts receivable	1,233,892,092.34	879,355,043.69	40.32
Advances to suppliers	147,289,406.48	292,088,912.74	-49.57
Interest receivable	335,833.33	133,472.22	151.61
Dividend receivable	13,435,000.00	0.00	N/A
Other receivables	68,657,068.07	228,490,379.91	-69.95
Financial assets purchased with agreement to re-sale	538,953,084.12	0.00	N/A
Other current assets	619,789,203.69	56,383,561.23	999.24
Long-term equity investments	149,702,758.77	65,849,170.84	127.34
Receipts of deposits and deposits from other banks	916,809,633.32	576,246,341.28	59.10
Loans from other banks	100,000,000.00	350,000,000.00	-71.43
Accounts payable	2,178,426,474.24	1,350,582,485.03	61.30
Advances from customers	119,920,955.00	266,897,178.83	-55.07
Dividends payable	52,911,893.28	0.00	N/A
Other current liabilities	135,269,387.43	53,243,515.75	154.06
Long-term payables	235,318.88	0.00	N/A
Other comprehensive income	30,076,365.16	16,295,741.20	84.57

Loans to banks and other financial institutions increased by RMB200,000,000 as compared with the beginning of the period, mainly due to the increase in short-term loans to banks and other financial institutions of YTO Finance during the period.

Notes receivable decreased by 36.34% as compared with the beginning of the period, mainly due to more cash received from sale of products and lower ratio of acceptance notes.

Accounts receivable increased by 40.32% as compared with the beginning of the period, mainly due to the fact that trade receivables has not yet been due for products sold in the first half of last year, which is the peak season in sales.

Advances to suppliers decreased by 49.57% as compared with the beginning of the period, mainly due to the arrival and settlement of procurements by the Company at the end of last year.

Interest receivable increased by 151.61% as compared with the beginning of the period, mainly due to the increase in interest receivable of YTO Finance.

Dividend receivable increased by RMB13,440,000 as compared with the beginning of the period, mainly due to unpaid dividends from investment in Bank of Luoyang of the Company for the year 2014.

Other receivables decreased by 69.95% as compared with the beginning of the period, mainly due to the fact that the consideration for the disposal of intangible assets of axle business of the Company in the last period were received during this period according to the agreement.

Financial assets purchased with agreement to re-sale increased by RMB538,950,000 as compared with the beginning of the period, mainly due to the purchase of financial assets with agreement to re-sale by YTO Finance using short-term idle funds.

Other current assets increased by 999.24% as compared with the beginning of the period, mainly due to wealth management products purchased by the Company using short-term idle funds.

Long-term equity investments increased by 127.34% as compared with the beginning of the period, mainly due to the full payment of investment by the Company in ZF YTO Axle, an associated company.

Receipts of deposits and deposits from other banks increased by 59.10% as compared with the beginning of the period, mainly due to the increase in receipts of deposits and deposits from other banks of YTO Finance.

Loans from other banks decreased by 71.43% as compared with the beginning of the period, mainly due to the decrease in loans from other banks of YTO Finance.

Accounts payable increased by 61.30% as compared with the beginning of the period, mainly due to the increase in procurement of the Company and the settlement thereof not yet due.

Advances from customers decreased by 55.07% as compared with the beginning of the period, mainly due to the materialization of sales proceeds from customers of the Company advanced at the end of last year.

Dividends payable increased by RMB52,910,000 as compared with the beginning of the period, mainly due to declaration of dividends for the year 2014 of the Company, which has been completed as at the disclosing date of this report.

Other current liabilities increased by 154.06% as compared with the beginning of the period, mainly due to intensified promotions and after-sales services, leading to the increase in provision of sales services and warranty services.

Long-term payables increased by RMB240,000 as compared with the beginning of the period, mainly due to the increase in business of fixed assets acquired under finance lease agreement of the Company.

Other comprehensive income increased by 84.57% as compared with the beginning of the period, mainly due to the increase in fair value of available-for-sale financial assets held by the Company.

(2) Consolidated income statement

Unit: Yuan Currency: RMB

Item	For the Reporting Period	For the corresponding period of the previous year	Changes (%)
Total revenue from operations	5,708,191,514.51	5,473,576,132.43	4.29
Operating revenue	5,553,784,520.17	5,436,300,755.86	2.16
Operating costs	4,531,530,237.71	4,519,630,339.39	0.26
Selling costs	288,812,474.52	245,331,903.15	17.72
Administrative expenses	427,437,981.51	480,576,358.48	-11.06
Finance costs	42,207,637.61	49,367,255.29	-14.50
Loss in asset impairment	140,545,351.72	66,528,064.88	111.26
Income tax expense	50,291,121.31	23,864,964.60	110.73
Research and development expenses	185,186,939.65	204,872,348.54	-9.61
Interest income	154,161,050.67	36,662,112.29	320.49
Fees and commission income	245,943.67	613,264.28	-59.90
Interest expenses	124,120,897.30	16,936,701.40	632.85

Total revenue from operations and operating revenue increased by 4.29% and 2.16% respectively as compared with the same period last year, mainly due to the increase in sales volume of principal products of the Company during the Reporting Period.

Operating costs increased by 0.26% as compared with the same period last year, basically unchanged, mainly due to strengthened management and control over costs and expenses of the Company during the Reporting Period.

Selling costs increased by 17.72% as compared with the same period last year, mainly due to the intensified product promotion and after-sales services of the Company during the Reporting Period.

Administrative expenses decreased by 11.06% as compared with the same period last year, mainly due to strengthened control over expenses of the Company during the Reporting Period.

Financial expenses decreased by 14.50% as compared with the same period last year, mainly due to proactively strengthened cash management and higher utilization efficiency of capital of the Company during the Reporting Period.

Income tax expense increased by 110.73% as compared with the same period last year, mainly due to the increase in total revenue of the Company during the Reporting Period.

Loss in asset impairment increased by 111.26% as compared with the same period last year, mainly due to an increase in provision for bad debt as a result of the increase in aging accounts receivable as compared with that of the beginning of the year.

Research and development expenses were basically unchanged as compared with the same period last year and a relative strength in research and development is maintained.

Interest income and interest expenses increased by 320.49% and 632.85% as compared with the same period last year respectively, mainly due to active expansion of business category by YTO Finance, especially the significant year-on-year increase in transfer discount business. In addition, it transferred bills at appropriate time pursuant to the liquidity needs of the Company, which led to a significant increase in both interest income and expense at the same time and an increase of 52.29% in net income.

(3) Consolidated cash flow statements

Unit: Yuan Currency: RMB

Item	For the Reporting Period	For the corresponding period of last year	Changes (%)
Net cash flow from operating activities	256,360,072.95	-365,339,320.44	N/A
Net cash flow from investing activities	-665,197,231.67	-666,163,511.97	N/A
Net cash flow from financing activities	28,653,767.33	388,728,127.57	-92.63

Net cash flow from operating activities increased by RMB621,700,000 as compared with the same period last year, mainly due to the adjustment to the sales policy, improvement of cash recovering incentive measures and increase in amount recovered from dealers during the Reporting Period.

Net cash flow from investing activities were basically unchanged as compared with the corresponding period of last year, mainly due to the considerable investment scale the Company has maintained in recent years.

Net cash flow from financing activities decreased by 92.63% as compared with the same period last year, mainly due to the year-on-year decrease in cash received from loans granted to the Company during the Reporting Period.

2. Others

(1) Key Financial Ratios

Items	Calculation basis	At the end of the Reporting Period	At the beginning of the Reporting Period	Year-on-year increase/decrease
Gearing ratio (%)	Total liabilities/total assets	59.35	56.94	Increased by 2.41 percentage points
Current ratio (%)	Current assets/Current liabilities	108.85	117.45	Decreased by 8.60 percentage points
Quick ratio (%)	(Current assets – Inventories)/Current liabilities	87.76	90.02	Decreased by 2.26 percentage points

(2) Bank Loans

Bank loans of the Group are mainly denominated in RMB, USD and Euro. As at the end of the Reporting Period, bank loans of the Group due within one year amounted to RMB1,668,951,400 in which loans in foreign currency amounted to RMB1,415,401,400 (mainly loans in USD). Bank loans due over one year amounted to RMB34,349,500. Bank loans in fixed rate amounted to RMB992,951,100. The Company has good credit ranking and financing ability within and outside the PRC.

(3) Charged Assets

At the end of the Reporting Period, fixed assets and intangible assets amounting to RMB97,223,400 (the amount at the beginning of the Reporting Period was RMB100,098,100) were charged, and bills receivable amounting to RMB183,550,000 (the amount at the beginning of the Reporting Period was RMB300,502,800) was pledged, by the Group to obtain a loan of RMB253,550,000 from financial institution.

At the end of the Reporting Period, bills receivable amounting to RMB176,379,800 and deposits amounting to RMB155,426,900 were pledged for bills issued by financial institution amounting to about RMB844,156,000.

(4) *Currency Exchange Risks*

The business of the Company is mainly situated in the PRC. Since most of the transactions are settled in RMB, the Company does not have to expose to massive foreign exchange risk. However, as the Company has foreign currency liabilities and its export transactions are settled in foreign currencies (mainly in USD, HKD, Euro, Japanese Yen, Australian dollars, West African CFA franc and South African Rand), exchange rate fluctuations may affect the operating results of the Company. If RMB exchange rate fluctuates in the future due to market reasons, the Company will take measures to reduce foreign exchange risk.

II ANALYSIS OF INDUSTRY, PRODUCTS OR REGIONAL OPERATION

1. *Principal Businesses by Industry and by Product*

Unit: 0'000 yuan Currency: RMB

Principal businesses by industry

By industry	Operating revenue	Operating cost	Gross Profit margin (%)	Increase/ decrease in operating revenue over last year (%)	Increase/ decrease in operating cost over last year (%)	Increase/ decrease in gross profit margin over last year
Equipment manufacturing	555,378	453,153	18.41	2.16	0.26	Increased by 1.54 percentage point

Principal businesses by products

By products	Operating revenue	Operating cost	Gross Profit margin (%)	Increase/ decrease in operating revenue over last year (%)	Increase/ decrease in operating cost over last year (%)	Increase/ decrease in gross profit margin over last year
Agricultural machinery	496,883	420,692	15.33	2.36	1.86	Increased by 0.41 percentage point
Power machinery	128,104	100,914	21.23	9.10	3.31	Increased by 4.42 percentage points
Other machinery	3,356	4,218	-25.68	-65.72	-58.27	Decreased by 22.43 percentage points
Inter-segment elimination	-72,965	-72,671	/	/	/	/
Total	555,378	453,153	18.41	2.16	0.26	Increased by 1.54 percentage points

2. Principal Businesses by Geographical Location

Unit: Yuan Currency: RMB

Geographical location	Operating revenue	Increase/ decrease in operating revenue over last year (%)
Domestic	5,316,815,059.85	2.24
Overseas	236,969,460.32	0.49

(1) Investment in securities

Currency: RMB

No.	Security type	Security code	Short name of the security	Initial investment amount (yuan)	Shares held (share)	Closing book value (yuan)	Percentage	Profit/loss during the Reporting Period (yuan)
							of total closing security investment (%)	
1	Shares	HK.1140	OP Fin Inv	1,847,450.88	4,580,000.00	6,360,731.71	36.45	2,654,662.30
2	Shares	601818	CEB	4,299,100.00	1,260,000.00	6,753,600.00	38.71	839,160.00
3	Shares	HK.2208	Goldwind	565,856.00	93,800.00	1,167,219.27	6.69	274,229.26
4	Shares	HK.0727	Grownicorp	416,829.31	820,000.00	676,785.03	3.88	-48,198.81
5	Shares	HK.0152	Shenzhen int'l	452,843.00	62,631.00	672,994.57	3.86	132,858.29
6	Shares	HK.0235	China Strategic	281,712.76	1,260,000.00	499,970.18	2.87	385,586.29
7	Shares	HK.0042	NE Electric	311,479.00	200,000.00	460,290.01	2.64	168,212.46
8	Shares	HK.2308	EVOC	118,685.86	176,000.00	374,326.88	2.15	149,916.59
9	Shares	HK.0585	Imagi int'l	309,467.00	1,000,000.00	277,761.21	1.59	138,037.63
10	Shares	HK.1062	CDB int'l Inv	161,621.36	300,000.00	138,087.00	0.79	36,254.56
Other securities investment held at the end of the Reporting Period				543,232.00	/	66,543.65	0.38	31,271.73
Gain/loss in securities investment sold during the Reporting Period				/	/	/	/	162,639.43
Total				9,308,277.17	/	17,448,309.51	100%	4,924,629.73

(2) *Equity interests in other listed companies*

Unit: Yuan Currency: RMB

Security code	Short name of the security	Initial investment cost	Shareholding	Shareholding	Closing book value	Profit/loss during the Reporting Period	Changes in equity interests during the Reporting Period	Accounting item	Sources of shares
			percentage at the beginning of the Reporting Period (%)	percentage at the end of the Reporting Period (%)					
601328	Bank of Communications	15,680,000.00	0.01	0.01	72,512,000.00	2,376,000.00	12,672,000.00	Available-for-sale financial assets	Purchase
601818	CEB	24,118,000.00	0.02	0.02	41,700,800.00	1,447,080.00	2,800,800.00	Available-for-sale financial assets	Purchase
Total		39,798,000.00	/	/	114,212,800.00	3,823,080.00	15,472,800.00	/	/

(3) *Equity interests in financial enterprises*

Unit: Yuan Currency: RMB

Name of the investee	Initial investment amount (yuan)	Shareholding	Shareholding	Closing book value (yuan)	Profit/loss during the Reporting Period (yuan)	Changes in equity interests during the Reporting Period (yuan)	Accounting item	Sources of shares
		percentage at the beginning of the Reporting Period (%)	percentage at the end of the Reporting Period (%)					
Bank of Luoyang Co., Ltd.	78,129,341.41	4.89	4.89	78,129,341.41	13,435,000.00	0.00	Available-for-sale financial assets	Purchase
BOL Financial Leasing	110,000,000.00	18.34	18.34	110,000,000.00	0.00	0.00	Available-for-sale financial assets	Establishment through investment
Total	188,129,341.41	/	/	188,129,341.41	13,435,000.00	0.00	/	/

2. Entrusted Assets Management and Investments in Derivatives by Non-financial Companies

(1) Overall entrusted assets management

On 30 March 2015, as approved at the 19th meeting of the sixth session of the Board of the Company, the balance of wealth-management products purchased by the Company using internal resources at any time within the validity period shall not exceed RMB800 million, and the accumulated transaction amount shall not exceed 50% of the latest audited net assets of the Company. During the Reporting Period, the purchase of wealth-management products of the Company are as follows:

Unit: Yuan Currency: RMB

Name of the partner	Categories of entrusted assets management products	Amount of entrusted assets management	Commencement date of entrusted assets management	Expiry date of entrusted assets management	Calculation method of remuneration	Estimated returns	Actual principal recovered	Actual gains earned	Whether legally obtained	Amount provided for impairment	Whether a connected transaction	Whether involved in litigation	Sources of fund and whether financed by proceeds raised	Connected relationship
Luyang Branch of Bank of Zhengzhou (德州市分行烟台路支行)	Principal-guaranteed wealth management	200,000,000.00	2015-4-9	2015-6-23	By agreement	2,178,082.19	200,000,000.00	2,178,082.19	Yes	0	No	No	Non-raised funds	NI
Luyang Branch of Bank of Zhengzhou (德州市分行烟台路支行)	Principal-guaranteed wealth management	100,000,000.00	2015-4-10	2015-6-23	By agreement	1,074,520.55	100,000,000.00	1,074,520.55	Yes	0	No	No	Non-raised funds	NI
Luyang Branch of Bank of Zhengzhou (德州市分行烟台路支行)	Principal-guaranteed wealth management	200,000,000.00	2015-5-20	2015-11-18	By agreement	4,786,849.32	0.00	0.00	Yes	0	No	No	Non-raised funds	NI
Luyang Juyinhu Sub-branch of Bank of Communications (德州市分行烟台路支行)	Principal-guaranteed wealth management	60,000,000.00	2015-5-21	2015-5-20	By agreement	703,083.49	0.00	0.00	Yes	0	No	No	Non-raised funds	NI
Luyang Juyinhu Sub-branch of Bank of Communications (德州市分行烟台路支行)	Principal-guaranteed wealth management	50,000,000.00	2015-5-26	2015-8-25	By agreement	573,424.66	0.00	0.00	Yes	0	No	No	Non-raised funds	NI
Luyang Juyinhu Sub-branch of Bank of Communications (德州市分行烟台路支行)	Principal-guaranteed wealth management	100,000,000.00	2015-6-30	2015-10-3	By agreement	1,315,616.44	0.00	0.00	Yes	0	No	No	Non-raised funds	NI
Luyang Juyinhu Sub-branch of Bank of Communications (德州市分行烟台路支行)	Principal-guaranteed wealth management	200,000,000.00	2015-6-30	2015-9-30	By agreement	2,443,287.67	0.00	0.00	Yes	0	No	No	Non-raised funds	NI
Total	/	910,000,000.00	/	/	/	13,074,849.32	300,000,000.00	3,222,602.74	/	0	/	/	/	/

Cumulative amount of principal and gains overdue (RMB) 0.00

(2) *Entrusted loans*

As considered and approved by the 10th, 18th and 19th meetings of the sixth Board of the Company held on 27 March 2014, 5 December 2014 and 30 March 2015 respectively, the Company provided entrusted loans to YTO Forklift, YTO Shengtong and YTO Transportation. Details of the entrusted loans provided by the Company during the Reporting Period are set out as follows:

Unit: Yuan Currency: RMB

Name of borrower	Amount of entrusted loan	Term of the loan	Interest rate of the loan	Uses of the loan	Security or guarantor	Whether overdue	Whether connected transaction	Whether term extended	Whether involved in any litigation	Sources of fund and specify whether from the funds raised	Connected relationship	Expected rate of return	Gain/loss
YTO Shengtong	20,000,000.00	One year	6.95%	Production and operation	Secured by assets	No	No	No	No	No	Wholly owned subsidiary	6.95%	Gain
YTO Shengtong	40,000,000.00	One year	7.80%	Production and operation	Secured by assets	No	No	No	No	No	Wholly owned subsidiary	7.80%	Gain
YTO Shengtong	40,000,000.00	One year	7.28%	Production and operation	Secured by assets	No	No	No	No	No	Wholly owned subsidiary	7.28%	Gain
YTO Transportation	4,000,000.00	One year	7.28%	Production and operation	Secured by assets	No	No	No	No	No	Controlled	7.28%	Gain
YTO Forklift	20,000,000.00	Half year	6.63%	Production and operation	Secured by assets	No	No	Yes	No	No	Wholly owned subsidiary	6.63%	Gain
YTO Forklift	8,000,000.00	One year	6.95%	Production and operation	Secured by assets	No	No	No	No	No	Wholly owned subsidiary	6.95%	Gain

(3) *Other investment, assets management and investments in derivatives*

Unit: Yuan Currency: RMB

Type of investment	Source of funds	Signing party	Share of investment	Term	Product type	Expected return	Investment Gain/loss	Whether involved in any litigation
Trust	Internal resources	Zhongyuan Trust	120,000,000.00	366 days	Collective Trust	12,200,000.00	3,166,666.67	No
Trust	Internal resources	Zhongyuan Trust	100,000,000.00	397 days	Collective Trust	9,631,944.44	2,533,333.34	No
Trust	Internal resources	Zhongyuan Trust	100,000,000.00	365 days	Single Trust	10,476,398.89	944,444.44	No
Trust	Internal resources	Zhongyuan Trust	50,000,000.00	644 days	Single Trust	8,380,821.92	2,368,194.45	No

3. Use of proceeds from the fund raised

(1) Overall status of use of proceeds from the fund raised

Unit: 0'000 yuan Currency: RMB

Year of fundraising	Fundraising method	Total proceeds	Amount used		Total unutilized amount	Use of the unutilized proceeds
			Total amount used in this year	on an accumulative basis		
2012	Initial public offering	81,000	3,827.79	68,842.59	8,530.72	Proceeds deposited in the designated bank account
2013	Corporate bonds	150,000	/	150,000.00	0 /	
Total	/	<u>231,000.00</u>	<u>3,827.79</u>	<u>218,842.59</u>	<u>8,530.72 /</u>	

Explanation of the overall status of use of proceeds from the fund raised

For details, please refer to the “Special report on the deposit and actual use of raised proceeds of the Company in the first half of 2015” published by the Company on the website of Shanghai Stock Exchange

(2) Situations of the projects intended to be financed by the raised proceeds

Unit: 0'000 yuan Currency: RMB

Project name	Any changes to the project	Intended investment	Investment in this Reporting Period	Accumulative investment amount	Whether in line with the schedule	Progress of the project	Expected return	Return generation	Explanation on failure to be on schedule and return	Reason for change and explanation on change procedures
		amount of proceeds	Period	amount	schedule					Reason for change and explanation on change procedures
Hi-powered agricultural diesel engines project	No	26,000.00	0	26,000.00	No	Under construction	/	/	Due to delay in the manufacture of part of domestic equipment	/
The project on establishment of agricultural assembly station(s) in Xinjiang	No	11,000.00	186.97	7,288.63	Yes	Basically completed	/	/		/
The project on enhancement of the core capability of new wheeled tractors	No	30,000.00	3,294.82	30,000.00	No	Under construction	/	/ /		/
The project on capacity-enhancement and upgrade and improvement of the fuel injection system products	No	10,373.31	346.00	5,553.96	No	Under construction	/	/ /		/
Total	/	<u>77,373.31</u>	<u>3,827.79</u>	<u>66,842.59</u>	/	/	/	/ /		/

Explanation of the use of proceeds by the projects intended to be financed by the raised proceeds

For details, please refer to the “Special report on the deposit and actual use of raised proceeds of the Company in the first half of 2015” published by the Company on the website of Shanghai Stock Exchange

(3) *Changes in project intended to be financed by raised proceeds*

The matter in relation to termination of the project on product upgrade, capacity expansion and improvement of the fuel injection pump system has been submitted for consideration at the 22nd meeting of the sixth Board on 25 August 2015, subject to approval at the shareholders' meeting of the Company. For details, please see the "Announcement of First Tractor Company Limited on Termination of the Unfinished Projects Funded by Proceeds Raised from A-share Listing and the Perpetual Supplement to Working Capital Using the Remaining Proceeds" published by the Company on the website of Shanghai Stock Exchange on 26 August 2015.

4. **Analysis of major subsidiaries and companies that the Company has invested in**

(1) *Information on major subsidiaries*

Currency: RMB, unless otherwise specified

Name of Companies	Registered capital (0'000)	Principal business	As at 30 June 2015		For the Reporting Period	
			Total assets (0'000 yuan)	Net assets (0'000 yuan)	Operating revenue (0'000 yuan)	Net profit (0'000 yuan)
YTO Finance	50,000	Provision of financial services	430,611	72,636	16,986	4,079
YTO Diesel	USD1,600	Manufacture and sale of engines	161,864	81,730	104,317	7,677
Jiangyan Power	20,000	Manufacture and sale of multi-bore diesel engines and small castings	50,788	26,690	22,662	276
YTO Injection Pump	16,192	Manufacture and sale of fuel injection products	33,166	24,072	12,373	1,157
Tractors Research Company	44,500	Development and research of tractor product	69,730	62,245	9,452	688
YTO International	6,600	Sale of agricultural machineries	50,517	7,665	19,639	301
YTO France	EUR3,460	Manufacture and sale of agricultural machinery components	23,969	6,950	6,104	-2,906
Changtuo Company	28,200	Manufacture and sale of agricultural machineries and parts	24,282	12,262	2,629	-2,180
YTO Shentong	5,300	Manufacturing and sale of mining trucks and other agricultural machinery products	14,109	-19,367	975	-4,313
Changxing Company	300	Sales of products including agricultural machineries and parts and diesel engines	112,855	-10,776	320,716	-2,974

(2) *Acquisition and disposal of subsidiaries during the Reporting Period*

During the Reporting Period, there was no change in the scope of consolidated financial statements of the Company.

(3) *Subsidiaries contributing more than 10% to the Company's net profit*

Unit: 0'000 yuan Currency: RMB

No.	Name of companies	Operating revenue for the Reporting Period	Operating profit for the Reporting Period	Net profit for the Reporting Period
1	YTO Diesel	104,317	8,525	7,677
2	YTO Finance	16,986	5,161	4,079
3	YTO France	6,104	-2,906	-2,906
4	Changxing Company	320,716	-3,115	-2,974
5	YTO Shentong	975	-4,309	-4,313

5. *Projects not funded by proceeds from fundraising activities*

During the Reporting Period, the Company did not have any significant project for which the total investment exceeding 10% of the audited net assets of the Company as at the end of the previous year and which was not funded by proceeds from fundraising activities.

V PLANS FOR DISTRIBUTION OF PROFIT OR CONVERSION OF RESERVE INTO CAPITAL

Formulation and implementation of or adjustment to cash dividend plan

On 29 May 2015, the 2014 Annual General Meeting of the Company considered and passed the profit distribution plan for 2014 to pay RMB0.051 (tax inclusive) per share in cash on the basis of the total share capital of the Company of 995,900,000 shares, amounting to RMB50,790,900 in total. Such profit distribution plan of the Company was completed on 13 July 2015.

VI THE GROUP'S STAFF, REMUNERATION POLICY AND TRAINING FOR STAFF

As at 30 June 2015, the Group had in place 12,083 employees. During the Reporting Period, the total remuneration paid to employees of the Group was approximately RMB615 million.

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

During the Reporting Period, the Company planned multi-tier and cross-system trainings for the staff, in order to improve the abilities and qualities of staff in different level and of different kind, according to the need of their posts and the development of the Company. The Company organized a total of 623 technical and management training courses for 12,902 staff.

VII CONTINGENT LIABILITIES

Save for guarantees, as of 30 June 2015, the Company had no other material contingent liabilities. For the guarantees of the Company during the Reporting Period, please refer to "Guarantees", Section V of the Interim Report for details.

V. SIGNIFICANT EVENTS

I. MATERIAL CONNECTED TRANSACTIONS

(I) ***Connected transactions related to ordinary and usual operations***

1. *Matters which have been disclosed in the announcements and which have further development or changes*
 - (1) On 20 December 2012, the following continuing connected transactions entered into between the Company and its connected parties and their cap amounts were considered and approved at the fourth extraordinary general meeting of the Company: the 2013–2015 Material Procurement Agreement, Sale of Goods Agreement, Composite Services Agreement, Energy Procurement Agreement, Properties Lease Agreement, Land Lease Agreement, Loan Service Agreement, Bills Discounting Service Agreement, Bills Acceptance Service Agreement, and Technology Services Agreement, etc.. For details, please refer to the “Announcement on Continuing Connected Transactions of First Tractor Company Limited for the years 2013 to 2015” (Lin 2012–17) and “Announcement of Resolutions Passed at the Fourth Extraordinary General Meeting of First Tractor Company Limited” (Lin 2012–26), which were published by the Company at the website of Shanghai Stock Exchange, and in the China Securities Journal and Shanghai Securities News on 30 October 2012 and 21 December 2012, respectively, and the “Announcement on Continuing Connected Transactions” dated 30 October 2012 and the “Announcement on Poll Voting Results of the Extraordinary General Meeting Held on 20 December 2012” dated 20 December 2012 as published by the Company at the website of the Stock Exchange.

- (2) On 27 March 2013, the Deposit Service Agreement (a connected transaction agreement) entered into by YTO Finance (a controlled subsidiary of the Company) with the connected parties and its cap amount, were considered and approved at the second meeting of the sixth session of the Board of the Company. For details, please refer to the “Announcement of First Tractor Company Limited in relation to the years 2013–2015 Deposit Service Agreement entered into with YTO” (Lin 2013–14) and the “Announcement of Resolutions Passed at the Second Meeting of the Sixth Session of the Board of First Tractor Company Limited” (Lin 2013–09), which were published by the Company at the website of Shanghai Stock Exchange, and in the China Securities Journal and Shanghai Securities News on 28 March 2013.
- (3) On 31 October 2014, the resolution on revision of the cap amount for continuing connected transactions in relation to the Sale of Goods Agreement for the years 2014 and 2015 were considered and approved at the second extraordinary general meeting of the Company, pursuant to which the annual caps under the Sale of Goods Agreement between the Company and the connected parties were revised from RMB135,000,000 and RMB150,000,000 to RMB275,000,000 and RMB475,000,000 respectively. For details, please refer to the “Announcement of First Tractor Company Limited on Revision of the Annual Cap Amount for Continuing Connected Transactions in relation to Sale of Goods for the years 2014 and 2015” (Lin 2014–46) and the “Announcement of Resolutions Passed at the Second Extraordinary General Meeting of First Tractor Company Limited” (Lin 2014–52), which were published by the Company at the website of Shanghai Stock Exchange, and in the China Securities Journal and Shanghai Securities News on 25 September 2014 and 1 November 2014, respectively, and the “Announcement on Revision of 2014 and 2015 Annual Caps for A Continuing Connected Transaction” dated 25 September 2014 and the “Announcement on Poll Voting Results of the Extraordinary General Meeting Held on 31 October 2014” dated 1 November 2014 as published by the Company at the website of the Stock Exchange.

- (4) On 18 July 2014, as considered and approved at the fourteenth meeting of the sixth session of the Board of the Company, ZF YTO Axle was established with the joint contributions by the Company and ZF (China) Investment Co., Ltd.* (采埃孚(中國)投資有限公司), and the Company and ZF YTO Axle entered into agreements in relation to technology licensing and plant leasing. For details, please refer to the Announcement on Resolutions passed at the Fourteenth Meeting of the Sixth Session of the Board of First Tractor Company Limited (Lin 2014-33) published by the Company on 19 July 2014 on the website of the Shanghai Stock Exchange and in the China Securities Journal and the Shanghai Securities News, and the “Announcement on Discloseable Transaction” dated 19 July 2014 as published by the Company at the website of the Stock Exchange.
- (5) On 29 May 2015, the Procurement Framework Agreement as well as the Sales Framework Agreement entered into between the Company and ZF YTO Axle and their respective cap amounts were considered and approved at the 2014 annual general meeting of the Company. For details, please refer to the “Announcement on Continuing Connected Transactions of First Tractor Company Limited” (Lin 2015-04) and the “Announcement of Resolutions Passed at the 2014 Annual General Meeting of First Tractor Company Limited” (Lin 2015-17), which were published by the Company at the website of Shanghai Stock Exchange and in the China Securities Journal, and Shanghai Securities News, on 17 February 2015 and 30 May 2015, respectively, and the “Announcement on Sales Framework Agreement and Procurement Framework Agreement” dated 17 February 2015 and the “Announcement on Results of the 2014 Annual General Meeting” dated 30 May 2015 as published by the Company at the website of the Stock Exchange.

Unit: 0'000 yuan Currency: RMB

Connected transactions as defined by Chapter 14A of the Listing Rules of the Stock Exchange and the Listing Rules of Shanghai Stock Exchange:

Number	Connected Counterparty	Connected Relationship	Content of the connected transaction	Pricing principle of the connected transaction	Estimated	Actual	Percentage
					annual cap for 2015	amount of the transaction from January to June 2015	in the total amount of the same type of transactions (%)
1	YTO	Controlling shareholder	Purchase of goods from YTO by the Company	the applicable State Price; if there is no State Price, the market price; if there is no State Price nor market price, costs plus a percentage mark-up	155,000	28,605	7
2	YTO	Controlling shareholder	Provision of certain welfare, storage, transportation, consumption services, administrative services for retired employees, etc. to the Company and its subsidiaries by YTO	the applicable State Price; if there is no State Price, the market price; if there is no State Price nor market price, costs plus a percentage mark-up	29,000	10,071	71
3	YTO	Controlling shareholder	Provision of energy and related services to the Company and its subsidiaries by YTO	the applicable State Price; if there is no State Price, the market price; if there is no State Price nor market price, costs plus a percentage mark-up	33,000	9,043	90

Number	Connected Counterparty	Connected Relationship	Content of the connected transaction	Pricing principle of the connected transaction	Estimated	Actual	Percentage
					annual cap for 2015	amount of the transaction from January to June 2015	in the total amount of the same type of transactions (%)
4	YTO	Controlling shareholder	Sale of goods by the Company to YTO	the applicable State Price; if there is no State Price, the market price; if there is no State Price nor market price, costs plus a percentage mark-up	47,500	9,823	1.8
5	YTO	Controlling shareholder	Lease of properties by YTO to the Company and its subsidiaries	Market price; if there is no comparable market price, the rent to be determined based on the annual depreciation expenses and the management fee which was not more than 5% of the net book value of the relevant premises and the relevant taxes	1,440	692	94
6	YTO	Controlling shareholder	Lease of lands by YTO to the Company and its subsidiaries	Market price; if there is no comparable market price, the rent to be determined based on the annual depreciation expenses and the management fee which was not more than 5% of the net book value of the relevant premises and the relevant taxes	1,950	1,296	100

Number	Connected Counterparty	Connected Relationship	Content of the connected transaction	Pricing principle of the connected transaction	Estimated	Actual	Percentage
					annual cap for 2015	amount of the connected transaction from January to June 2015	in the total amount of the same type of transactions (%)
7	YTO	Controlling shareholder	Provision of deposit services by YTO Finance to YTO	a) the rate prescribed by CBRC or the People's Bank of China ("PBOC"); b) if there is no rate prescribed by CBRC or PBOC, the rate charged in the same industry in the PRC for comparable transactions; c) if there is no rate prescribed by CBRC or PBOC nor comparable rate in the same industry,, then the services fees will be determined under arm's length negotiations between YTO Finance and YTO, with reference to the fair price offered by an independent third party in the same industry for the same or similar services	140,000	112,132	39
8	YTO	Controlling shareholder	Provision of loan services by YTO Finance to YTO	a) the rate prescribed by CBRC or PBOC; b) if there is no rate prescribed by CBRC or PBOC, the rate charged in the same industry in the PRC for comparable transactions; c) if there is no rate prescribed by CBRC or PBOC nor comparable rate in the same industry, then the services fees will be determined under arm's length negotiations between YTO Finance and YTO, with reference to the fair price offered by an independent third party in the same industry for the same or similar services	74,000	58,155	69

Number	Connected Counterparty	Connected Relationship	Content of the connected transaction	Pricing principle of the connected transaction	Estimated	Actual	Percentage
					annual cap for 2015	amount of the transaction from January to June 2015	in the total amount of the same type of transactions (%)
9	YTO	Controlling shareholder	Provision of loan bills acceptance services by YTO Finance to YTO	a) the rate prescribed by CBRC or PBOC; b) if there is no rate prescribed by CBRC or PBOC, the rate charged in the same industry in the PRC for comparable transactions; c) if there is no rate prescribed by CBRC or PBOC nor comparable rate in the same industry, then the services fees will be determined under arm's length negotiations between YTO Finance and YTO, with reference to the fair price offered by an independent third party in the same industry for the same or similar services	42,000	14,910	28
10	YTO	Controlling shareholder	Provision of bills discounting services by YTO Finance to YTO	a) the rate prescribed by CBRC or PBOC; b) if there is no rate prescribed by CBRC or PBOC, the rate charged in the same industry in the PRC for comparable transactions; c) if there is no rate prescribed by CBRC or PBOC nor comparable rate in the same industry, then the services fees will be determined under arm's length negotiations between YTO Finance and YTO, with reference to the fair price offered by an independent third party in the same industry for the same or similar services	49,000	23,513	37

Transactions constituted connected transactions under Chapter 14A of the Listing Rules of the Stock Exchange only:

Number	Connected Counterparty	Connected Relationship	Content of the connected transaction	Pricing principle of the connected transaction	Estimated annual cap for 2015	Actual	Percentage
						amount of the connected transaction from January to June 2015	in the total amount of the same type of transactions (%)
11	Tractors Research Company	Subsidiary of YTO	Provision of technology research and development, technology consultation and other technology services by Tractors Research Company to the Company	the applicable State Price; if there is no State Price, the market price; if there is no State Price nor market price, costs plus a percentage mark-up	12,000	4,517	100

Transactions constituted connected transactions under the Listing Rules of Shanghai Stock Exchange only:

Number	Connected Counterparty	Connected Relationship	Content of the connected transaction	Pricing principle of the connected transaction	Estimated annual cap for 2015	Actual	Percentage
						amount of the connected transaction from January to June 2015	in the total amount of the same type of transactions (%)
12	ZF YTO Axle	Associated corporation	Purchase of components such as gears and drive shafts for the production of drive axles by ZF YTO Axle from the Company	Determined under arm's length negotiations between both parties based on prices of past years and the then prevailing market price and factors such as raw material price fluctuations	15,000	6,752	1.22

Number	Connected Counterparty	Connected Relationship	Content of the connected transaction	Pricing principle of the connected transaction	Estimated	Actual	Percentage
					annual cap for 2015	amount of the connected transaction from January to June 2015	in the total amount of the same type of transactions (%)
13	ZF YTO Axle	Associated corporation	Sale of goods by ZF YTO Axle to the Company and its branches and subsidiaries	Determined under arm's length negotiations between both parties based on prices of past years and the then prevailing market price and factors such as raw material price fluctuations. The price of goods sold by ZF YTO Axle to the Company or any of its branches or subsidiaries shall not exceed that of the same types of goods sold to ZF Hangzhou	25,000	10,314	2.61
14	ZF YTO Axle	Associated corporation	Lease of land and houses to ZF YTO Axle by the Company	The annual lease fee is RMB7,744,600 determined by both parties under market principles.	774.46	774.46	80
15	ZF YTO Axle	Associated corporation	Authorization of drive axle production technologies by the Company to ZF YTO Axle for production and installation of existing and future products	(a) ZF YTO Axle paid a lump sum of RMB2.2 million to the Company for the authorization of technologies and (b) shall pay 0.3% of the sales revenue of products applying these technologies to the Company	370	0	0

2. *Matters not disclosed in the provisional announcements**Unit: 0'000 yuan Currency: RMB*

Connected Counterparty	Connected Relationship	Content of the connected transaction	Pricing principle of the connected transaction	Estimated annual cap for 2015	Actual amount of the connected transaction from January to June 2015
YTO	Controlling shareholder	Lease of properties from the Company and its subsidiaries	the PRC State government guidance price; the price of the non-connected transactions between the lessor and the independent third parties; if none of the above is available or applicable, then the price will be determined under arm's length negotiations between the two parties	250	194.61
YTO	Controlling shareholder	Lease of land from the Company and its subsidiaries	the PRC State government guidance price; the price of the non-connected transactions between the lessor and the independent third parties; if none of the above is available or applicable, then the price will be determined under arm's length negotiations between the two parties	200	121.13

Connected Counterparty	Connected Relationship	Content of the connected transaction	Pricing principle of the connected transaction	Estimated annual cap for 2015	Actual amount of the connected transaction from January to June 2015
YTO	Controlling shareholder	Provision of process and technical service to YTO	the PRC State government guidance price; the price of the non-connected transactions between the Arts and Material Institute and the independent third parties; the price of the reasonable cost of the service provided by the Arts and Material Institute of the Company with the addition of gross margin of the comparable non-connected transactions; if none of the above is available or applicable, then the price will be determined under arm's length negotiations between the two parties	200	11.44
YTO	Controlling shareholder	Provision of calibration and testing service to YTO	the PRC State government guidance price; the price of the non-connected transactions between the Measurement and Detection Centre of the Company and the independent third parties; the price of the reasonable cost of the service provided by the Measurement and Detection Centre of the Company with the addition of gross margin of the comparable non-connected transactions; if none of the above is available or applicable, then the price will be determined under arm's length negotiations between the two parties	120	38.42

Note: According to relevant requirements of the Listing Rules of the Shanghai Stock Exchange and the Listing Rules of the Stock Exchange, pricing principles mentioned above were in compliance with the relevant provisions under the listing rules, and the relevant amounts did not reach the standard for disclosure.

(II) Connected transactions relating to assets acquisition or disposal

During the reporting period, the Company had no connected transactions relating to assets acquisition or disposal.

(III) Significant connected transactions relating to external investment

During the reporting period, the Company had no significant connected transactions relating to external investment.

(IV) Amounts due to and from connected parties

Matters which have been disclosed in the announcements and without development changes for subsequent implementation

Summary of event

On 6 July 2015, YTO, the controlling shareholder of the Company, provided an entrusted loan of RMB700 million to the Company, for a term of one year, with an interest rate 10% lower than the prevailing benchmark lending rates as announced by PBOC.

Index for details

For details, please refer to the “Announcement in Relation to Receipt of Financial Assistance by First Tractor Company Limited from its Controlling Shareholder” (Lin 2015–19) and the overseas regulatory announcement relating to such matter, which were published by the Company on the Shanghai Stock Exchange and the Stock Exchange respectively on 7 July 2015.

II. MATERIAL CONTRACTS AND THE PERFORMANCE THEREOF

1 Custody, contracting and lease matters

(1) Custody

During the Reporting Period, there was no change in the 33.33% equity interests in Changtuo Company held by Sinomach, which was entrusted to the Company.

(2) Contracting

The Company does not have contracting matter during the Reporting Period.

2 Guarantees

Unit: 0'000 yuan Currency: RMB

Guarantor	Relationship of the Guarantor with the Beneficiary		External guarantees provided by the Company (excluding guarantees provided for its subsidiaries)						Whether Connected		
	Company	Beneficiary	Amount of the guarantee	Date of guarantee (Date of agreement)	Type of guarantee	Whether discharged	Whether overdue	Amount of overdue guarantee	Whether any counter-party guarantee	Connected guarantee	Connected relationship
The Company	Company headquarter	Business dealers of Quanchengtong (全程通)	1,910	2014.10.13	Guarantee with joint liability	No	No	0	Yes	No	No
The Company	Company headquarter	Business dealers of Nongjiwang (農機網)	1,400	2015.6.15	Guarantee with joint liability	No	No	0	Yes	No	No
The Company	Company headquarter	Business dealers of Dianpiaolong (電票通)	3,323	2015.6.12	Guarantee with joint liability	No	No	0	Yes	No	No
Changxing Company	Controlled subsidiary	Credit business customer of agricultural machinery purchaser	106	2014.4.15	Guarantee with joint liability	No	No	0	Yes	No	No
The Company	Company headquarter	Credit business customer of mining truck purchaser	11	2012.1.29	Guarantee with joint liability	No	No	0	Yes	No	No

Total amount of the guarantees provided by the Company during the Reporting Period (excluding guarantees provided for its subsidiaries)	11,327
Total outstanding amount as at the end of the Reporting Period (A) (excluding guarantees provided for its subsidiaries)	6,750

Guarantees provided by the Company for its subsidiaries

Total amount of the guarantees provided by the Company to its subsidiaries during the Reporting Period	8,358.93
Total outstanding amount of the guarantees provided by the Company to its subsidiaries as at the end of the Reporting Period (B)	16,643.88

Total amount of the guarantees provided by the Company (including guarantees for its subsidiaries)

Total amount of guarantees (A+B)	23,393.88
Percentage of the total amount of guarantees to the net assets of the Company (%)	4.97

Of which:

Amount of guarantees provided for its shareholders, de facto controller and connected parties (C)	0.00
Amount of guarantees directly or indirectly provided for parties with a gearing ratio exceeding 70% (D)	13,150
The portion of total amount of guarantee in excess of 50% of net assets (E)	0.00
Total amount of the above three categories of guarantees (C+D+E)	13,150

Explanations on the possible joint liquidation liability associated with the outstanding guarantees:

Explanations on the guarantees:	During the Reporting Period, the guarantee of RMB12 million undertaken by the Company for the distributors of Dianpiaotong business has been converted into accounts receivable from distributors.
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III. FULFILLMENT OF UNDERTAKINGS

(I) *Undertakings made by the Company, shareholder holding 5% or more of the Company's shares, controlling shareholder and ultimate controller during or subsisting to the reporting period*

Background	Type	Party making the undertaking	Content	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 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 commitment and normal performance
Undertaking related to the initial public offering	Solutions to business competition	YTO	YTO will not engage in and will 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

Background	Type	Party making the undertaking	Content	Explanation on performance
Undertaking related to the initial public offering	Solutions to business competition	Sinomach	Sinomach will not engage in and will 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 trade 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 directly and indirectly held by Sinomach before the initial public offering of shares of the Company, nor allow the Company to repurchase such shares.	Honoring commitment and normal performance
Undertaking related to the initial public offering	Restriction on trade 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 directly and indirectly held by YTO before the initial public offering of shares of the Company, nor allow the Company to repurchase such shares.	Honoring commitment and normal performance

Background	Type	Party making the undertaking	Content	Explanation on 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 (excluding 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 (excluding 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	Enhancement on 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 issuance date of the undertaking letter, and patents in respect of such technologies will be applied directly in the name of the Company.	Honoring commitment and normal performance
Undertakings relating to the stabilization of the stock price of the Company	Not to reduce its shareholding in the Company	YTO	YTO will continue to perform its duty as a controlling shareholder and support the operation and development of the Company as always, and will not reduce its shareholding in the Company for a period of 6 months commencing from 10 July 2015.	Honoring commitment and normal performance

IV. APPOINTMENT OR DISMISSAL OF ACCOUNTING FIRM

During the Reporting Period, there is no change in the appointment of ShineWing Certified Public Accountants LLP as the financial and internal control auditor of the Company. The Company's interim financial statements for 2015 was not audited.

V. PUNISHMENT ON THE COMPANY, ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, SHAREHOLDER HOLDING 5% OR MORE OF THE SHARES, DE FACTO CONTROLLER AND ACQUIRING PARTY AND THE RECTIFICATION THEREOF

During the Reporting Period, none of the Company and its Directors, Supervisors, senior management, shareholders with over 5% interests, ultimate controllers and purchasers was subject to any investigation, administrative punishments and criticism by the CSRC or public reprimands by any stock exchanges.

VI. CORPORATE GOVERNANCE OF THE COMPANY

(I) Corporate Governance

During the Reporting Period, the Company continued its operation in strict compliance with the "Company Law", "Securities Law", "Code of Corporate Governance for Listed Companies" and other laws and regulations of the PRC, as well as the provisions of the listing rules and regulatory requirements of the places where the shares of the Company are listed. There are no significant difference between the actual situation of the Company's corporate governance and the "Company Law" of the PRC and relevant provisions and requirements of the CSRC and the places where the shares of the Company are listed. The Company did not receive documents relating to administrative actions against the Company taken by the regulatory authorities, nor any requirement of rectification within a prescribed time by the regulatory authorities.

During the Reporting Period, the corporate governance structure of the Company was duly operated, with one annual general meeting (10 resolutions considered), two Board meetings (16 resolutions considered), four meetings of the Audit Committee under the Board (11 resolutions considered) and two meetings of the Board of Supervisors (6 resolutions considered) convened. The Company strictly

complied with relevant requirements of the Listing Rules of the Shanghai Stock Exchange, the Listing Rules of the Stock Exchange and the relevant requirements of the Company, thereby timely fulfilling its information disclosure obligation.

During the Reporting Period, under the premise of strict compliance with regulatory rules, the Company timely disclosed its information on a true, accurate and complete basis, adopted a fair and equitable attitude towards the investors in the PRC and Hong Kong and actively communicated with public investors. During the Reporting Period, the Company convened the 2014 results presentation on line, organized 10 batches of visits and held 21 telephone conferences with domestic and foreign institutional investors.

(II) Corporate Governance Code

During the Reporting Period, the Company has complied with the principles and most of the code provisions under the “Corporate Governance Code and Corporate Governance Report” as set out in Appendix 14 to the Listing Rules of the Stock Exchange, except for the deviation from code provision A.2.1 which sets out that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. However, the Board believes that this structure will not affect the balance of powers between the Board and the management.

On 14 August 2015, the Board of the Company has considered and approved the election of Mr. Wu Yong as the general manager of the Company. Current governance structure of the Company is in compliance with the corporate governance policy as set out in Appendix 14 to the Listing Rules of the Stock Exchange.

(III) Audit Committee under the Board

The Audit Committee of the Company consists of 3 Directors, with majority members being independent non-executive Directors and Mr. Wu Tak Lung, an independent non-executive Director of the Company serves as the chairman of the Audit Committee. The composition of the Audit Committee under the Board is in compliance with the provisions under Rule 3.21 of the Listing Rules of the Stock Exchange.

During the Reporting Period, four meetings of the Audit Committee under the Board were held, at which the committee reviewed 11 resolutions, including the resolutions in relation to the annual report and financial statement preparation plan for the year 2014, the annual report, the internal control self-appraisal report, the implementation of connected transactions and the ordinary connected transaction between the Company and ZF YTO Axle, the appointment of financial auditor and internal control auditor of the Company for the year 2015 and the 2015 first quarterly report, etc.. It also earnestly reviewed the annual audit, quarterly financial statements and the implementation of the ordinary connected transactions and other significant events of the Company, earnestly fulfilling its responsibility as the Audit Committee under the Board.

The Audit Committee under the Board has reviewed the Group's 2015 Interim Report and agreed with the financial accounting principles, standards and methods adopted for the preparation of the Group's unaudited interim financial statements for the six months ended 30 June 2015.

(IV) Model Code for Securities Transactions by Directors

The Company has adopted a set of code of conduct regarding securities transactions by Directors and Supervisors on terms no less exacting than “Model Code for Securities Transactions by Directors of Listed Issuers” (the “Model Code”) as set out in Appendix 10 to the Listing Rules of the Stock Exchange, and prescribed the “Administrative System of Shareholdings by Directors and Senior Management and the Changes Therein” (《董事、高管人員持股及變動管理制度》), all Directors have confirmed that they have complied with the required standards as set out in the Model Code, the “Administrative System of Shareholdings by Directors and Senior Management and the Changes Therein” and the Company’s code of conduct in relation to Directors’ securities transactions during the Reporting Period.

VII. EXPLANATIONS ON OTHER SIGNIFICANT EVENTS

Interests for year 2014 of both the 2012 first tranche of public-issued corporate bonds and the 2012 second tranche of public-issued corporate bonds were timely and fully paid to investors by the Company on 4 March 2015 and 1 June 2015, respectively.

VI. CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

I. CHANGES IN SHARE CAPITAL

(I) Changes in shares

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

(II) Changes in shares subject to selling restrictions

Unit: share

Name of shareholder	Number of shares subject to selling restrictions at the beginning of the Reporting Period	Number of shares released from selling restrictions in the Reporting Period	Number of additional shares subject to selling restrictions in the Reporting Period	Number of shares subject to selling restrictions at the end of the Reporting Period	Reasons for selling restrictions	Date of release from selling restrictions
YTO	443,910,000	0	0	443,910,000	A lock-up period of 36 months after the initial public offering	10 August 2015
Total	443,910,000	0	0	443,910,000	/ /	

Note: the abovementioned shares subject to selling restrictions has been released and converted into tradable shares on 10 August 2015

II. SHAREHOLDERS

(I) Total number of shareholders:

Total number of shareholders as at the end of the Reporting Period (*shareholder*) 28,419 including 28,041 holders of A shares and 378 holders of H shares

Total number of preference shareholders with redeemed voting rights as at the end of the Reporting Period (*shareholder*)

N/A

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

Shareholdings of the top ten shareholders

Name of shareholders	Increase/ decrease during the Reporting Period (share)	Total number of shares held		Percentage (%)	Number of shares held subject to selling restrictions (share)	Nature of shares pledged or frozen	Nature of shareholders
		as at the end of the Reporting Period (share)	Percentage (%)				
YTO	0	443,910,000	44.57	443,910,000	Nil	State-owned legal-person	
HKSCC NOMINEES LIMITED	126,000	398,331,398	40.00	0	Unknown	Overseas legal person	
Luo Xiuzhen (羅秀珍)	2,197,701	3,264,084	0.33	0	Unknown	Domestic natural person	
Zhao Juan (趙娟)	1,490,100	1,490,100	0.15	0	Unknown	Domestic natural person	
Zhang Jiangwen (張江文)	987,902	987,902	0.10	0	Unknown	Domestic natural person	
Lin Shuangyu (林霜雨)	-1,179,282	950,000	0.10	0	Unknown	Domestic natural person	
Sichuan Trust Co., Ltd. Jinzheng No.22 – Securities Investment Pools Trust Plan (四川信 託有限公司—錦證二十二 號證券投資集合資金信託 計劃)	887,110	887,110	0.09	0	Unknown	Others	
Tian Lingyan (田凌雁)	728,700	728,700	0.07	0	Unknown	Domestic natural person	
LIU HON NAM	0	726,000	0.07	0	Unknown	Overseas natural person	
Tao Xiaoling (陶小玲)	650,944	650,944	0.07	0	Unknown	Domestic natural person	

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

Name of shareholders	Number of non-restricted circulating shares held (share)	Number and class of share	
		Class	Number (share)
HKSCC NOMINEES LIMITED	398,331,398	Overseas listed foreign shares	398,331,398
Luo Xiuzhen (羅秀珍)	3,264,084	Ordinary shares denominated in RMB	3,264,084
Zhao Juan (趙娟)	1,490,100	Ordinary shares denominated in RMB	1,490,100
Zhang Jiangwen (張江文)	987,902	Ordinary shares denominated in RMB	987,902
Lin Shuangyu (林霜雨)	950,000	Ordinary shares denominated in RMB	950,000
Sichuan Trust Co., Ltd. Jinzheng No. 22 – Securities Investment Pools Trust Plan (四 川信託有限公司－錦證二十二號證券投資 集合資金信託計劃)	887,110	Ordinary shares denominated in RMB	887,110
Tian Lingyan (田凌雁)	728,700	Ordinary shares denominated in RMB	728,700
LIU HON NAM	726,000	Overseas listed foreign shares	726,000
Tao Xiaoling (陶小玲)	650,944	Ordinary shares denominated in RMB	650,944
Sichuan Trust Co., Ltd. Jinzheng No.21 – Securities Investment Pools Trust Plan (四 川信託有限公司－錦證二十一號證券投資 集合資金信託計劃)	629,300	Ordinary shares denominated in RMB	629,300

Connection relationship or parties acting in concert among the aforesaid shareholders

Of the top 10 shareholders and top 10 shareholders without selling restrictions, YTO, the controlling shareholder of the Company, has no connected relationship with, nor is it a party acting in concert (as defined in the Administrative Measures on Acquisitions by Listed Companies) 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.

Explanations on preference shareholders with voting rights restored and number of shares held thereby

N/A

Note: The overseas listed foreign shares held by HKSCC Nominees Limited are held on behalf of various customers.

Shareholdings of the top ten holders of shares subject to selling restrictions and the terms of the selling restrictions

Unit: share

No.	Name of holders of shares subject to selling restrictions	Number of shares held subject to selling restrictions	Shares subject to selling restrictions available for listing and trading		Selling restrictions
			Expiry date of selling restrictions	Number of additional shares available for listing and trading	
1	YTO	443,910,000	10 August 2015	443,910,000	A lock-up period of 36 months after the listing

Connection relationship or parties acting in concert among the aforesaid shareholders

N/A

(III) Substantial shareholders' interests and short positions disclosed in accordance with the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")

As at 30 June 2015, the following shareholders of the Company (other than the Directors, Supervisors or chief executives of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Name	Capacity	Number of Shares interested ¹	Percentage of the relevant class of issued share capital	Percentage of the total issued share capital of the Company	Class of share
YTO ²	Beneficial owner	443,910,000(L)	74.74(L)	44.57(L)	A share
UBS AG ³	Beneficial owner/security interest in shares/interest in controlled corporations	20,449,128(L)	5.09(L)	2.05(L)	H share
	Beneficial owner/interest in controlled corporations	3,809,000(S)	0.95(S)	0.38(S)	H share

Note 1: (L) – Long position, (S) – Short position

Note 2: Sinomach is the controlling shareholder of YTO. Sinomach is deemed to have the same interest in the Company as those owned by YTO by virtue of the SFO, holding 443,910,000 A Shares of the Company.

Note 3: UBS Group AG is the controlling shareholder of UBS AG. As at 30 June 2015, UBS Group AG is deemed to have the same interest in the Company as those owned by UBS AG by virtue of the SFO, holding 20,449,128 shares of long position and 3,809,000 shares of short position in H shares of the Company.

Save as disclosed above, there are no other persons who, as at 30 June 2015, had any interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

III. CHANGES IN CONTROLLING SHAREHOLDER AND ULTIMATE CONTROLLER

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

IV. DETAILS OF PREFERRED SHARES

The Company had no preferred shares during the Reporting Period.

V. 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.

VII. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

I. CHANGE IN SHAREHOLDINGS

(I) *Change in shareholdings of incumbent and resigned Directors, Supervisors and senior management members during the Reporting Period*

There was no change in shareholdings of Directors, Supervisors and senior management members during the Reporting Period. During the Reporting Period, the number of H shares held by Mr. Wu Tak Lung, an independent director of the Company, was 10,000 shares, remaining unchanged. None of the other Directors, Supervisors and senior management of the Company holds the shares of the Company.

(II) *Directors', Supervisors' and the Company's chief executives' interests and/or short positions in the shares, underlying shares and debentures of the Company or its associated corporations*

As at 30 June 2015, the interests and/or short positions of the Directors, Supervisors and chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or otherwise, pursuant to the "Model Code for Securities Transactions by Directors of Listed Issuers" as set out in the Listing Rules of the Stock Exchange, to be notified to the Company and the Stock Exchange were as follows:

Name	The Company/ associated corporation	Capacity	Name and class of securities	Percentage of relevant class of issued share capital (%)	Percentage of total issued share capital (%)
Wu Tak Lung	The Company	Beneficial owner	10,000 shares H shares Long position	0.0025	0.0010

Save as disclosed above, none of the Directors, Supervisors or chief executives of the Company, who, as at 30 June 2015, had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or otherwise, pursuant to the "Model Code for Securities Transactions by Directors of Listed Issuers", to be notified to the Company and the Stock Exchange.

II. CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT MEMBERS

On 14 August 2015, as considered and approved at the 21st meeting of sixth session of the Board, certain senior management members of the Company were changed, particulars of which are as follows:

Name	Position	Change	Reason of change
Zhao Yanshui	General manager	Resigned	Resignation for work changes
Lian Guoqing	Standing general manager	Resigned	Resignation for work changes
Liu Yao	Deputy general manager	Resigned	Resignation for work changes
Hou Zhiping	Deputy general manager	Resigned	Resignation for work changes
Wu Yong	General manager	Appointed	Appointed through election
Wang Kejun	Deputy general manager	Appointed	Appointed through election
Liu Jiguo	Deputy general manager	Appointed	Appointed through election
Yao Weidong	Chief financial officer	Appointed	Change in name of position
Yu Lina	Deputy general manager and secretary to the Board	Appointed	Change in name of position

VIII. FINANCIAL REPORTS

I. AUDITOR'S REPORT

Applicable

Unapplicable

II. FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

As at 30 June 2015

Prepared by: First Tractor Company Limited

Unit: Yuan Currency: RMB

Item	Notes	Ending Balance	Beginning Balance
Current assets			
Cash and cash equivalents	VII.1	1,607,906,111.14	1,998,159,516.29
Settlement reserves for balance		-	-
Loans to banks and other financial institutions	VII.2	200,000,000.00	-
Financial assets at fair value through profit or loss	VII.3	387,448,309.50	354,360,150.44
Derivative financial assets		-	-
Notes receivable	VII.4	598,838,189.57	940,748,139.33
Accounts receivable	VII.5	1,233,892,092.34	879,355,043.69
Advances to suppliers	VII.6	147,289,406.48	292,088,912.74
Premium receivables		-	-
Reinsurance receivables		-	-
Reinsurance contract reserves receivable		-	-
Interest receivable	VII.7	335,833.33	133,472.22
Dividend receivable	VII.8	13,435,000.00	-
Other receivables	VII.9	68,657,068.07	228,490,379.91
Financial assets purchased with agreement to re-sale	VII.10	538,953,084.12	-
Inventories	VII.11	1,301,977,700.53	1,447,426,253.97
Assets classified as held for sale		-	-
Non-current assets due within one year		-	-
Other current assets	VII.13	619,789,203.69	56,383,561.23
		6,718,521,998.77	6,197,145,429.82

II. FINANCIAL STATEMENTS (CONTINUED)

CONSOLIDATED BALANCE SHEET (CONTINUED)

As at 30 June 2015

Prepared by: First Tractor Company Limited

Unit: Yuan Currency: RMB

Item	Notes	Ending Balance	Beginning Balance
Non-current assets			
Loans and advances to customers	VII.12	1,661,594,960.16	1,362,361,447.55
Available-for-sale financial assets	VII.14	302,342,141.41	285,935,741.41
Held-to-maturity investments		-	-
Long-term receivables		-	-
Long-term equity investments	VII.15	149,702,758.77	65,849,170.84
Investment properties		-	-
Fixed assets	VII.16	2,743,908,472.49	2,738,916,218.10
Construction in progress	VII.17	730,986,394.78	642,813,215.87
Construction materials		-	-
Disposal of fixed assets		-	-
Productive biological assets		-	-
Oil and gas assets		-	-
Intangible assets	VII.18	930,421,979.25	947,153,734.35
Research and development expenses		-	-
Goodwill	VII.19	-	-
Long-term prepayments	VII.20	25,485,871.17	23,378,553.87
Deferred tax assets	VII.21	100,553,244.76	92,141,133.86
Other non-current assets		-	-
Total non-current assets		6,644,995,822.79	6,158,549,215.85
Total assets		13,363,517,821.56	12,355,694,645.67

II. FINANCIAL STATEMENTS (CONTINUED)

CONSOLIDATED BALANCE SHEET (CONTINUED)

As at 30 June 2015

Prepared by: First Tractor Company Limited

Unit: Yuan Currency: RMB

Item	Notes	Ending Balance	Beginning Balance
Current liabilities:			
Short-term loans	VII.22	1,651,776,686.80	1,644,532,646.15
Borrowings from central bank		-	-
Receipts of deposits and deposits from other banks	VII.23	916,809,633.32	576,246,341.28
Loans from other banks	VII.24	100,000,000.00	350,000,000.00
Financial liabilities at fair value through profit or loss		-	-
Derivative financial liabilities		-	-
Notes payable	VII.25	844,155,972.59	916,374,670.17
Accounts payable	VII.26	2,178,426,474.24	1,350,582,485.03
Advance from customers	VII.27	119,920,955.00	266,897,178.83
Funds from selling out and repurchasing financial assets		-	-
Fee and commission payable		-	-
Employee benefits payable	VII.28	102,254,019.64	100,709,706.51
Taxes payables	VII.29	-266,697,811.97	-326,702,397.31
Interests payable	VII.30	43,429,021.91	57,516,420.08
Dividends payable	VII.31	52,911,893.28	-
Other payables	VII.32	265,230,270.72	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	VII.33	28,576,687.79	30,055,745.54
Other current liabilities	VII.34	135,269,387.43	53,243,515.75
Total current liabilities		6,172,063,190.75	5,276,332,830.99

II. FINANCIAL STATEMENTS (CONTINUED)

CONSOLIDATED BALANCE SHEET (CONTINUED)

As at 30 June 2015

Prepared by: First Tractor Company Limited

Unit: Yuan Currency: RMB

Item	Notes	Ending Balance	Beginning Balance
Non-current liabilities			
Long-term loans	VII.35	34,349,500.00	46,597,500.00
Bonds payable	VII.37	1,493,099,161.33	1,491,971,739.19
Including: Preference shares		-	-
Perpetual bond		-	-
Long-term payables	VII.36	235,318.88	-
Long-term employee salary payable		-	-
Special payables		-	-
Contingent liabilities		-	-
Deferred income	VII.38	183,695,759.51	174,628,692.16
Deferred tax liabilities	VII.21	47,314,809.53	45,336,983.15
Other non-current liabilities		-	-
Total non-current liabilities		<u><u>1,758,694,549.25</u></u>	<u><u>1,758,534,914.50</u></u>
Total liabilities		<u><u>7,930,757,740.00</u></u>	<u><u>7,034,867,745.49</u></u>

II. FINANCIAL STATEMENTS (CONTINUED)

CONSOLIDATED BALANCE SHEET (CONTINUED)

As at 30 June 2015

Prepared by: First Tractor Company Limited

Unit: Yuan Currency: RMB

Item	Notes	Ending Balance	Beginning Balance
Shareholders' equity			
Share capital	VII.39	995,900,000.00	995,900,000.00
Other equity instruments		-	-
Including: Preferred shares		-	-
Perpetual bond		-	-
Capital reserves	VII.40	2,124,246,289.70	2,124,246,289.70
Less: Treasury shares		-	-
Other comprehensive income	VII.41	30,076,365.16	16,295,741.20
Special reserves	VII.42	-	-
Surplus reserves	VII.43	368,972,848.56	368,972,848.56
General risk reserves	VII.44	7,683,706.66	7,683,706.66
Retained earnings	VII.45	1,178,222,557.46	1,080,369,447.42
Total equity attributable to shareholders of the Company		4,705,101,767.54	4,593,468,033.54
Minority interests		727,658,314.02	727,358,866.64
Total Shareholders' equity		5,432,760,081.56	5,320,826,900.18
Total liabilities and shareholders' equity		13,363,517,821.56	12,355,694,645.67

Legal Representative:

Zhao Yanshui

Chief Financial Officer:

Yao Weidong

Accounting Manager:

Zhou Juan

II. FINANCIAL STATEMENTS (CONTINUED)

BALANCE SHEET

As at 30 June 2015

Prepared by: First Tractor Company Limited

Unit: Yuan Currency: RMB

Item	Notes	Ending Balance	Beginning Balance
Current assets			
Cash and cash equivalents	XVI.1	1,767,102,483.84	1,545,998,376.10
Financial assets at fair value through profit and loss		-	-
Derivative financial assets		-	-
Notes receivable	XVI.2	239,248,349.34	320,864,230.37
Accounts receivable	XVI.3	1,166,514,755.14	864,908,505.18
Prepayments	XVI.4	121,334,456.35	287,933,932.64
Interests receivable	XVI.5	4,246,068.04	5,279,014.53
Dividends receivable	XVI.6	43,617,241.90	20,694,898.90
Other receivables	XVI.7	39,885,384.40	201,047,271.43
Inventories	XVI.8	549,424,161.84	581,750,569.91
Assets classified as held for sale		-	-
Non-current assets due within one year		-	-
Other current assets	XVI.9	757,190,939.12	182,037,351.92
Total current assets		4,688,563,839.97	4,010,514,150.98

II. FINANCIAL STATEMENTS (CONTINUED)

BALANCE SHEET (CONTINUED)

As at 30 June 2015

Prepared by: First Tractor Company Limited

Unit: Yuan Currency: RMB

Item	Notes	Ending Balance	Beginning Balance
Non-current assets:			
Available-for-sale financial assets	XVI.10	182,512,000.00	169,840,000.00
Held-to-maturity investments		-	-
Long-term receivables		-	-
Long-term equity investments	XVI.11	3,094,523,814.01	2,971,115,370.22
Investment properties		-	-
Fixed assets	XVI.12	1,401,572,464.13	1,445,442,696.02
Construction in progress	XVI.13	539,628,272.95	446,998,550.61
Construction materials		-	-
Disposal of fixed assets		-	-
Productive biological assets		-	-
Oil and gas assets		-	-
Intangible assets	XVI.14	575,045,416.40	584,435,134.44
Research and development expenses		-	-
Goodwill		-	-
Long-term deferred expenditures	XVI.15	22,845,736.55	18,915,585.93
Deferred tax assets	XVI.16	16,979,176.20	7,100,975.68
Other non-current assets		-	-
Total non-current assets		<u><u>5,833,106,880.24</u></u>	<u><u>5,643,848,312.90</u></u>
Total assets		<u><u>10,521,670,720.21</u></u>	<u><u>9,654,362,463.88</u></u>

II. FINANCIAL STATEMENTS (CONTINUED)

BALANCE SHEET (CONTINUED)

As at 30 June 2015

Prepared by: First Tractor Company Limited

Unit: Yuan Currency: RMB

Item	Notes	Ending Balance	Beginning Balance
Current liabilities:			
Short-term loans	XVI.17	1,595,855,480.00	1,528,219,200.00
Financial liabilities at fair value through profit or loss		-	-
Derivative financial liabilities		-	-
Notes payable	XVI.18	671,820,508.56	824,335,790.27
Accounts payable	XVI.19	1,592,557,638.22	907,428,178.52
Advance from customers	XVI.20	97,327,422.31	138,590,676.64
Employee benefits	XVI.21	33,315,752.94	30,822,241.98
Taxes payable	XVI.22	-244,100,975.46	-289,463,168.86
Interests payable	XVI.23	21,523,465.78	56,724,301.01
Dividends payables	XVI.24	48,659,104.28	-
Other payables	XVI.25	170,560,510.31	175,113,885.41
Liabilities classified as held for sale		-	-
Non-current liabilities due within one year	XVI.26	24,048,750.00	25,513,000.00
Other current liabilities	XVI.27	69,031,694.11	8,280,760.00
Total current liabilities		4,080,599,351.05	3,405,564,864.97

II. FINANCIAL STATEMENTS (CONTINUED)

BALANCE SHEET (CONTINUED)

As at 30 June 2015

Prepared by: First Tractor Company Limited

Unit: Yuan Currency: RMB

Item	Notes	Ending Balance	Beginning Balance
Non-current liabilities:			
Long-term loans	XVI.28	34,349,500.00	46,597,500.00
Bonds payable	XVI.29	1,493,099,161.33	1,491,971,739.19
Including: Preferred shares		-	-
Perpetual bond		-	-
Long-term payables		-	-
Long-term employee salary payable		-	-
Special payables		-	-
Provisions		-	-
Deferred income	XVI.30	122,761,362.41	126,198,362.41
Deferred tax liabilities	XVI.16	8,524,800.00	6,624,000.00
Other non-current liabilities		-	-
Total non-current liabilities		<u><u>1,658,734,823.74</u></u>	<u><u>1,671,391,601.60</u></u>
Total liabilities		<u><u>5,739,334,174.79</u></u>	<u><u>5,076,956,466.57</u></u>

II. FINANCIAL STATEMENTS (CONTINUED)

BALANCE SHEET (CONTINUED)

As at 30 June 2015

Prepared by: First Tractor Company Limited

Unit: Yuan Currency: RMB

Item	Notes	Ending Balance	Beginning Balance
Shareholders' equity			
Share capital	XVI.31	995,900,000.00	995,900,000.00
Other equity instruments		-	-
Including: Preference shares		-	-
Perpetual bond		-	-
Capital reserves	XVI.32	2,018,025,662.91	2,018,025,662.91
Less: Treasury shares		-	-
Other comprehensive income	XVI.33	48,307,200.00	37,536,000.00
Special reserves	XVI.34	-	-
Surplus reserves	XVI.35	294,479,564.73	294,479,564.73
Retained earnings	XVI.36	1,425,624,117.78	1,231,464,769.67
Total Shareholders' equity		4,782,336,545.42	4,577,405,997.31
Total liabilities and Shareholders' equity		10,521,670,720.21	9,654,362,463.88

Legal Representative:

Zhao Yanshui

Chief Financial Officer:

Yao Weidong

Accounting Manager:

Zhou Juan

II. FINANCIAL STATEMENTS (CONTINUED)

CONSOLIDATED INCOME STATEMENT

January – June 2015

Unit: Yuan Currency: RMB

Item	Notes	Current period	Last period
1. Total operating revenue		5,708,191,514.51	5,473,576,132.43
Including: Operating revenue	VII.46	5,553,784,520.17	5,436,300,755.86
Interest income	VII.47	154,161,050.67	36,662,112.29
Earned insurance premiums		-	-
Fees and commission income	VII.48	245,943.67	613,264.28
2. Total cost of operation		5,569,548,287.35	5,393,756,905.35
Including: Cost of operation	VII.46	4,531,530,237.71	4,519,630,339.39
Interest expenses	VII.47	124,120,897.30	16,936,701.40
Fees and commission expense	VII.48	255,445.09	234,244.63
Refunded premiums		-	-
Net amount of compensation payout		-	-
Net amount of reserves for reinsurance contract		-	-
Policy dividend payment		-	-
Reinsurance expenses		-	-
Business taxes and surcharges	VII.49	14,638,261.89	15,152,038.13
Selling and distribution expenses	VII.50	288,812,474.52	245,331,903.15
Administrative expenses	VII.51	427,437,981.51	480,576,358.48
Financial expenses	VII.52	42,207,637.61	49,367,255.29
Loss on impairment of assets	VII.53	140,545,351.72	66,528,064.88

II. FINANCIAL STATEMENTS (CONTINUED)**CONSOLIDATED INCOME STATEMENT (CONTINUED)**

January – June 2015

Unit: Yuan Currency: RMB

Item	Notes	Current period	Last period
Add: Gain arising from the changes in fair value (loss listed with "-")	VII.54	4,991,993.93	2,910,247.35
Investment income (Loss listed with "-")	VII.55	51,984,548.53	38,439,475.05
Including: income from investments in associates and joint ventures (Loss listed with "-")		2,033,301.43	211,174.89
Exchange gain (Loss listed with "-")		-	-
3. Operating profit (Loss listed with "-")		195,619,769.62	121,168,949.48
Add: Non-operating income	VII.56	11,745,539.36	15,374,715.41
Including: Gain from disposal of non-current assets		599,056.39	1,086,659.78
Less: Non-operating expenses	VII.57	2,323,130.94	1,501,254.29
Including: Loss on disposal of non-current assets		1,508,949.56	1,081,107.00
4. Total profit (Loss listed with "-")		205,042,178.04	135,042,410.60
Less: Income tax expenses	VII.58	50,291,121.31	23,864,964.60
5. Net profit (Net loss listed with "-")		154,751,056.73	111,177,446.00
Net profit attributable to owners of the company		148,644,010.04	112,427,795.03
Non-controlling interest		6,107,046.69	-1,250,349.03

II. FINANCIAL STATEMENTS (CONTINUED)

CONSOLIDATED INCOME STATEMENT (CONTINUED)

January – June 2015

Unit: Yuan Currency: RMB

Item	Notes	Current period	Last period
6. Net other comprehensive income after tax	VII.59	13,875,813.65	1,989,296.29
Net other comprehensive income after tax attributable to owners of the company	VII.59	13,780,623.96	2,173,683.84
(1) Other comprehensive income that can not 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 be subsequently reclassified to profit and loss under equity method		-	-
(2) Other comprehensive income that will be subsequently reclassified to profit and loss	VII.59	13,780,623.96	2,173,683.84
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 available-for-sale financial assets	VII.59	13,370,052.83	-350,515.58
3) Gains and losses from held-to-maturity investment reclassified as available-for-sale financial assets		-	-

II. FINANCIAL STATEMENTS (CONTINUED)

CONSOLIDATED INCOME STATEMENT (CONTINUED)

January – June 2015

Unit: Yuan Currency: RMB

Item	Notes	Current period	Last period
4) Effective part of hedging gains and losses from cash flows		-	-
5) Exchange differences from retranslation of financial statements	VII.59	410,571.13	2,524,199.42
6) Others		-	-
Net other comprehensive income after tax attributable to minority interests	VII.59	95,189.69	-184,387.55
7. Total comprehensive income		168,626,870.38	113,166,742.29
Total comprehensive income attributable to shareholders of the Parent Company		162,424,634.00	114,601,478.87
Total comprehensive income attributable to minority interests		6,202,236.38	-1,434,736.58
8. Earnings per share:			
(1) Basic earnings per share (RMB/share)	XVII.2	0.1493	0.1129
(2) Diluted earnings per share (RMB/share)	XVII.2	0.1493	0.1129

Legal Representative:

Zhao Yanshui

Chief Financial Officer:

Yao Weidong

Accounting Manager:

Zhou Juan

II. FINANCIAL STATEMENTS (CONTINUED)

INCOME STATEMENT

January – June 2015

Unit: Yuan Currency: RMB

Item	Notes	Current period	Last period
1. Operating revenue	XVI.37	4,136,097,006.06	4,086,335,842.14
Less: Cost of operation	XVI.37	3,546,249,014.57	3,597,449,672.86
Business taxes and surcharges		867,398.40	738,990.72
Selling and distribution expenses		45,757,400.81	23,466,231.50
Administrative expenses		274,783,387.69	286,963,527.46
Financial expenses		22,984,634.64	41,865,927.71
Loss on impairment of assets		25,915,396.59	-3,647,351.57
Add: Gain arising from the changes in fair value (Loss listed with “-”)		-	-
Investment income (Loss listed with “-”)	XVI.38	49,437,899.87	65,311,000.88
Including: Gain from investments in associates and joint ventures (Loss listed with “-”)		1,989,556.87	-71,435.22
2. Operating profit (Loss listed with “-”)		268,977,673.23	204,809,844.34
Add: Non-operating income		4,597,213.28	6,614,333.90
Including: Gain from disposal of non-current assets		487,538.66	968,943.83
Less: Non-operating expenses		939,353.39	1,050,711.25
Including: Gain from disposal of non-current assets		663,644.61	384,947.79
3. Total profit (Total loss listed with “-”)		272,635,533.12	210,373,466.99
Less: Income tax expenses		27,685,285.01	7,559,575.93
4. Net profit (Net loss listed with “-”)		244,950,248.11	202,813,891.06

II. FINANCIAL STATEMENTS (CONTINUED)

INCOME STATEMENT (CONTINUED)

January – June 2015

Unit: Yuan Currency: RMB

Item	Notes	Current period	Last period
5. Net other comprehensive income after tax		10,771,200.00	299,200.00
(1) Other comprehensive income that can not 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 be subsequently reclassified to profit and loss under equity method		-	-
(2) Other comprehensive income that will be subsequently reclassified to profit and loss		10,771,200.00	299,200.00
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 available-for-sale financial assets		10,771,200.00	299,200.00
3) Gains and losses from held-to-maturity investment reclassified as available-for-sale financial assets		-	-

II. FINANCIAL STATEMENTS (CONTINUED)

INCOME STATEMENT (CONTINUED)

January – June 2015

Unit: Yuan Currency: RMB

Item	Notes	Current period	Last period
4) Effective part of hedging gains and losses from cash flows		-	-
5) Exchange differences from retranslation of financial statements		-	-
6) Others		-	-
6. Total comprehensive income		255,721,448.11	203,113,091.06

Legal Representative:
Zhao Yanshui

Chief Financial Officer:
Yao Weidong

Accounting Manager:
Zhou Juan

II. FINANCIAL STATEMENTS (CONTINUED)

CONSOLIDATED CASH FLOW STATEMENT

January – June 2015

Unit: Yuan Currency: RMB

Item	Notes	Current period	Last period
1. Cash flows from operating activities:			
Cash received from sales of goods and rendering of services		5,649,465,364.78	5,526,311,854.83
Net increase in deposits from customers and deposits from other banks		340,563,292.04	219,025,191.33
Net increase in loans from central bank		-	-
Net increase in loans from other financial institutions		-450,000,000.00	-350,000,000.00
Cash receipts of premium of direct insurance contracts		-	-
Net cash received from reinsurance contracts		-	-
Net increase in deposits from insurance policy holders and investment		-	-
Net increase in disposal of financial assets at fair value through profit and loss		-	-
Cash receipts of interest, fees and commission		154,204,633.23	37,275,376.57
Net increase in placement from banks and other financial institution		-	-
Net increase in sales and repurchase operations		-538,236,167.72	-489,305,972.60
Cash received from taxes refund		23,161,023.73	28,078,960.95
Cash received relating to other operating activities	VII.60	68,358,737.02	68,551,606.39
Sub-total of cash inflows from operating activities		5,247,516,883.08	5,039,937,017.47

II. FINANCIAL STATEMENTS (CONTINUED)

CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

January – June 2015

Unit: Yuan Currency: RMB

Item	Notes	Current period	Last period
Cash paid for goods and services		3,268,505,005.88	3,824,729,899.69
Net increase in loans and disbursement to customers		418,495,546.47	266,716,084.24
Net increase in deposit with central bank and inter-banks		-5,626,900.66	32,853,778.70
Cash paid for claims of direct insurance contracts		-	-
Cash paid for interest, fee and commission		103,421,476.98	9,325,004.09
Cash paid for dividends of insurance policies		-	-
Cash paid to and on behalf of employees		608,412,477.34	567,178,422.92
Payments of taxes and surcharges		140,314,300.91	148,642,285.47
Cash paid relating to other operating activities	VII.60	457,634,903.21	555,830,862.80
Sub-total of cash outflows from operating activities		4,991,156,810.13	5,405,276,337.91
Net cash flows from operating activities		256,360,072.95	-365,339,320.44

II. FINANCIAL STATEMENTS (CONTINUED)

CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

January – June 2015

Unit: Yuan Currency: RMB

Item	Notes	Current period	Last period
2. Cash flows from investment activities:			
Cash received from return of investments		52,877,506.20	312,675,217.96
Cash received from investments income		41,166,643.37	24,220,519.78
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		167,669,071.81	7,155,487.61
Net cash received from disposal of subsidiaries and other business units		-	-
Cash received relating to other investing activities	VII.60	2,000,000.00	900,000.00
Sub-total of cash inflows from investing activities		263,713,221.38	344,951,225.35
Cash paid to acquire fixed assets, intangible assets and other long-term assets		207,395,497.01	325,839,360.80
Cash paid for investments		721,514,956.04	644,883,522.04
Net increase in pledged deposits		-	-
Net cash paid to acquire subsidiaries and other business units		-	40,391,854.48
Cash paid relating to other investing activities		-	-
Sub-total of cash outflow from investing activities		928,910,453.05	1,011,114,737.32
Net cash flows from investing activities		-665,197,231.67	-666,163,511.97

II. FINANCIAL STATEMENTS (CONTINUED)

CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

January – June 2015

Unit: Yuan Currency: RMB

Item	Notes	Current period	Last period
3. Cash flows from financing activities			
Cash received from investment absorption		-	-
Including: Cash received by subsidiaries from investment absorption of minority interest		-	-
Cash received from loans granted		154,231,070.00	490,000,000.00
Cash received from issue of bonds		-	-
Cash received relating to other financing activities		-	-
Sub-total of cash inflows from financing activities		154,231,070.00	490,000,000.00
Cash paid for settlement of borrowings		30,234,500.00	-
Cash paid for dividends, profits appropriation or payments of interest		95,342,802.67	101,271,872.43
Including: Dividends and profits paid to minority interests		1,650,000.00	10,220,700.00
Cash paid relating to other financing activities		-	-
Sub-total of cash outflows from financing activities		125,577,302.67	101,271,872.43
Net cash flows from financing activities		28,653,767.33	388,728,127.57

II. FINANCIAL STATEMENTS (CONTINUED)

CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

January – June 2015

Unit: Yuan Currency: RMB

Item	Notes	Current period	Last period
4. Effect of changes in foreign exchange rate on cash and cash equivalents		-3,689,817.63	646,255.05
5. Net increase in cash and cash equivalents	VII.61	-383,873,209.02	-642,128,449.79
Add: Cash and cash equivalents at the beginning of the year	VII.61	1,749,902,168.21	1,618,450,134.70
6. Cash and cash equivalents at the end of the year	VII.61	1,366,028,959.19	976,321,684.91

Legal Representative:

Zhao Yanshui

Chief Financial Officer:

Yao Weidong

Accounting Manager:

Zhou Juan

II. FINANCIAL STATEMENTS (CONTINUED)

CASH FLOW STATEMENT

January – June 2015

Unit: Yuan Currency: RMB

Item	Current period	Last period
1. Cash flows from operating activities		
Cash received from sales of goods and rendering of services	4,184,779,434.90	3,926,042,299.16
Cash received from taxes refund	2,598,710.01	2,235,385.38
Cash received relating to other operating activities	29,842,390.62	25,165,720.76
	<hr/>	<hr/>
Sub-total of cash inflows from operating activities	4,217,220,535.53	3,953,443,405.30
	<hr/>	<hr/>
Cash paid for goods and services	2,871,794,435.43	2,704,368,910.08
Cash paid to and on behalf of employees	295,710,507.13	238,016,606.39
Payments of taxes and surcharges	38,306,419.16	22,751,215.87
Cash paid relating to other operating activities	230,972,706.47	465,495,603.14
	<hr/>	<hr/>
Sub-total of cash outflows from operating activities	3,436,784,068.19	3,430,632,335.48
	<hr/>	<hr/>
Net cash flows from operating activities	780,436,467.34	522,811,069.82
	<hr/> <hr/>	<hr/> <hr/>

II. FINANCIAL STATEMENTS (CONTINUED)

CASH FLOW STATEMENT (CONTINUED)

January – June 2015

Unit: Yuan Currency: RMB

Item	Current period	Last period
2. Cash flows from investing activities		
Cash received from return of investments	122,000,000.00	377,541,774.80
Cash received from investments income	32,961,167.38	36,121,235.07
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	166,743,473.56	6,730,733.31
Net cash received from disposal of subsidiaries and other business units	-	-
Cash received relating to other investing activities	-	38,547,954.93
	<hr/>	<hr/>
Sub-total of cash inflows from investing activities	321,704,640.94	458,941,698.11
	<hr/>	<hr/>
Cash paid to acquire fixed assets, intangible assets and other long-term assets	151,447,023.67	243,113,484.40
Cash paid for investments	753,514,886.92	692,391,854.48
Net cash paid to acquire subsidiaries and other business units	-	-
Cash paid relating to other investing activities	-	-
	<hr/>	<hr/>
Sub-total of cash outflows from investing activities	904,961,910.59	935,505,338.88
	<hr/>	<hr/>
Net cash flows from investing activities	-583,257,269.65	-476,563,640.77
	<hr/> <hr/>	<hr/> <hr/>

II. FINANCIAL STATEMENTS (CONTINUED)

CASH FLOW STATEMENT (CONTINUED)

January – June 2015

Unit: Yuan Currency: RMB

Item	Current period	Last period
3. Cash flows from financing activities		
Cash received from investment absorption	-	-
Cash received from loans granted	393,370,000.00	1,526,000,000.00
Cash received relating to other financing activities	-	-
Sub-total of cash inflows from financing activities	393,370,000.00	1,526,000,000.00
Cash paid for settlement of borrowings	332,746,250.00	1,251,900,000.00
Cash paid for dividends, profits appropriation or payments of interest	99,254,109.96	87,794,071.62
Cash paid relating to other financing activities	-	-
Sub-total of cash outflows from financing activities	432,000,359.96	1,339,694,071.62
Net cash flows from financing activities	-38,630,359.96	186,305,928.38
4. Effect of changes in foreign exchange rate on cash and cash equivalents	-71,102.46	1,718.30
5. Net increase in cash and cash equivalents	158,477,735.27	232,555,075.73
Add: Cash and cash equivalents at the beginning of the year	1,398,841,155.04	958,278,308.01
Cash and cash equivalents at the end of the year	1,557,318,890.31	1,190,833,383.74

Legal Representative:

Zhao Yanshui

Chief Financial Officer:

Yao Weidong

Accounting Manager:

Zhou Juan

II. FINANCIAL STATEMENTS (CONTINUED)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

January – June 2015

Unit: Yuan Currency: RMB

Item	Current period												
	Equity attributable to the equity holders of the Parent Company												
	Share capital	Preference shares	Other equity instruments	Less:	Capital reserves	Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Retained earnings	Minority interests	Total equity
(3) Profit appropriations	-	-	-	-	-	-	-	-	-	-	-50,790,900.00	-5,902,789.00	-56,693,689.00
1) Appropriation to surplus reserves	-	-	-	-	-	-	-	-	-	-	-	-	-
2) Appropriation to general risks reserves	-	-	-	-	-	-	-	-	-	-	-	-	-
3) Appropriation to equity holders (for shareholders)	-	-	-	-	-	-	-	-	-	-	-50,790,900.00	-5,902,789.00	-56,693,689.00
4) Others	-	-	-	-	-	-	-	-	-	-	-	-	-
(4) Transfer	-	-	-	-	-	-	-	-	-	-	-	-	-
1) Transfer of capital reserve to share capital	-	-	-	-	-	-	-	-	-	-	-	-	-
2) Transfer of surplus reserves to share capital	-	-	-	-	-	-	-	-	-	-	-	-	-
3) Surplus reserves making up of losses	-	-	-	-	-	-	-	-	-	-	-	-	-
4) Others	-	-	-	-	-	-	-	-	-	-	-	-	-
(5) Special reserves	-	-	-	-	-	-	-	-	-	-	-	-	-
1) Current period appropriation	-	-	-	-	-	-	-	11,986,060.95	-	-	-	-	11,986,060.95
2) Current period write-off	-	-	-	-	-	-	-	-11,986,060.95	-	-	-	-	-11,986,060.95
(6) Others	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Ending balance of current period	995,900,000.00	-	-	-	2,124,246,269.70	-	30,075,865.16	-	368,972,948.56	7,683,706.66	1,178,222,657.46	727,658,314.02	5,492,760,081.56

II. FINANCIAL STATEMENTS (CONTINUED)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

January – June 2015

Unit: Yuan Currency: RMB

Item	Equity attributable to the equity holders of the Parent Company										Total equity	
	Share capital	Preference shares	Other equity instruments	Less: Treasury shares	Capital reserves	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Retained earnings		Minority interests
(3) Profit appropriations	-	-	-	-	-	-	-	-	-	-58,754,000.00	-10,220,700.00	-69,974,700.00
1) Appropriation to surplus reserves	-	-	-	-	-	-	-	-	-	-	-	-
2) Appropriation to general risks reserves	-	-	-	-	-	-	-	-	-	-	-	-
3) Appropriation to equity holders (or shareholders)	-	-	-	-	-	-	-	-	-	-	-	-
4) Others	-	-	-	-	-	-	-	-	-	-	-	-
(4) Transfer	-	-	-	-	-	-	-	-	-	-	-	-
1) Transfer of capital reserve to share capital	-	-	-	-	-	-	-	-	-	-	-	-
2) Transfer of surplus reserves to share capital	-	-	-	-	-	-	-	-	-	-	-	-
3) Surplus reserves making up of losses	-	-	-	-	-	-	-	-	-	-	-	-
4) Others	-	-	-	-	-	-	-	-	-	-	-	-
(5) Special reserves	-	-	-	-	-	-	7,143,121.07	-	-	-	-	7,143,121.07
1) Current period appropriation	-	-	-	-	-	-	7,143,121.07	-	-	-	-	7,143,121.07
2) Current period write-off	-	-	-	-	-	-	-7,143,121.07	-	-	-	-	-7,143,121.07
(6) Others	-	-	-	-	-	-	-	-	-	-	-	-
4. Ending balance of current period	955,900,000.00	-	-	-	2,123,393,801.70	-	-316,863.95	326,747,339.47	7,097,463.55	1,067,910,747.30	742,749,663.70	5,263,557,927.77

Legal Representative:

Zhao Yanshui

Chief Financial Officer:

Yao Weidong

Accounting Manager:

Zhou Juan

II. FINANCIAL STATEMENTS (CONTINUED)

STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

January – June 2015

Unit: Yuan Currency: RMB

Item	Current period										Total equity	
	Share capital	Preference shares	Perpetual bond	Other equity instruments	Capital reserves	Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings		
(3) Profit appropriations	-	-	-	-	-	-	-	-	-	-50,790,900.00	-50,790,900.00	-
1) Appropriation to surplus reserves	-	-	-	-	-	-	-	-	-	-	-	-
2) Appropriation to equity holders (or shareholders)	-	-	-	-	-	-	-	-	-	-50,790,900.00	-50,790,900.00	-
3) Others	-	-	-	-	-	-	-	-	-	-	-	-
(4) Transfer	-	-	-	-	-	-	-	-	-	-	-	-
1) Transfer of capital reserve to share capital	-	-	-	-	-	-	-	-	-	-	-	-
2) Transfer of surplus reserves to share capital	-	-	-	-	-	-	-	-	-	-	-	-
3) Surplus reserves making up of losses	-	-	-	-	-	-	-	-	-	-	-	-
4) Others	-	-	-	-	-	-	-	-	-	-	-	-
(5) Special reserves	-	-	-	-	-	-	-	-	-	-	-	-
1) Current period appropriation	-	-	-	-	-	-	-	4,240,187.75	-	-	-	4,240,187.75
2) Current period write-off	-	-	-	-	-	-	-	-4,240,187.75	-	-	-	-4,240,187.75
6) Others	-	-	-	-	-	-	-	-	-	-	-	-
4. Ending balance of current period	995,900,000.00	-	-	-	-2,016,025,662.91	-	48,307,200.00	-	294,479,564.73	1,425,624,117.78	4,762,266,545.42	-

II. FINANCIAL STATEMENTS (CONTINUED)

STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

January – June 2015

Unit: Yuan Currency: RMB

Item	Last period									
	Share capital	Preference shares	Other equity instruments	Capital reserves	Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Total equity
1. Ending balance of last period	995,900,000.00	-	-	2,054,901,402.01	-	15,395,200.00	-	252,254,055.64	911,181,187.88	4,229,639,845.53
Add: Changes in accounting policies	-	-	-	-	-	-	-	-	-	-
Correction of prior periods errors	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-
2. Beginning balance of Current period	995,900,000.00	-	-	2,054,901,402.01	-	15,395,200.00	-	252,254,055.64	911,181,187.88	4,229,639,845.53
3. Increase/Decrease for the year (Decrease listed with "-")	-	-	-	-37,152,227.10	-	299,200.00	-	-	143,059,881.06	105,208,868.96
(1) Total comprehensive income	-	-	-	-	-	299,200.00	-	-	202,813,881.06	203,113,081.06
(2) Contribution and withdrawal of capital by shareholders	-	-	-	-37,152,227.10	-	-	-	-	-	-37,152,227.10
1) Ordinary shares contributed by shareholders	-	-	-	-	-	-	-	-	-	-
2) Equity contributed by holders of other equity instruments	-	-	-	-	-	-	-	-	-	-
3) Share-based payments recognized in equity	-	-	-	-	-	-	-	-	-	-
4) Others	-	-	-	-37,152,227.10	-	-	-	-	-	-37,152,227.10

II. FINANCIAL STATEMENTS (CONTINUED)

STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

January – June 2015

Unit: Yuan Currency: RMB

Item	Last period							Total equity		
	Share capital	Preference shares	Other equity instruments	Capital reserves	Treasury shares	Other comprehensive income	Special reserves		Surplus reserves	Retained earnings
(3) Profit appropriations	-	-	-	-	-	-	-	-	-59,754,000.00	-59,754,000.00
1) Appropriation to surplus reserves	-	-	-	-	-	-	-	-	-	-
2) Appropriation to equity holders (or shareholders)	-	-	-	-	-	-	-	-	-	-
3) Others	-	-	-	-	-	-	-	-	-59,754,000.00	-59,754,000.00
(4) Transfer	-	-	-	-	-	-	-	-	-	-
1) Transfer of capital reserve to share capital	-	-	-	-	-	-	-	-	-	-
2) Transfer of surplus reserves to share capital	-	-	-	-	-	-	-	-	-	-
3) Surplus reserves making up of losses	-	-	-	-	-	-	-	-	-	-
4) Others	-	-	-	-	-	-	-	-	-	-
(5) Special reserves	-	-	-	-	-	-	-	-	-	-
1) Current period appropriation	-	-	-	-	-	-	4,004,160.58	-	-	4,004,160.58
2) Current period write-off	-	-	-	-	-	-	-4,004,160.58	-	-	-4,004,160.58
(6) Others	-	-	-	-	-	-	-	-	-	-
4. Ending balance of current period	985,900,000.00	-	-	2,017,749,174.91	-	15,694,400.00	-	232,254,055.64	1,054,249,078.94	4,335,846,709.49

Legal Representative:
Zhao Yanshui

Chief Financial Officer:
Yao Weidong

Accounting Manager:
Zhou Juan

III. GENERAL INFORMATION

1. GENERAL INFORMATION

First Tractor Company Limited (hereinafter referred to as **“the Company”**, and collectively referred to as **“the Group”** when including the subsidiaries) is a limited company located in the People’s Republic of China and established on 8 May 1997. The Company took over the principle business of tractor manufacturing and the corresponding assets and liabilities of YTO Group Corporation (hereinafter referred to as **“China YTO”**), with the net assets of RMB636,346,000 converted to 450,000,000 state-owned legal person shares held by the Company, according to the reorganization plan effective from 31 December 1996. Thereafter, the Company issued 335,000,000 H shares (par value: RMB1) under approval and it resulted in the increase of the Company’s registered and paid-up share capital to RMB785,000,000. The Company has been listed in Hong Kong Exchanges and Clearing Limited (**“HKEx”**) since 23 June 1997. On 24 October 2007 the Company issued and sold 60,900,000 H shares with the price of HKD3.95/share, which increased the Company’s registered and paid-up share capital to RMB845,900,000.

According to Permission No.736-2012 by China Securities Regulatory Commission, the Company was granted to publicly issue RMB common stocks not exceeding 150,000,000 shares, an amount which equals to the actual issuance, with the price of RMB5.40/share in 27 July 2012. Total proceed from the issuance of shares was received by the Company on 1 August 2012. The Company was listed and started to trade in Shanghai Stocks Exchange on 8 August 2012. The Company’s registered and paid-up share capital had increased to RMB995,900,000.

III. GENERAL INFORMATION *(CONTINUED)*

1. GENERAL INFORMATION *(CONTINUED)*

Registration number for the license of the business corporation is 410000400013049. Registered location is 154 Construction Road, Luoyang Henan Province. Legal representative is Zhao Yanshui. The Company is in agricultural machinery manufacturing industry; its business scope mainly includes manufacturing and selling of agricultural machineries, diesel engines, fuel injection, other machineries and operating the business of finance company.

The direct controlling shareholder of the Company is YTO Group Corporation (hereinafter referred to as “**China YTO**”) and the ultimate controlling party of the Company is China National Machinery Industry Corporation (hereinafter referred to as “**SinoMach**”). China YTO and SinoMach are both the companies established in China.

2. SCOPE OF THE CONSOLIDATED FINANCIAL STATEMENTS

The scope of the Group’s consolidated financial statements covers thirty companies including the First Tractor Company Limited, YTO (Luoyang) Diesel Engine Co., Ltd., Luoyang Changxing Agricultural Machinery Co., Ltd., and YTO Finance Company Limited. Compared with the scope of the last period, this year’s consolidation scope has not changed.

IV. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

Based on the going-concern assumption and transactions and events actually incurred, the consolidated financial statements of the Group have been prepared in accordance with the Accounting Standards for Business Enterprises and the related provisions by the Ministry of Finance of the PRC (hereinafter collectively referred to as “the Accounting Standards for Business Enterprises”), No.15 Information Disclosures Regulations for Companies that 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 Exchange and Companies Ordinance.

2. GOING CONCERN

With the recent history of generating profit from operation and the financial resource support, the determination that the financial statements are prepared based on going concerns is reasonable and is in conformity with the Group’s actual operation.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. DISCLAIMER ON THE COMPLIANCE WITH ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

The financial statements have been prepared by the Group in accordance with the Accounting Standards for Business Enterprises (ASBEs), and truly and fairly present the Group and the Company's financial position, operating results, changes of shareholders' equity and cash flows as at 30 June 2015.

2. ACCOUNTING PERIOD

The Group's accounting period for the Group is from 1 January to 31 December.

3. OPERATING CYCLE

Operating cycle of the Group is twelve months.

4. REPORTING CURRENCY

The Group's reporting currency is Renminbi (RMB). Its subsidiaries, associates, and joint operations apply their reporting currency based on the consideration of their local economics respectively.

The Group applies Renminbi (RMB) as the reporting currency for the preparation of the financial statements.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

5. ACCOUNTING METHOD FOR BUSINESS COMBINATIONS UNDER THE COMMON CONTROL AND NOT UNDER THE COMMON CONTROL

The Group, as the acquirer, recognises 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 recognised 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 recognised 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.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

6. PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The Group's consolidation scope includes all subsidiaries controlled.

When accounting policies and accounting period that subsidiaries adopt are not in accordance with the ones of the Company, subsidiaries' financial statements should be adjusted based on the Company's accounting policies and accounting period 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.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

7. CATEGORY ON JOINT ARRANGEMENT AND ACCOUNTING TREATMENT ON JOINT OPERATIONS

The Group's joint arrangement includes joint operations and joint venture entities. For joint operations, the Group, as the joint operator of the joint operations, recognises assets and liabilities solely held and liabilities assumed by the Group, recognises assets and liabilities jointly owned proportionally, and recognises income and expenses solely or proportionally based on the related agreements. When the Company incurs asset transactions of purchase and sales not constituting to business transactions, the Company only recognizes the portion of profit or loss generated due to the transaction attributable to other parties of the joint operations.

8. CASH AND CASH EQUIVALENTS

Cash in the cash flow statement indicates both cash on hand and the deposit held in bank which are available for payment at any time. Cash equivalents are held less than 3 months, highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of value change.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. FOREIGN EXCHANGE TRANSLATION FOR FINANCIAL STATEMENTS

(1) Transactions involving foreign currencies

Foreign currency transactions of the Group are translated into RMB at the spot exchange rate on the date of the transaction.

The monetary items in foreign currency are translated into RMB at the spot exchange rate of the balance date. Except for the exchange difference caused by specific foreign currency loans made to purchase or manufacture assets which will be capitalized, the exchange difference is accounted into current profit or loss. For non-monetary items measured in foreign currency under historical cost method, the exchange rate on the date when the cost is recognised is applied and the amount in RMB is consistent. For non-monetary items in foreign currency measured at fair value, the exchange rate on the date when the fair value is recognised is applied and the exchange difference is accounted into current profit or loss as a result of fair value change, or recognised as other comprehensive income and charged into capital reserves.

(2) Foreign currency translation of financial statements

The asset and liability items in the foreign currency balance sheets are translated at a spot exchange rate as at the balance sheet date. The owner's equity items, except for retained earnings, are translated at the spot exchange rate at the time when they are incurred. The income and expense items in the profit or loss statements are translated at the average exchange rate during the accounting period. The difference arisen from the above translation's are presented separately under other comprehensive income. The cash flows in foreign currencies are translated at the spot exchange rate at the date when the cash flows incurred. The impact amount of exchange rate fluctuations on cash and cash equivalents is separately presented in the statement of cash flow.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

10. FINANCIAL ASSETS AND LIABILITIES

The Group recognized a financial asset or a financial liability in the balance sheet when the Group becomes a party to the contractual provisions of a financial instrument.

(1) Financial assets

1) The classification, recognition and measurement of financial assets

The Group's financial assets are classified into financial assets at fair value through profit or loss, held-to-maturity investments, loan and receivables and available-for-sale financial assets, according to the purposes of investments and their economic substance.

Financial assets at fair value through profit or loss include trading financial assets and the financial assets designated as, when initially recognized, the financial assets measured at fair value and its movement recorded through profit and loss.

Held-to-maturity investments are non-derivative financial assets with fixed maturity and fixed or determinable payments for which management has both positive intention and ability to hold to maturity. Held to maturity investment is subsequently measured under amortized costs. Its amortization, impairment, and gain or loss from derecognition is recognized as profit or loss of the Current period.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

(1) Financial assets (Continued)

1) The classification, recognition and measurement of financial assets (Continued)

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified as financial assets of any other class at initial recognition.

2) Recognition and measurement of financial assets transfer

A financial asset is derecognised when any one of the following conditions is satisfied: i) the rights to receive cash flows from the asset expire, ii) the financial asset has been transferred and the Group transfers substantially all risks and rewards relating to the financial assets to the transferee, iii) the financial asset has been transferred to the transferee, the Group has given up its control of the financial asset although the Group neither transfers nor retains all risks and rewards of the financial asset.

Where an entity neither transfers nor retains substantially all risks and rewards of financial asset and does not give up the control over such financial asset, then the entity recognises such financial asset to the extent of its continuous involvement and recognises the corresponding liabilities.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

10. FINANCIAL ASSETS AND LIABILITIES *(CONTINUED)*

(1) Financial assets *(Continued)*

2) *Recognition and measurement of financial assets transfer (Continued)*

In the case where the financial asset as a whole qualifies for the de-recognition conditions, the difference between the carrying value of transferred financial asset and the sum of the amount received for transfer and the accumulated amount of changes in fair value that was previously recorded under other comprehensive income is charged into profit or loss for the period.

If the partial transfer of the financial assets meets the condition to terminate the recognition, the Company allocates the collective book value of the transferred financial asset between the portion terminated in recognition and the portion not terminated in recognition according to the fair value of each portion, and recognizes the difference between the aforementioned allocated book value and the sum of the consideration collected and the accumulative amount of change in the fair value recognized into the other comprehensive income allocated to the portion terminated in recognition into the current profit or loss.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

10. FINANCIAL ASSETS AND LIABILITIES *(CONTINUED)*

(1) Financial assets *(Continued)*

3) *Test of impairment on financial assets and relevant accounting treatments*

The Group assesses the carrying amount of financial assets, other than those at fair value through profit and loss, at the balance sheet date. Impairment of financial assets is accrued when there is objective evidence shows that a financial asset is impaired.

The available-for-sale stock assets of the Group are measured at fair value on balance sheet date. If the cost recognized on purchase price decreased by 50% or over 50%, or has continuously decreased over 12 months, then the Group will recognize the accumulated impairment according to the difference between cost and fair value at the end of the period.

When an impairment of financial assets carried at amortized cost has occurred, the amount of loss is accrued for the difference between the asset's carrying amount and the present value of its estimated future cash flows (excluding future credit loss that have not been incurred). If there is objective evidence indicating that the value of the financial asset is recovered and recovery is related objectively to events occurring after the impairment was recognised, the previously recognised impairment loss is reversed and the amount of reversal is recognised in profit or loss for the period.

When impairment incurred in available for sale financial assets, the accumulated losses in fair value that was previously directly recorded in Shareholders' equity are transferred out and recognised as impairment losses. For the available-for-sale investment on debt instruments which impairment losses have been recognised, if in subsequent period, its fair value increases and the increase is objectively related to an event occurring after the impairment loss was recognised in profit or loss, the previous recognised impairment loss is reversed into profit or loss for the period. For equity investments classified as available-for-sale equity on which impairment loss has been recognised, the increase in its fair value in a subsequent period is directly charged into shareholders' equity.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

10. FINANCIAL ASSETS AND LIABILITIES *(CONTINUED)*

(2) Financial liabilities

1) *The classification, recognition and measurement of financial liability*

Financial liabilities of the Group are classified as financial liabilities at fair value through profit or loss and other financial liabilities.

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and those designated as fair value through profit or loss on initial recognition. They are subsequently measured at fair value. The net gain or loss arising from changes in fair value, dividends and interest paid related to such financial liabilities are recorded in profit or loss for the period in which they are incurred.

Other liabilities are subsequently measured at residual cost using the effective interest rate method.

2) *De-recognition of financial liability*

When the current obligations of the financial liabilities are entirely or partially released, the Company terminates to recognize the portion of released financial liabilities or obligations. When the Company signs an agreement with the creditors to replace the current financial liabilities by the method of assuming new financial liabilities, and that the new financial liabilities are substantially different in the contractual terms with the current financial liabilities, the Company derecognizes the current financial liabilities, and recognizes the new financial liabilities at the same time. When the Company makes substantial change to the entire or partial contractual terms of the current financial liabilities, the Company derecognizes the entire or the partial current financial liabilities, and recognizes the financial liabilities of which the terms are modified as new financial liabilities at the same time. The difference between the book value of the portion terminated in recognition and the consideration afforded is recognized into current profit or loss.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

10. FINANCIAL ASSETS AND LIABILITIES *(CONTINUED)*

(2) Financial liabilities *(Continued)*

3) *Determine the fair value of financial assets and financial liabilities*

Fair values on the Group's financial assets and liabilities are determined by prices existed in major markets. Where there is no major market, the most beneficial market prices together with then available and sufficient data and other evaluation technology supporting information are used to determine fair values of financial assets and liabilities.

Input data for determining fair values has three levels, the first level is the available unadjusted price for a same asset or liability on the date of evaluation in an active market; the second level is the direct or indirect visible input data related to the same asset or liability apart from data in the first level; the third level is the invisible input data related to the same asset or liability.

Input data in the first layer has the first priority and the third layer is the last to consider by the Group. The lowest layer that has significant impact on the overall fair value evaluation determines which layer this fair value evaluation result shall belong to.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

11. RECEIVABLES

Receivables include accounts receivable, other receivables, advances to suppliers etc. The Group's accounts receivable arise from selling goods and rendering services. The Group initially recognise account receivables in accordance to the fair value of the selling price stated in the contract signed or the amount negotiated with purchasers.

The Group recognises bad debts when the following conditions are met: the debtors are dissolved, bankrupt, insolvent, in significant deficiency in cash flows or suspended its business due to natural disaster and unable to settle the debts in the foreseeable period; or there are conclusive evidences indicating the debts are not recovered or not likely to be recoverable.

Provision for bad debts is made using allowance account method. At the balance sheet date, receivables are assessed for impairment on individual or portfolio basis. Provision for bad debts is recognised in the profit or loss for the period. When there are objective evidences indicating the receivable are considered not recoverable, it is written off against the allowance account in accordance with the approval procedures of the Group.

Individual and portfolio methods are applied to estimate impairment loss on accounts receivable.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

11. RECEIVABLES *(CONTINUED)*

(1) Individually significant and provided for bad debts on individual basis

The basis or standard for determining the significant level of individual receivable	Consider individual receivables above RMB5 million as the significant amount
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Provision-making method on individual receivables above significant level	The provision of bad debts is made according to the difference between the present value of future cash flows and the book value of receivables.
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(2) Receivables that are accrued for bad debts on credit risk portfolio basis

Basis for determination of portfolio (aging analysis, percentage of balance, and other methods)

Aging group	Accrued for bad debts based on the aging of receivables
Deposit and petty cash group	Do not accrue for bad debts
Other receivables not accrued for bad debts	Do not accrue for bad debts

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

11. RECEIVABLES *(CONTINUED)*

2) Receivables that are accrued for bad debts on credit risk portfolio basis *(Continued)*

Percentage of bad debts provision according to aging analysis method is as follows:

Aging	Accounts Receivable (%)	Other Receivables (%)
Within 1 year (including 1 year)	1.00-15.00	1.00-15.00
1-2 years	50.00	50.00
2-3 years	100.00	100.00
Over 3 years	100.00	100.00
	<u><u><u> </u></u></u>	<u><u><u> </u></u></u>

(3) Accounts receivable that are individually insignificant but are accrued for bad debts separately

Reason for accruing bad debts individually	Individual receivables below significant level whereby the combined method does not reflect its risk characteristics
Method for provision of bad debts	Provision for bad debts is accrued using the difference between the present value of future cash flows and the book value of receivables

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

12. INVENTORIES

The inventories of the Group include raw material, packing materials, low-valued consumables, work-in-process, finished goods, and projects costs etc.

The Group maintains a perpetual inventory system. Inventories are recorded at actual cost of purchase. Cost is calculated using weighted average method when the inventories are issued or consumed. Low value consumables and packaging material are amortised by one-time write off.

Net realisable value of finished goods, work in progress, or held-for-sale raw materials are determined by their estimated selling price less estimated selling expenses and related taxes. Net realisable value for raw material held for production are determined by the estimated selling price of finished goods less the estimated cost to completion, selling expenses and taxes.

13. LONG-TERM EQUITY INVESTMENT

Long-term equity investments of the Group mainly include investment on subsidiaries, associates, and joint ventures.

The Group determines that a common control exists when all parties or groups of parties control that arrangement unilaterally and decisions relating to the basis operating activity of the entity require the unanimous consent of the parties sharing the control.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

13. LONG-TERM EQUITY INVESTMENT *(CONTINUED)*

The Group holds, directly or through subsidiaries, more than 20 percent but less than 50% of the voting power of the investee, it is assumed that the Group has significant influence. When the Group holds less than 20% of the voting power of the investee, significant influence shall be considered under actual fact and circumstances such as there is a delegate of the investor in the investee's the Board of Directors and other similar power bodies, the investor gets involved in investee's financial and operating policies decision-making process, there are significant transactions occurred between the investor and the investee, the investor assigns management personnel in the investee and the investor provides key technical support to the investee.

When investee is controlled by the Group, it is considered as the Group's subsidiary. The investment cost for long-term equity investment acquired through business combination under common control is the carrying value of the share of equity at the combination date in the acquired company. The investment cost is recorded as zero when the carrying amount of the share of equity at the combination date in the acquired company is in deficit.

For shareholding which obtained by different transactions by steps and become business combination finally, if it belongs to package transaction, the accounting method for which each transaction applies will treat as one transaction which obtains control. If it does not belong to package transaction, according to proportion of fair value of net assets of acquiree after the combination in the consolidated financial statements, and accounted as the initial investment cost of long-term investment. Difference between initial investment cost and the carrying value of long-term equity investment before combination and the sum of carrying value of newly paid consideration for additional shares acquired on the date of combination is to adjust capital reserve. If the balance of capital reserve is insufficient, any excess is adjusted to retained earnings.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

13. LONG-TERM EQUITY INVESTMENT (CONTINUED)

For long-term equity investment acquired through business combination not under the common control, cost of combination will be treated as the initial investment cost.

For the equity investment to the investee entity not under the common control obtained by steps through multiple transactions, and forming enterprise combination ultimately, if it belongs to package transaction, the accounting method for which each transaction applies will treat as one transaction which obtains control. If it does not belong to package transaction, initial investment cost will be the sum of the carrying value of the equity investment which it originally holds, and initial investment cost will change to cost method. For shareholding which it holds before the date of acquisition which uses equity method, other related comprehensive income which use equity method for accounting shall not be adjusted, such investment shall use the same accounting basis as the invested company when it directly dispose related assets or liabilities upon disposal. For shareholding which it holds before acquisition and accounted for under fair value method in the available-for-sale financial assets, the accumulated change in fair value which is originally included in other comprehensive income shall be change to profit or loss for the current period on the date of combination.

Apart from the long-term equity investments acquired through business combination mentioned above, the cost of investment for the long-term equity investments acquired by cash payment is the amount of cash paid. For long-term equity investment acquired by issuing equity instruments, the cost of investment is the fair value of the equity instrument issued. For long-term equity investment injected to the Group by the investor, the initial cost is the consideration as specified in the relevant contract or agreement.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

13. LONG-TERM EQUITY INVESTMENT *(CONTINUED)*

Investments in subsidiaries are accounted for by the Group using cost method and equity method is used for investment in joint ventures and associates.

For long term equity investment adopting cost method as the subsequent measurement, when additional investment is made, the book value of the long term equity investment should be adjusted with an increase according to the fair value of additional investment costs and related transaction fees. cash dividends declared or profit distributed by the investee shall be recognised as investment income in the current period.

For long term equity investment adopting equity method as the subsequent measurement, the book value of the long term equity investment should be adjusted with an increase or decrease according to the change of the owner' equity of the investee entity. When recognizing the entitle portion in the net profit or loss in the investee company, the basis is the fair value of each identifiable assets of the investee entity obtained in the investment, according to the accounting policies and accounting period of the Group, and netted with the portion of profit or loss of the internal transactions entitled in the investee enterprise based on the calculation according to the shareholding percentage to be recognized after the adjustment to the net profit of the investee entity.

On disposal of a long-term equity investment, the difference between the carrying value and the consideration actually received is recognised as investment income for the period. For long-term investments accounted for under the equity method, the movements of Shareholders' equity, other than the net profit or loss, of the investee company, previously recorded in the Shareholders' equity of the Company are recycled to investment income for the period on disposal.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

13. LONG-TERM EQUITY INVESTMENT (CONTINUED)

In the situation where the Company does not joint control or does not has significant influence over the investee company due to the reasons such as disposing a portion of the equity investment, the rest share equity after the disposal is classified as the available-for-sale financial asset. The difference between the fair value at the date when the Company lost the joint control or the impact of significant influence and the book value is recognized into the current profit or loss. The other comprehensive income of the previous equity investment recognized under the equity method is treated according to the accounting treatment same to the basis adopted by the investee company to directly dispose the relative assets or liabilities when terminating the adoption of equity method.

For loss of control in the invested company due to partly disposed long-term equity investment, for remaining share holding which can apply common control or imposes significant influence to the invested company after disposal, shall be accounted for under equity method. Difference between the carrying value of equity disposal and the disposal consideration shall be included as investment income. Such remaining shareholding shall be treated as accounting for under equity method since the shareholding is obtained and make adjustment. For remaining shareholding which cannot apply common control or impose significant influence after disposal, it can be accounted as under available-for sale financial assets, and difference between carrying value of equity disposal and the disposal consideration shall be included as investment income, difference between fair value and the carrying value of remaining shareholding on the date loss of control shall be included in the investment profit or loss for such period.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

13. LONG-TERM EQUITY INVESTMENT (CONTINUED)

For each transaction not belonged to a deal of package by steps through multiple disposals of equity investment to lose the right of control, the Group makes accounting treatment separately to each transaction. If belonged to a deal of package, the Group treats each transaction as one transaction to dispose a subsidiary and lose the right of control to make accounting treatment. Nonetheless, the difference between the consideration of disposal and the book value of the respective long term equity investment disposed for each transaction before losing the right of control is recognized into other comprehensive income. When reaching the lost of the right of control, the amount is transferred into the current period of profit or loss of the period losing the right of control.

14. FIXED ASSETS

(1) Recognition condition

Fixed assets are tangible assets, having useful life over one accounting year, which are held for the production of goods and/or the rendering of services, leasing to others, or for operating purposes.

Fixed asset is recognised when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Fixed assets consist of buildings, machinery, transportation equipment, electric devices, office equipment, other equipments, and land recognized individually.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

14. FIXED ASSETS *(CONTINUED)*

(2) Depreciation method

Apart from those fixed assets that are fully depreciated but still in use, as well as land separately recognised, the Group depreciates all fixed assets under composite life method.

Useful life, estimated residual value, depreciation rate of the fixed assets under the Group's classification are as the following:

Classification	Depreciation method	Useful life (year)	The rate of estimated residual value (%)	Depreciation rate (%)
Land	Straight-line method	Long-term	–	–
Building	Straight-line method	10-30	5-10	3.00-9.50
Machinery	Straight-line method	10-14	5-10	6.40-9.50
Transportation equipment	Straight-line method	8-12	5-10	7.50-11.90
Electric & office equipment	Straight-line method	5-8	5-10	11.30-19.00
Others	Straight-line method	5-14	5-10	6.40-19.00

The Group assesses the useful life, the depreciation rate and the method of depreciation for fixed assets at the end of each year. If any changes occur, they will be treated as changes on accounting estimates.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

15. CONSTRUCTION IN PROGRESS

Construction in progress is transferred to the fixed assets on the date the asset is ready for its intended use at an estimated amount based on the project budget or actual cost of construction. Depreciation is provided for as from the next month of the transfer. The estimated cost of the asset is adjusted to reflect its actual cost when the construction settlement procedure is completed. However, no adjustment is necessary for the depreciation or amortization that is previously accrued.

16. BORROWING COST

Borrowing costs directly attributed to purchasing or constructing fixed assets, investment properties and inventories that are ready for use or sale for the period of more than one year shall be capitalised when expenditures and borrowing cost have occurred and purchasing or constructing activities making assets available for use or sale already commenced. When assets that are eligible for capitalisation reach the condition of ready for use or sale, no more borrowing cost will be capitalized. Subsequent borrowing costs are accounted in current period profit or loss. Capitalisation of borrowing costs is suspended during periods in which the acquisition, construction or production of an eligible asset is interrupted abnormally and the interruption is for a continuous period of more than 3 months. The suspension ceases when the acquisition, construction or production activities are resumed.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

16. BORROWING COST (CONTINUED)

For specific borrowings obtained for the acquisition of eligible assets, the amount of borrowing costs to be capitalised is the interest expenses actually incurred during the period of capitalisation deducting any interest income earned from depositing the unused borrowings in the banks or any investment income arising from temporary investment of those borrowings. For general borrowings obtained for the acquisition of eligible assets, the amount of borrowing cost to be capitalised is determined by applying the weighted average of the excess amount of cumulative capital expenditures on the assets over the amount of specific borrowings multiplies capitalisation ratio on general borrowings that has been reached. Capitalisation ratio is calculated based on the weighted average interest rate on general borrowings.

17. INTANGIBLE ASSETS

(1) Valuation method, useful life and impairment test

The intangible assets of the Group include the land use right, patent technology, non-patent technology, software, and trade mark. Intangible assets are measured at their actual cost when acquired. Amongst, the cost of purchased intangible assets is the actual purchase price and other necessary expenditures on purchase. The cost of intangible assets injected by investors to the Company is measured at the consideration as specified in the investment contracts or agreements. In the case where the consideration of the contracts or agreements is not a fair value, the assets are measured at its fair value. For intangible asset obtained through the consolidation not under the common control from the acquiree, which is owned by the acquiree but is not recognized in its financial statements, the intangible asset is recognized based on its fair value when initially recognizing the assets of the acquiree.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

17. INTANGIBLE ASSETS *(CONTINUED)*

(1) Valuation method, useful life and impairment test *(Continued)*

Land-use rights are amortised evenly over the lease terms from the date of transferred. Patents, technologies and other intangible assets are amortised over the shortest of their estimated useful life, contractual beneficial period and useful life specified in the law. Assessment on useful life and amortisation for those assets that have limited useful lives takes place at the end of each year. In case of changes on method exists, adjustment to accounting estimates shall be made accordingly.

The right to use on trade mark and the production permission have indefinite useful life. Evaluation of the useful life is based on the trend of market and competition, service cycle of products, and long-term management and development strategy. The basis indicates that the right to use on trade mark and the production permission will generate net cash flow during long-term period without definite time limit. Therefore, term within which the right and permission will economically benefit the Group is unpredictable. The useful life is indefinite.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

17. INTANGIBLE ASSETS *(CONTINUED)*

(2) Accounting policies for internal research and development

Research and development expenditures of the Group is classified into expenditure on the researching phase and expenditure on the development phase depends on its nature and whether there is material uncertainty that the research and development activities can form an intangible asset at the end of the project. The expenditures in research phase are accounted into current profit or loss. The expenditures in development phase are recognised as intangible assets if they meet the following conditions:

- 1) It is technically feasible that the intangible asset can be used or sold upon completion;
- 2) The management has the intention to complete the intangible asset for use or sale;
- 3) There is evidence that the products produced using the intangible asset has a market or the intangible asset itself has a market;
- 4) There is sufficient support in terms of technology, financial resources and other resources in order to complete the development of the intangible asset, and there is capability to use or sell the intangible asset;
- 5) The expenses attributable to the development stage of the intangible asset can be measured reliably.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

17. INTANGIBLE ASSETS *(CONTINUED)*

(2) Accounting policies for internal research and development *(Continued)*

Other expenditures that do not meet the above conditions are expensed in the period as incurred. Development expenditure previously expensed is not recognised as an asset in subsequent period. Capitalised expenditure on the development phase is presented in the balance sheet as development expenditure and transfer to intangible assets when they are ready for intended use.

18. IMPAIRMENT ON LONG-TERM ASSETS

The Group assesses at each balance sheet date whether there is any indication that long-term equity investments, investment properties measured under cost modelling, fixed assets, construction in progress, and intangible assets with definite useful life may be impaired. If there is any indication that an asset may be impaired, it will be tested for impairment by the Group. Goodwill and intangible assets with indefinite useful life are tested for impairment every year end regardless of whether indication for impairment exists.

If the recoverable amount of an asset is less than its carrying amount, the difference is accounted as provision for impairment and recognised as an impairment loss. Above impairment loss is not allowed to be reversed at subsequent accounting period once it has been recognised. Recoverable amount of assets means the difference between the net amount of asset's fair value less disposal cost and the present value of predicted cash flows that are generated by the assets in the future.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

18. IMPAIRMENT ON LONG-TERM ASSETS *(CONTINUED)*

Indications of impairment are as the following:

- 1) During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.
- 2) Significant changes with an adverse effect on the entity have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the entity operates or in the market to which an asset is dedicated.
- 3) Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.
- 4) Evidence is available of obsolescence or physical damage of an asset.
- 5) Assets has or will become idle and discontinued and the plan to dispose of an asset before the previously expected date.
- 6) Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected. For example, net cash flow or operating profit (loss) generated by assets is significantly lower (higher) than the expected amount etc.
- 7) Other matters indicating that impairment of assets might have taken place.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

19. LONG-TERM PREPAYMENTS

Long-term prepayments are expenditures that have been incurred but shall be amortised over the current period and subsequent periods of more than one year (not included one year). The expenditures are amortised evenly over the estimated beneficial period and disclosed at the net amount of actual expenditure after accumulated amortisation. If the long-term prepayments are no longer beneficial to the subsequent accounting periods, the unamortised balance is then transferred to profit or loss for the period. The Group's long-term prepayments include leasing, amortization on moulds, and so on.

20. EMPLOYEE BENEFITS

Employee's benefits include short-term remuneration, post-employment benefits, layoff benefits and other long-term benefits.

(1) Accounting method for short-term remuneration

Short-term remuneration includes salary, bonus, allowance, welfare, and the social security include medical, injury, and birth insurance, housing fund, labour union, staff education, short-period paid leave, short-term profit sharing plan, non-monetary benefit, and other short-term employees benefit. It shall be recognised as liabilities during the accounting period when the employee renders services to the Group and allocated to related cost of assets and current period profit or loss based on different beneficiaries.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

20. EMPLOYEE BENEFITS (CONTINUED)

(2) Accounting method for post employment benefits

Post employment benefits refer to the compensation and benefits provided, after employees' retirement and termination of employment, by the Group in order to obtain services' from employees, except for the short-term compensation and employee benefits. Post employment benefits including the endowment insurance, pension, unemployment insurance, retirement benefits and other post employment benefits, and classified into defined contribution plan and defined benefit plan according to the risks and liabilities assumed by the Company. As for defined contribution plan under which the group consumed obligation of making payment to independent funds, in order to exchange for staff services to be provide during the accounting period, shall be recognized as liabilities, and included into the profit or loss or related assets cost of the current period of the beneficiary.

(3) Accounting method for defined contribution plan

Defined contribution plan of the Group refers to the basic endowment insurance, unemployment insurance, and enterprise annuity paid for the employees according to relevant regulation by local governments. During the accounting period when employees render services to the Group, amount payable calculated by the base and ratio in conformity with local regulation is recognized as liability and accounted for profit and loss or related cost of assets.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

20. EMPLOYEE BENEFITS *(CONTINUED)*

(4) Accounting method for termination benefits

Termination benefits refer to the compensation paid when the Group terminates the employment relationship with employee before the expiry of the employment contracts or provides compensation as an offer to encourage employee to accept voluntary redundancy. For the situation where although the employee does not relieve the labor service contract with the Group, the employee will no longer provide services to the Group in the future and cannot bring economic benefits to the Group, the Group commits to provide the economic compensation with the nature of termination benefits, for instance the situation of “early retirement”. In such a situation, before the formal retirement date of the employee, the Group adopts the treatment according to the treatment to the termination benefits. While after the formal retirement date, the Group adopts the treatment according to the treatment of the welfare after the termination of service.

Where the Group provides termination benefits to employees, the Group recognizes the liabilities of employee benefits payable generated from the termination benefits at the earlier date of the following two dates: 1) when the Group cannot reverse the termination benefits due to the plan of cancelling the labor relationship or the termination benefits provided by the advice of reducing staff; and 2) the Group recognizes the cost or expense relative to the payment of termination benefits of restructuring into the current profit or loss.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

20. EMPLOYEE BENEFITS *(CONTINUED)*

(4) Accounting method for termination benefits *(Continued)*

For termination plan of which the termination benefits which are expected not to be entirely paid after the twelve months of the end of the reporting period and the substantial termination work is completed within one year but the term to pay the compensation payment exceeds one year, the Group adopts the appropriate discounted rate and adopts the discounted amount to measure the amount of termination welfare that should be recognized into the current profit or loss.

Early retirement benefits refer to the benefit offered to the employees who voluntarily accept Group's arrangement for early retirement. The Group pays the salary and social security for the employee who voluntarily retires after approval even though the employee has not yet reached the retiring age stated in government regulation. When qualified for early retirement benefit, proposed payment on early retirement benefit from the date when rendering of service terminated to date when the employee regularly retired is discounted and then recognized as liability and accounted into profit or loss.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

20. EMPLOYEE BENEFITS (CONTINUED)

(5) Accounting method for other long-term employment benefit

Other long-term employment benefit refers to all employee benefit except for short-term benefit, post employment benefit, and termination benefit, includes long-term paid absence, long-term disability benefit and long-term profit-sharing plan etc. Relevant accounting treatments for defined contribution plan are adopted for other long-term employment benefit quailed for defined contribution plan. When the qualification is satisfied, net assets and liabilities of other long-term employment benefits are recognized and measured, accordingly. At the end of reporting period, employee benefits from other long-term employment benefits are recognized into the following components: cost of service, net interests on the net assets liabilities of other long-term employment benefit, changes from revaluation of net assets liabilities of other long-term employment benefit. The total net amount will be recognized as profit and loss or costs to related assets for the Current period.

21. CONTINGENT LIABILITIES

When an external warranty, commercial acceptance discount, pending legal proceedings or arbitration, warranty on quality of goods or other contingent matters meet the following requirements, the Group shall recognize contingent liabilities: the assumed responsibilities are current liability; the fulfilment of obligations will cause the outflow of economic benefit from the Group; the amount of liabilities can be measured reliably.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

21. CONTINGENT LIABILITIES (CONTINUED)

Estimated liabilities are initially recognized at the most appropriate estimation of obligations by considering relative risks, uncertainties, and time value of the currency etc. If the effect from the time value of the currency is significant, the most appropriate estimation will be discounted into the present value. On each balance sheet date, the book value of estimated liabilities is reviewed, and adjusted to reflect the current best estimate if the book value changes.

22. REVENUE

The revenue of the Group is mainly derived from selling goods, rendering services and allowing the use by others of company's assets. The criteria of reorganization are as follows:

(1) The revenue from sales of goods

Sales of goods are recognised when the significant risks and rewards of the ownership of commodities are transferred to customers; the Group has no longer retained continuous management rights generally associated with the ownerships; the Group has no longer effective control over the commodities sold; the amount of revenue can be reliably measured; it is very likely that the economic benefits will flow to the Company; and the related costs that has incurred or will be incurred can be reliably measured.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

22. REVENUE *(CONTINUED)*

(2) The revenue from rendering service

The revenue from rendering service will be recognized when the total income and cost of service can be measured reliable, relative economic benefits likely flow into the Group, and the percentage of completion of the service can be measured reliably. As at the balance sheet date, the amount of rendering could be reliably measured, is recognized at percentage of completion, which is determined by the actual labor cost already incurred divided by the total estimate costs;

When the amount of rendering could not be reliably measured, the amount of the labor cost which is actually incurred and estimated to be compensated is recognized into the service revenue from rendering of labor servies. Meanwhile, the labor cost incurred is recognized as the current period expense. If the labor cost incurred is estimated not to be compensated, no revenue is recognized then.

(3) The revenue from transfer of asset use right

The revenue from the property alienation of the Group includes interests income and royalty fee. The revenue from transferring the asset use right is recognized when both the two conditions are met, namely that the related economic interests are likely to flow into the enterprise, and that the amount of revenue can be measured reliably. The amount of interest income is calculated according to the time and the actual interest rate at which other people use the monetary funds of the Group. The income amount from the asset use fee is determined by the calcation according to the relevant contract or agreement of the charging time and method.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

23. GOVERNMENT SUBSIDY

Government grants are monetary or non-monetary assets obtained from the governments, excluding the contributed capital from the government investor.

Where a government grant is in the form of a monetary asset, it is measured at the amount received. Where a government grant is made on the basis of a fixed amount or strong evidence showing such grant is expected to receive and relevant government finance supporting policies are met, it is measured at the amount receivable. Where a government grant is in the form of a non-monetary asset, it is measured at fair value. If fair value cannot be determined reliably, it is measured at a nominal amount of RMB1 Yuan.

The Group classifies government subsidies as grants pertinent to assets and grants pertinent to incomes. The government grants pertinent to assets are recognized as deferred revenue, and equally accounted into current profit or loss within the useful life. The government grants pertinent to incomes and used to compensate the related expenses or losses in subsequent periods are recognized as deferred income, and accounted into profit and loss during the period when the related expenses are recognized; the government grants used to compensate the related expenses or losses are directly recognized in profit or loss.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

24. DEFERRED TAX ASSETS/DEFERRED TAX LIABILITIES

Deferred tax assets and deferred liabilities of the Group are recognised based on the differences (temporary differences) between tax bases of assets and liabilities and respective carrying amount. Deductible tax losses or tax credit that can be carried forward in accordance with tax law requirements for deduction of taxable income in subsequent years are recognised as deferred tax assets. The temporary difference of initial recognition of goodwill shall not be recognised as deferred tax liabilities. The temporary difference caused by the initial recognition of assets and liabilities from non-enterprise combination, which is not influence profits and tax payables, shall not be recognised as deferred tax asset and liabilities. At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or liability is settled.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available to offset the deductible temporary difference.

25. LEASE

Leases are classified as finance leases and operating leases at the date of inception. Finance lease is a lease that substantially transfers all the risks and rewards of ownership of the assets. Operating leases are leases other than finance leases.

The Group, as a lessee to a financing lease, recognises the assets under finance lease at the lower of the fair value at the inception of the lease and the present value of minimum lease payment. The corresponding liability is recorded as long-term payable at the amount of minimum lease payments. The difference is recorded as unrecognised finance lease charge.

The Group, as a lessee to an operating lease, recognises lease payment on a straight-line basis over the terms of the lease and records as a cost of an assets or an expense for the period.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

26. SAFETY PRODUCTION COST

The Group accrues safety production cost and records it to the cost of related products or in the profit or loss and transferred to special reserve based on Caiqi [2012] No.16 Management of Drawing and Using Safety Production Cost issued by the Ministry of Finance and State Administration of Work Safety on 14 February 2012. The Group shall directly reduce special reserve if the safety production cost is belonging to expense. If fixed asset is arose in using safety production cost, all expenditures are recorded in construction in progress and recognized as fixed asset when the safety project is finished and ready for its intended use; meanwhile, the Group shall reduce special reserve based on the cost of the fixed asset and recognize the accumulated depreciation in the same amount. No depreciation shall be recognised in for this fixed asset in following periods.

27. SEGMENT INFORMATION

The Group determines the operating segments on the basis of internal structure, management requirements and internal reporting system and adopts these operating segments as the basis for reporting segments for disclosure purposes. An operating segment is a component of the Group that satisfies all of the following conditions: it is able to earn revenue and incur expenses from ordinary business activities; its operating results are regularly reviewed by the Group's management for making decision about resources to be allocated to the segment and to assess its performance; and for which the financial information on the financial position, operating results and cash flow of these components is available to the Group. Two or more operating segments can be aggregated into one single operating segment if they have similar economic characteristic and satisfy certain conditions.

Segment transfer price is determined by reference to the market price. Joint costs, except for those which are unable to be allocated reasonably, shall be allocated among segments based on ratio of income derived.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

28. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(1) Changes in significant accounting policies

None

(2) Changes in significant accounting estimates

None

VI. TAXATION

Main categories of tax and tax rates are:

1. VALUE ADDED TAX (VAT)

VAT rate of 13% is applied to purchase and sale of water, heat, gas, agricultural machinery (whole machine), etc.

VAT rate of 17% is applied to other purchases and sales.

VI. TAXATION (CONTINUED)

1. VALUE ADDED TAX (VAT) (CONTINUED)

During the period from 1 January to 30 June 2015, Luoyang Tractor Research Institute Co., Ltd., as the transformed scientific research institute, was exempted from import tariffs and VAT for importing reasonable quantities of technical research products that cannot be locally manufactured or whose performance cannot meet the needs according to Ling[2011] No. 63 Decisions on amending “Interim Provision of Exemption from Import Tax for Products for Development of Science and Technology” and “Provision of Exemption from Import Tax for Products for Scientific Research and Education” issued by the Ministry of Finance, the General Administration of Customs and State Administration of Taxation. During the period from 1 January to 30 June 2015, Luoyang Tractor Research Institute Co., Ltd., as the transformed scientific research institute, got full VAT refund on purchase of domestic equipment according to Caishui [2011] No. 88 Notice of Continuing Implementing Tax Policies for the Purchase of Equipment by Research and Development Institutes from Ministry of Finance, Ministry of Commerce, General Administration of Customs and State Administration of Taxation.

Luoyang Tractor Research Institute Co., Ltd. is exempted from VAT on revenue from technology development according to Caishui [2013] No. 106 Notice of Adding Railway Transport and Postal Industry to Pilot of Levying Business Tax instead of VAT.

Luoyang Changhong Trading Co., Ltd. and Luoyang Changxing Agriculture Machinery Co., Ltd., subsidiaries of the Company, are exempted from VAT on sale of agricultural machinery according to Caishui [2001] No. 113 Notice of Exemption from VAT for Agricultural Production Issued by Ministry of Finance and State Administration of Taxation.

Since the Company’s subsidiaries CAD Fund Machinery (SA) (Pty) Ltd, YTO France SAS and YITWO Agro-Industrial were registered overseas, the local tax rate is applied for VAT purpose.

VI. TAXATION (CONTINUED)

2. BUSINESS TAX

As for the revenue from service fee and etc, the business tax is calculated on 5% of the taxable income. According to Caishui [2013] No.37 Notice of Tax Policies of Developing Pilot for Replacing Business Tax with VAT in Transport Industry and Part of Modern Service Industry issued by the Ministry of Finance and the State Administration of Taxation on 24 May 2013, 6% VAT rate shall be applied to those revenue originally triggered to business tax and commenced to calculate and pay VAT as the result of 'Business to VAT Transfer' from 1 August 2013.

3. URBAN CONSTRUCTION AND MAINTENANCE TAX

Urban construction and maintenance tax is calculated at 7% of the actual payment on turnover tax.

4. EDUCATION SURCHARGES

Educational surcharges are calculated at 3% of the actual payment on turnover tax. The Company and its domestic subsidiaries also pays local educational surcharges based on 2% of the actual payment on turnover tax.

VI. TAXATION (CONTINUED)

5. CORPORATE INCOME TAX

As approved by the Science and Technology Department and the Finance Department of Henan Province, the State Administration of Taxation and the local tax bureau, the Company and its subsidiaries, YTO (Luoyang) Diesel Engine Co., Ltd., 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 Article 28 of Law of the People's Republic of China on Enterprise Income Tax.

Since the Company's subsidiaries, CAD Fund Machinery (SA) (Pty) Ltd, YTO France SAS and YITWO Agro-Industrial were registered overseas, the local tax rate is applied for income tax purposes.

The other subsidiaries of the Company are entitled to the 25% corporate income tax rate.

6. PROPERTY TAX

The applicable tax rate is 1.2% when the tax base is 70% of the property's original cost. The applicable tax rate is 12% when the tax base is the rental income.

7. OTHER TAXES

Other taxes shall be paid in accordance with relevant provisions of the country.

VII. NOTES OF SIGNIFICANT ITEMS ON CONSOLIDATED FINANCIAL STATEMENTS

Following disclosed financial Statement data, except for otherwise indicated, 'Beginning balance' refers to 1 January 2015, 'Ending balance' refers to 30 June 2015, 'Current period' refers to the period from 1 January 2015 to 30 June 2015, 'Last period' refers to the period from 1 January 2014 to 30 June 2014, and the presenting currency unit is RMB Yuan.

1. MONETARY FUND

Items	Ending balance	Beginning balance
Cash on hand	1,242,872.44	1,225,011.51
Cash in bank	1,364,786,515.46	1,824,370,871.38
Other monetary fund	241,876,723.24	172,563,633.40
Total	1,607,906,111.14	1,998,159,516.29
Including: Total amount deposited abroad	57,647,373.84	173,871,582.28

Notes: At the end of 30 June 2015, the restricted cash includes statutory reserve of RMB77,928,818.83 deposited at the central bank (Last period: RMB83,555,719.49), security deposit of acceptance notes of RMB155,426,863.80 (Last period: RMB161,476,511.50), and other security deposit of RMB8,521,040.61 (Last period: 3,225,117.09).

VII. NOTES OF SIGNIFICANT ITEMS ON CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. LOANS TO BANKS AND OTHER FINANCIAL INSTITUTIONS

(1) Analysis based on counter party categories

Items	Ending balance	Beginning balance
Banks	0.00	0.00
Non-bank financial institutions	200,000,000.00	0.00
Total amount of loans to banks and other financial institutions	200,000,000.00	0.00
Provision for impairment	0.00	0.00
Net amount of loans to banks and other financial institutions	<u>200,000,000.00</u>	<u>0.00</u>

(2) Analysis based on counter party's geographical area

Items	Ending balance	Beginning balance
Chinese mainland	200,000,000.00	0.00
Overseas	0.00	0.00
Total amount of loans to banks and other financial institutions	200,000,000.00	0.00
Provision for impairment	0.00	0.00
Net amount of loans to banks and other financial institutions	<u>200,000,000.00</u>	<u>0.00</u>

VII. NOTES OF SIGNIFICANT ITEMS ON CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Items	Ending balance	Beginning balance
Financial assets held for trading	17,448,309.50	14,360,150.44
Include: Investments in debt instruments	0.00	0.00
Investments in equity instrument	17,448,309.50	14,360,150.44
Derivative financial assets	0.00	0.00
Others	0.00	0.00
Financial assets designated as at fair value through profit or loss	370,000,000.00	340,000,000.00
Include: Investments in debt instruments	0.00	0.00
Investments in equity instrument	0.00	0.00
Entrust products	370,000,000.00	340,000,000.00
Total	387,448,309.50	354,360,150.44

VII. NOTES OF SIGNIFICANT ITEMS ON CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. NOTES RECEIVABLE

(1) Category

Items	Ending balance	Beginning balance
Bank acceptance notes	588,591,389.57	928,490,389.33
Commercial acceptance bill	10,246,800.00	12,257,750.00
Total	<u><u>598,838,189.57</u></u>	<u><u>940,748,139.33</u></u>

(2) Notes receivable has been pledge at the end of the period

Items	Amount has been pledged by the end of the year
Bank acceptance notes	176,379,808.00
Commercial acceptance bill	0.00
Total	<u><u>176,379,808.00</u></u>

VII. NOTES OF SIGNIFICANT ITEMS ON CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

4. NOTES RECEIVABLE *(CONTINUED)*

(3) Notes receivable has been endorsed or discounted but not yet due at the end of the period:

Items	De-recognized at the end of the year	Continually recognized at the end of the year
Bank acceptance notes	970,714,553.61	0.00
Commercial acceptance bill	1,212,000.00	0.00
Total	971,926,553.61	0.00

(4) There is no note receivable being transferred to account receivable because of the inability to fulfil the contract by the issuers.

VII. NOTES OF SIGNIFICANT ITEMS ON CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. ACCOUNTS RECEIVABLE

(1) Categories

Categories	Book balance		Ending balance		Book value
	Amount	Percentage %	Bad debts		
			Amount	Percentage %	
Individually significant and provided for bad debts on individual basis	190,463,240.84	10.82	122,149,999.28	64.13	68,313,241.56
Receivables that are provided for bad debts on credit risk portfolio basis	1,557,834,364.68	88.51	402,892,924.60	25.86	1,154,941,440.08
Individually insignificant but provided for bad debts on individual basis	11,851,363.09	0.67	1,213,952.39	10.24	10,637,410.70
Total	1,760,148,968.61	/	526,256,876.27	/	1,233,892,092.34

Categories	Book balance		Beginning balance		Book value
	Amount	Percentage %	Bad debts		
			Amount	Percentage %	
Individually significant and provided for bad debts on individual basis	165,722,986.41	13.04	99,195,014.05	59.86	66,527,972.36
Receivables that are provided for bad debts on credit risk portfolio basis	1,097,253,075.26	86.34	291,472,051.63	26.56	805,781,023.63
Individually insignificant but provided for bad debts on individual basis	7,907,431.05	0.62	861,383.35	10.89	7,046,047.70
Total	1,270,883,492.72	/	391,528,449.03	/	879,355,043.69

VII. NOTES OF SIGNIFICANT ITEMS ON CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. ACCOUNTS RECEIVABLE (CONTINUED)

(1) Categories (Continued)

- 1) Accounts receivable that are individually significant and provided for bad debts on individual basis

Accounts receivable (by company)	Book balance	Ending balance		Note
		Amount of bad debts	Provision proportion (%)	
Ningxia Boxin Hengtong Mechanical Equipment Co., Ltd.	66,292,241.59	62,405,505.76	94.14	Note
Tumoteyouqi Santian Mining Co., Ltd	38,473,653.72	6,168,486.14	16.03	Note
Shanxi Linfeng Engineering Machinery Co., Ltd.	23,925,716.53	22,635,716.53	94.61	Note
YTO (Luoyang) Zhongcheng Machinery Co., Ltd.	14,269,792.47	0.00	0.00	Note
Tumoteyouqi Sidaogou Mining Co., Ltd.	9,432,162.75	2,188,154.67	23.20	Note
Shanxi Dongyuan Auto Sales Co., Ltd.	8,710,611.13	8,710,611.13	100.00	Note
Haixi Bo'ao Engineering Co., Ltd.	7,451,551.97	7,451,551.97	100.00	Note
Luoyang Jinjun Industry and Trade Co., Ltd.	7,888,054.68	7,888,054.68	100.00	Note
SUDAN MOB PROJECT FOR AGRICULTURAL AND LIVE STOCK PR	7,397,456.00	1,109,618.40	15.00	Note
Henan Xiangyanghong Machinery Manufacturing Co., Ltd	6,622,000.00	3,592,300.00	54.25	Note
Total	190,463,240.84	122,149,999.28	/	/

Note: Based on the nature of the business, customers with similar credit risk are classified into a special group to determine the provision for bad debt based on the loss rate after assessment.

VII. NOTES OF SIGNIFICANT ITEMS ON CONSOLIDATED FINANCIAL STATEMENTS (*CONTINUED*)

5. ACCOUNTS RECEIVABLE (*CONTINUED*)

(1) Categories (*Continued*)

2) *Accounts receivable that are provided for bad debts by aging analysis:*

Aging	Ending balance		Provision proportion (%)
	Accounts receivable	Provision for bad debts	
Within 1 year	1,053,088,322.98	38,523,382.75	3.66%
1-2 years	280,752,999.70	140,376,499.85	50.00%
2-3 years	110,870,520.85	110,870,520.85	100.00%
Over 3 years	113,122,521.15	113,122,521.15	100.00%
Total	1,557,834,364.68	402,892,924.60	-

VII. NOTES OF SIGNIFICANT ITEMS ON CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. ACCOUNTS RECEIVABLE (CONTINUED)

(1) Categories (Continued)

- 3) Accounts receivable that are individually insignificant but provided for bad debts on individual basis

Accounts receivable (by company)	Book balance	Ending balance		Note
		Amount of bad debts	Provision proportion (%)	
Linfen Liyajiang Agricultural Machinery Construction Machinery Co., Ltd	152,393.00	0.00	0.00	Note
He Jinjun	440,000.00	18,139.98	4.12	Note
YTO (Luoyang) Construction Machinery Co., Ltd	298,020.00	12,286.54	4.12	Note
Tongliao Yutai Automobile Trading Co., Ltd	154,500.00	108,284.70	70.09	Note
Yunfu Jinsheng Stone Material Co., Ltd	72,000.00	2,968.36	4.12	Note
UAE Flying Wheel Trading	577,918.61	577.92	0.10	Note
Jiangsu Zhunti Machinery Manufacturing Co., Ltd	383,452.00	383,452.00	100.00	Note
Liaoning Hualian Agricultural Machinery Co., Ltd	636,600.00	365,072.60	57.35	Note
Jilin Qianzhuang Agricultural Machinery Co., Ltd	7,000.00	7,000.00	100.00	Note
ALGERIA SARL FRABIC IMPORT EXPORT	1,294,414.38	1,294.41	0.10	Note
TUNIS INTER PARTS	3,342,292.89	37,259.82	1.11	Note
Luoyang Glass Co., Ltd	2,682,772.21	202,994.78	7.57	Note
Yunnan Huaxing Mechanization Co., Ltd	1,810,000.00	74,621.28	4.12	Note
Total	11,851,363.09	1,213,952.39	/	/

Note: Based on the nature of the business, customers with similar credit risk are classified into a special group to determine the provision for bad debt based on the loss rate after assessment.

VII. NOTES OF SIGNIFICANT ITEMS ON CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. ACCOUNTS RECEIVABLE (CONTINUED)

(2) Accounts receivable provided for bad debts, received or reversed for the period

Accounts receivable provided for bad debts for the period has increased by RMB135,133,440.12 Yuan; Accounts receivable provided for bad debts received or reversed for the period is RMB0.00 Yuan.

(3) There is no accounts receivable written off during the period.

(4) Top five closing balance of accounts receivable

Company name	Relationship to the Company	Ending balance	Age	Proportion in closing balance (%)
Liaoning Dongsheng Mechanized Equipment Co.	Non-related party	86,863,799.00	Within 1 year: RMB162,000; 1-2 years: RMB68,672,101; 2-3 years: RMB18,029,698.	4.83
Ningxia Boxin Hengtong Mechanical Equipment Co., Ltd.	Non-related party	66,292,241.59	Within 1 year: RMB11,550; 1-2 years: RMB28,525,189.58; 2-3 years: RMB37,755,502.01.	3.68
Wulumuqi Shifeng Agricultural Machinery Co., Ltd.	Non-related party	64,441,080.42	1-2 years	3.58
CUBA TECNOIMPORT	Non-related party	47,051,153.11	Within 1 year	2.61
Changzhou Dongfeng Agricultural Machinery Group Co., Ltd	Non-related party	40,389,018.65	Within 1 year	2.24
Total	-	<u><u>305,037,292.77</u></u>	-	<u><u>16.94</u></u>

VII. NOTES OF SIGNIFICANT ITEMS ON CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. ADVANCES TO SUPPLIERS

(1) Aging analysis

Aging	Ending balance		Beginning balance	
	Amount	Percentage %	Amount	Percentage %
Within 1 year	105,886,328.13	71.90	262,375,404.56	89.83
1-2 years	17,945,798.61	12.18	5,857,870.72	2.00
2 -3 years	623,804.91	0.42	8,693,433.51	2.98
Over 3 years	22,833,474.83	15.50	15,162,203.95	5.19
Total	147,289,406.48	100.00	292,088,912.74	100.00

Notes to unsettled reason of significant advances to suppliers over 1 year:

For the advanced payment of RMB10,229,100.00 Yuan to YTO (Luoyang) Kintra Equipment Science & Technology Co., Ltd aged 1-2 years, due to incompleteness of transaction between the two parties, the prepayment has not been settled yet.

For the advanced payment of RMB13,709,716.79 made by subsidiary YTO International Economic & Trade Co., Ltd. to YTO Huizhou Bicycle Co., Ltd aged over one year (1-2 years RMB900,000 Yuan, 2-3 years RMB7,488 Yuan, 4-5 years RMB12,802,228.79 Yuan), and has not been settled due to incompleteness of the transaction between the two parties.

VII. NOTES OF SIGNIFICANT ITEMS ON CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. ADVANCES TO SUPPLIERS (CONTINUED)

(2) Top five balance to suppliers

Company name	Ending Balance	Age	Proportion in closing balance (%)
YTO (Heilongjiang) Dongfanghong Industrial Park Co., Ltd	32,701,463.86	Within 1 year: RMB31,220,450.68; 1-2 years: RMB1,481,013.18	22.20
YTO(Huizhou) Bicycle Co., Ltd.	13,709,716.79	1-2 years: RMB900,000; 2-3 years: RMB7,488; 4-5 years: RMB12,802,228.79.	9.31
YTO (Luoyang) Kintra Equipment Science & Technology Co., Ltd	10,229,100.00	1-2 years	6.94
Shanghai Pengpu Machinery Co., Ltd	6,490,000.00	Over 3 years	4.41
Angang Steel Company Limited	3,598,876.03	Within 1 year	2.44
Total	<u>66,729,156.68</u>	-	<u>45.30</u>

VII. NOTES OF SIGNIFICANT ITEMS ON CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. INTERESTS RECEIVABLE

(1) Categories of interests receivable

Unit: Yuan Currency: RMB

Items	Ending balance	Beginning balance
Fixed term deposit	163,333.33	133,472.22
Interests from loans to banks and other financial institutions	172,500.00	0.00
Total	335,833.33	133,472.22

(2) There is no significant overdue interest in the Group at the end of the period.

8. DIVIDENDS RECEIVABLE

Project (or invested company)	Ending balance	Beginning balance
Dividends receivable within 1 year	13,435,000.00	0.00
Including: Bank of Luoyang Co., Ltd	13,435,000.00	0.00
Total	13,435,000.00	0.00

VII. NOTES OF SIGNIFICANT ITEMS ON CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. OTHER RECEIVABLES

(1) Disclosures of categories in other receivables

Category	Ending Balance				
	Book balance		Bad debts		Book Value
	Amount	Proportion (%)	Amount	Proportion (%)	
Individually significant and provided for bad debts on individual basis	0.00	0.00	0.00	0.00	0.00
Receivables that are provided for bad debts on credit risk portfolio basis	80,417,196.12	100.00	11,760,128.05	14.62	68,657,068.07
Individually insignificant but provided for bad debts on individual basis	0.00	0.00	0.00	0.00	0.00
Total	80,417,196.12	/	11,760,128.05	/	68,657,068.07

Category	Beginning Balance				
	Book balance		Bad debts		Book Value
	Amount	Proportion (%)	Amount	Proportion (%)	
Individually significant and provided for bad debts on individual basis	0.00	0.00	0.00	0.00	0.00
Receivables that are provided for bad debts on credit risk portfolio basis	240,583,624.80	100.00	12,093,244.89	5.03	228,490,379.91
Individually insignificant but provided for bad debts on individual basis	0.00	0.00	0.00	0.00	0.00
Total	240,583,624.80	/	12,093,244.89	/	228,490,379.91

VII. NOTES OF SIGNIFICANT ITEMS ON CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. OTHER RECEIVABLES (CONTINUED)

(1) Disclosures of categories in other receivables (Continued)

1) Other receivables provided for bad debts by aging analysis within the portfolios:

Aging	Amount	Ending Balance	
		Bad debts	Percentage (%)
Within 1 year	17,278,095.72	281,002.35	1.63
1-2 years	4,124,144.62	543,220.03	13.17
2-3 years	2,387,958.34	150,353.59	6.30
Over 3 years	10,785,552.08	10,785,552.08	100.00
Total	34,575,750.76	11,760,128.05	-

VII. NOTES OF SIGNIFICANT ITEMS ON CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. OTHER RECEIVABLES (CONTINUED)

(1) Disclosures of categories in other receivables (Continued)

2) Other receivables provided for bad debts by other methods on portfolio basis

Portfolio name	Amount	Ending Balance	
		Bad debts	Percentage (%)
Guarantee deposit, petty cash	7,793,739.52	0.00	0.00
Other receivables classified by nature do not provided for bad debts	38,047,705.84	0.00	0.00
Total	45,841,445.36	0.00	0.00

(2) Other receivables provided for bad debts, received or reversed for the period

Other receivables provided for bad debts for the period is RMB0.00 Yuan; other receivables provided for bad debts reversed for the period is RMB333,116.84 Yuan.

(3) There is no other receivables written off during the period.

VII. NOTES OF SIGNIFICANT ITEMS ON CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. OTHER RECEIVABLES (CONTINUED)

(4) Other receivables classified by nature

Nature	Net ending book balance	Net beginning book balance
Receivables and payables	42,768,326.17	209,922,919.15
Guarantee deposit, petty cash	8,846,540.90	4,801,363.19
Receivables from asset transfer	3,751,919.08	5,664,401.72
Social insurance withheld for further payment	4,116,148.71	2,604,086.50
Others	9,174,133.21	5,497,609.35
Total	68,657,068.07	228,490,379.91

VII. NOTES OF SIGNIFICANT ITEMS ON CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. OTHER RECEIVABLES (CONTINUED)

(5) Top five other receivables by customers

Company name	Nature& content	Amount	Aging	Proportion in other receivables (%)	Ending balance of bad debts provision
Luoyang Jianxi District National Tax Bureau	Tax refund on exports	11,000,485.39	Within 1 year	13.68	0.00
YTO (Luoyang) Zhongcheng Machinery Co., Ltd.	Receivables and payables	3,181,725.71	Within 1 year: RMB1,130,219.86; 1-2 years: RMB2,051,505.85	3.96	0.00
Haima Business Vehicle Co., Ltd	Goods payment	2,700,000.00	Within 1 year	3.36	0.00
Shanxi Heavy-Duty Truck Co., Ltd.	Deposit	2,001,000.00	Within 1 year	2.49	0.00
YTO Group	Receivables and payables	1,405,651.86	Within 1 year	1.75	
Total	/	<u><u>20,288,862.96</u></u>	/	<u><u>25.24</u></u>	<u><u>0.00</u></u>

VII. NOTES OF SIGNIFICANT ITEMS ON CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. FINANCIAL ASSETS PURCHASED WITH AGREEMENT TO RE-SALE

Items	Ending balance	Beginning balance
Securities	538,953,084.12	0.00
Inclu.: Bank and non-bank financial institutions securities	538,953,084.12	0.00

11. INVENTORIES

(1) Categories

Items	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Raw materials	511,383,743.38	41,463,155.17	469,920,588.21	529,119,196.09	39,685,264.31	489,433,931.78
Work in progress	343,414,940.71	14,104,739.71	329,310,201.00	369,581,970.81	16,892,562.44	352,689,408.37
Finished goods	527,025,261.93	36,145,786.51	490,879,475.42	626,856,803.24	33,450,492.97	593,406,310.27
Turnover materials	12,704,103.40	836,667.50	11,867,435.90	12,599,084.39	733,421.05	11,865,663.34
Others	0	0	0	30,940.21	0.00	30,940.21
Total	1,394,528,049.42	92,550,348.89	1,301,977,700.53	1,538,187,994.74	90,761,740.77	1,447,426,253.97

VII. NOTES OF SIGNIFICANT ITEMS ON CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. INVENTORIES (CONTINUED)

(2) Provision for the impairment of inventories

Items	Beginning balance	Increase in this year		Decrease in this year		Ending balance
		Accrued	Other	Reversal or write-off	Other	
Raw materials	39,685,264.31	4,131,939.19	0	587,368.23	1,766,680.10	41,463,155.17
Work in progress	16,892,562.44	129,384.18	0	2,917,206.91	0	14,104,739.71
Finished goods	33,450,492.97	4,870,421.99	0	2,072,695.98	102,432.47	36,145,786.51
Turnover materials	733,421.05	103,824.32	0	577.87	0	836,667.50
Others	0	0	0	0	0	0.00
Total	90,761,740.77	9,235,569.68	0.00	5,577,848.99	1,869,112.57	92,550,348.89

Note: Other transfer out of decrease for the year is the foreign currency translation influence.

VII. NOTES OF SIGNIFICANT ITEMS ON CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

11. INVENTORIES *(CONTINUED)*

(3) Inventory impairment provision

Items	Basis for recognition of net realizable value	Reasons for reversal
Raw materials	Closing market price minus expected costs incurred	Sold
Work in progress	Closing market price minus expected costs incurred	Sold
Finished goods	Closing market price minus expected costs incurred	Sold
Turnover materials	Closing market price minus expected costs incurred	Sold
Others	Closing market price minus expected costs incurred	No reversal and write-off in Current period
Total	–	–

VII. NOTES OF SIGNIFICANT ITEMS ON CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. LOANS ISSUED AND ADVANCES

(1) Distribution details of loans and receivables by individual and corporate

Items	Ending balance	Beginning balance
Individuals loans and advances	1,746,829.85	5,198,656.49
– Credit cards	0.00	0.00
– Property mortgages	160,696.71	181,788.67
– Others	1,586,133.14	5,016,867.82
Corporate loans and advances	1,682,604,592.90	1,377,830,189.22
– Loans	284,720,000.00	410,680,000.00
– Discounting of notes	1,397,884,592.90	967,150,189.22
– Others	0.00	0.00
Total of loans and advances	<u><u>1,684,351,422.75</u></u>	<u><u>1,383,028,845.71</u></u>
Less: Provision for losses	22,754,705.91	20,667,398.16
Including: Provision made on individual basis	0.00	0.00
Provision made on portfolio basis	<u>22,754,705.91</u>	<u>20,667,398.16</u>
Total carrying value of loans and advances	<u><u>1,661,596,716.84</u></u>	<u><u>1,362,361,447.55</u></u>

VII. NOTES OF SIGNIFICANT ITEMS ON CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. LOANS ISSUED AND ADVANCES (CONTINUED)

(2) Distribution details of loans and receivables by industry sectors

Distribution of industry	Ending balance	Proportion (%)	Beginning balance	Proportion (%)
Machinery manufacturing	1,682,604,592.90	99.90	1,377,830,189.22	99.62
Individuals	1,746,829.85	0.10	5,198,656.49	0.38
Total loans and advances	<u>1,684,351,422.75</u>	<u>100.00</u>	<u>1,383,028,845.71</u>	<u>100.00</u>
Less: provision for losses	22,754,705.91	1.35	20,667,398.16	1.49
Including: Provision made on individual basis	0.00	0.00	0.00	0.00
Provision made on portfolio basis	<u>22,754,705.91</u>	<u>1.35</u>	<u>20,667,398.16</u>	<u>1.49</u>
Total carrying value of loans and advances	<u>1,661,596,716.84</u>	<u>98.65</u>	<u>1,362,361,447.55</u>	<u>98.51</u>

VII. NOTES OF SIGNIFICANT ITEMS ON CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. LOANS ISSUED AND ADVANCES (CONTINUED)

(3) Distribution details of loans and receivables by geographic location

Location	Ending balance	Proportion (%)	Beginning balance	Proportion (%)
Northeast China	0.00	0.00	10,000,000.00	0.72
Central China	1,684,351,422.75	100.00	1,373,028,845.71	99.28
Total loans and advances	<u>1,684,351,422.75</u>	<u>100.00</u>	<u>1,383,028,845.71</u>	<u>100.00</u>
Less: Provision for losses	22,754,705.91	1.35	20,667,398.16	1.49
Including: Provision made on individual basis	0.00	0.00	0.00	0.00
Provision made on portfolio basis	<u>22,754,705.91</u>	<u>1.35</u>	<u>20,667,398.16</u>	<u>1.49</u>
Total carrying value of loans and advances	<u><u>1,661,596,716.84</u></u>	<u><u>98.65</u></u>	<u><u>1,362,361,447.55</u></u>	<u><u>98.51</u></u>

VII. NOTES OF SIGNIFICANT ITEMS ON CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. LOANS ISSUED AND ADVANCES (CONTINUED)

(4) Distribution details of loans and receivables by type of credit enhancements

Item	Ending balance	Beginning balance
Credit loans	237,070,000.00	312,520,000.00
Guaranteed loans	41,796,133.14	83,360,000.00
Loans secured by collateral	1,405,485,289.61	987,148,845.71
Including: Mortgages	160,696.71	5,198,656.49
Pledged	1,405,324,592.90	981,950,189.22
Total loans and advances	1,684,351,422.75	1,383,028,845.71
Less: Provision for losses	22,754,705.91	20,667,398.16
Including: Provision made on individual basis	0.00	0.00
Provision made on portfolio basis	22,754,705.91	20,667,398.16
Total carrying value of loans and advances	1,661,596,716.84	1,362,361,447.55

VII. NOTES OF SIGNIFICANT ITEMS ON CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. LOANS ISSUED AND ADVANCES (CONTINUED)

(5) Provision for losses on loans

Item	Current period		Last period	
	Individual	Portfolio	Individual	Individual
Beginning balance	0.00	20,667,398.16	0.00	13,597,507.75
Current period provision	0.00	2,087,307.75	0.00	7,069,890.41
Ending balance	0.00	22,754,705.91	0.00	20,667,398.16
	=====	=====	=====	=====

13. OTHER CURRENT ASSETS

Item	Ending balance	Beginning balance
Prepaid expenses	6,109,675.64	101,018.59
Structured deposit	0.00	50,000,000.00
Financial products	610,000,000.00	0.00
Prepaid corporate income tax	3,679,528.05	6,282,542.64
	=====	=====
Total	619,789,203.69	56,383,561.23
	=====	=====

VII. NOTES OF SIGNIFICANT ITEMS ON CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. AVAILABLE-FOR-SALE FINANCIAL ASSETS

(1) Available-for-sale financial assets

Items	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Debt instruments	0.00	0.00	0.00	0.00	0.00	0.00
Equity instruments	114,212,800.00	0.00	114,212,800.00	97,806,400.00	0.00	97,806,400.00
Measured at fair value	114,212,800.00	0.00	114,212,800.00	97,806,400.00	0.00	97,806,400.00
Measured at cost	0.00	0.00	0.00	0.00	0.00	0.00
Others	198,829,450.21	10,700,108.80	188,129,341.41	198,830,843.41	10,701,502.00	188,129,341.41
Total	313,042,250.21	10,700,108.80	302,342,141.41	296,637,243.41	10,701,502.00	285,935,741.41

(2) Available-for-sale assets measured by fair value at then end of the period

Categories	Equity instruments	Debt instruments	Others	Total
Cost of equity instruments	39,798,000.00	0.00	0.00	39,798,000.00
Fair value	114,212,800.00	0.00	0.00	114,212,800.00
Accumulated other comprehensive income				
from changes on fair value	74,414,800.00	0.00	0.00	74,414,800.00
Impairment amount accrued	0.00	0.00	0.00	0.00

VII. NOTES OF SIGNIFICANT ITEMS ON CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. AVAILABLE-FOR-SALE FINANCIAL ASSETS

(3) Available-for-sale assets measured by cost

Invested company	Book value			Ending balance	Provision for impairment			Ending balance	Proportion of shares (%)	Cash dividends in Current period
	Beginning balance	Increase	Decrease		Beginning balance	Increase	Decrease			
Beijing Zhongnongwang Technology Co., Ltd. (Note 1)	2,122,800.00	0.00	0.00	2,122,800.00	2,122,800.00	0.00	0.00	2,122,800.00	15.00	0.00
Nanyang Xiangrui Agricultural Equipment Co., Ltd. (Note 2)	1,400,000.00	0.00	0.00	1,400,000.00	1,400,000.00	0.00	0.00	1,400,000.00	7.00	0.00
YTO (Luoyang) Dongfanghong Tire Co. (Note 2)	800,000.00	0.00	0.00	800,000.00	800,000.00	0.00	0.00	800,000.00	3.11	0.00
Luoyin Financial Leasing Co., Ltd.	110,000,000.00	0.00	0.00	110,000,000.00	0.00	0.00	0.00	0.00	18.34	0.00
Bank of Luoyang	78,129,341.41	0.00	0.00	78,129,341.41	0.00	0.00	0.00	0.00	4.89	13,435,000.00
Marine Biotechnology Co., Ltd. (Note 1)	1,578,702.00	0.00	1,393.20	1,577,308.80	1,578,702.00	0.00	1,393.20	1,577,308.80	20.00	0.00
Luoyang Bofeng Bearing Co., Ltd. (Note 2)	4,800,000.00	0.00	0.00	4,800,000.00	4,800,000.00	0.00	0.00	4,800,000.00	16.00	0.00
Total	198,830,843.41	0.00	1,393.20	198,829,450.21	10,701,502.00	0.00	1,393.20	10,700,108.80	/	13,435,000.00

Note 1: Beijing Zhongnongwang Technology Co., Ltd. and Marine Biotechnology Co., Ltd. have been in the status of discontinued operations. The Group is no longer involved in the operation and liquidation of the above companies and drew assigned staff back. Full impairment has been provided for investments in above companies.

Note 2: Full impairment has been made on investments in Nanyang Xiangrui Agricultural Equipment Co., Ltd., YTO (Luoyang) Dongfanghong Tire Co., Ltd. and Luoyang Bofeng Bearing Co., Ltd., due to their poor management performance.

VII. NOTES OF SIGNIFICANT ITEMS ON CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. AVAILABLE-FOR-SALE FINANCIAL ASSETS

(4) Povision for impairment of available-for-sale financial assets during reporting period

Classification	Available- for-sale equity instruments	Available- for-sale debt instruments	Others	Total
Beginning balance of provision for impairment	0.00	0.00	10,701,502.00	10,701,502.00
Increase	0.00	0.00	0.00	0.00
Including: transfer from other comprehensive income	0.00	0.00	0.00	0.00
Decrease	0.00	0.00	1,393.20	1,393.20
Including: reversal from the raise of fair value afterwards	0.00	0.00	/	0.00
Ending balance for impairment	0.00	0.00	10,700,108.80	10,700,108.80

VII. NOTES OF SIGNIFICANT ITEMS ON CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. LONG-TERM EQUITY INVESTMENTS

Unit: Yuan Currency: RMB

Invested company	Beginning balance	Changes during the year								Ending balance	Ending balance of provision for impairment
		Additional investment	Investment being reduced	Investment profit/loss recognition based on equity method	Adjustment of other comprehensive income	Other equity changes	Declared cash dividends/profit	Provision for impairment	Other		
1. Investments in subsidiaries	16,200,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	16,200,000.00	16,200,000.00
YTO (Shenyang) Co., Ltd. (Note 1)	16,200,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	16,200,000.00	16,200,000.00
2. Investments in associates	72,853,686.49	81,514,886.92	0.00	2,338,701.01	0.00	0.00	0.00	0.00	0.00	156,707,274.42	7,004,515.65
ZF & YTO (Luoyang) Drive Axle Co., Ltd. (Note 2)	57,155,113.08	81,514,886.92	0.00	2,398,152.23	0.00	0.00	0.00	0.00	0.00	141,069,152.23	0.00
YTO Chuanlong Sichuan Agricultural Equipment Co., Ltd.	1,090,457.28	0.00	0.00	-68,551.55	0.00	0.00	0.00	0.00	0.00	1,021,905.73	0.00
Luoyang Fusaite Auto Ltd. (Note 1)	7,004,515.65	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7,004,515.65	7,004,515.65
Luoyang I&C Technology Consulting Co., Ltd.	177,404.35	0.00	0.00	-102,722.04	0.00	0.00	0.00	0.00	0.00	74,682.31	0.00
Luoyang Yongwei Machinery Co., Ltd.	7,426,196.13	0.00	0.00	110,822.37	0.00	0.00	0.00	0.00	0.00	7,537,018.50	0.00
Total	<u>89,053,686.49</u>	<u>81,514,886.92</u>	<u>0.00</u>	<u>2,338,701.01</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>172,907,274.42</u>	<u>23,204,515.65</u>

Note 1: YTO (Shenyang) Co., Ltd and Luoyang First Auto-Body Co., Ltd. have been in the state of discontinued operations. The Group is no longer involved in the operation and liquidation of the above companies and drew assigned staff back. Full impairment has been provided for investments in above companies.

VII. NOTES OF SIGNIFICANT ITEMS ON CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

16. FIXED ASSETS *(CONTINUED)*

(1) Conditions of fixed assets *(Continued)*

Notes: The depreciation recognized as profit or loss for the period is RMB138,702,805.16 Yuan.

Addition on fixed assets includes RMB145,222,765.84 Yuan transferred from construction in progress.

The profit on sale of fixed asset in the Current period is RMB -77,349.43 Yuan.

The original cost of fixed assets that have been fully depreciated but still in use is RMB1,006,534,404.37 Yuan.

(2) Fixed assets leased out under operating leases

Items

Machinery
Building

Ending balance

15,247,464.87

121,704,922.04

VII. NOTES OF SIGNIFICANT ITEMS ON CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. FIXED ASSETS (CONTINUED)

(3) Fixed assets with formalities of property rights transfer still in progress

Items	Book value	Reason
YTO Industrial Park staff dining hall three-layer frame	5,920,869.30	In progress and expected to finalise in December 2015
Main Factory House and Office Building of subsidiary Fulaige Zhengzhou Branch	14,037,366.81	Land title was obtained in April 2012. Administration Committee of Economic Development Zone and Haima Company required the construction to commence before the application of relevant formalities to be started. The application of planning permit of construction project is in progress. Bidding file, construction permit, fire file, quality testing and project completion acceptance which shall all be applied after receiving the planning permit of construction project. And the property ownership certificate is expected to be obtained at the end.
Subsidiary transportation machinery plant and office building	16,706,912.96	The land was bought from Cijian Town People's Government Xin'an County in August 2004. According to the agreement signed by both parties, land transfer fee, certificate fee and relevant taxes should all be included in the total price. However during the application process for property ownership certificate, the developer refused to pay the taxes for deed and farmland occupation. With the unsuccessful negotiation with the developer, the entity audited cannot afford such a huge amount of taxes because of the consecutive business losses suffered in the recent years. Therefore, the property ownership certificate application is still in progress.

VII. NOTES OF SIGNIFICANT ITEMS ON CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. CONSTRUCTION IN PROGRESS

(1) Breakdown

Project name	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Core capacity upgrading project on new wheeled tractor	205,358,829.13	0.00	205,358,829.13	206,457,303.05	0.00	206,457,303.05
Agricultural high-power diesel engine project	155,951,069.89	0.00	155,951,069.89	60,810,592.40	0.00	60,810,592.40
New giant parts workshop of No. 3 Assembling Factory	66,433,355.47	0.00	66,433,355.47	52,511,937.03	0.00	52,511,937.03
Enhancement of R&D capabilities for technology center	34,313,883.48	0.00	34,313,883.48	34,026,886.18	0.00	34,026,886.18
Cylinder old line reconstruction project	12,734,855.70	0.00	12,734,855.70	33,989,624.98	0.00	33,989,624.98
Xinjiang large wheeled tractor infrastructure project II	24,104,490.79	0.00	24,104,490.79	22,969,269.43	0.00	22,969,269.43
100 thousand new diesel engine project	2,473,008.17	0.00	2,473,008.17	20,647,095.59	0.00	20,647,095.59
EPC project	15,041,213.76	0.00	15,041,213.76	15,041,213.76	0.00	15,041,213.76
Forged crankshaft machining line project	11,847,358.78	0.00	11,847,358.78	13,540,080.94	0.00	13,540,080.94
Capacity expansion and reconstruction project for gear type line of Diesel Corporations	17,480,363.36	0.00	17,480,363.36	11,774,699.74	0.00	11,774,699.74
Construction in progress in France	10,336,375.07	0.00	10,336,375.07	10,943,799.83	0.00	10,943,799.83
Others	183,445,568.38	8,533,977.20	174,911,591.18	168,634,690.14	8,533,977.20	160,100,712.94
Total	739,520,371.98	8,533,977.20	730,986,394.78	651,347,193.07	8,533,977.20	642,813,215.87

VII. NOTES OF SIGNIFICANT ITEMS ON CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. CONSTRUCTION IN PROGRESS (CONTINUED)

(2) Changes of significant construction in progress projects in the period

Project name	Beginning balance	Increase	Transferred to fixed assets	Other decrease	Ending balance
Core capacity upgrading project on new wheeled tractor	206,457,303.05	310,557.65	1,409,031.57	0.00	205,358,829.13
Agricultural high-power diesel engine project	60,810,592.40	95,140,477.49	0.00	0.00	155,951,069.89
New giant parts workshop of No. 3 Assembling Factory	52,511,937.03	13,921,418.44	0.00	0.00	66,433,355.47
Enhancement of R&D capabilities for technology center	34,026,886.18	5,527,533.14	5,240,535.84	0.00	34,313,883.48
Cylinder old line reconstruction project	33,989,624.98	432,905.98	21,687,675.26	0.00	12,734,855.70
Xinjiang large wheeled tractor infrastructure project II	22,969,269.43	1,135,221.36	0.00	0.00	24,104,490.79
100 thousand new diesel engine project	20,647,095.59	200,389.00	18,374,476.42	0.00	2,473,008.17
EPC project	15,041,213.76	0.00	0.00	0.00	15,041,213.76
Forged crankshaft machining line project	13,540,080.94	4,298,971.05	5,991,693.21	0.00	11,847,358.78
Capacity expansion and reconstruction project for gear type line of Diesel Corporations	11,774,699.74	6,873,184.98	1,167,521.36	0.00	17,480,363.36
Construction in progress in France	10,943,799.83	5,512,546.39	3,332,091.53	2,787,879.62	10,336,375.07
Others	168,634,690.14	102,952,230.67	88,019,740.65	121,611.78	183,445,568.38
Total	<u>651,347,193.07</u>	<u>236,305,436.15</u>	<u>145,222,765.84</u>	<u>2,909,491.40</u>	<u>739,520,371.98</u>

Note: Reasons for other decrease for the period:

- 1) Decrease in construction in progress of France is mainly caused by TRACTEUR X904, YT904, and YT90E Power Shuttle project expensing of RMB1,928,152.15 Yuan, and the remaining 859,727.47 Yuan is caused by foreign exchange rate fluctuation.
- 2) Due to internal audit of Auto parts industrial park project, 54,892.47 Yuan was reclassified into accounts payable.

VII. NOTES OF SIGNIFICANT ITEMS ON CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. CONSTRUCTION IN PROGRESS (CONTINUED)

(2) Changes of significant construction in progress projects in the period (Continued)

Note: Reasons for other decrease for the period: (Continued)

- 3) "Others" transferred 43,468.37 Yuan into low value consumption goods, and transferred 23,250.94 Yuan into intangible assets.

Project name	Budget	Percentage of actual project investment to budget (%)	Rate of progress (%)	Accumulated capitalization of interest	Including: capitalization of interest in this year	Interest capitalization rate in this year (%)	Sources of funds
Core capacity upgrading project on new wheeled tractor	562,100,000.00	63.57	90.00	0.00	0.00	0.00	Fund-raising
Agricultural high-power diesel engine project	171,691,100.00	97.48	80.00	12,829,031.02	0.00	4.404-6.9	Fund-raising
New giant parts workshop of No. 3 Assembling Factor	97,000,000.00	81.16	90.00	0.00	0.00	0.00	Fund-raising
Enhancement of R&D capabilities for technology center	296,000,000.00	99.00	99.00	0.00	0.00	0.00	Self-raised
Xinjiang large wheeled tractor infrastructure project II	149,020,000.00	98.00	98.00	0.00	0.00	0.00	Self-raised
100 thousand new diesel engine project	52,200,000.00	78.00	78.00	0.00	0.00	0.00	Fund-raising
EPC project	390,000,000.00	24.00	24.00	0.00	0.00	0.00	Self-raised
Forged crankshaft machining line project	29,773,300.00	50.52	90.00	0.00	0.00	0.00	Self-raised
Capacity expansion and reconstruction project for gear type line of Diesel Corporations	149,020,000.00	80.86	90.00	819,901.92	0.00	4.404-6.9	Self-raised
Xinjiang large wheeled tractor infrastructure project II	43,709,000.00	64.00	64.00	0.00	0.00	0.00	Self-raised
Construction in progress in France	11,000,000.00	99.00	99.00	0.00	0.00	0.00	Self-raised
Others	494,096,067.34	--	--	2,535,622.02	0.00	4.404-6.9	Self-raised
Total	2,445,609,467.34	/	/	16,184,554.96	0.00	/	

(3) There is no increase on provision for impairment on construction in progress

Item	Beginning balance	Increase	Decrease	Ending balance
Provision for impairment on construction in progress	8,533,977.20	0.00	0.00	8,533,977.20

VII. NOTES OF SIGNIFICANT ITEMS ON CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18. INTANGIBLE ASSETS

(1) Intangible assets

Items	Land use rights	Patents	Trademarks	Software	Others	Total
<1> Original cost						
1. Beginning balance	929,588,539.95	3,235,906.54	59,526,000.00	49,400,857.44	8,414,404.30	1,050,165,708.23
2. Increase	0.00	0.00	0.00	343,029.23	0.00	343,029.23
(1) Purchase	0.00	0.00	0.00	319,778.29	0.00	319,778.29
(2) Transferred from construction in progress	0.00	0.00	0.00	23,250.94	0.00	23,250.94
3. Decrease	0.00	0.00	0.00	30,000.00	750,216.69	780,216.69
(1) Disposal	0.00	0.00	0.00	30,000.00	0.00	30,000.00
(2) Exchange rate fluctuation	0.00	0.00	0.00	0.00	750,216.69	750,216.69
4. Ending balance	929,588,539.95	3,235,906.54	59,526,000.00	49,713,886.67	7,664,187.61	1,049,728,520.77
<2> Accumulated amortization						
1. Beginning balance	72,925,452.34	3,102,445.33	0.00	25,973,815.58	1,010,260.63	103,011,973.88
2. Increase	12,025,073.56	13,344.47	0.00	3,906,266.81	658,031.73	16,602,716.57
(1) Provision	12,025,073.56	13,344.47	0.00	3,906,266.81	658,031.73	16,602,716.57
3. Decrease	0.00	0.00	0.00	30,000.00	278,148.93	308,148.93
(1) Disposal	0.00	0.00	0.00	30,000.00	0.00	30,000.00
(2) Exchange rate fluctuation	0.00	0.00	0.00	0.00	278,148.93	278,148.93
4. Ending Balance	84,950,525.90	3,115,789.80	0.00	29,850,082.39	1,390,143.43	119,306,541.52
<3> Provision for impairment						
1. Beginning balance	0.00	0.00	0.00	0.00	0.00	0.00
2. Increase	0.00	0.00	0.00	0.00	0.00	0.00
(1) Provision	0.00	0.00	0.00	0.00	0.00	0.00
3. Decrease	0.00	0.00	0.00	0.00	0.00	0.00
(1) Disposal	0.00	0.00	0.00	0.00	0.00	0.00
(2) Others	0.00	0.00	0.00	0.00	0.00	0.00
4. Ending Balance	0.00	0.00	0.00	0.00	0.00	0.00
<4> Carrying amount						
1. Ending balance	844,638,014.05	120,116.74	59,526,000.00	19,863,804.28	6,274,044.18	930,421,979.25
2. Beginning balance	856,663,087.61	133,461.21	59,526,000.00	23,427,041.86	7,404,143.67	947,153,734.35

VII. NOTES OF SIGNIFICANT ITEMS ON CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18. INTANGIBLE ASSETS (CONTINUED)

(2) Land use right which has not yet obtained the property license

Items	Book value	Reason for not obtaining property license
East side of Jing Wu Road, Jiang Yan City	<u>522,101.31</u>	Procedures not completed

19. GOODWILL

(1) Original cost

Name of investee or matters forming goodwill	Beginning balance	Increase		Decrease		Ending balance
		Business combination	Others	Disposal	Others	
Chang Tuo Agricultural Machinery Equipment Group Co., Ltd	<u>14,297,893.81</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>14,297,893.81</u>

VII. NOTES OF SIGNIFICANT ITEMS ON CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

19. GOODWILL *(CONTINUED)*

(2) Provision for impairment

Name of investee or matters forming goodwill	Beginning balance	Increase		Decrease		Ending balance
		Business combination	Others	Disposal	Others	
Chang Tuo Agricultural Machinery Equipment Group Co., Ltd	14,297,893.81	0.00	0.00	0.00	0.00	14,297,893.81

VII. NOTES OF SIGNIFICANT ITEMS ON CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

20. LONG-TERM PREPAYMENTS

Items	Beginning balance	Increase	Amortization	Other decrease	Ending balance
Die amortization	15,782,056.99	7,574,842.03	4,711,126.86	249,572.65	18,396,199.51
Maintenance cost	6,321,084.77	755,764.19	1,121,862.30	0.00	5,954,986.66
Equipment relocation expenses	445,666.11	0.00	140,736.60	0.00	304,929.51
Working table	283,262.13	0.00	169,957.26	0.00	113,304.87
Patent right of use	103,276.34	0.00	10,683.76	0.00	92,592.58
Others	443,207.53	370,000.00	189,349.49	0.00	623,858.04
Total	<u>23,378,553.87</u>	<u>8,700,606.22</u>	<u>6,343,716.27</u>	<u>249,572.65</u>	<u>25,485,871.17</u>

Note: Other decrease due to external sale.

VII. NOTES OF SIGNIFICANT ITEMS ON CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

(1) Deferred tax assets recognized

Items	Ending balance		Beginning balance	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax assets
Provision for asset impairment	0.00	0.00	46,359,917.11	9,275,547.72
Provision for inventory impairment	45,529,043.59	9,122,681.88	0.00	0.00
Deductible tax losses	192,357,200.00	64,119,066.64	208,756,800.00	69,585,600.00
Change in the fair value of financial assets	0.00	0.00	0.00	0.00
Termination welfare	21,022,185.67	3,249,684.87	23,559,099.03	3,721,872.39
Wages payable and accrued expense	134,698,131.11	24,061,811.37	39,501,780.90	9,558,113.75
Deferred revenue	0.00	0.00	0.00	0.00
Total	393,606,560.37	100,553,244.76	318,177,597.04	92,141,133.86

VII. NOTES OF SIGNIFICANT ITEMS ON CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES (CONTINUED)

(2) Deferred tax liabilities recognized

Items	Ending balance		Beginning balance	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Assets appreciation for business combination not under the common control	140,738,433.96	33,780,684.53	139,153,832.61	34,788,458.15
Fair value change of available-for-sale financial assets	74,414,800.00	12,920,500.00	58,008,400.00	10,086,100.00
Valuation of financial instruments held for trading and derivatives	2,454,500.00	613,625.00	1,849,700.00	462,425.00
Total	217,607,733.96	47,314,809.53	199,011,932.61	45,336,983.15

VII. NOTES OF SIGNIFICANT ITEMS ON CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES (CONTINUED)

(3) Deductible temporary difference that are not recognized as deferred tax assets

Items	Ending balance	Beginning balance
Provision for bad debts	541,327,322.41	406,932,012.01
Impairment on inventories	47,021,305.30	44,401,823.66
Impairment on long-term equity investments	23,204,515.65	23,204,515.65
Impairment on available-for-sale financial assets	10,700,108.80	10,701,502.00
Impairment on goodwill	14,297,893.81	14,297,893.81
Impairment on fixed assets	19,017,804.22	19,064,964.85
Impairment on construction in progress	8,533,977.20	8,533,977.20
Impairment on loans and advances	22,754,705.91	20,667,398.16
Deductible tax losses	437,386,285.55	380,487,943.23
Interest adjustments on discounted assets	24,206,404.42	
Total	1,148,450,323.27	928,292,030.57

VII. NOTES OF SIGNIFICANT ITEMS ON CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES (CONTINUED)

(4) Deductible losses unrecognized as deferred tax assets due which will due in the following years

Items	Ending balance	Beginning balance	Remark
2015	47,301,365.05	47,301,365.05	
2016	50,116,122.21	50,116,122.21	
2017	71,474,794.66	55,095,535.10	
2018	115,449,808.25	131,778,225.02	
2019	96,145,853.06	96,196,695.85	
2020	56,898,342.32	0.00	
Total	437,386,285.55	380,487,943.23	/

22. SHORT-TERM LOANS

(1) Categories of short-term borrowings

Categories	Ending balance	Beginning balance
Pledged loans	183,550,078.30	300,502,792.48
Mortgaged loans	70,000,000.00	70,000,000.00
Guaranteed loans	82,438,800.00	59,808,410.91
Credit loans	1,315,787,808.50	1,214,221,442.76
Total	1,651,776,686.80	1,644,532,646.15

VII. NOTES OF SIGNIFICANT ITEMS ON CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22. SHORT-TERM LOANS (CONTINUED)

(1) Categories of short-term borrowings (Continued)

Notes to short-term loans category:

Pledged loans: As at 30 June 2015, the subsidiary of the Group, YTO Group Financing Co., Ltd has obtained RMB183,550,078.30 Yuan of short-term loan from the People's bank of China Zhong Zhou branch, with the pledged bank acceptance and commercial acceptance bill as collateral.

Mortgage loans: As at 30 June 2015, the subsidiary of the Group, Changtuo Agriculture Equipment Co., Ltd. has obtained short-term loan of RMB70,000,000 from Jilin Bank Dong Sheng Branch, which had building and land use right at carrying amount RMB78,984,162.91 and RMB18,239,231.12 respectively as mortgage.

Guaranteed loans: As at 30 June 2015, the subsidiary of the Group, YTO (France) Agriculture Co., Ltd. has obtained short-term loan of RMB82,438,800.00 from the Industrial and Commercial Bank of China (Pair Branch), for which the First Tractor Company Limited was the guarantor.

(2) There is no short-term loan overdue in the end of this year.

VII. NOTES OF SIGNIFICANT ITEMS ON CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

23. DEPOSITES ABSORBED AND DEPOSITS IN OTHER FINANCIAL INSTITUTES

Items	Ending balance	Beginning balance
Savings	169,135,039.14	271,361,543.62
Include: Corporate	168,280,317.56	269,440,896.09
Individual	854,721.58	1,920,647.53
Time deposits(including notice deposits)	747,674,594.18	304,884,797.66
Include: Corporate	747,674,594.18	304,884,797.66
Individual	0.00	0.00
Other deposits(including outward remittance, remittance payable etc)	0.00	0.00
Total	<u><u>916,809,633.32</u></u>	<u><u>576,246,341.28</u></u>

24. BORROWED FUNDS

Items	Ending balance	Beginning balance
Borrowings from banks	100,000,000.00	350,000,000.00
Borrowings from other financial institutions	0.00	0.00
Total	<u><u>100,000,000.00</u></u>	<u><u>350,000,000.00</u></u>

VII. NOTES OF SIGNIFICANT ITEMS ON CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

25. NOTES PAYABLE

Categories	Ending balance	Beginning balance
Bank acceptance notes	82,166,690.46	325,841,829.29
Commercial acceptance notes	761,989,282.13	590,532,840.88
Total	844,155,972.59	916,374,670.17

26. ACCOUNTS PAYABLE

(1) Breakdown

Items	Ending balance	Beginning balance
Purchase payable	2,008,362,476.95	1,178,243,379.75
Construction materials payable	104,432,824.86	83,787,541.39
Service fee payable	4,260,162.16	40,921,388.89
Others	61,371,010.27	47,630,175.00
Total	2,178,426,474.24	1,350,582,485.03

VII. NOTES OF SIGNIFICANT ITEMS ON CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

26. ACCOUNTS PAYABLE (CONTINUED)

(2) Aging analysis

Aging	Ending balance	Beginning balance
Within 1 year	2,052,594,696.66	1,227,246,014.76
1 to 2 years	57,150,099.78	53,754,824.26
2-3 years	18,489,882.17	17,044,284.99
Over 3 years	50,191,795.63	52,537,361.02
Total	<u><u>2,178,426,474.24</u></u>	<u><u>1,350,582,485.03</u></u>

(3) Accounts payable with significant amount aged over 1 year

Creditor	Amount due	Reasons
SCIVIC Engineering Corporation	8,186,420.00	Unsettled
Chernet Dana Sana	6,941,748.08	Unsettled
Zhangjiagang Bonded Area Yetai International trade Co., Ltd	5,915,437.00	Unsettled
Acompte Subvention	2,871,618.20	Unsettled
Bengang Steel Plates Co., Ltd	1,789,968.08	Quality dispute
Shandong Pengxiang Automobile Co., Ltd	1,439,428.18	Unsettled
Zhengzhou Wutai Trade Co., Ltd	<u><u>1,194,568.50</u></u>	Unsettled
Total	<u><u>28,339,188.04</u></u>	-

VII. NOTES OF SIGNIFICANT ITEMS ON CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

27. ADVANCE FROM CUSTOMERS

(1) Breakdown

Items	Ending balance	Beginning balance
Within 1 year	91,086,968.13	235,328,765.97
Over 1 year	28,833,986.87	31,568,412.86
Total	119,920,955.00	266,897,178.83

(2) Significant amounts aged over 1 year

Creditor	Amount due	Reasons for unsettled
Ningxia Boxinhengtong Machinery Co., Ltd	3,560,000.00	Transaction incompletion
Poly Technologies Inc.	2,529,069.50	Transaction incompletion
SINOMACH-HI (Luoyang) Co., Ltd	2,456,708.96	Transaction incompletion
Shaanxi Linfeng Construction Machinery Co., Ltd	2,383,299.70	Transaction incompletion
Shanxi Feiyuda Machinery Engineering Co., Ltd	1,052,142.87	Transaction incompletion
Total	11,981,221.03	–

VII. NOTES OF SIGNIFICANT ITEMS ON CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

28. EMPLOYEE BENEFIT PAYABLE

(1) Categories

Items	Beginning balance	Increase	Decrease	Ending balance
Short-term remuneration	50,915,094.48	525,897,050.93	517,394,531.31	59,417,614.10
Post-employment welfare – Defined Contribution Plan	603,858.93	78,186,114.72	78,145,207.53	644,766.12
Termination benefits	49,190,753.10	12,007,217.03	19,006,330.71	42,191,639.42
Total	<u>100,709,706.51</u>	<u>616,090,382.68</u>	<u>614,546,069.55</u>	<u>102,254,019.64</u>

VII. NOTES OF SIGNIFICANT ITEMS ON CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

28. EMPLOYEE BENEFIT PAYABLE (CONTINUED)

(2) Short-term remuneration

Items	Beginning balance	Increase	Decrease	Ending balance
1. Wages or salaries, bonuses, allowances and subsidies	37,209,632.57	338,183,617.89	339,237,725.63	36,155,524.83
2. Staff welfare	4,675,421.97	47,629,065.06	43,886,762.53	8,417,724.50
3. Social securities	161,236.15	29,097,287.07	29,038,004.60	220,518.62
Include: – Medical insurance	161,236.15	24,124,879.71	24,076,217.06	209,898.80
– Work-related injury insurance	0.00	2,523,998.57	2,517,752.22	6,246.35
– Maternity insurance	0.00	2,448,408.79	2,444,035.32	4,373.47
4. Housing funds	203,543.70	30,223,058.00	30,064,311.98	362,289.72
5. Union & education funds	8,281,163.95	11,325,251.04	5,593,885.63	14,012,529.36
6. Short-term paid absences	0.00	0.00	0.00	0.00
7. Short-term profit sharing plan	0.00	0.00	0.00	0.00
8. Others	384,096.14	69,438,771.87	69,573,840.94	249,027.07
Total	<u>50,915,094.48</u>	<u>525,897,050.93</u>	<u>517,394,531.31</u>	<u>59,417,614.10</u>

VII. NOTES OF SIGNIFICANT ITEMS ON CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

28. EMPLOYEE BENEFIT PAYABLE (CONTINUED)

(3) Defined contribution plan

Items	Beginning balance	Increase	Decrease	Ending balance
1. Basic pension	0.00	60,857,773.10	60,795,378.88	62,394.22
2. Annuity	603,858.93	12,512,826.27	12,540,282.87	576,402.33
3. Unemployment insurance	0.00	4,815,515.35	4,809,545.78	5,969.57
Total	<u>603,858.93</u>	<u>78,186,114.72</u>	<u>78,145,207.53</u>	<u>644,766.12</u>

29. TAXES PAYABLE

Items	Ending balance	Beginning balance
Value-Added Tax (VAT)	-314,518,324.59	-363,700,448.06
Business Tax	2,092,787.30	1,293,380.39
Corporate Income Tax	36,369,112.26	25,873,741.93
Individual Income Tax	935,170.96	1,214,050.48
Urban Maintenance and Construction Tax	1,056,136.71	369,530.87
Property Tax	3,486,643.19	5,320,788.80
Land Use Tax	2,534,456.29	2,007,565.34
Education Surcharge	753,640.37	263,940.65
Others	592,565.54	655,052.29
Total	<u>-266,697,811.97</u>	<u>-326,702,397.31</u>

VII. NOTES OF SIGNIFICANT ITEMS ON CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30. INTERESTS PAYABLE

Items	Ending balance	Beginning balance
Interest payable on corporate bonds	15,143,465.78	50,334,301.01
Interest payable on short loans	6,538,571.65	6,390,000.00
Interest payable on deposits	21,706,012.26	792,119.07
Interest payable on loans from banks	40,972.22	0.00
	<hr/>	<hr/>
Total	43,429,021.91	57,516,420.08
	<hr/> <hr/>	<hr/> <hr/>

31. DIVIDEND PAYABLE

Items	Ending balance	Beginning balance
Ordinary shares dividends	52,911,893.28	0.00
	<hr/>	<hr/>
Total	52,911,893.28	0.00
	<hr/> <hr/>	<hr/> <hr/>

VII. NOTES OF SIGNIFICANT ITEMS ON CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

32. OTHER PAYBLES

(1) Categorized by nature

Nature	Ending balance	Beginning balance
Receivables and payables	116,071,942.31	107,079,064.05
Security deposit	66,115,123.10	88,303,473.58
Expenses payable	9,152,596.60	20,381,548.34
Third party payment	33,409,261.08	15,306,592.51
Others	40,481,347.63	25,805,840.48
Total	265,230,270.72	256,876,518.96

(2) Significant amount aged over 1 year

Creditors	Amount due	Reasons for unsettled
YTO Group Corporation	49,340,612.33	Transaction incompletion
Career incentives payable	3,510,608.78	Transaction incompletion
Provision: Risks and charges	3,885,620.32	Transaction incompletion
Building construction and maintenance fund	1,179,899.01	Transaction incompletion
Subsidies for injury	1,541,210.31	Transaction incompletion
Total	59,457,950.75	

Note: Provision: Risks and charges belong to the risks and expenses accrued by the subsidiary of the Group, YTO FRANCE SAS.

VII. NOTES OF SIGNIFICANT ITEMS ON CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

33. NON-CURRENT LIABILITIES DUE WITHIN ONE YEAR

Items	Ending balance	Beginning balance
Long-term loans due within 1 year	17,174,750.00	18,639,000.00
Deferred revenues due within 1 year	11,401,937.79	11,416,745.54
Total	28,576,687.79	30,055,745.54

34. OTHER CURRENT LIABILITIES

Items	Ending balance	Beginning balance
Discounts and allowances given	1,696,640.95	29,488,722.16
Sales and warranty service	93,159,438.12	20,011,890.59
Agent fees	1,420,000.00	1,920,000.00
Others	38,993,308.36	1,822,903.00
Total	135,269,387.43	53,243,515.75

VII. NOTES OF SIGNIFICANT ITEMS ON CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

35. LONG-TERM LOANS

(1) Categories

Categories	Ending balance	Beginning balance
Pledged loans	0.00	0.00
Mortgaged loans	0.00	0.00
Guaranteed loans	0.00	0.00
Credit loans	51,524,250.00	65,236,500.00
Less: due within 1 year	17,174,750.00	18,639,000.00
Total	34,349,500.00	46,597,500.00

Note: The interest rate of long-term loans is 6-month libor rate plus 3.5%.

(2) Long-term loans due date analysis

Items	Ending balance	Beginning balance
1-2 years	0.00	0.00
2-5 years	34,349,500.00	46,597,500.00
Over 5 years	0.00	0.00
Total	34,349,500.00	46,597,500.00

VII. NOTES OF SIGNIFICANT ITEMS ON CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

37. BOND PAYABLES

(1) Categories

Items	Ending balance	Beginning balance
12 YTO 01 Coporate bond	796,923,808.99	796,393,416.63
12 YTO 02 Coporate bond	696,175,352.34	695,578,322.56
Total	1,493,099,161.33	1,491,971,739.19

(2) Changes of bond payables

Items	Face value	Issue date	Term	Issued amount	Beginning balance	Interest			Interest paid for the year	Ending balance
						Amount issued for the year	accrued based on the face amount	Amortisation on discount or premium		
12 YTO 01 Coporate bond	800,000,000.00	2013-3-4	5 years	794,550,000.00	796,393,416.63	0.00	89,319,452.05	2,373,808.99	38,400,000.00	796,923,808.99
12 YTO 02 Coporate bond	700,000,000.00	2013-5-30	5 years	693,734,150.95	695,578,322.56	0.00	65,675,342.47	2,441,201.39	31,500,000.00	696,175,352.34
Total	/	/	/	1,488,284,150.95	1,491,971,739.19	0.00	154,994,794.52	4,815,010.38	69,900,000.00	1,493,099,161.33

38. DEFERRED INCOME

Items	Beginning balance	Increase	Decrease	Ending balance	Reason of formation
Government grants	174,628,692.16	16,840,000.00	7,772,932.65	183,695,759.51	Government grants

VII. NOTES OF SIGNIFICANT ITEMS ON CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

38. DEFERRED INCOME (CONTINUED)

Government grants projects:

Unit: Yuan Currency: RMB

Items	Beginning balance	Increase	The amount recorded into non-operating income	Other changes	Ending balance	Related to assets/Related to earnings
The upgrade of core ability in new type of wheeled tractors	53,200,000.00	0.00	0.00	0.00	53,200,000.00	Related to assets
High-power non-road diesel engines	49,000,000.00	0.00	0.00	0.00	49,000,000.00	Related to assets
Promote independent research and development ability	17,237,629.75	0.00	0.00	648,932.65	16,588,697.10	Related to assets
Diesel engine crankshaft forging line	6,780,000.00	0.00	0.00	1,695,000.00	5,085,000.00	Related to assets
Technical innovation of wheeled tractors	6,920,000.00	0.00	0.00	1,384,000.00	5,536,000.00	Related to assets
Xinjiang agricultural construction projects	6,574,700.00	0.00	0.00	0.00	6,574,700.00	Related to assets
C series of government project aid	4,296,000.00	0.00	0.00	358,000.00	3,938,000.00	Related to assets
800,000 diesel engine technical renovation project domestic equipment subsidies	1,018,000.00	0.00	0.00	509,000.00	509,000.00	Related to assets
Annual output of 1000 big horsepower shift heavy wheeled tractors	2,750,000.00	0.00	0.00	0.00	2,750,000.00	Related to assets
Energy-saving diesel engine crankshaft machining production line project	2,700,000.00	0.00	0.00	0.00	2,700,000.00	Related to assets
Non-road high-power diesel engines	6,000,000.00	2,000,000.00	2,080,000.00	0.00	5,920,000.00	Related to assets
Special funds for large wheeled tractor gearbox flexible production line technology integration and demonstration	419,960.00	0.00	0.00	0.00	419,960.00	Related to assets
The revitalization of industry and technology	17,600,000.00	0.00	0.00	1,098,000.00	16,502,000.00	Related to assets
Others	132,402.41	0.00	0.00	0.00	132,402.41	
Technical R&D service award	0.00	500,000.00	0.00	0.00	500,000.00	Related to earnings
LF series power shifting tractors R&D and industrialization	0.00	3,000,000.00	0.00	0.00	3,000,000.00	Related to earnings
Special funds for city and town indemnificatory housing project	0.00	8,640,000.00	0.00	0.00	8,640,000.00	Related to earnings
Techonology service platform for small and medium agricultural machinery enterprises	0.00	2,000,000.00	0.00	0.00	2,000,000.00	Related to earnings
Pollution administering fund	0.00	700,000.00	0.00	0.00	700,000.00	Related to earnings
Total	<u>174,628,692.16</u>	<u>16,840,000.00</u>	<u>2,080,000.00</u>	<u>5,692,932.65</u>	<u>183,695,759.51</u>	/

Note: The other changes are the deferred income which has been transferred to non-current liabilities due within one year.

VII. NOTES OF SIGNIFICANT ITEMS ON CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

39. SHARE CAPITAL

Items	Beginning balance	Changes in Current period				Sub-total	Ending balance
		Issue new shares	Complimentary shares	Accumulation funds to equity	Others		
Total shares	995,900,000.00	0.00	0.00	0.00	0.00	0.00	995,900,000.00

40. CAPITAL RESERVES

Unit: Yuan Currency: RMB

Items	Beginning balance	Increase	Decrease	Ending balance
Share premium	1,876,462,052.15	0.00	0.00	1,876,462,052.15
Other capital reserves	247,784,237.55	0.00	0.00	247,784,237.55
Including: others	247,784,237.55	0.00	0.00	247,784,237.55
Total	2,124,246,289.70	0.00	0.00	2,124,246,289.70

VII. NOTES OF SIGNIFICANT ITEMS ON CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

41. OTHER COMPREHENSIVE INCOME

Items	Beginning balance	Amount before income tax	Changes in Current period				Ending balance
			Less: income previously recognised and transferred to profit/loss in current period	Less: income tax expenses	Amount attributable to the parent company after income tax	Amount attributable to minority shareholders after income tax	
1. Other comprehensive income that will not be reclassified into profit or loss	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2. Other comprehensive income that will be reclassified into profit or loss	16,295,741.20	16,710,213.65	0.00	2,834,400.00	13,780,623.96	95,189.69	30,076,365.16
Gains and losses from changes in fair value of available-for-sale financial assets	47,173,416.79	16,406,400.00	0.00	2,834,400.00	13,370,052.83	201,947.17	60,543,469.62
Foreign currencies translation differences	-30,877,675.59	303,813.65	0.00	0.00	410,571.13	-106,757.48	-30,467,104.46
Total	<u>16,295,741.20</u>	<u>16,710,213.65</u>	<u>0.00</u>	<u>2,834,400.00</u>	<u>13,780,623.96</u>	<u>95,189.69</u>	<u>30,076,365.16</u>

42. SPECIAL RESERVES

Item	Beginning balance	Increase	Decrease	Ending balance
Safety production costs	0.00	11,986,060.95	11,986,060.95	0.00

VII. NOTES OF SIGNIFICANT ITEMS ON CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

43. SURPLUS RESERVES

Item	Beginning balance	Increase	Decrease	Ending balance
Statutory surplus reserves	368,201,417.56	0.00	0.00	368,201,417.56
Discretionary surplus reserves	771,431.00	0.00	0.00	771,431.00
Total	368,972,848.56	0.00	0.00	368,972,848.56

44. GENERAL RISK RESERVES

Items	Ending balance	Beginning balance	Provision percentage
General risk reserves	7,683,706.66	7,683,706.66	Reserved on 1% of Current period net profits of the Group's subsidiary – YTO Froup Finance Co., Ltd.

VII. NOTES OF SIGNIFICANT ITEMS ON CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

45. RETAINED EARNINGS

Items	Current period	Last period
Last period ending balance before adjustments	1,080,369,447.42	1,015,236,952.27
Total adjustment of beginning balance (increase+, decrease-)	0.00	0.00
Current period beginning balance after adjustments	1,080,369,447.42	1,015,236,952.27
Add: Net profit for the year attributable to owners of the parent company	148,644,010.04	167,698,247.35
Less: Statutory surplus reserve	0.00	42,225,509.09
Discretionary surplus reserve	0.00	0.00
General risk reserves	0.00	586,243.11
Dividends payable on ordinary shares	50,790,900.00	59,754,000.00
Ordinary shares dividends transferred to share capital	0.00	0.00
	<hr/>	<hr/>
Current period ending balance	<u><u>1,178,222,557.46</u></u>	<u><u>1,080,369,447.42</u></u>

46. OPERATING REVENUE AND OPERATING COST

Items	Current period		Last period	
	Revenue	Cost	Revenue	Cost
Primary business	5,511,072,552.27	4,516,781,104.45	5,407,196,911.89	4,502,766,604.06
Other business	42,711,967.90	14,749,133.26	29,103,843.97	16,863,735.33
	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u><u>5,553,784,520.17</u></u>	<u><u>4,531,530,237.71</u></u>	<u><u>5,436,300,755.86</u></u>	<u><u>4,519,630,339.39</u></u>

VII. NOTES OF SIGNIFICANT ITEMS ON CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

47. NET INTEREST INCOME

Items	Accumulated amount in this year	Accumulated amount in last period
Interest income	154,161,050.67	36,662,112.29
– From deposits in other banks	4,437,958.81	4,974,250.58
– From deposits in central bank	2,935,453.96	2,282,823.53
– Loads to banks and other financial institutions	6,112,430.54	1,007,495.83
– Loans and advances	133,407,798.88	26,438,697.61
Including: Personal Loans and advances	130,659.55	445,385.26
Corporate Loans and advances	7,454,215.56	8,124,360.91
Notes discounts	125,822,923.77	17,868,951.44
– Redemptory financial assets acquired	7,267,408.48	1,958,844.74
– Others	0.00	0.00
Including: Interest income from impaired financial assets	0.00	0.00
Interest expenses	124,120,897.30	16,936,701.40
– From loans from other banks	0.00	0.00
– From loans from central bank	0.00	0.00
– Loans from other banks	1,678,747.18	360,699.74
– Deposits adsorption	26,758,667.06	13,404,399.00
– Sale of the buyback financial assets	3,739.73	0.00
– Others	95,679,743.33	3,171,602.66
Net interest income	30,040,153.37	19,725,410.89

VII. NOTES OF SIGNIFICANT ITEMS ON CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

48. FEES AND NET COMMISSION INCOME

Items	Current period	Last period
Fees and commission income	245,943.67	613,264.28
– Clearing and settlement fees	42,688.50	73,362.22
– Agent fees	52,000.00	124,000.00
– Credit commitment fees and commissions	101,393.12	315,125.90
– Others	49,862.05	100,776.16
Fees and commission expense	255,445.09	234,244.63
– Service fee expense	255,445.09	234,244.63
– Commission expense	0.00	0.00
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Fees and net commission income	-9,501.42	379,019.65
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49. BUSINESS TAXES AND SURCHARGES

Unit: Yuan Currency: RMB

Items	Current period	Last period
Business taxes	5,218,256.29	4,126,264.21
Urban maintenance and construction taxes	4,575,122.47	5,290,613.22
Educational surcharges	3,279,692.47	3,798,347.42
Others	1,565,190.66	1,936,813.28
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Total	14,638,261.89	15,152,038.13
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VII. NOTES OF SIGNIFICANT ITEMS ON CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

50. SELLING AND DISTRIBUTION EXPENSES

Items	Current period	Last period
Packing expenses	9,085,975.73	9,484,328.83
Transportation expenses	100,086,491.36	91,898,705.57
Advertising expenses	3,080,409.55	4,418,832.43
Sales and service fees	104,173,707.22	65,787,470.20
Employee compensation	47,846,786.31	49,243,275.59
Inc.:salaries and wages	32,753,172.28	34,178,065.48
Welfare benefits	1,700,469.53	2,066,503.26
Others	24,539,104.35	24,499,290.53
Total	288,812,474.52	245,331,903.15

51. ADMINISTRATIVE EXPENSES

Items	Current period	Last period
Employee remunerations	85,246,711.11	97,862,470.45
Depreciation expenses	18,366,928.91	19,508,427.73
Repair and maintenance	21,920,328.81	29,340,637.06
Amortization of intangible assets	14,217,503.59	14,200,049.11
Entertainment	2,402,886.48	3,619,457.49
Travelling expenses	1,896,077.41	3,278,616.75
Office expenses	2,485,504.42	2,883,539.64
Research and development expenses	185,186,939.65	204,872,348.54
Taxes	16,029,155.09	14,822,492.55
Rental expenses	3,147,816.99	4,599,391.99
Others	76,538,129.05	85,588,927.17
Total	427,437,981.51	480,576,358.48

VII. NOTES OF SIGNIFICANT ITEMS ON CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

52. FINANCE EXPENSES

Items	Current period	Last period
Interest expenses	57,562,633.27	57,045,907.00
Less: Interest income	9,656,060.41	2,126,080.59
Add: Exchange losses	-4,147,753.91	-857,330.52
Add: Others	-1,551,181.34	-4,695,240.60
Total	42,207,637.61	49,367,255.29

(1) Details of interest expenses

Items	Current period	Last period
Bank loans, overdraft interests	21,796,387.51	19,637,452.10
Interest on bonds and discount notes	35,766,245.76	37,408,454.90
Subtotal	57,562,633.27	57,045,907.00
Less: capitalized interests	0.00	0.00
Total	57,562,633.27	57,045,907.00

(2) Details of interest income

Items	Current period	Last period
Interest income from bank deposits	9,656,060.41	2,126,080.59

VII. NOTES OF SIGNIFICANT ITEMS ON CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

53. LOSS ON IMPAIRMENT OF ASSETS

Items	Current period	Last period
1. Loss on bad debt	134,800,323.28	71,424,408.23
2. Impairment loss on inventories	3,657,720.69	-9,344,861.33
3. Impairment loss on available-for-sale financial assets	0.00	0.00
4. Impairment loss on held-to-maturity investment	0.00	0.00
5. Impairment loss on long-term equity investments	0.00	0.00
6. Impairment loss on investment properties	0.00	0.00
7. Impairment loss on fixed assets	0.00	0.00
8. Impairment loss on construction materials	0.00	0.00
9. Impairment loss on construction in process	0.00	0.00
10. Impairment loss on productive biological asset	0.00	0.00
11. Impairment loss on oil and gas assets	0.00	0.00
12. Impairment loss on intangible assets	0.00	0.00
13. Impairment loss on goodwill	0.00	0.00
14. Impairment loss on loans	2,087,307.75	4,448,517.98
Total	140,545,351.72	66,528,064.88

54. GAIN FROM CHANGES IN FAIR VALUE

Source of gain from changes in fair value	Current period	Last period
Trading financial assets	4,991,993.93	2,910,247.35

VII. NOTES OF SIGNIFICANT ITEMS ON CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

55. INVESTMENT INCOME

Items	Current period	Last period
Long-term equity investments by cost method	0.00	21,496,000.00
Long-term equity investments by equity method	2,033,301.43	211,174.89
Disposal of long-term equity investments	0.00	
Investment income on financial assets measured at fair value and the changes are recorded into profit and loss in the holding period	23,977,951.54	1,861,129.76
Investment income on disposal of financial assets measured at fair value and the changes are recorded into profit and loss in the current period	6,667,471.18	10,132,655.23
Investment returns on held-to-maturity investment during the holding period	878,585.08	3,916,782.96
Investment returns on disposal of held-to-maturity investment during the holding period	1,073,159.30	960,824.55
Investment returns on available-for-sale financial assets during the holding period	17,258,080.00	
Investment returns on disposal of available-for-sale financial assets	0.00	-117,028.44
After the loss of control, gains from remeasuring the remaining equity at fair value	0.00	0.00
Others	96,000.00	-22,063.90
Total	51,984,548.53	38,439,475.05

VII. NOTES OF SIGNIFICANT ITEMS ON CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

56. NON-OPERATING INCOME

Items	Current period	Last period	Extraordinary gains and losses for the year
Gain on disposal of non-current assets	599,056.39	1,086,659.78	599,056.39
Including: gain on disposal of fixed assets	599,056.39	1,086,659.78	599,056.39
Gain on disposal of intangible assets	0.00	0.00	0.00
Gain on debt restructuring	216,240.00	0.00	216,240.00
Gain on non-monetary assets exchange	0.00	0.00	0.00
Donations	0.00	0.00	0.00
Government grants	8,805,040.40	11,711,192.01	8,805,040.40
Others	2,125,202.57	2,576,863.62	2,125,202.57
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Total	11,745,539.36	15,374,715.41	11,745,539.36
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VII. NOTES OF SIGNIFICANT ITEMS ON CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

56. NON-OPERATING INCOME

Details of government grants:

Items	Current period	Last period	Note
Diesel engine crankshaft forging line	1,695,000.00	1,695,000.00	Office of Industrial Development and Reform Commission [2005] No. 1392
Technical innovation of wheeled tractor	1,384,000.00	1,384,000.00	Office of Industrial Development and Reform Commission [2005] No. 279
C series of government project aid	358,000.00	0.00	Luo Fa Industrial Development and Reform Commission [2009] No. 53
Troubled enterprises applied for subsidy of stable employment	0.00	755,909.36	Luoyang Social Security Office subsidy for troubled enterprise stable employment
Subsidy for maintaining stability of troubled enterprises	0.00	1,472,882.00	Luo Ren She [2013] 169
Government rewards	0.00	1,208,700.00	Jiang Zheng Fa [2012] No. 178
Subsidy for stabilization of employment	0.00	111,856.00	Yu Gong Xin [2012] 587
Self R&D improvement	647,584.20	944,171.46	Fa Gai Investment [2012] 2719
Heavy tractor verification system research	0.00	1,000,000.00	National Machinery Division [2012] No. 542
Non-road high-power diesel engine	2,080,000.00	0.00	Luo Cai Yu [2012] 542
CVT tractor heavy machine key technology research and development project	0.00	1,783,693.25	NSC fortune [2012] No. 48
Henan Province scientific and technologic small and medium enterprises technology innovation rewards in 2014	830,000.00	0.00	Luo Cai Yu [2015] 23
80,000 technological upgrading projects domestically made equipment subsidies	509,000.00	509,000.00	Notice of 2006 National debt special funds budget(Yu Cai Ban Jian [2006] 31)
Industrial revitalization and transformation	1,098,000.00	0.00	Industry Development and Reform Office [2013] No. 543
Others	203,456.20	845,979.94	Other government subsidies
Total	8,805,040.40	11,711,192.01	-

VII. NOTES OF SIGNIFICANT ITEMS ON CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

57. NON-OPERATING EXPENSE

Items	Current period	Last period	Extraordinary gains and losses for the year
Loss from disposal of non-current assets	1,508,949.56	1,081,107.00	1,508,949.56
Include: loss from disposal of fixed assets	1,508,949.56	1,081,107.00	1,508,949.56
Loss from disposal of intangible assets	0.00	0.00	0.00
Losses from debt restructuring	11,040.00	0.00	11,040.00
Loss on non-monetary assets exchange	0.00	0.00	0.00
Donations	0.00	0.00	0.00
Others	803,141.38	420,147.29	803,141.38
Total	2,323,130.94	1,501,254.29	2,323,130.94

58. INCOME TAX EXPENSES

Items	Current period	Last period
Current income tax expenses	64,620,077.21	33,204,741.71
Deferred income tax expense	-14,328,955.90	-9,339,777.11
Total	50,291,121.31	23,864,964.60

59. OTHER COMPREHENSIVE INCOME

See Note VII. 41

VII. NOTES OF SIGNIFICANT ITEMS ON CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

60. CASH FLOW INFORMATION

(1) Cash receipts and payments related to other operating/investing/financing activities

Items	Current period	Last period
Cash receipts from interest income of bank deposits	9,656,060.41	2,130,396.89
Cash receipts from other receivables	58,702,676.61	66,421,209.50
Total	68,358,737.02	68,551,606.39

(2) Cash payments to other operating activities

Items	Current period	Last period
Payment of selling and administrative expenses	326,432,131.02	438,191,296.91
Payment of other payables	131,202,772.19	117,639,565.89
Total	457,634,903.21	555,830,862.80

(3) Cash receipts from other investing activities

Items	Current period	Last period
Cash received from assets-related government grants	2,000,000.00	900,000.00

VII. NOTES OF SIGNIFICANT ITEMS ON CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

61. SUPPLEMENTARY INFORMATION FOR CONSOLIDATED CASH FLOW STATEMENT

(2) Cash and cash equivalents

Items	Ending balance	Ending balance of same period last year
1. Cash	1,366,028,959.19	976,321,684.91
Including: Cash in hand	1,242,872.44	896,194.66
Bank deposits available for use on demand	1,288,712,422.58	845,031,428.64
Other monetary funds for use on demand	76,073,664.17	130,394,061.61
Central Bank deposits for use on demand	0.00	0.00
Deposits in other banks	0.00	0.00
Loans in other banks	0.00	0.00
2. Cash equivalents	0.00	0.00
Including: Bonds investment matured within three months	0.00	0.00
3. Cash and cash equivalents at end of year	1,366,028,959.19	976,321,684.91
Including: Cash and cash equivalents of the parent or subsidiaries of the Group with limited right of use	0.00	0.00
	=====	=====

62. THE STATEMENT OF CHANGES IN EQUITY

There are no changes of 'others' in the statement of changes in equity this year.

VII. NOTES OF SIGNIFICANT ITEMS ON CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

63. ASSETS WITH RESTRICTED OWNERSHIP OR USE RIGHTS

Items	Net ending	
	book value	Reasons for the limitation
Cash and cash equivalents	241,876,723.24	Guarantee deposits and central bank reserve requirements
Notes receivables	176,379,808.00	Pledged
Fixed assets	78,984,162.91	Mortgaged
Intangible assets	<u>18,239,231.12</u>	Mortgaged
Total	<u><u>515,479,925.27</u></u>	/

Note: Cash and cash equivalents with restricted ownership include bank acceptances deposits of RMB155,426,863.80 Yuan, central bank statutory deposit of RMB77,928,818.83 Yuan and other deposits of 8,521,040.61 Yuan.

Notes receivables with restricted ownership are the amount of note receivables pledged in the bank in the current period.

The land and properties with restricted ownership (original value is RMB18,239,231.12 Yuan and the net value of 78,984,162.91 Yuan respectively) are used as the mortgages to obtain the short-term borrowings of RMB70 million in Bank of Jilin, Dongsheng branch in the current period.

VII. NOTES OF SIGNIFICANT ITEMS ON CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

64. FOREIGN CURRENCY MONETARY ITEMS

(1) Foreign currency monetary items

Items	Ending balance foreign currency	Exchange rate	Ending balance RMB
Cash and cash equivalents	–	–	122,122,754.35
Inc.: USD	9,659,094.23	6.1136	59,051,838.48
EUR	2,400,081.90	6.8699	16,488,322.64
HKD	39,519,403.97	0.78861	31,165,397.16
YEN	91,596,616.00	0.050052	4,584,593.82
AUD	682,906.82	4.6993	3,209,184.02
XOF	453,488,918.00	0.01047	4,748,028.97
ZAR	5,782,001.30	0.49730	2,875,389.25
Accounts receivable	–	–	149,505,708.26
Inc.: USD	18,901,534.49	6.1136	115,556,421.26
EUR	2,250,240.44	6.8699	15,458,926.80
AUD	452,575.80	4.6993	2,126,789.46
XOF	221,305,940.22	0.01047	2,317,073.19
ZAR	28,245,520.92	0.49730	14,046,497.55
Other receivables	–	–	13,917,256.06
XOF	9,681,679.50	0.01047	101,367.18
EUR	2,011,075.69	6.8699	13,815,888.88
Accounts payable	–	–	29,196,075.29
Inc.: XOF	367,563,796.77	0.01047	3,848,392.95
EUR	3,689,672.68	6.8699	25,347,682.34
Other payable	–	–	733,084.25
Inc.: XOF	70,017,597.98	0.01047	733,084.25

VII. NOTES OF SIGNIFICANT ITEMS ON CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

64. FOREIGN CURRENCY MONETARY ITEMS (CONTINUED)

(1) Foreign currency monetary items (CONTINUED)

Items	Ending balance foreign currency	Exchange rate	Ending balance RMB
Short-term loans	-	-	1,398,226,608.50
Inc.: USD	196,800,000.00	6.1136	1,203,156,480.00
EUR	27,100,000.00	6.8699	185,859,620.00
XOF	879,704,728.23	0.01047	9,210,508.50
Non-current liabilities due within one year	-	-	17,174,750.00
Inc.: EUR	2,500,000.00	6.8699	17,174,750.00
Long-term loans	-	-	34,349,500.00
Inc.: EUR	5,000,000.00	6.8699	34,349,500.00
	<u> </u>	<u> </u>	<u> </u>

VII. NOTES OF SIGNIFICANT ITEMS ON CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

64. FOREIGN CURRENCY MONETARY ITEMS *(CONTINUED)*

- (2) **Explanation on the overseas business entities, including disclosures of significant overseas business entities about the main business places, recording currency and the basis for the selection, and reasons for changes of the recording currency when changes happened.**

Name of organization	Overseas main premises	Recording currency	The basis for recording currency selection
Brilliance China Machinery Holdings Co., Ltd.	Hong Kong	USD	Business environment and the main settlement currency
YITWO Agro-Industrial	Côte d'Ivoire	XOF	Business environment and the main settlement currency
CAD FUND MACHINERY (SA) (PTY) LTD	South Africa	ZAR	Business environment and the main settlement currency
YTO FRANCE SAS	France	EUR	Business environment and the main settlement currency

VIII. CHANGES IN SCOPE OF CONSOLIDATION

1. BUSINESS COMBINATION NOT UNDER THE COMMON CONTROL

None

2. BUSINESS COMBINATION UNDER COMMON CONTROL

None

IX. INTERESTS IN OTHER ENTITIES

1. INTERESTS IN SUBSIDIARIES

(1) The composition of the Group

Name of the subsidiary	Main business premises	Registration place	Type of business	Percentage of shareholding (%)		Acquisition method
				Direct	Indirect	
YTO France SAS	France	France	Tractor manufacturing	100.00	0.00	1
Luoyang Changhong Trading Co., Ltd.	China	China	Agricultural machinery sales	100.00	0.00	1
YTO (Luoyang) Shentong Construction Machinery Co., Ltd.	China	China	Tractor manufacturing	100.00	0.00	1
YTO (Xinjiang) Machinery Co., Ltd.	China	China	Tractor manufacturing	100.00	0.00	1
YTO Heilongjiang Agricultural Machinery Co., Ltd.	China	China	Tractor manufacturing	100.00	0.00	1
Luoyang Changxing Agricultural Machinery Co., Ltd.	China	China	Agricultural machinery sales	70.00	30.00	1
YTO (Luoyang) Transportation Machinery Co., Ltd.	China	China	Tractor manufacturing	93.39	0.00	1
Brilliance China Machinery Holdings Limited	China	Bermuda	Investment holding	90.10	0.00	1
YTO Finance Company Limited	China	China	Finance	88.60	4.80	1
China-Africa Machinery Investment Corp.	China	China	Agricultural machinery sales	55.00	0.00	1

IX. INTERESTS IN OTHER ENTITIES (CONTINUED)

1. INTERESTS IN SUBSIDIARIES (CONTINUED)

(1) The composition of the Group (Continued)

Name of the subsidiary	Main business premises	Registration place	Type of business	Percentage of shareholding (%)		Acquisition method
				Direct	Indirect	
Luoyang Tractors Research Institute Co., Ltd.	China	China	Other	51.00	0.00	2
YTO (Luoyang) Forklift Truck Company Limited	China	China	Tractor manufacturing	100.00	0.00	2
YTO (Luoyang) Diesel Engine Co., Ltd.	China	China	Power machinery manufacturing	67.94	19.45	2
YTO (Luoyang) Drive Axle Company Limited	China	China	Tractor manufacturing	100.00	0.00	2
YTO (Luoyang) Flag Auto-Body Company Limited	China	China	Tractor manufacturing	100.00	0.00	2
YTO (Luoyang) Fuel Injection Pump Co., Ltd.	China	China	Power machinery manufacturing	66.60	22.83	2
YTO (Luoyang) Foundry Company Limited	China	China	Tractor manufacturing	100.00	0.00	2
YTO International Economic and Trade Co., Ltd.	China	China	Agricultural machinery sales	100.00	0.00	2
Changtuo Agricultural Machinery Equipment Group Company Limited	China	China	Tractor manufacturing	33.33	0.00	3
YTO Shunxing (Luoyang) Spare Parts Co., Ltd.	China	China	Tractor manufacturing	100.00	0.00	3
YTO Shenyang Tractor Company Limited	China	China	Tractor manufacturing	60.00	0.00	1

IX. INTERESTS IN OTHER ENTITIES (CONTINUED)

1. INTERESTS IN SUBSIDIARIES (CONTINUED)

(1) The composition of the Group (Continued)

Note: According to the decision of the first meeting of the sixth board of directors in 2012, the Company raised capital with RMB94,250,000.00 based on the valuation of net assets of Changtuo Agricultural Machinery Equipment Group Company Limited (referred to as "Changtuo Company") on 31 March 2012. The Company holds 33.33% equity of Changtuo Company after raising capital. In accordance with the agreement between the Company and China National Machinery Industry Corporation (referred to as "SinoMach"), SinoMach authorized its voting right and supervision and management right which are corresponded to the 33.33% equity to the Company to independently exercise these rights. The authorization will end when SinoMach transfer the equity to unrelated third parties. During the authorization period, SinoMach p cannot unilaterally withdraw its authorization. SinoMach has to obtain the written consent from the Company if SinoMach p needs to transfer its equity to a third party. However, the Company has the priority purchase right. At this point, the Company obtained 66.66% voting right and actual control right of Changtuo Company.

Acquisition method: 1. establishment or investment; 2. business combination under the common control; 3. business combination not under the common control.

IX. INTERESTS IN OTHER ENTITIES (CONTINUED)**1. INTERESTS IN SUBSIDIARIES (CONTINUED)****(2) Significant partially-owned subsidiaries**

Name of the subsidiary	Minority holding percentage	Profit and loss attributable to minorities	Dividends declared to minorities	Ending balance of minority interests
Brilliance China Machinery Holdings Limited	9.90%	1,135,175.54	0.00	14,519,504.27
YTO (Luoyang) Transportation Machinery Co., Ltd.	6.61%	-263,532.15	0.00	614,555.36
YTO Finance Company Limited	6.60%	2,941,332.46	1,650,000.00	52,654,475.76
China-Africa Machinery Investment Corp.	45.00%	-332,526.12	0.00	41,260,994.38
Luoyang Tractors Research Institute Co., Ltd.	49.00%	3,336,925.12	0.00	304,966,956.44
YTO (Luoyang) Diesel Engine Co., Ltd.	12.61%	10,780,718.58	4,252,789.00	124,494,204.85
YTO (Luoyang) Fuel Injection Pump Co., Ltd.	13.887%	1,606,613.58	0.00	33,488,693.48
Changtuo Agricultural Machinery Equipment Group Company Limited	66.67%	-14,964,799.11	0.00	99,797,700.93

IX. INTERESTS IN OTHER ENTITIES (CONTINUED)

1. INTERESTS IN SUBSIDIARIES (CONTINUED)

(3) Main financial information of significant partially-owned subsidiaries

Items	Current period							Changtuo
	Brilliance		Luoyang			YTO		Agricultural
	China	China-Africa	Tractors	YTO	YTO	Machinery	Equipment	
	Transportation Machinery	YTO Finance Machinery	Research Institute	(Luoyang) Diesel Engine	(Luoyang) Fuel Injection Pump	Group Company		
Co., Ltd.	Limited	Limited	Corp.	Co., Ltd.	Co., Ltd.	Co., Ltd.	Limited	
Current assets	35,376,335.75	140,612,638.15	2,186,197,583.98	124,734,873.08	224,095,898.73	1,254,660,059.92	194,176,330.21	61,714,835.24
Non-current assets	27,855,934.53	9,170,400.00	2,119,912,729.61	3,272,266.52	473,758,003.15	814,005,055.18	137,488,553.20	216,960,520.67
Total assets	63,232,270.28	149,783,038.15	4,306,110,313.59	128,007,139.60	697,853,901.88	2,068,665,115.10	331,664,883.41	278,675,355.91
Current liabilities	53,552,340.56	3,121,389.63	3,574,736,655.33	35,307,457.72	38,103,183.45	1,035,378,301.25	90,943,474.29	120,200,448.88
Non-current liabilities	0.00	0.00	5,009,325.00	0.00	37,297,629.75	25,511,344.80	0.00	8,778,339.73
Total liabilities	53,552,340.56	3,121,389.63	3,579,745,980.33	35,307,457.72	75,400,813.20	1,060,889,646.05	90,943,474.29	128,978,788.61
Operating revenue	22,636,494.11	0.00	169,864,006.79	37,099,683.91	94,516,615.65	1,285,513,538.72	123,730,341.42	26,285,109.81
Net profits	-3,604,298.80	11,466,419.64	40,793,482.41	-631,914.67	6,881,596.17	79,672,993.26	11,569,191.21	-22,447,198.66

IX. INTERESTS IN OTHER ENTITIES (CONTINUED)

1. INTERESTS IN SUBSIDIARIES (CONTINUED)

(3) Main financial information of significant partially-owned subsidiaries (Continued)

Items	Last period							
	YTO (Luoyang) Transportation Machinery Co., Ltd.	Brilliance China Machinery Holdings Limited	YTO Finance Company Limited	China-Africa Machinery Investment Corp.	Luoyang Tractors Research Institute Co., Ltd.	YTO (Luoyang) Diesel Engine Co., Ltd.	YTO (Luoyang) Fuel Injection Pump Co., Ltd.	Changluo Agricultural Machinery Equipment Group Company Limited
Current assets	41,763,593.97	128,383,932.95	1,780,819,452.23	125,893,693.52	210,563,428.17	1,060,474,739.51	216,421,092.89	75,478,043.12
Non-current assets	28,710,237.03	9,178,500.00	2,008,726,018.62	3,585,122.45	463,225,326.19	837,199,724.88	106,758,341.60	221,393,368.02
Total assets	70,473,831.00	137,562,432.95	3,789,545,470.85	129,478,815.97	673,788,754.36	1,897,674,464.39	323,179,434.49	296,871,411.14
Current liabilities	57,189,602.48	3,124,146.68	3,077,850,895.00	35,743,432.50	34,979,632.10	909,021,754.48	94,027,216.58	115,733,317.15
Non-current liabilities	0.00	0.00	3,924,525.00	0.00	23,237,629.75	26,812,130.12	0.00	8,994,328.03
Total liabilities	57,189,602.48	3,124,146.68	3,081,775,420.00	35,743,432.50	58,217,261.85	935,833,884.60	94,027,216.58	124,727,645.18
Operating revenue	39,365,541.77	0.00	57,423,306.75	41,891,752.19	90,262,703.24	1,151,168,844.51	114,406,127.37	36,554,874.70
Net profits	-2,156,756.73	971,012.11	31,396,416.58	-2,636,326.31	5,183,190.08	55,477,536.34	4,521,997.90	-19,399,925.37

2. REMAIN CONTROL OVER SUBSIDIARIES WITH CHANGES IN OWNER'S EQUITY

None

IX. INTERESTS IN OTHER ENTITIES (CONTINUED)

3. INTERESTS IN JOINT VENTURES OR ASSOCIATES

(1) Significant joint ventures or associates

Name of joint ventures or associates	Main business premises	Registration place	Type of business	Percentage of shareholding (%)		Accounting method of investments in joint ventures or associates
				Direct	Indirect	
				ZF YTO (Luoyang) Drive Axle Company Limited	China	
YTO Chuanlong (Sichuan) Agricultural Equipment Co., Ltd.	China	China	Tractor manufacturing	20.00	0.00	Equity method
Luoyang First Motors Co., Ltd.	China	China	Tractor manufacturing	29.50	0.00	Equity method
Luoyang I&C Technology Consulting Co., Ltd.	China	China	Professional technical service	30.00	0.00	Equity method
Luoyang Yongwei Machinery Co., Ltd.	China	China	Other special equipment manufacturing	48.60	0.00	Equity method

IX. INTERESTS IN OTHER ENTITIES (CONTINUED)

3. INTERESTS IN JOINT VENTURES OR ASSOCIATES (CONTINUED)

(2) Main financial information of important associates

Items	Ending balance/Current period			Beginning balance/Last period		
	YTO			YTO		
	Luoyang	Chuanlong	ZF YTO	Luoyang	Chuanlong	ZF YTO
	(Sichuan)	(Luoyang)		(Sichuan)	(Luoyang)	
	Yongwei	Agricultural	Drive Axle	Yongwei	Agricultural	Drive Axle
	Machinery	Equipment	Company	Machinery	Equipment	Company
	Co., Ltd.	Co. Ltd.	Limited	Co., Ltd.	Co., Ltd.	Limited
Current assets	12,759,832.95	4,020,895.16	159,639,968.09	12,823,734.66	5,404,815.50	17,651,041.08
Including: Cash and cash equivalents	1,877,739.97	3,446,121.88	48,222,939.24	4,252,591.54	4,754,660.19	0.00
Non-current assets	7,407,072.23	1,210,254.28	194,325,131.42	6,796,931.27	248,720.04	204,624,724.00
Total assets	20,166,905.18	5,231,149.44	353,965,099.51	19,620,665.93	5,653,535.54	222,275,765.08
Current liabilities	4,658,636.66	121,620.80	65,800,208.78	4,387,407.64	201,249.13	165,120,652.00
Non-current liabilities	0	0.00	0.00	0.00	0.00	0.00
Total liabilities	4,658,636.66	121,620.80	65,800,208.78	4,387,407.64	201,249.13	165,120,652.00
Non-controlling interest	0	0.00	0.00	0.00	0.00	0.00
Equity attributable to the parent company shareholders	15,508,268.52	5,109,528.64	288,164,890.73	15,233,258.29	5,452,286.41	57,155,113.08
Share of net assets calculated by shareholding ratio	7,537,018.50	1,021,905.73	141,200,796.46	7,403,363.53	1,090,457.28	57,155,113.08
Adjusting events	0.00	0.00	-131,644.23	0.00	0.00	0.00
- Goodwill	0.00	0.00	0	0.00	0.00	0.00
- Unrealized profits from insider trading	0.00	0.00	-131,644.23	0.00	0.00	0.00
- Others	0.00	0.00	0	0.00	0.00	0.00
Book value of equity investments in associates	7,537,018.50	1,021,905.73	141,069,152.23	7,426,196.13	1,090,457.28	57,155,113.08

IX. INTERESTS IN OTHER ENTITIES (CONTINUED)**3. INTERESTS IN JOINT VENTURES OR ASSOCIATES (CONTINUED)****(3) Summary financial information of insignificant joint ventures and associates**

Items	Ending balance/ Current period	Beginning balance/ Last period
Associates:		
Total book value of investments	74,682.31	177,404.35
Total amount of the following items calculated by shareholding ratio		
– Net profits	-102,722.04	-18,093.75
– Other comprehensive income		
– Total comprehensive income	-102,722.04	-18,093.75

(4) Significant restrictions of the ability to transfer funds from associates to the Company

None

(5) Excess loss occurred in joint ventures

None

(6) Unconfirmed commitments related to investments in joint ventures

None

(7) Contingent liabilities related to investments in joint ventures or associates

None

IX. INTERESTS IN OTHER ENTITIES (CONTINUED)

4. SIGNIFICANT JOINT OPERATION

None

5. EQUITY IN THE STRUCTURED BODY NOT INCLUDED IN THE SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS

None

X. RISKS RELATED TO FINANCIAL INSTRUMENTS

Major financial instruments of the Group include: loans, receivables, payables, financial assets at fair value through profit or loss, available-for-sale financial assets, loan and advances, accounts payable, borrowings from financial institutes, bonds payable etc. For the specific details of each financial instrument, please refer to Note VI. Risks related to these financial instruments and the Group's risk management policies for risk mitigation are stated as following. The management and supervision on the risk exposure is to ensure that these risks mentioned above are controlled within a reasonable range.

1. RISK MANAGEMENT OBJECTIVES AND POLICIES

The risk management objectives of the Group are to obtain an appropriate balance between risk and return, to reduce negative effects caused by operating results to a lowest level, and to maximize interest of shareholders and other equity investors. Based on these objectives, the basic strategies are to confirm and analyze all potential risks related to the Group, to set appropriate risk limitations, to manage and monitor all risks timely and effectively, and to control the risks within a limited scope.

X. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

1. RISK MANAGEMENT OBJECTIVES AND POLICIES

(1) Market risk

1) Exchange rate risk

Most of the Group's business is in China. As a result, most transactions are settled in RMB, which means the Group does not need to face a high exchange rate risk. The Group's foreign exchange exposure is mainly related to U.S. Dollar, H.K. Dollar, Euro, Yen, West African francs and rand. As at 30 June 2015, the ending balances of assets and liabilities held by the Group are all in RMB, except for the ending balances in foreign currencies stated in the following form. The exchange rate risk rose from ending balances in foreign currencies of assets and liabilities may have effects on the Group's operation performance.

Item	Ending balance		Beginning balance	
	Original currency	Converted to RMB	Original currency	Converted to RMB
Cash and cash equivalents	-	122,122,754.34	-	117,703,764.62
U.S. Dollar	9,659,094.23	59,051,838.48	6,183,230.17	37,835,185.36
Euro	2,400,081.90	16,488,322.64	3,887,470.62	28,983,425.95
H.K. Dollar	39,519,403.97	31,165,397.16	35,279,020.98	27,831,619.65
Yen	91,596,616.00	4,584,593.82	85,788,300.97	4,409,518.67
Australia Dollar	682,906.82	3,209,184.02	545,072.91	2,734,848.80
West African Francs	453,488,918.00	4,748,028.97	433,401,620.00	4,927,776.42
South African Rand	5,782,001.30	2,875,389.25	20,739,168.59	10,981,389.77
Accounts receivable	-	149,505,708.26	-	69,246,598.08
U.S. Dollar	18,901,534.49	115,556,421.26	6,197,748.78	37,924,024.79
Euro	2,250,240.44	15,458,926.80	1,396,701.23	10,413,245.75
Yen	0.00	0.00	14,028,271.00	721,053.13
Australia dollar	452,575.80	2,126,789.46	381,696.80	1,915,125.52
West African francs	221,305,940.22	2,317,073.19	586,311,908.47	6,666,366.40
South African rand	28,245,520.92	14,046,497.55	21,920,269.11	11,606,782.49
Other receivables	-	13,917,256.06	-	163,460.24
West African Francs	9,681,679.50	101,367.18	12,181,679.50	138,505.70
Euro	2,011,075.69	13,815,888.88	0.00	0.00
South African Rand	0.00	0.00	47,128.50	24,954.54

X. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

1. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(1) Market risk (CONTINUED)

1) Exchange rate risk (Continued)

Item	Ending balance		Beginning balance	
	Original currency	Converted to RMB	Original currency	Converted to RMB
Accounts payable	-	29,196,075.29	-	41,311,784.52
West African Francs	367,563,796.77	3,848,392.95	599,973,813.54	6,821,702.26
Euro	3,689,672.68	25,347,682.34	0.00	0.00
South African Rand	0.00	0.00	65,137,076.98	34,490,082.26
Other payables	-	733,084.25	-	19,430,234.98
West African Francs	70,017,597.98	733,084.25	72,349,390.50	822,612.57
South African Rand	0.00	0.00	35,141,874.24	18,607,622.41
Short-term loan	-	1,398,226,608.50	-	1,274,029,853.67
U.S. Dollar	196,800,000.00	1,203,156,480.00	196,800,000.00	1,204,219,200.00
Euro	27,100,000.00	185,859,620.00	8,021,944.70	59,808,410.91
West African Francs	879,704,728.23	9,210,508.50	879,704,728.23	10,002,242.76
Non-current liabilities due within one year	-	17,174,750.00	-	18,639,000.00
Euro	2,500,000.00	17,174,750.00	2,500,000.00	18,639,000.00
Long-term loan	-	34,349,500.00	-	46,597,500.00
Euro	5,000,000.00	34,349,500.00	6,250,000.00	46,597,500.00

The Group pays close attention to the impact of fluctuations in exchange rate. The Group does not use derivative financial instruments to hedge foreign currency risks.

X. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

1. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(1) Market risk (Continued)

2) Interest rate risk

The group's interest rate risk arises from bank loans and bonds payable and other interest-bearing debts. Financial liabilities with floating interest rates push the Group to face the cash flow interest rate risk. Financial liabilities with fixed interest rates push the Group to face the fair value interest rate risk. The Group needs to decide a relative proportion between contracts with floating interest rates and contracts with fixed interest rates according to the market environment.

The risk of changes in market interest rates the Group exposed is mainly related to loans and advances as well as deposits and borrowings.

The group maintains a proper fixed and floating rate instruments combination, and regularly reviews and monitors the combination to make a proper arrangement to reduce the risk. The Group does not use derivative financial instruments to hedge interest rate risks.

On 30 June 2015, interest-bearing debts of the Group are mainly borrowing contracts in U.S. dollar and in Euro with floating interest rates and contracts in RMB with fixed interest rates. The total amount of borrowing contracts with floating interest rates is RMB710,349,830.00 Yuan (RMB667,188,310.91 Yuan on 31 December 2014). The total amount of contracts with fixed interest rates is RMB2,492,951,106.80 (RMB2,542,580,835.24 on 31 December 2014).

The Group does not use derivative financial instruments to hedge interest rate risks.

X. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

1. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(1) Market risk (Continued)

3) Price risk

The Group sells products on the market price. Therefore the Group is influenced by the fluctuation of the market price.

(2) Credit risk

On 30 June 2015, the Group's potential maximum exposure to credit risk is mainly because of the counterparties' failure to perform their obligations leading to losses of financial assets related to the Group, including accounts receivable of the Group and loan transactions in YTO Finance Company Limited, a subsidiary of the Group.

The Group's policy is to make all customers with credit term transactions to go through credit audit procedures. In addition, the Group will continue to monitor balances of accounts receivable. The board of directors believes that the uncollected accounts receivable in the financial statement has an adequate allowance. The board of directors believes that the credit risk has been significantly reduced.

The total amount of the top five accounts receivable is RMB305,037,292.77 (RMB271,528,106.00 on 31 December 2014). The Group's risk exposure is distributed across multiple clients. At the end of the year, 16.94% of the Group's accounts receivable (21.37% for last period) comes from the top five customers. Therefore, the Group has no significant credit concentration risk.

X. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

1. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(2) Credit risk (Continued)

YTO Finance Company Limited, a subsidiary of the Group, has built up a series of strict credit standards and loan approval systems to control and manage the credit risk. The loan approval commitment is responsible for making policies and confirming credit limitations to make a collective review of each credit loan business according to conservative and prudent policies. The audit department of YTO Finance Company Limited is responsible for monitoring the policies and inspecting implementations of the systems.

Bank deposits and pledged bank deposits are in state-owned banks or other reputable financial institution. Therefore, the credit risk of bank deposits is limited.

Accounts receivable is guaranteed by state-owned banks or other reputable financial institution. Therefore, the credit risk of accounts receivable is limited.

The carrying amount of financial assets in the consolidated balance sheet; for financial instruments measured at fair value, the book value reflects its risk exposure but not the maximum risk exposure. The maximum risk exposure will change along with the change of fair value in the future.

X. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

1. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(3) Liquidity risk

Liquidity risk is the risk that the Group is unable to fulfil its financial obligations at maturity date.

Cash flow forecast is performed by the operation entity of the Group and calculated by the Group financing. The Group financing monitors the rolling forecast of liquidity requirements to ensure that there has adequate funds to meet operation needs. It also maintains adequate undrawn commitments loan limitations to protect the Group from breaking any loan limitations or terms (if any). Such prediction considers the Group's debt financing plan, compliance of terms, ratio target of internal financial position statement, and external regulation or legislation (if applicable) like currency restriction.

The difference between the remaining cash held by the operation entity and the amount needed for working capital management is transferred to the group treasurer. The group treasurer invests the remaining funds into the fixed deposits, money market deposits and securities which have proper maturity dates or adequate liquidity to provide adequate space for the above forecast.

At the end of year, cash and cash equivalents held by the Group is RMB1,366,028,959.19 (RMB1,749,902,168.21 on 31 December 2014) (Note VII 61). Accounts receivable and notes receivable is RMB2,373,587,158.18 (RMB2,211,631,632.05 on 31 December 2014) (Note VII 4, 5). Cash flow is expected to real-timely generate to manage the liquidity risk. Besides, listed transaction equity securities held by the Group is RMB17,448,309.50 (RMB14,360,150.44 on 31 December 2014)(Note VII 3). These securities can real-timely liquidate to cash when there is a need.

X. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

1. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(3) Liquidity risk (Continued)

Analysis of the maturity of financial assets and financial liabilities based on undiscounted remaining contractual obligations is stated as following:

Amount at 30 June 2015:

Item	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
Financial assets					
Cash	1,607,906,111.14				1,607,906,111.14
Financial assets held for trading	167,448,309.50	220,000,000.00			387,448,309.50
Notes receivable	598,838,189.57				598,838,189.57
Accounts receivable	1,760,148,968.61				1,760,148,968.61
Prepayments	147,289,406.48				147,289,406.48
Interests receivable	335,833.33				335,833.33
Other receivables	80,417,196.12				80,417,196.12
Available-for-sale financial assets – stock	114,212,800.00				114,212,800.00
Loans and advances	1,661,434,263.45		160,696.71		1,661,594,960.16
Financial liabilities					
Short-term loans	1,651,776,686.80				1,651,776,686.80
Deposits and interbank deposits	916,809,633.32				916,809,633.32
Loans from banks	100,000,000.00				100,000,000.00
Notes payable	844,155,972.59				844,155,972.59
Accounts payable	2,178,426,474.24				2,178,426,474.24
Other payables	265,230,270.72				265,230,270.72
Interests payable	43,429,021.91				43,429,021.91
Employee benefits payables	60,295,214.75		41,958,804.89		102,254,019.64
Non-current liabilities due within one year – loan	17,174,750.00				17,174,750.00
Long-term loans		17,174,750.00	17,174,750.00		34,349,500.00
Bonds payable			1,493,099,161.33		1,493,099,161.33

X. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

2. SENSITIVITY ANALYSIS

The group uses the sensitivity analysis technology to analyze the rationality and changes of risk variables which may effect on the profits and losses in the current period or the owner's equity. The risk variable rarely changes individually and the influence of correlation between variables is significant. Therefore, the content below is on the assumption that the change in each variable is independent.

(1) Sensitivity analysis of foreign currency risk

Hypothesis of sensitivity analysis of foreign currency risk: all net investment hedging in overseas operations and cash flow hedging are highly effective.

Based on the above hypothesis, when other variables are constant, the after-tax effect of reasonable exchange rate fluctuations to profit or loss in the current period and equity in the current period is stated as following:

Item	Fluctuations in exchange rate	January to June, 2015 Effect on profits before income tax	January to June, 2014 Effect on profits before income tax
All foreign currency	The appreciation of exchange rate of foreign currency against RMB is 5%	-60,338,667.29	-18,131,375.02
All foreign currency	The depreciation of exchange rate of foreign currency against RMB is 5%	60,338,667.29	18,131,375.02

X. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

2. SENSITIVITY ANALYSIS

(2) Sensitivity analysis of interest rate risk

Hypothesis of sensitivity analysis of foreign currency risk:

The change of market interest rate will affect interest income or expenses of financial instruments with variable interest rates;

For financial instruments with fixed interest rates and measured at fair value, the change of market interest rate will only affect interest income or expenses;

The change of fair value of derivative financial instruments and other financial assets and liabilities is calculated by the discounted cash flow method with the market interest rate on the balance sheet date.

Based on the above hypothesis, when other variables are constant, the after-tax effect of reasonable interest rate fluctuations to profit or loss in the current period and equity in the current period is stated as following:

Item	Fluctuations in exchange rate	January to June, 2015		January to June, 2014	
		Effect on net profits	Effect on shareholders' equity	Effect on net profits	Effect on shareholders' equity
Floating rate borrowings	Increase by 1%	-2,513,202.63	-2,513,202.63	-351,883.23	-351,883.23
Floating rate borrowings	Decrease by 1%	2,513,202.63	2,513,202.63	351,883.23	351,883.23

XI. DISCLOSURES OF FAIR VALUE

1. ENDING BALANCE OF ASSETS AND LIABILITIES MEASURED AT FAIR VALUE AND HIERARCHY OF FAIR VALUE MEASUREMENT

Items	Fair value at the end of year			Total
	The first level of fair value measurement	The second level of fair value measurement	The third level of fair value measurement	
I. Continuous fair value measurement	501,661,109.50	0.00	188,129,341.41	689,790,450.91
1. Financial assets at fair value through profit or loss	387,448,309.50	0.00	0.00	387,448,309.50
(1) Financial assets held for trading	17,448,309.50	0.00	0.00	17,448,309.50
1) Investment in debt instruments	0.00	0.00	0.00	0.00
2) Investment in equity instruments	17,448,309.50	0.00	0.00	17,448,309.50
3) Derivative financial assets	0.00	0.00	0.00	0.00
(2) Designated financial assets at fair value through profit or loss	370,000,000.00	0.00	0.00	370,000,000.00
1) Investment in debt instruments	0.00	0.00	0.00	0.00
2) Investment in equity instruments	0.00	0.00	0.00	0.00
3) Trust products	370,000,000.00	0.00	0.00	370,000,000.00
2. Available-for-sale financial assets	114,212,800.00	0.00	188,129,341.41	302,342,141.41
(1) Investment in debt instruments	0.00	0.00	0.00	0.00
(2) Investment in equity instruments	114,212,800.00	0.00	0.00	114,212,800.00
(3) Others	0.00	0.00	188,129,341.41	188,129,341.41
3. Investment real estates	0.00	0.00	0.00	0.00
4. Biological assets	0.00	0.00	0.00	0.00
Total assets continuously measured at fair value	501,661,109.50	0.00	188,129,341.41	689,790,450.91

XI. DISCLOSURES OF FAIR VALUE (CONTINUED)

2. DETERMINATION OF THE MARKET PRICE OF THE FIRST LEVEL OF CONTINUOUS AND NON-CONTINUOUS FAIR VALUE MEASUREMENT

The fair value of financial instruments traded in the active market is accounted for the market price on the financial statement date. The market is regarded active when the offer can be real-time and regularly acquired from the stock exchange, traders, brokers, insiders, pricing services, or regulatory agencies and the offer represents actual and regular market transactions with an even bargain reference. The market price of financial assets held by the Group is the bid price at that time. These financial instruments are in the first level. Instruments in the first level include equity investments of the Hengsheng index, the composite index of Shanghai stock exchange and component index of Shenzhen stock exchange (classified as financial assets at fair value through profit or loss or available-for-sale financial assets).

3. VALUATION TECHNIQUES AND QUALITATIVE AND QUANTITATIVE INFORMATION ON IMPORTANT PARAMETERS ADOPTED FOR THE SECOND LEVEL OF CONTINUOUS AND NON-CONTINUOUS FAIR VALUE MEASUREMENT

Valuation techniques can be used to determine the fair value of financial instruments not traded in the active market (such as OTC derivatives). Valuation techniques should use observable market data (if any) as much as possible and use specific estimations as less as possible. If all significant inputs are observable data when calculate the fair value of a financial instrument, the financial instrument is in the second level.

XI. DISCLOSURES OF FAIR VALUE (CONTINUED)

4. VALUATION TECHNIQUES AND QUALITATIVE AND QUANTITATIVE INFORMATION ON IMPORTANT PARAMETERS ADOPTED FOR THE THIRD LEVEL OF CONTINUOUS AND NON-CONTINUOUS FAIR VALUE MEASUREMENT

If one or more of the significant inputs is not based on observable market data, the financial instrument is in the third level.

Specific methods of valuating financial instruments:

- (1) Market price or industry price of similar financial instruments.
- (2) The fair value of interest rate swap is calculated based on discounted value of estimated future cash flows by observable yield curve.
- (3) Present value discounted from fair value of foreign exchange forward contracts calculated by the exchange rate on the settlement date
- (4) Other methods like discounted value of cash flow analysis which is used to calculate the fair value of the rest other financial instruments.

5. NO CONVERSION OF FINANCIAL ASSETS BETWEEN THE FIRST LEVEL AND THE SECOND LEVEL HAPPENED IN CURRENT PERIOD.

6. NO CHANGES IN VALUATION TECHNIQUES HAPPENED IN CURRENT PERIOD.

XII. RELATED PARTIES RELATIONSHIP AND TRANSACTIONS

1. PARENT COMPANY OF THE GROUP

Controlling shareholder	Registration	Nature	Registered capital	Percentage of	Percentage of
	place			share holding	voting right
				(%)	(%)
YTO Group Corporation	Henan	Production and sales of large, medium and small tractors, construction machinery, diesel engines, etc	3,174,949,000.00	44.57	44.57

The ultimate controlling party of the Group is China National Machinery Corporation, registered in Beijing, whose business are domestic and foreign contracting of large equipment and projects, organization of the industry's major technology and equipment research, development and research production and sales of motor vehicles, cars and auto parts; contracted overseas projects and domestic international bidding; import and export businesses; held economic and trade exhibitions overseas and organization of domestic enterprises to participate or hold exhibitions overseas. The registered capital is RMB13,000,000,000.00.

2. SUBSIDIARIES

Please refer to Note IX 1 for detailed information of subsidiaries.

3. JOINT VENTURES AND ASSOCIATES

Please refer to Note IX 3 for significant joint ventures and associates.

XII. RELATED PARTIES RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. OTHER RELATED PARTIES

Name of the other related parties	Relationship of the other related parties to the Company
Dongfanghong(Luoyang) Culture Communication Centre	Under common control
Luoyang Duoan Advertising Co., Ltd	Under common control
YTO (Luoyang) Kintra Equipment Science & Technology Co., Ltd	Under common control
Luoyang Tianhui Energy Engineering Co., Ltd	Under common control
YTO Group Corporation (Luoyang) Vehicles Co., Ltd	Under common control
YTO (Luoyang) Special Purpose Vehicle Co., Ltd	Under common control
YTO Luoyang Motor Vehicle Driver Training Schools Co., Ltd	Under common control
YTO (Luoyang) Logistics Co., Ltd	Under common control
YTO (Luoyang) Lubricants Co., Ltd	Under common control
YTO (Luoyang) Tianze Gas Co., Ltd	Under common control
YTO (Luoyang) Huide Tooling Co., Ltd	Under common control
YTO (Luoyang) Dongchen Mold Technology Co., Ltd	Under common control
YTO (Heilongjiang) Dongfanghong Industrial Park Co., Ltd	Under common control
YTO (Luoyang) Xinnuo Materials Trading Co., Ltd	Under common control
YTO (Luoyang) Zhongcheng Machinery Co., Ltd	Under common control
China YTO Group Linhai Vehicles Co., Ltd	Same ultimate control
YTO (Luoyang) Xindongfang Automobile Co., Ltd.	Same ultimate control
YTO (Luoyang) Standard Parts Co., Ltd.	Same ultimate control
YTO (Luoyang) Like Automobile Co., Ltd.	Same ultimate control
YTO (Luoyang) Light Automobile Co., Ltd.	Same ultimate control
Luoyang Business Daily Co., Ltd.	Same ultimate control
China Machine Heavy Industry Group Co., Ltd.	Same ultimate control
Changlin Company Ltd	Same ultimate control
China Erzhong Group (Deyang) Heavy Industry Co., Ltd	Same ultimate control
SINOMACH-HI (Luoyang) Building Machinery Co., Ltd	Same ultimate control
SINOMACH-HI (Luoyang) Co., Ltd	Same ultimate control
The Fourth Design Institute of the Ministry of Machinery Industry	Same ultimate control
The Sixth Design Institute of the Ministry of Machinery Industry	Same ultimate control

XII. RELATED PARTIES RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. OTHER RELATED PARTIES (CONTINUED)

Name of the other related parties	Relationship of the other related parties to the Company
The Fifth Design Institute of the Ministry of Machinery Industry	Same ultimate control
Luoyang Oriental Printing Industry Co., Ltd.	Same ultimate control
Luoyang Zhongshou Machinery & Equipment Co., Ltd	Same ultimate control
Luoyang Bearing Science & Technology Co., Ltd	Same ultimate control
Luoyang Bearing Science & Industry Co., Ltd	Same ultimate control
Tianjin Daye Logistics Co., Ltd	Same ultimate control
YTO (Luoyang) Construction Machinery Co., Ltd	Same ultimate control
YTO (Luoyang) Engineering Machinery Co., Ltd	Same ultimate control
YTO (Luoyang) Building Machinery Co., Ltd	Same ultimate control
YTO Shenyang Tractor Co., Ltd.	Same ultimate control
Changsha Gas-electric Auto Parts Co., Ltd	Same ultimate control
China CAMC Engineering Co., Ltd	Same ultimate control
China Engineering and Agriculture Machinery Import and Export Co., Ltd	Same ultimate control
China Machine Tool Sales and Technical Services Company	Same ultimate control
The Fourth Construction of China Machinery Industry Co., Ltd.	Same ultimate control
China Machinery Industry Construction Group Inc.	Same ultimate control
China Academy of Agricultural Mechanization Services	Same ultimate control
China National Automotive Industry International Corporation	Same ultimate control
SINOMAC Machine Components Completed Sets Co., Ltd	Same ultimate control
CAAMS Menoble Technology Co., Ltd	Same ultimate control
China Machinery TDI International Engineering Co., Ltd Luo Yang Branch	Same ultimate control
China Automotive Industry International Corporation	Same ultimate control
AIE Zhida (Luoyang) Construction Supervision Company	Same ultimate control

XII. RELATED PARTIES RELATIONSHIP AND TRANSACTIONS (CONTINUED)

5. RELATED PARTY TRANSACTIONS

(1) Significant transactions conducted by the Group with SINOMACH and its subsidiaries

Items	Current period	Last period
Sales of raw materials and components	17,993,820.26	14,405,692.10
Purchase of raw materials and components	17,218,508.05	33,256,165.69
Interest income	3,951,927.80	3,963,766.24
Clients' deposit interest paid	38,518.48	407,133.82
	=====	=====

(2) Significant transactions conducted by the Group with China YTO and its subsidiaries

Items	Current period	Last period
Sales of raw materials and components	59,895,490.36	58,963,828.58
Purchase of raw materials and components	143,155,276.67	127,628,731.12
Payment and payable of power	90,434,034.52	102,983,616.73
Payment and payable of service and transportation	119,704,920.40	130,303,750.00
Payment and payable of land rental expenses	12,959,608.00	10,372,742.10
Payment and payable of buildings rental expenses	6,918,250.70	5,788,178.70
Payment and payable of equipment rental expenses	48,635.90	1,224,629.32
Rental income of leasing buildings and equipment	1,946,077.88	206,177.60
Purchase of plant and equipment	7,516,806.74	12,177,288.11
Interest income	10,213,735.28	11,831,540.89
Payment of customer's interest	4,737,176.45	3,335,667.08
Received research and development expense	264,010.98	1,376,299.92
	=====	=====

XII. RELATED PARTIES RELATIONSHIP AND TRANSACTIONS (CONTINUED)

5. RELATED PARTY TRANSACTIONS

(3) Related party transactions conducted by the Group with joint ventures and associates (including joint ventures and associates of SINOMACH and YTO Group Corporation)

Item	Current period	Last period
Sales of raw materials and components	133,742,837.64	47,081,141.60
Purchase of raw materials and components	282,197,658.95	60,270,467.01

6. REMUNERATION OF KEY MANAGEMENT PERSONNEL

Unit: RMB0000' Yuan

Item	Current period	Last period
Director's fees	9.70	9.70
Salaries and other benefits	159.99	163.15
Retirement benefits scheme contribution	13.31	12.65
Total	183.00	185.50

XII. RELATED PARTIES RELATIONSHIP AND TRANSACTIONS (CONTINUED)

6. REMUNERATION OF KEY MANAGEMENT PERSONNEL (CONTINUED)

Breakdown of key management personnel remuneration (Unit: RMB0000' Yuan):

Personel and positions	Current period			Total
	Director's fees	Salaries and other benefits	Retirement benefits scheme contribution	
Executive directors				
Zhao Yanshui				
Wu Yong		18.04	1.21	19.25
Non-executive directors				
Wang Erlong				
Yan Linjiao				
Wu Zongyan				
Wang Kejun				
Guo Zhiqiang				
Liu Jiguo				
Independent non-executive directors				
Hong Xianguo	1.70			1.70
Xing Min	1.70			1.70
Wu Delong	1.70			1.70
Yu Zengbiao	1.70			1.70
Supervisors				
Li Pingan				
Xu Weilin				
Wang Jianjun		10.22	1.21	11.43
Zhao Guozhong		8.17	1.21	9.38
Wang Yong	1.45			1.45
Huang Ping	1.45			1.45

XII. RELATED PARTIES RELATIONSHIP AND TRANSACTIONS (CONTINUED)

6. REMUNERATION OF KEY MANAGEMENT PERSONNEL (CONTINUED)

Breakdown of key management personnel remuneration (Unit: RMB0000' Yuan):

Personel and positions	Current period			Total
	Director's fees	Salaries and other benefits	Retirement benefits scheme contribution	
Key management personnel				
Lian Guoqing (<i>Vice General Manager</i>)		18.04	1.21	19.25
Liu Yao (<i>Vice General Manager</i>)		14.88	1.21	16.09
Hou Zhiping (<i>Vice General Manager</i>)		15.04	1.21	16.25
Zhu Weijiang (<i>Vice General Manager</i>)		15.04	1.21	16.25
Su Wensheng (<i>Vice General Manager</i>)		15.04	1.21	16.25
Song Yuping (<i>Vice General Manager</i>)		15.04	1.21	16.25
Other key management personnel				
Yao Weidong (<i>The Chief Accountant</i>)		15.04	1.21	16.25
Yu Lina (<i>The Secretary of the Board of Directors</i>)				
		15.44	1.21	16.65
Total	9.70	159.99	13.31	183.00

XII. RELATED PARTIES RELATIONSHIP AND TRANSACTIONS (CONTINUED)

6. REMUNERATION OF KEY MANAGEMENT PERSONNEL (CONTINUED)

Breakdown of key management personnel remuneration (Unit: RMB0000' Yuan):

Personel and positions	Director's fees	Last period		Total
		Salaries and other benefits	Retirement benefits scheme contribution	
Executive directors				
Zhao Yanshui				
Wu Yong		18.04	1.15	19.19
Non-executive directors				
Wang Erlong				
Yan Linjiao				
Wu Zongyan				
Wang Kejun				
Guo Zhiqiang				
Liu Jiguo				
Independent non-executive directors				
Hong Xianguo	1.70			1.70
Xing Min	1.70			1.70
Wu Delong	1.70			1.70
Yu Zengbiao	1.70			1.70
Supervisors				
Li Pingan				
Xu Weilin				
Wang Jianjun		10.60	1.15	11.75
Zhao Guozhong		11.35	1.15	12.50
Wang Yong	1.45			1.45
Huang Ping	1.45			1.45

XII. RELATED PARTIES RELATIONSHIP AND TRANSACTIONS (CONTINUED)

6. REMUNERATION OF KEY MANAGEMENT PERSONNEL (CONTINUED)

Breakdown of key management personnel remuneration (Unit: RMB0000' Yuan):

Personel and positions	Director's fees	Last period		Total
		Salaries and other benefits	Retirement benefits scheme contribution	
Key management personnel				
Lian Guoqing (<i>Vice General Manager</i>)		18.04	1.15	19.19
Liu Yao (<i>Vice General Manager</i>)		14.88	1.15	16.03
Hou Zhiping (<i>Vice General Manager</i>)		15.04	1.15	16.19
Zhu Weijiang (<i>Vice General Manager</i>)		15.04	1.15	16.19
Su Wensheng (<i>Vice General Manager</i>)		15.04	1.15	16.19
Song Yuping (<i>Vice General Manager</i>)		15.04	1.15	16.19
Other key management personnel				
Yao Weidong (<i>The Chief Accountant</i>)		15.04	1.15	16.19
Yu Lina (<i>The Secretary of the Board of Directors</i>)		15.04	1.15	16.19
		_____	_____	_____
Total		9.70	163.15	185.50
		=====	=====	=====

XII. RELATED PARTIES RELATIONSHIP AND TRANSACTIONS (CONTINUED)

7. BALANCE OF RECEIVABLES AND PAYABLES OF RELATED PARTY TRANSACTIONS

(1) Receivables and payables between the Group and SINOMACH and its subsidiaries (excluding YTO Group and its subsidiaries)

Items	Current period	Last period
Accounts receivable	15,008,795.44	1,604,414.12
Other receivables	83,893.00	780,207.00
Prepayments	576,726.00	80,000.00
Accounts payable	14,910,706.84	12,623,074.26
Other payables	0.00	0.00
Advances from customers	4,970,463.60	6,849,103.03
	=====	=====

(2) Receivables and payables between the Group and YTO Group and its subsidiaries

Items	Current period	Last period
Accounts receivable	33,356,364.53	23,375,375.44
Other receivables	3,495,632.20	3,406,760.59
Prepayments	33,150,290.86	2,366,990.76
Accounts payable	87,206,006.73	30,220,169.96
Other payables	52,677,108.40	52,129,712.33
Advances from customers	180,035.00	81,600.00
	=====	=====

XII. RELATED PARTIES RELATIONSHIP AND TRANSACTIONS (CONTINUED)

7. BALANCE OF RECEIVABLES AND PAYABLES OF RELATED PARTY TRANSACTIONS (CONTINUED)

(3) Receivables and payables between the Group and other related parties

Items	Current period	Last period
Accounts receivable	16,564,615.74	1,647,965.02
Other receivables	0.00	165,120,652.00
Prepayments	367,706.10	0.00
Accounts payable	4,779,854.44	5,319.00
Other payables	84,880.16	0.00
Advances from customers	66,055.95	0.00
	<u><u><u> </u></u></u>	<u><u><u> </u></u></u>

(4) Borrowing from and lending to related parties

Items	Current period	Last period
Granting of loans (including discount on notes)	495,759,447.23	493,688,662.65
Deposits absorption and deposits in other banks	883,263,201.47	518,541,980.94
	<u><u><u> </u></u></u>	<u><u><u> </u></u></u>

8. RELATED PARTY COMMITMENT

None

9. OTHERS

None

XIII. CONTINGENCIES AND COMMITMENTS

1. SIGNIFICANT COMMITMENTS

(1) Capital expenditure commitments as at 30 June 2015

Capital expenditure commitments signed but not yet recognized in the financial statements

Items	Ending balance	Beginning balance
Acquisition of fixed assets	0.00	0.00
External investment	0.00	81,514,886.92
	<hr/>	<hr/>
Total	0.00	81,514,886.92
	<hr/> <hr/>	<hr/> <hr/>

(2) Outsourcing contract with significant amount that was signed and performing or commencing to perform

None

XIII. CONTINGENCIES AND COMMITMENTS (CONTINUED)

1. SIGNIFICANT COMMITMENTS (CONTINUED)

(3) Leased agreement that was signed and performing or commencing to perform and its financial impact

1) On 30 June 2015, the minimum future payments of irrevocable operating lease on rental, assumed by the Group as the lessee, for buildings, machineries, and equipments are as follows:

Period	Ending balance	Beginning balance
Within 1 year	20,641,122.68	1,031,187.29
1 to 2 years	9,283,248.78	701,820.00
2 to 3 years	852,000.00	647,360.83
After 3 years	3,412,000.00	1,749,000.00
Total	34,188,371.46	4,129,368.12

2) On 30 June 2015, the minimum future receipts of irrevocable operating lease on rental, assumed by the Group as the lessee, for buildings, machineries, and equipments are as the following:

Period	Ending balance	Beginning balance
Within 1 year	13,044,923.55	10,569,921.69
1 to 2 years	9,889,322.42	8,270,776.71
2 to 3 years	3,874,638.35	7,818,110.04
After 3 years	0.00	0.00
Total	26,808,884.32	26,658,808.44

XIII. CONTINGENCIES AND COMMITMENTS (CONTINUED)

1. SIGNIFICANT COMMITMENTS (CONTINUED)

(3) Leased agreement that was signed and performing or commencing to perform and its financial impact (Continued)

2) On 30 June 2015, the minimum future receipts of irrevocable operating lease on rental, assumed by the Group as the lessee, for buildings, machineries, and equipments are as the following: (Continued)

Note: In 2013, the Company signed a lease agreement with Luoyang Jiangyang Hardware Co., Ltd. to lease out the land use right of location No. 1 Anfa Rd. Luoxin Industrial Center Luoyang, for industrial operation and offices. The leased area is 20,000 square meters, with annual rental fee of RMB530,000.00 and lease term of 3 years. The agreement was effective on 10 August 2013 and will be expired on 9 August 2016. Leasing charges is paid annually.

On 21 July 2014, the Company signed a lease agreement with ZF YTO (Luoyang) Drive Axle Co., Ltd. to lease out the location of No. 16 Hangong West Road West Industrial District Luoyang, for offices use. The leased area is 68,649 square meters, with annual rental fee of RMB7,744,610.04 and lease term of 3 years. The agreement was effective on 1 January 2015 and will be expired on 31 December 2017. Leasing charges is paid annually on each 31 March by Notes on demand.

3) On 30 June 2015, the minimum future payments of irrevocable finance lease on rental, assumed by the Group as the lessee, for equipment in the process of installation are as the following:

Period	Ending balance	Beginning balance
Within 1 year	101,859.73	0.00
1 to 2 years	101,859.73	0.00
2 to 3 years	31,599.42	0.00
Over 3 years	0.00	0.00
Total	235,318.88	0.00

XIII. CONTINGENCIES AND COMMITMENTS (CONTINUED)

1. SIGNIFICANT COMMITMENTS (CONTINUED)

(4) Except for the above, the Group has no other significant commitment as at 30 June 2015.

2. CONTINGENCIES

(1) Contingencies resulted from external guarantees provided

As at 30 June 2015, other parties' guarantees provided by the Group are as the followings:

During the reporting period, the Group, Bank of Communication and YTO Finance Company Limited entered into a Trade Finance Agreement. According to the agreement, the two banking facilities consent to provide a limit on trade financing of RMB176.54 million Yuan. The above limit is specifically used for the bank acceptance through the two banking facilities, of the Group's or the distributors and clients recommended under the Group's authority. The bank acceptance is used for the purchasing of agricultural machineries from the Group or the entities under the Group's authority. The Group and its authorized entities provided guarantee through the form of confirmation on commitment or agreement.

XIII. CONTINGENCIES AND COMMITMENTS (CONTINUED)

2. CONTINGENCIES (CONTINUED)

(1) Contingencies resulted from external guarantees provided (Continued)

As at 30 June 2015, the amount of trade financing guarantee actually assumed by the Group was RMB67.5 million Yuan and the guarantee of bank loans provided to other affiliates was RMB166.4388 million Yuan:

Guaranteed parties	Type of guarantee	Guarantee amount
1. Within the Group		
YTO (Luoyang) Transportation Machinery Co., Ltd	Joint liability assurance	5,000,000.00
YTO (Luoyang) Transportation Machinery Co., Ltd	Joint liability assurance	4,000,000.00
YTO (Luoyang) Transportation Machinery Co., Ltd	Joint liability assurance	1,500,000.00
YTO (Luoyang) Transportation Machinery Co., Ltd	Joint liability assurance	1,500,000.00
YTO (Luoyang) Transportation Machinery Co., Ltd	Joint liability assurance	2,000,000.00
YTO (Jiangyan) Power Machinery Company Limited	Joint liability assurance	10,000,000.00
YTO (Jiangyan) Power Machinery Company Limited	Joint liability assurance	10,000,000.00
YTO (Luoyang) Forklift Truck Company Limited	Joint liability assurance	1,500,000.00
YTO (Luoyang) Forklift Truck Company Limited	Joint liability assurance	1,500,000.00
YTO (Luoyang) Forklift Truck Company Limited	Joint liability assurance	2,000,000.00
YTO (Luoyang) Shentong Construction Machinery Co., Ltd.	Joint liability assurance	45,000,000.00
YTO (France) Agricultural Machinery Co., Ltd.	General assurance	13,739,800.00
YTO (France) Agricultural Machinery Co., Ltd.	General assurance	20,609,700.00
YTO (France) Agricultural Machinery Co., Ltd.	General assurance	13,739,800.00
YTO (France) Agricultural Machinery Co., Ltd.	General assurance	13,739,800.00
YTO (France) Agricultural Machinery Co., Ltd.	General assurance	20,609,700.00
Sub-total of guarantees within the Group	-	<u>166,438,800.00</u>

XIII. CONTINGENCIES AND COMMITMENTS (CONTINUED)

2. CONTINGENCIES (CONTINUED)

(1) Contingencies resulted from external guarantees provided (Continued)

Guaranteed parties	Type of guarantee	Guarantee amount
2. Not within the Group		
Distributors of Quanchengtong Business	Joint liability assurance	19,100,000.00
Distributors of Nongjiwang Business	Joint liability assurance	14,000,000.00
Distributors of Dianpiaotong Business	Joint liability assurance	33,230,000.00
Client of credit business for the buyers' of mine trucks	Joint liability assurance	110,000.00
Client of credit business for the buyers' of agricultural machineries	Joint liability assurance	1,060,000.00
		<hr/>
Sub-total of guarantees outside the Group	-	<hr/> 67,500,000.00
Total	-	<hr/> <hr/> 233,938,800.00

Note: During the reporting period, the Group has a joint liability assurance to Dianpiaotong Business of RMB12 million Yuan, but has no actual loss. Part of the customers of YTO (Luoyang) Shentong Construction Machinery Co., Ltd., the Group's subsidiary referred to as Shentong Company, purchased mine trucks through applying buyers' credit and financing lease from banking facilities. Instalments were paid by the customers to banking facilities after receipts of trucks. Shentong Company paid the amount due on the customers' behalf when they were incapable to reimburse the instalments to the banking facilities. As at 30 June 2015, the actual amount of Shentong's payments on customers' behalf was RMB189.56 million. After the actual payments, the Group's remaining joint liability assurance balance is RMB0.11 million Yuan.

(2) Except for the above, the Group has no other significant contingency as at 30 June 2015.

XIV. SUBSEQUENT EVENTS POST BALANCE SHEET DATE**1. SIGNIFICANT NON-ADJUSTING EVENTS**

None

2. DIVIDENDS DISTRIBUTION

None

3. SALES RETURN

None

4. NOTES TO OTHER SUBSEQUENT EVENTS POST BALANCE SHEET DATE

None

XV. OTHER SIGNIFICANT MATTERS**1. DEBT RESTRUCTURING**

None

2. EXCHANGE OF ASSETS

None

XV. OTHER SIGNIFICANT MATTERS (CONTINUED)

3. ANNUITY

The annuity of the Group is contributed by the Group and individuals. The payment base of annuity of employees and company is the same which is based on employee's actual income last year, where if the income is 3 times higher than Luoyang average employee's income, then it should be paid at 3 times higher; if the income is lower than Luoyang average employee's income by 60%, then it should be paid at 60%. The percentage of company paid is 5%, while employee pays 2% which is deducted by the Group from employee's income.

4. DISCONTINUED OPERATION

None

XV. OTHER SIGNIFICANT MATTERS (CONTINUED)

5. SEGMENT INFORMATION

Segment report January to June, 2015

(Unit: in thousand Yuan)

Item	Agriculture machinery	Power machinery	Other machinery	Finance	Elimination	Total
Operating income	4,968,831	1,281,045	33,561	169,864	-745,109	5,708,192
Including: External transaction revenue	4,690,579	841,870	21,297	154,445	0	5,708,191
Revenue between segments	<u>278,252</u>	<u>439,175</u>	<u>12,264</u>	<u>15,419</u>	<u>-745,109</u>	<u>1</u>
Total profit for Segment	<u><u>143,161</u></u>	<u><u>86,657</u></u>	<u><u>-58,621</u></u>	<u><u>53,447</u></u>	<u><u>0</u></u>	<u><u>224,644</u></u>
Total assets	7,195,196	2,048,630	245,251	3,894,043	0	13,383,120
Including: Significant impairment loss on individual assets	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total liabilities	<u><u>5,590,384</u></u>	<u><u>849,880</u></u>	<u><u>248,221</u></u>	<u><u>1,242,273</u></u>	<u><u>0</u></u>	<u><u>7,930,758</u></u>
Supplementary information	0	0	0	0	0	0
Capitalized expenditure	14,528	47,502	0	87	0	62,117
Including: Amortization of goodwill	0	0	0	0	0	0
Depreciation and amortization expense	121,959	37,434	1,875	380	0	161,648
Non-cash expenses other than impairment loss, depreciation and amortization	<u><u>51,388</u></u>	<u><u>29,966</u></u>	<u><u>970</u></u>	<u><u>20,007</u></u>	<u><u>0</u></u>	<u><u>102,331</u></u>

XV. OTHER SIGNIFICANT MATTERS (CONTINUED)

5. SEGMENT INFORMATION (CONTINUED)

Segment report January to June, 2014

(Unit: in thousand Yuan)

Item	Agriculture machinery	Power machinery	Other machinery	Finance	Elimination	Total
Operating income	4,854,266	1,174,172	98,271	57,293	-710,426	5,473,576
Including: External transaction revenue	4,554,397	818,127	63,777	37,275		5,473,576
Revenue between segments	<u>299,869</u>	<u>356,045</u>	<u>34,494</u>	<u>20,018</u>	<u>-710,426</u>	<u>0</u>
Total profits	<u>75,252</u>	<u>63,880</u>	<u>-48,142</u>	<u>42,206</u>	<u>-12,026</u>	<u>121,170</u>
Total assets	<u><u>10,284,967</u></u>	<u><u>2,437,444</u></u>	<u><u>379,314</u></u>	<u><u>3,312,085</u></u>	<u><u>-4,126,292</u></u>	<u><u>12,287,518</u></u>
Including: Significant impairment loss on individual assets	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total liabilities	<u><u>5,783,733</u></u>	<u><u>1,189,075</u></u>	<u><u>468,906</u></u>	<u><u>2,649,752</u></u>	<u><u>-3,067,507</u></u>	<u><u>7,023,959</u></u>
Supplementary information						
Capitalized expenditure	306,864	22,210	670	1,239	0	330,983
Including: Amortization of goodwill	0	0	0	0	0	0
Depreciation and amortization expense	113,951	36,230	1,672	363	0	152,216
Non-cash expenses other than impairment loss, depreciation and amortization	<u><u>44,469</u></u>	<u><u>2,299</u></u>	<u><u>19,760</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>66,528</u></u>

XVI. NOTES TO MAIN ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY

Following disclosed financial Statement data, except for otherwise indicated, 'Beginning balance' refers to 1 January 2015, 'Ending balance' refers to 30 June 2015, 'Current period' refers to the period from 1 January 2015 to 30 June 2015, 'Last period' refers to the period from 1 January 2014 to 30 June 2014, and the presenting currency unit is RMB Yuan.

1. MONETARY FUND

Items	Ending balance	Beginning balance
Cash on hand	504,490.93	166,073.30
Cash at bank	1,556,813,980.65	1,398,675,037.00
Other monetary fund	209,784,012.26	147,157,265.80
Total	1,767,102,483.84	1,545,998,376.10
Including: total overseas deposit	0.00	0.00

Note: The restricted cash of the Company is the security bond on the acceptance notes of RMB209,783,593.53 Yuan as of 30 June 2015 (last period: RMB147,157,221.06 Yuan).

2. NOTES RECEIVABLE

(1) Categories of notes receivables

Items	Ending balance	Beginning balance
Bank acceptance notes	235,515,349.34	308,251,230.37
Commercial acceptance notes	3,733,000.00	12,613,000.00
Total	239,248,349.34	320,864,230.37

XVI. NOTES TO MAIN ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

2. NOTES RECEIVABLE (CONTINUED)

(2) Notes receivable pledged at the end of the year

Items	Pledged amount at the end of the year
Bank acceptance notes	110,033,484.84
Commercial acceptance notes	<u>0.00</u>
Total	<u><u>110,033,484.84</u></u>

(3) Notes receivable endorsed but not due at the balance sheet date

Items	Confirmation amount terminated	Confirmation amount not terminated
Bank acceptance notes	262,626,942.12	0.00
Commercial acceptance notes	<u>262,000.00</u>	<u>0.00</u>
Total	<u><u>262,888,942.12</u></u>	<u><u>0.00</u></u>

(4) There are no notes transferred to other receivables due to drawer's default by the end of the period.

XVI. NOTES TO MAIN ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

3. ACCOUNTS RECEIVABLE

(1) Categories of accounts receivables

Categories	Book balance		Ending balance		Book value
	Amount	Percentage %	Amount	Percentage %	
Individually significant and provided for bad debts on individual basis	15,000,250.60	1.14	0.00	0.00	15,000,250.60
Receivables that are provided for bad debts on credit risk portfolio basis	1,296,244,917.34	98.86	144,730,412.80	11.17	1,151,514,504.54
Individually insignificant but provided for bad debts on individual basis	0.00	0.00	0.00	0.00	0.00
Total	1,311,245,167.94	/	144,730,412.80	/	1,166,514,755.14

Categories	Book value		Beginning balance		Book value
	Amount	Percentage %	Amount	Percentage %	
Individually significant and provided for bad debts on individual basis	0.00	0.00	0.00	0.00	0.00
Receivables that are provided for bad debts on credit risk portfolio basis	983,294,307.07	100.00	118,385,801.89	12.04	864,908,505.18
Individually insignificant but provided for bad debts on individual basis	0.00	0.00	0.00	0.00	0.00
Total	983,294,307.07	/	118,385,801.89	/	864,908,505.18

XVI. NOTES TO MAIN ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

3. ACCOUNTS RECEIVABLE (CONTINUED)

(1) Categories of accounts receivables (Continued)

- 1) *Accounts receivable that are individually significant and provided for bad debts on individual basis*

Company name	Ending balance			Note
	Accounts receivable	Bad debts provision	Accrued provision proportion (%)	
YTO (Luoyang) Zhongcheng Machinery Co., Ltd.	15,000,250.60	0.00	0.00	
Total	15,000,250.60	0.00	/	/

- 2) *Accounts receivable that are provided for bad debts by aging analysis*

Aging	Ending balance		
	Accounts receivable	Provision for bad debts	Provision proportion (%)
Within 1 year	1,137,530,122.50	29,281,433.30	2.57%
1-2 years	54,685,942.61	27,342,971.30	50.00%
2-3 years	4,786,588.10	4,786,588.10	100.00%
Over 3 years	99,242,264.13	83,319,420.10	83.96%
Total	1,296,244,917.34	144,730,412.80	/

XVI. NOTES TO MAIN ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

3. ACCOUNTS RECEIVABLE (CONTINUED)

(2) Accounts receivable provided for bad debts, received or reversed for the period.

Accounts receivable provided for bad debts for the period has increased by RMB26,344,610.91 Yuan; Accounts receivable provided for bad debts received or reversed for the period is RMB0.00 Yuan.

(3) There is no accounts receivable written off during the period.

(4) Top five closing balance of accounts receivable

Company name	Relationship	Ending balance	Age	Proportion in closing balance (%)
Luoyang Changxing Agriculture Machinery Co., Ltd.	Related party within YTO Co.,Ltd	750,519,704.69	Within 1 year 750,513,661.55; Over 3 years 6,043.14.	57.24
YTO (Luoyang) Harvesting Machinery Co., Ltd.	Related party within YTO Co.,Ltd	89,327,719.68	Over 3 years	6.81
Luoyang Changhong Trading Co., Ltd.	Related party within YTO Co.,Ltd	45,882,288.09	Within 1 year	3.50
Changtuo Agricultural Machinery Equipment Group Co., Ltd.	Related party within YTO Co.,Ltd	45,522,366.45	Within 1 year: 25,738,012.18; 1-2 years: 19,784,354.27	3.47
Xuzhou Xulun Tyres Co., Ltd	Non-related party	37,563,303.95	Within 1 year	2.86
Total	-	<u>968,815,382.86</u>	-	73.88

XVI. NOTES TO MAIN ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

4. ADVANCES TO SUPPLIERS

(1) Aging analysis

Aging	Ending balance		Beginning balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	106,609,030.28	87.86	284,419,063.23	98.78
1-2 years	13,116,576.71	10.81	1,008,216.48	0.35
2-3 years	480,974.63	0.40	1,213,159.79	0.42
Over 3 years	1,127,874.73	0.93	1,293,493.14	0.45
Total	121,334,456.35	100.00	287,933,932.64	100.00

Notes to unsettled reason of significant advances to suppliers over 1 year:

Advanced payment of RMB10,229,100.00 Yuan to YTO (Luoyang) Kintra Equipment Science & Technology Co., Ltd aged more than 1 year. Due to incompleteness of transaction, the prepayment has not been settled yet.

XVI. NOTES TO MAIN ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

4. ADVANCES TO SUPPLIERS (CONTINUED)

(2) Top five balance to suppliers

Company name	Ending Balance	Age	Proportion in closing balance (%)
YTO International Economic & Trade Co., Ltd	64,450,384.07	Within 1 year	53.12
YTO (Luoyang) Forklift Truck Company Limited	22,800,000.00	Within 1 year	18.79
YTO (Luoyang) Kintra Equipment Science & Technology Co., Ltd	10,229,100.00	1-2 years	8.43
Angang Steel Company Limited	3,598,876.03	Within 1 year	2.97
Zhejiang Xinchai Co., Ltd	2,394,222.22	Within 1 year	1.97
Total	<u><u>103,472,582.32</u></u>	–	85.28

XVI. NOTES TO MAIN ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

5. INTERESTS RECEIVABLE

(1) Categories

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Term deposits	<u><u>4,246,068.04</u></u>	<u><u>5,279,014.53</u></u>

(2) There is no significant overdue interest of the Company at the end of the period

6. DIVIDENDS RECEIVABLE

Items (or invested company)	Ending balance	Beginning balance
YTO (Luoyang) Diesel Engine Co., Ltd.	<u><u>22,922,343.00</u></u>	0.00
YTO (Luoyang) Flag Auto-Body Co., Ltd.	<u><u>20,694,898.90</u></u>	<u><u>20,694,898.90</u></u>
Total	<u><u><u>43,617,241.90</u></u></u>	<u><u><u>20,694,898.90</u></u></u>

XVI. NOTES TO MAIN ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

7. OTHER RECEIVABLES

(1) Categories

Item	Ending balance				Book value
	Book balance		Bad debts		
	Amount	Percentage (%)	Amount	Percentage (%)	
Individually significant and provided for bad debts on individual basis	0.00	0.00	0.00	0.00	0.00
Receivables that are provided for bad debts on credit risk portfolio basis	50,075,953.22	98.84	10,190,568.82	19.99	39,885,384.40
Individually insignificant but provided for bad debts on individual basis	0.00	0.00	0.00	0.00	0.00
Total	50,075,953.22	/	10,190,568.82	/	39,885,384.40

Item	Beginning Balance				Book Value
	Book balance		Bad debts		
	Amount	Proportion %	Amount	Proportion %	
Individually significant and provided for bad debts on individual basis	0.00	0.00	0.00	0.00	0.00
Receivables that are provided for bad debts on credit risk portfolio basis	211,258,467.36	100.00	10,211,195.93	9.52	201,047,271.43
Individually insignificant but provided for bad debts on individual basis	0.00	0.00	0.00	0.00	0.00
Total	211,258,467.36	/	10,211,195.93	/	201,047,271.43

XVI. NOTES TO MAIN ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

7. OTHER RECEIVABLES (CONTINUED)

(1) Categories (Continued)

1) Provided for bad debts by aging analysis

Aging	Ending Balance		Percentage (%)
	Other receivables	Bad debts provision	
Within 1 year	158,051.19	5,926.98	3.75%
1-2 years	498,963.00	249,481.50	50.00%
2-3 years	46,209.40	46,209.40	100.00%
Over 3 years	9,888,950.94	9,888,950.94	100.00%
Total	10,592,174.53	10,190,568.82	96.21%

2) Provided for bad debts by other methods on portfolio basis

Portfolio name	Ending Balance		Percentage (%)
	Other receivables	Bad debts provision	
Guarantee deposit, petty cash	2,255,705.23	0.00	0.00
Related party	29,371,723.39	0.00	0.00
Other receivables classified by nature do not provided for bad debts	7,856,350.07	0.00	0.00
Total	39,483,778.69	0.00	0.00

XVI. NOTES TO MAIN ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY *(CONTINUED)*

7. OTHER RECEIVABLES *(CONTINUED)*

(2) Other receivables provided for bad debts, received or reversed for the period.

Other receivables provided for bad debts for the period is RMB0.00 Yuan; other receivable provided for bad debts reversed for the period is RMB20,627.11 Yuan.

(3) There is no other receivables written off during the period.

(4) Other receivables classified by nature

Nature	Ending balance	Beginning balance
Receivables and payables	33,602,690.40	197,110,342.67
Guarantee deposit, petty cash	2,481,396.88	1,804,988.41
Employment remuneration	2,026,507.57	1,336,084.11
Others	1,774,789.55	795,856.24
	<hr/>	<hr/>
Total	39,885,384.40	201,047,271.43
	<hr/> <hr/>	<hr/> <hr/>

XVI. NOTES TO MAIN ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

7. OTHER RECEIVABLES (CONTINUED)

(5) Top five other receivables by customers

Company name	Nature of the fund	Amount	Aging	Proportion in other receivables (%)	Ending balance of bad debts provision (%)
YTO (Luoyang) Shentong Construction Machinery Co., Ltd.	Receivables and payables	25,068,220.29	Within 1 year 641,602.66 Yuan; 2-3 years 24,426,617.63 Yuan.	50.06	0.00
YTO (Luoyang) Zhongcheng Machinery Co., Ltd.	Receivables and payables	3,181,725.71	Within 1 year 1,130,219.86 Yuan; 2-3 years 2,051,505.85 Yuan	6.35	0.00
YTO Group	Receivables and payables	1,405,651.86	Within 1 year: 345,777.12 Yuan; 1-2 years 1,059,874.74 Yuan.	2.81	0.00
Luoyang Jianxi District National Tax Bureau	Tax refund on exports	1,053,871.59	Within 1 year	2.1	0.00
Luoyang jiangyang metal construction Co.,Ltd	Non-related party	530,000.00	Within 1 year	1.06	0.00
Total	/	<u><u>31,239,469.45</u></u>	/	62.38	0.00

XVI. NOTES TO MAIN ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

8. INVENTORIES

(1) Categories

Items	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Raw materials	227,685,484.91	10,015,913.94	217,669,570.97	231,532,457.91	10,025,915.46	221,506,542.45
Work in progress	200,163,890.97	4,007,665.44	196,156,225.53	187,629,503.68	3,661,225.30	183,968,278.38
Finished goods	127,957,810.22	3,214,115.00	124,743,695.22	169,507,175.81	4,086,948.86	165,420,226.95
Turnover materials	11,691,337.62	836,667.50	10,854,670.12	11,557,425.11	732,843.18	10,824,581.93
Others	0.00	0.00	0.00	30,940.20	0.00	30,940.20
Total	567,498,523.72	18,074,361.88	549,424,161.84	600,257,502.71	18,506,932.80	581,750,569.91

(2) Provision for the impairment of inventories

Items	Beginning balance	Increase in this year			Decrease in this year		Ending balance
		Provision accrued	Other		Reversal or write-off	Others	
Raw materials	10,025,915.46	0.00	0.00		10,001.52	0.00	10,015,913.94
Work in progress	3,661,225.30	346,440.14	0.00		0.00	0.00	4,007,665.44
Finished goods	4,086,948.86	0.00	0.00		872,833.86	0.00	3,214,115.00
Turnover materials	732,843.18	103,824.32	0.00		0.00	0.00	836,667.50
Others	0.00	0.00	0.00		0.00	0.00	0.00
Total	18,506,932.80	450,264.46	0.00		882,835.38	0.00	18,074,361.88

XVI. NOTES TO MAIN ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

8. INVENTORIES (CONTINUED)

(3) Inventory impairment provision

Items	Basis for recognition of net realizable value	Reasons for reversal
Raw materials	Closing market price minus expected costs incurred	Value appreciation or sold
Work in progress	Closing market price minus expected costs incurred	Value appreciation or sold
Finished goods	Closing market price minus expected costs incurred	Value appreciation or sold
Turnover materials	Closing market price minus expected costs incurred	Value appreciation or sold
Others	Closing market price minus expected costs incurred	Value appreciation or sold
Total	-	-

9. OTHER CURRENT ASSETS

Item	Ending balance	Beginning balance
Prepaid expenses	15,190,939.12	37,351.92
Structured deposit	0.00	50,000,000.00
Financial products	610,000,000.00	0.00
Entrusted loans	132,000,000.00	132,000,000.00
Total	757,190,939.12	182,037,351.92

XVI. NOTES TO MAIN ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

(1) Available-for-sale financial assets

Items	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Debt instruments available-for-sale						
Equity instruments available-for-sale	72,512,000.00	0.00	72,512,000.00	59,840,000.00	0.00	59,840,000.00
Measured at fair value	72,512,000.00	0.00	72,512,000.00	59,840,000.00	0.00	59,840,000.00
Measured at cost	0.00	0.00	0.00	0.00	0.00	0.00
Others	114,322,800.00	4,322,800.00	110,000,000.00	114,322,800.00	4,322,800.00	110,000,000.00
Total	186,834,800.00	4,322,800.00	182,512,000.00	174,162,800.00	4,322,800.00	169,840,000.00

(2) Available-for-sale assets measured by fair value at the end of the period

Category	Equity instruments available-for-sale	Debt instruments available-for-sale	Others	Total
Cost of equity instruments/amortised cost of debt instruments	15,680,000.00	0.00	0.00	15,680,000.00
Fair value	72,512,000.00	0.00	0.00	72,512,000.00
Accumulated other comprehensive income from changes on fair value	56,832,000.00	0.00	0.00	56,832,000.00
Impairment amount accrued	0.00	0.00	0.00	0.00

XVI. NOTES TO MAIN ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS (CONTINUED)

(3) Available-for-sale financial assets measured by cost

Invested company	Book balance			Provision for impairment				Proportion of shares in the investee (%)	Cash dividends in Current period	
	Beginning balance	Increase	Decrease	Ending balance	Beginning balance	Increase	Decrease			Ending balance
Beijing Zhongnongwang Technology Co., Ltd.	2,122,800.00	0.00	0.00	2,122,800.00	2,122,800.00	0.00	0.00	2,122,800.00	15.00	0.00
Nanyang Xiangrui Agricultural Equipment Co., Ltd.	1,400,000.00	0.00	0.00	1,400,000.00	1,400,000.00	0.00	0.00	1,400,000.00	7.00	0.00
YTO (Luoyang) Dongfanghong Tire Co.	800,000.00	0.00	0.00	800,000.00	800,000.00	0.00	0.00	800,000.00	3.11	0.00
Luoyin Financial Leasing Co., Ltd.	110,000,000.00	0.00	0.00	110,000,000.00	0.00	0.00	0.00	0.00	18.34	0.00
Total	114,322,800.00	0.00	0.00	114,322,800.00	4,322,800.00	0.00	0.00	4,322,800.00	/	0.00

XVI. NOTES TO MAIN ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS (CONTINUED)

(4) Provision for impairment of available-for-sale financial assets during reporting period

Classification	Available-for-sale equity instruments	Available-for-sale debt instruments	Others	Total
Beginning balance of provision for impairment	0.00	0.00	4,322,800.00	4,322,800.00
Increase	0.00	0.00	0.00	0.00
Including: transfer from other comprehensive income	0.00	0.00	0.00	0.00
Decrease	0.00	0.00	0.00	0.00
Including: reversal from the raise of fair value	/	0.00	0.00	0.00
Ending balance for impairment	0.00	0.00	4,322,800.00	4,322,800.00

11. LONG-TERM EQUITY INVESTMENTS

Item	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investments in subsidiaries	2,971,819,799.86	18,950,000.00	2,952,869,799.86	2,931,819,799.86	18,950,000.00	2,912,869,799.86
Investments in joint ventures and associates	148,658,529.80	7,004,515.65	141,654,014.15	66,250,086.01	7,004,515.65	58,245,570.36
Total	3,120,478,329.66	25,954,515.65	3,094,523,814.01	2,997,069,885.87	25,954,515.65	2,971,115,370.22

XVI. NOTES TO MAIN ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

11. LONG-TERM EQUITY INVESTMENTS (CONTINUED)

(1) Investment in subsidiaries

Invested company	Beginning balance	Increase	Decrease	Ending balance	Provision for impairment	Ending balance of provision for impairment
YTO France SAS	300,737,040.00	0.00	0.00	300,737,040.00	0.00	0.00
Luoyang Changhong Trading Co., Ltd.	2,750,001.00	0.00	0.00	2,750,001.00	0.00	2,750,000.00
YTO (Luoyang) Shertong Construction Machinery Co., Ltd.	46,500,046.00	0.00	0.00	46,500,046.00	0.00	0.00
YTO (Xinjiang) Machinery Co., Ltd.	145,000,000.00	0.00	0.00	145,000,000.00	0.00	0.00
YTO Heilongjiang Agricultural Machinery Co., Ltd.	100,000,000.00	0.00	0.00	100,000,000.00	0.00	0.00
Luoyang Changxing Agricultural Machinery Co., Ltd.	2,100,000.00	0.00	0.00	2,100,000.00	0.00	0.00
YTO (Jiangyan) Power Machinery Co., Ltd.	76,000,000.00	0.00	0.00	76,000,000.00	0.00	0.00
YTO (Luoyang) Transportation Machinery Co., Ltd.	52,018,586.00	0.00	0.00	52,018,586.00	0.00	0.00
Brilliance China Machinery Holdings Limited	27,869,301.63	0.00	0.00	27,869,301.63	0.00	0.00
YTO Finance Co., Ltd.	443,802,290.00	0.00	0.00	443,802,290.00	0.00	0.00
China-Africa Machinery Corp.	55,022,000.00	0.00	0.00	55,022,000.00	0.00	0.00
Luoyang Tractors Research Institute Co., Ltd.	281,414,966.36	0.00	0.00	281,414,966.36	0.00	0.00
YTO (Luoyang) Forklift Truck Co., Ltd.	14,022,957.36	0.00	0.00	14,022,957.36	0.00	0.00
YTO (Luoyang) Diesel Engine Co., Ltd.	392,257,881.14	0.00	0.00	392,257,881.14	0.00	0.00
YTO (Luoyang) Drive Axel Co., Ltd.	224,961,387.38	0.00	0.00	224,961,387.38	0.00	0.00
YTO (Luoyang) Flag Auto-Body Co., Ltd.	234,192,767.62	0.00	0.00	234,192,767.62	0.00	0.00
YTO (Luoyang) Fuel Injection Pump Co., Ltd.	152,989,481.32	0.00	0.00	152,989,481.32	0.00	0.00
YTO (Luoyang) Foundry Co., Ltd.	160,391,996.60	40,000,000.00	0.00	200,391,996.60	0.00	0.00
YTO International Economic and Trade Ltd.	75,668,335.13	0.00	0.00	75,668,335.13	0.00	0.00
Shanghai Dragon (Group Co., Ltd.)	94,250,000.00	0.00	0.00	94,250,000.00	0.00	0.00
Changtuo Agricultural Machinery Equipment Group Co., Ltd.	33,670,762.32	0.00	0.00	33,670,762.32	0.00	0.00
YTO Shunxing (Luoyang) Spare Parts Co., Ltd.	16,200,000.00	0.00	0.00	16,200,000.00	0.00	16,200,000.00
Total	2,931,819,799.86	40,000,000.00	0.00	2,971,819,799.86	0.00	18,950,000.00

XVI. NOTES TO MAIN ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

11. LONG-TERM EQUITY INVESTMENTS (CONTINUED)

(2) Investments in joint ventures and associates

Invested company	Beginning		Movements							Balance of	
	balance	Increase	Decrease	Invested income under equity method	Adjustments of other comprehensive income	Other changes in equity	Cash dividend or profit declared	Provision of impairment	Others	Ending balance	impairment provision at the end of the period
Associates											
ZF-YTO (Luoyang) Drive Axle Co., Ltd.	57,155,113.08	81,514,886.92	0.00	1,962,108.42	0.00	0.00	0.00	0.00	0.00	140,632,108.42	0.00
YTO Chuankong Sichuan Agricultural Equipment Co., Ltd.	1,080,457.28	0.00	0.00	-68,551.55	0.00	0.00	0.00	0.00	0.00	1,021,905.73	0.00
Luoyang Fusaike Motors Co., Ltd.	7,004,515.65	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7,004,515.65	7,004,515.65
Total	<u>65,250,086.01</u>	<u>81,514,886.92</u>	<u>0.00</u>	<u>1,893,556.87</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>148,658,529.80</u>	<u>7,004,515.65</u>

XVI. NOTES TO MAIN ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

12. FIXED ASSETS

Item	Land	Building	Machinery equipment	Transportation facilities	Electronic and office equipment	Others	Total
I. Original cost							
1. Beginning balance	0.00	988,696,668.70	2,061,219,604.61	29,377,853.39	67,179,754.38	6,046,626.03	3,152,520,507.11
2. Increase	0.00	833,195.23	33,971,284.69	369,413.25	698,602.97	15,249.92	35,887,746.06
(1). Purchase	0.00	209,835.84	4,485,831.38	0.00	202,061.70	15,249.92	4,912,988.84
(2). Transferred from construction in progress	0.00	623,359.39	29,485,453.31	369,413.25	496,521.27	0.00	30,974,747.22
(3). Others	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3. Decrease	0.00	393,380.67	9,610,604.18	648,085.19	127,589.96	72,233.85	10,851,893.85
(1). Disposal or scrapping	0.00	393,380.67	9,610,604.18	648,085.19	127,589.96	72,233.85	10,851,893.85
(2). Others	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4. Ending balance	0.00	989,136,483.26	2,085,580,285.12	29,099,181.45	67,750,767.39	5,989,642.10	3,177,556,359.32
II. Accumulated depreciation							
1. Beginning balance	0.00	474,431,585.92	1,173,078,764.15	14,905,675.46	36,252,022.14	3,324,068.76	1,701,992,116.43
2. Increase	0.00	13,693,193.08	59,312,323.79	1,295,341.02	1,827,560.72	304,849.73	76,433,268.34
(1). Accrual	0.00	13,693,193.08	59,312,323.79	1,295,341.02	1,827,560.72	304,849.73	76,433,268.34
3. Decrease	0.00	279,216.22	6,791,520.20	216,624.03	122,475.46	70,187.70	7,480,023.61
(1). Disposal or scrapping	0.00	279,216.22	6,791,520.20	216,624.03	122,475.46	70,187.70	7,480,023.61
(2). Others	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4. Ending balance	0.00	487,845,562.78	1,225,599,567.74	15,984,392.45	37,957,107.40	3,558,730.79	1,770,945,361.16
III. Provision for impairment							
			-				
1. Beginning balance	0.00	1,500.00	4,861,726.67	0.00	14,618.31	207,849.68	5,085,694.66
2. Increase	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(1). Accrual	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3. Decrease	0.00	0.00	47,160.63	0.00	0.00	0.00	47,160.63
(1). Disposal or scrapping	0.00	0.00	47,160.63	0.00	0.00	0.00	47,160.63
(2). Others	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4. Ending balance	0.00	1,500.00	4,814,566.04	0.00	14,618.31	207,849.68	5,038,534.03
IV. Carrying amount							
1. Ending balance	0.00	501,289,420.48	855,166,151.34	13,114,789.00	29,779,041.68	2,223,061.63	1,401,572,464.13
2. Beginning balance	0.00	514,263,582.78	883,279,113.79	14,472,177.93	30,913,113.93	2,514,707.59	1,445,442,696.02

XVI. NOTES TO MAIN ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY *(CONTINUED)*

12. FIXED ASSETS *(CONTINUED)*

Notes: The depreciation recognized as profit or loss for the period is RMB76,433,268.34 Yuan.

Addition on fixed assets for the period includes RMB30,974,747.22 Yuan transferred from construction in progress.

The profit on sale of fixed asset in the Current period is RMB -176,105.95 Yuan.

The original cost of fixed assets that has been fully depreciated but still in use is RMB743,765,409.16 Yuan.

(1) Fixed assets leased out by operating leases

Items

Machinery
Building

Ending balance

15,247,464.87
120,283,877.96

(2) Fixed assets with formalities of property rights transfer are still in progress

Items

YTO Industrial Park staff dining hall
three-layer frame

Book value

5,920,869.30

Reason

In progress and expected to
be finalised in December
2015

XVI. NOTES TO MAIN ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

13. CONSTRUCTION IN PROGRESS

(1) Breakdown

Project name	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Core capacity upgrading project on new wheeled tractor	205,358,829.13	0.00	205,358,829.13	206,457,303.05	0.00	206,457,303.05
Agricultural high-power diesel engine project	155,951,069.89	0.00	155,951,069.89	60,810,592.40	0.00	60,810,592.40
New giant parts workshop of No. 3 Assembling Factory	66,433,355.47	0.00	66,433,355.47	52,511,937.03	0.00	52,511,937.03
EPC project	15,041,213.76	0.00	15,041,213.76	15,041,213.76	0.00	15,041,213.76
Forged crankshaft machining line project	11,847,358.78	0.00	11,847,358.78	13,540,080.94	0.00	13,540,080.94
Enhancement of the heat treatment 400 and LF904 fender welding automatic production line	6,250,342.66	0.00	6,250,342.66	6,207,418.13	0.00	6,207,418.13
Industrial park large wheel tractor project	3,217,948.72	0.00	3,217,948.72	3,217,948.72	0.00	3,217,948.72
Others	1,729,692.00	0.00	1,729,692.00	1,729,692.00	0.00	1,729,692.00
	82,332,439.74	8,533,977.20	73,798,462.54	96,016,341.78	8,533,977.20	87,482,364.58
Total	548,162,250.15	8,533,977.20	539,628,272.95	455,532,527.81	8,533,977.20	446,998,550.61

XVI. NOTES TO MAIN ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

13. CONSTRUCTION IN PROGRESS

(2) Changes of significant construction in progress projects in the period

Project name	Beginning balance	Increase	Transferred to fixed assets	Other decrease	Ending balance
Core capacity upgrading project on new wheeled tractor	206,457,303.05	310,557.65	1,409,031.57	0.00	205,358,829.13
Agricultural high-power diesel engine project	60,810,592.40	95,140,477.49	0.00	0.00	155,951,069.89
New giant parts workshop of No. 3 Assembling Factory	52,511,937.03	13,921,418.44	0.00	0.00	66,433,355.47
EPC project	15,041,213.76	0.00	0.00	0.00	15,041,213.76
Forged crankshaft machining line project	13,540,080.94	4,298,971.05	5,991,693.21	0.00	11,847,358.78
Enhancement of the heat treatment 400 and LF904 fender welding automatic production line	6,207,418.13	42,924.53	0.00	0.00	6,250,342.66
Industrial park large wheel tractor project	3,217,948.72	0.00	0.00	0.00	3,217,948.72
Others	1,729,692.00	0.00	0.00	0.00	1,729,692.00
	96,016,341.78	17,460,207.23	23,574,022.44	7,570,086.83	82,332,439.74
Total	<u>455,532,527.81</u>	<u>131,174,556.39</u>	<u>30,974,747.22</u>	<u>7,570,086.83</u>	<u>548,162,250.15</u>

Note: Decrease in others for the period is transferred 43,468.37 Yuan into low value consumption goods, and 23,250.94 Yuan into intangible assets, and transferred 7,503,367.52 Yuan from foundry factory to YTO (Luoyang) Foundry Co., Ltd..

XVI. NOTES TO MAIN ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

13. CONSTRUCTION IN PROGRESS (CONTINUED)

(2) Changes of significant construction in progress projects in the period (Continued)

Project name	Budget	Percentage of	Rate of	Accumulated	Including:	Interest	Sources of
		actual project					
		to budget	progress	of interest	of interest in	rate (%)	funds
		(%)	(%)		this year	in this year	
Core capacity upgrading project							
on new wheeled tractor	562,100,000.00	63.57	90.00	0.00	0.00		Fund-raising
Agricultural high-power							
diesel engine project	171,691,100.00	97.48	80.00	12,829,031.02	0.00	4.404-6.9	Fund-raising
New giant parts workshop of							
No. 3 Assembling Factor	97,000,000.00	81.16	90.00	0.00	0.00		Fund-raising
EPC project	29,773,300.00	50.52	90.00	0.00	0.00		Self-raised
Forged crankshaft machining line project	149,020,000.00	80.86	90.00	819,901.92	0.00	4.404-6.9	Self-raised
Enhancement of the heat treatment	14,800,000.00	84.80	90.00	0.00	0.00		Self-raised
400and LF904 fender welding							
automatic production line	6,275,000.00	51.28	40.00	0.00	0.00		Self-raised
Industrial park large wheel tractor project	1,050,000.00	99.00	99.00	0.00	0.00		Self-raised
Others	139,492,000.00	-	-	2,535,622.02	0.00	4.404-6.9	Self-raised
Total	1,171,201,400.00	/	/	16,184,554.96	0.00	/	/

XVI. NOTES TO MAIN ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)**13. CONSTRUCTION IN PROGRESS (CONTINUED)****(3) There is no increase on provision for impairment on construction in progress**

Items	Beginning balance	Increase	Decrease	Ending balance
Provision for impairment on construction in progress	8,533,977.20	0.00	0.00	8,533,977.20

XVI. NOTES TO MAIN ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

14. INTANGIBLE ASSETS

(1) Breakdown

Items	Land use right	Patent	Trademarks	Software	Building use right	Others	Total
I. Original cost							
1. Beginning balance	554,719,439.40	1,477,553.68	59,501,000.00	27,804,865.87	0.00	0.00	643,502,858.95
2. Increase	0.00	0.00	0.00	72,230.94	0.00	0.00	72,230.94
(1) Purchase	0.00	0.00	0.00	48,980.00	0.00	0.00	48,980.00
(2) Transferred from construction in progress	0.00	0.00	0.00	23,250.94	0.00	0.00	23,250.94
3. Decrease	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(1) Disposal	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(2) Others	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4. Ending balance	554,719,439.40	1,477,553.68	59,501,000.00	27,877,096.81	0.00	0.00	643,575,089.89
II. Accumulated amortization							
1. Beginning balance	43,024,379.48	133,423.02	0.00	15,909,922.01	0.00	0.00	59,067,724.51
2. Increase	6,933,934.47	90,350.69	0.00	2,437,663.82	0.00	0.00	9,461,948.98
(1) Accrual	6,933,934.47	90,350.69	0.00	2,437,663.82	0.00	0.00	9,461,948.98
3. Decrease	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(1) Disposal	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(3) Others	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4. Ending Balance	49,958,313.95	223,773.71	0.00	18,347,585.83	0.00	0.00	68,529,673.49
III. Provision for impairment							
1. Beginning balance	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2. Increase	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(1) Accrual	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3. Decrease	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(1) Disposal	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(2) Others	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4. Ending Balance	0.00	0.00	0.00	0.00	0.00	0.00	0.00
IV. Carrying amount							
1. Ending balance	504,761,125.45	1,253,779.97	59,501,000.00	9,529,510.98	0.00	0.00	575,045,416.40
2. Beginning balance	511,695,059.92	1,344,130.66	59,501,000.00	11,894,943.86	0.00	0.00	584,435,134.44

XVI. NOTES TO MAIN ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

14. INTANGIBLE ASSETS (CONTINUED)

(2) Land use rights not yet obtained property license:

None.

15. LONG-TERM DEFERRED EXPENSES

Items	Beginning balance	Increase	Amortization	Other deductions	Ending balance
Amortization on moulding machine	13,986,186.10	7,574,842.03	2,915,255.97	249,572.65	18,396,199.51
Maintenance fee	3,929,531.42	755,764.19	843,651.06	0.00	3,841,644.55
Equipment relocation fee	445,666.11	0.00	140,736.60	0.00	304,929.51
Table board	283,262.13	0.00	169,957.26	0.00	113,304.87
Others	270,940.17	0.00	81,282.06	0.00	189,658.11
Total	<u>18,915,585.93</u>	<u>8,330,606.22</u>	<u>4,150,882.95</u>	<u>249,572.65</u>	<u>22,845,736.55</u>

Note: Other decrease is due to external sale.

XVI. NOTES TO MAIN ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

16. DEFERRED TAX ASSETS/DEFERRED TAX LIABILITIES

(1) Recognized deferred tax assets

Items	Ending balance		Beginning balance	
	Deferred tax assets	Deductible temporary difference	Deferred tax assets	Deductible temporary difference
Provision for inventory impairment	18,074,361.88	2,711,154.28	18,506,932.80	2,776,039.92
Termination welfare	18,192,932.08	2,728,939.81	20,372,633.09	3,055,894.96
Wages payable and accrued expense	76,927,214.03	11,539,082.11	8,460,272.00	1,269,040.80
Total	113,194,507.99	16,979,176.20	47,339,837.89	7,100,975.68

(2) Deferred tax liabilities recognized

Items	Ending balance		Beginning balance	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Fair value change of available-for-sale financial assets	56,832,000.00	8,524,800.00	44,160,000.00	6,624,000.00
Total	56,832,000.00	8,524,800.00	44,160,000.00	6,624,000.00

XVI. NOTES TO MAIN ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

16. DEFERRED TAX ASSETS/DEFERRED TAX LIABILITIES (CONTINUED)

(3) Deductible temporary difference that are not recognized as deferred tax assets

Item	Ending balance	Beginning balance
Provision for bad debts	157,562,195.14	131,238,211.34
Impairment on long-term equity investments	25,954,515.65	25,954,515.65
Impairment on available-for-sale financial assets	4,322,800.00	4,322,800.00
Impairment on fixed assets	5,038,534.03	5,085,694.66
Impairment on construction in progress	8,533,977.20	8,533,977.20
Total	<u><u>201,412,022.02</u></u>	<u><u>175,135,198.85</u></u>

17. SHORT-TERM LOANS

(1) Categories

Category	Ending balance	Beginning balance
Credit loans	<u>1,595,855,480.00</u>	<u>1,528,219,200.00</u>
Total	<u><u>1,595,855,480.00</u></u>	<u><u>1,528,219,200.00</u></u>

(2) There is no short-term loan overdue in the end of the period.

XVI. NOTES TO MAIN ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

18. NOTES PAYABLE

Category	Ending balance	Beginning balance
Bank acceptance notes	606,364,318.10	483,664,811.06
Commercial acceptance notes	65,456,190.46	340,670,979.21
Total	671,820,508.56	824,335,790.27

19. ACCOUNTS PAYABLE

(1) Breakdown

Items	Ending balance	Beginning balance
Purchase payable	1,487,298,434.92	793,568,366.17
Construction materials payable	75,906,070.30	64,101,792.59
Service fee payable	10,961.00	2,251,949.76
Others	29,342,172.00	47,506,070.00
Total	1,592,557,638.22	907,428,178.52

XVI. NOTES TO MAIN ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

19. ACCOUNTS PAYABLE

(2) Aging analysis

Item	Ending balance	Beginning balance
Within 1 year	1,539,561,730.47	851,704,511.14
1 to 2 years	19,466,406.15	16,011,848.27
2-3 years	6,170,247.18	5,687,925.31
Over 3 years	27,359,254.42	34,023,893.80
Total	1,592,557,638.22	907,428,178.52

(3) Accounts payable with significant amount aged over 1 year

Item	Amount due	Reasons
Zhangjiagang Bonded Area Yetai International trade Co., Ltd	5,915,437.00	Transaction incompleteness
Bengang Steel Plates Co., Ltd	1,789,968.08	Quality dispute
Zhengzhou Wutai Trade Co., Ltd	1,194,568.50	Transaction incompleteness
Total	8,899,973.58	/

XVI. NOTES TO MAIN ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

20. ADVANCE FROM CUSTOMERS

(1) Breakdown

Items	Ending balance	Beginning balance
Within 1 year (including 1 year)	93,528,504.34	134,548,831.26
Over 1 year	3,798,917.97	4,041,845.38
Total	97,327,422.31	138,590,676.64

(2) Significant amounts aged over 1 year:

None.

21. EMPLOYEE BENEFIT PAYABLE

(1) Categories

Items	Beginning balance	Increase	Decrease	Ending balance
1. Short-term remuneration	10,404,803.92	271,129,585.13	266,428,916.56	15,105,472.49
2. Post-employment welfare – Defined Contribution Plan	44,804.97	44,289,162.55	44,316,619.15	17,348.37
3. Termination benefits	20,372,633.09	2,433,226.63	4,612,927.64	18,192,932.08
Total	30,822,241.98	317,851,974.31	315,358,463.35	33,315,752.94

XVI. NOTES TO MAIN ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

21. EMPLOYEE BENEFIT PAYABLE (CONTINUED)

(2) Short-term remuneration

Items	Beginning balance	Increase	Decrease	Ending balance
1. Wages or salaries, bonuses, allowances and subsidies	8,460,272.00	172,740,922.79	173,305,674.87	7,895,519.92
2. Staff welfare	0.00	17,380,386.92	16,331,595.89	1,048,791.03
3. Social securities	0.00	15,796,804.39	15,783,512.54	13,291.85
Inc.: – Medical insurance	0.00	13,070,045.08	13,056,753.23	13,291.85
– Work-related injury insurance	0.00	1,363,346.17	1,363,346.17	0.00
– Maternity insurance	0.00	1,363,413.14	1,363,413.14	0.00
4. Housing funds	0.00	16,982,969.25	16,982,969.25	0.00
5. Union & education funds	1,708,157.24	5,923,894.35	1,720,203.58	5,911,848.01
6. Short-term paid absences	0.00	0.00	0.00	0.00
7. Short-term profit sharing plan	0.00	0.00	0.00	0.00
8. Others	236,374.68	42,304,607.43	42,304,960.43	236,021.68
Total	<u>10,404,803.92</u>	<u>271,129,585.13</u>	<u>266,428,916.56</u>	<u>15,105,472.49</u>

(3) Defined contribution plan

Item	Beginning balance	Increase	Decrease	Ending balance
1. Basic pension	0.00	34,061,456.46	34,061,456.46	0.00
2. Annuity	44,804.97	7,543,400.09	7,570,856.69	17,348.37
3. Unemployment insurance	0.00	2,684,306.00	2,684,306.00	0.00
Total	<u>44,804.97</u>	<u>44,289,162.55</u>	<u>44,316,619.15</u>	<u>17,348.37</u>

XVI. NOTES TO MAIN ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

22. TAXES PAYABLE

Items	Ending balance	Beginning balance
Value-Added Tax (VAT)	-273,132,966.37	-306,472,721.67
Business Tax	28,693.79	98,225.20
Corporate Income Tax	25,215,567.51	11,566,520.54
Individual Income Tax	586,747.77	547,368.23
Urban Maintenance and Construction Tax	2,008.56	6,902.95
Property Tax	2,112,960.09	3,606,960.54
Land use Tax	901,313.19	970,986.47
Education Surcharge	1,434.70	4,930.68
Others	183,265.30	207,658.20
Total	-244,100,975.46	-289,463,168.86

23. INTERESTS PAYABLE

Item	Ending balance	Beginning balance
Interest payable on corporate bonds	15,143,465.78	50,334,301.01
Interest payable on short loans	6,380,000.00	6,390,000.00
Total	21,523,465.78	56,724,301.01

XVI. NOTES TO MAIN ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

24. DIVIDEND PAYABLE

Item	Ending balance	Beginning balance
Ordinary shares dividend	48,659,104.28	0.00

25. OTHER PAYABLES

(1) Categorized by nature

Item	Ending balance	Beginning balance
Receivables and payables	92,911,699.20	95,753,140.19
Security deposit	52,962,842.21	60,142,212.34
Expenses payable	5,000,762.68	4,030,435.04
Agent collection and payment	4,901,808.96	4,824,683.75
Others	14,783,397.26	10,363,414.09
Total	170,560,510.31	175,113,885.41

(2) Significant amount aged over 1 year

Creditor	Amount due	Reasons for unsettled
YTO (Luoyang) Harvesting Machinery Co., Ltd	4,031,683.97	Not settled yet
YTO Group Corporation	49,340,612.33	Payment to be paid
YTO Flag Auto-body Company Limited	3,300,000.00	Payment to be paid
Total	56,672,296.30	–

XVI. NOTES TO MAIN ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

26. NON-CURRENT LIABILITIES DUE WITHIN ONE YEAR

Items	Ending balance	Beginning balance
Long-term loans due within 1 year	17,174,750.00	18,639,000.00
Deferred revenues due within 1 year	6,874,000.00	6,874,000.00
Total	24,048,750.00	25,513,000.00

27. OTHER CURRENT LIABILITIES

Items	Ending balance	Beginning balance
Discounts given	0.00	175,947.00
Sales and warranty service	41,300,000.00	6,130,000.00
Agent fees	1,420,000.00	1,920,000.00
Others	26,311,694.11	54,813.00
Total	69,031,694.11	8,280,760.00

28. LONG-TERM LOANS

(1) Categories

Categories	Ending balance	Beginning balance
Credit loans	51,524,250.00	65,236,500.00
Less: due within 1 year	17,174,750.00	18,639,000.00
Total	34,349,500.00	46,597,500.00

XVI. NOTES TO MAIN ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

29. BONDS PAYABLE

(1) Categories

Item	Ending balance	Beginning balance
12 YTO 01 Coporate bond	796,923,808.99	796,393,416.63
12 YTO 02 Coporate bond	696,175,352.34	695,578,322.56
Total	<u><u>1,493,099,161.33</u></u>	<u><u>1,491,971,739.19</u></u>

(2) Changes of bond payables

Item	Face value	Issue date	Term	Issued amount	Beginning balance	Interest				Ending balance
						Amount issued for the period	accrued based on the face value	Amortisation on discount or premium	Interest paid for the period	
12 YTO 01 Coporate bond	800,000,000.00	2013-3-4	5 years	794,550,000.00	796,393,416.63	0.00	89,319,452.05	2,373,808.99	38,400,000.00	796,623,808.99
12 YTO 02 Coporate bond	700,000,000.00	2013-5-30	5 years	693,734,150.95	696,578,322.56	0.00	65,675,342.47	2,441,201.39	31,500,000.00	696,175,352.34
Total	<u><u>/</u></u>	<u><u>/</u></u>	<u><u>/</u></u>	<u><u>1,488,284,150.95</u></u>	<u><u>1,491,971,739.19</u></u>	<u><u>0.00</u></u>	<u><u>154,994,794.52</u></u>	<u><u>4,815,010.38</u></u>	<u><u>69,900,000.00</u></u>	<u><u>1,493,099,161.33</u></u>

XVI. NOTES TO MAIN ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

30. DEFERRED INCOME

Items	Beginning balance	Increase	Decrease	Ending balance	Reason of formation
Government grants	126,198,362.41	0.00	3,437,000.00	122,761,362.41	Government grants

Government grants projects:

Unit: Yuan Currency: RMB

Items	Beginning balance	Increase	The amount recorded into non-operating income	Other changes	Ending balance	Related to assets/ Related to earnings
The upgrade of core ability in new type of wheeled tractors	53,200,000.00	0.00	0.00	0.00	53,200,000.00	Related to assets
High-power non-road diesel engines	49,000,000.00	0.00	0.00	0.00	49,000,000.00	Related to assets
Diesel engine crankshaft forging line	6,780,000.00	0.00	0.00	1,695,000.00	5,085,000.00	Related to assets
Technical innovation of wheeled tractors	6,920,000.00	0.00	0.00	1,384,000.00	5,536,000.00	Related to assets
C series of government project aid	4,296,000.00	0.00	0.00	358,000.00	3,938,000.00	Related to assets
Annual output of 1000 big horsepower shift heavy wheeled tractors	2,750,000.00	0.00	0.00	0.00	2,750,000.00	Related to assets
Energy-saving diesel engine crankshaft machining production line project	2,700,000.00	0.00	0.00	0.00	2,700,000.00	Related to assets
Special funds for large wheeled tractor gearbox flexible production line technology integration and demonstration	419,960.00	0.00	0.00	0.00	419,960.00	Related to assets
Others	132,402.41	0.00	0.00	0.00	132,402.41	Related to assets
Total	126,198,362.41	0.00	0.00	3,437,000.00	122,761,362.41	/

Note: The other changes are the deferred income which has been transferred to non-current liabilities due within one year.

XVI. NOTES TO MAIN ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

31. SHARE CAPITAL

Item	Beginning	Changes in Current period				Sub-total	Ending balance
	balance	Issue new shares	Complimentary shares	Accumulation funds to equity	Others		
Total shares	995,900,000.00	0.00	0.00	0.00	0.00	0.00	995,900,000.00

32. CAPITAL RESERVES

Unit: Yuan Currency: RMB

Items	Beginning balance	Increase	Decrease	Ending balance
Share premium	1,953,153,395.43	0.00	0.00	1,953,153,395.43
Other capital reserves	64,872,267.48	0.00	0.00	64,872,267.48
Inc.: others	64,872,267.48	0.00	0.00	64,872,267.48
Total	2,018,025,662.91	0.00	0.00	2,018,025,662.91

XVI. NOTES TO MAIN ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

33. OTHER COMPREHENSIVE INCOME

Items	Changes in Current period							Ending balance
	Beginning balance	Amount before income tax	Less: income previously recognised and transferred to profit/loss in current period	Less: income tax expenses	Amount attributable to the parent company after income tax	Amount attributable to minority shareholders after income tax		
1. Other comprehensive income that will not be reclassified into profit or loss	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2. Other comprehensive income that will be reclassified into profit or loss	37,536,000.00	12,672,000.00	0.00	1,900,800.00	10,771,200.00	0.00	48,307,200.00	
Gains and losses from changes in fair value of available-for-sale financial assets	37,536,000.00	12,672,000.00	0.00	1,900,800.00	10,771,200.00	0.00	48,307,200.00	
Foreign currencies translation differences	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	<u>37,536,000.00</u>	<u>12,672,000.00</u>	<u>0.00</u>	<u>1,900,800.00</u>	<u>10,771,200.00</u>	<u>0.00</u>	<u>48,307,200.00</u>	

XVI. NOTES TO MAIN ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY *(CONTINUED)*

34. SPECIAL RESERVES

Item	Beginning balance	Increase	Decrease	Ending balance
Safety production costs	0.00	4,240,187.75	4,240,187.75	0.00

35. SURPLUS RESERVES

Item	Beginning balance	Increase	Decrease	Ending balance
Statutory surplus reserves	294,479,564.73	0.00	0.00	294,479,564.73
Discretionary surplus reserves	0.00	0.00	0.00	0.00
Total	294,479,564.73	0.00	0.00	294,479,564.73

XVI. NOTES TO MAIN ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

36. RETAINED EARNINGS

Items	Current period	Last period
Last period ending balance before adjustments	1,231,464,769.67	911,189,187.88
Total adjustment of beginning balance (increase+, decrease-)	0.00	0.00
Current period beginning balance after adjustments	1,231,464,769.67	911,189,187.88
Add: Net profit for the year attributable to owners of the parent company	244,950,248.11	422,255,090.88
Less: Statutory surplus reserve	0.00	42,225,509.09
Discretionary surplus reserve	0.00	0.00
General risk reserves	0.00	0.00
Dividends payable on ordinary shares	50,790,900.00	59,754,000.00
Ordinary shares dividends transferred to share capital	0.00	0.00
Current period ending balance	<u>1,425,624,117.78</u>	<u>1,231,464,769.67</u>

37. OPERATING REVENUE AND OPERATING COST

Items	Current period		Last period	
	Revenue	Cost	Revenue	Cost
Primary business	4,085,010,080.24	3,514,782,870.80	4,061,905,417.90	3,594,524,262.35
Other business	51,086,925.82	31,466,143.77	24,430,424.24	2,925,410.51
Total	<u>4,136,097,006.06</u>	<u>3,546,249,014.57</u>	<u>4,086,335,842.14</u>	<u>3,597,449,672.86</u>

XVI. NOTES TO MAIN ITEMS IN FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

38. INVESTMENT INCOME

Items	Current period	Last period
Long-term equity investments by cost method	45,072,343.00	65,404,500.00
Long-term equity investments by equity method	1,893,556.87	-71,435.22
Disposal of long-term equity investments	0.00	0.00
Investment income on financial assets measured at fair value and the changes are recorded into profit and loss in the holding period	0.00	0.00
Investment income on disposal of financial assets measured at fair value and the changes are recorded into profit and loss in the current period	0.00	0.00
Investment returns on held-to-maturity investment during the holding period	0.00	0.00
Investment returns on available-for-sale financial assets during the holding period	2,376,000.00	0.00
Investment returns on disposal of available-for-sale financial assets	0.00	0.00
After the loss of control, gains from remeasuring the remaining equity at fair value	0.00	0.00
Others	96,000.00	-22,063.90
Total	49,437,899.87	65,311,000.88

VII. SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS

1. GAIN OR LOSS FROM EXTRAORDINARY ITEMS

Item	Current period	Note
Gain or loss on disposal of non-current assets	-909,893.17	
Unauthorized or informal approval documents or one-off tax returns and exemptions on tax	0.00	
Government subsidy recognized in current profit or loss	8,805,040.40	
Payment for using state funds for non-finance institutes in current profit or loss	0.00	
Income from the difference between the cost of investment on subsidiaries, associates and joint ventures and the fair value of identifiable net assets of invested entities	0.00	
Gain or loss from transferring of non-monetary assets	0.00	
Gain or loss from investments under entrust by others or assets under management by others	0.00	
Provisions of impairment of assets due to force majeure such as nature disasters	0.00	
Gain or loss on debt restructuring	205,200.00	
Gain or loss on corporation restructuring	0.00	
Gain or loss arising from the difference between the not-arm-length of a transaction which has a unfair trading price and the fair value of the price	0.00	
Current net profit and loss of the subsidiary under the common control from the beginning date to the consolidated date	0.00	
Gain or loss from non-related business operations or contingencies	0.00	
Profit or loss from changes of the fair value of tradable financial assets and liabilities held and investment income from disposal of tradable financial assets and liabilities and available for sale financial assets, except for hedging related to companies' daily operations	11,755,465.11	
Reversal of impairment of receivables on individually impairment test	0.00	
Gain or loss from entrusted loans	0.00	
Gain or loss from changes in the fair value of investment properties using the fair value model as a subsequent measurement	0.00	
Impact on gain or loss from one-off adjustments on current gain or loss in accordance with the requirement of tax, accounting and other laws and regulations	0.00	
Custody income earned from entrusted operation	0.00	
Profit or loss from assignment of long-term equity investment	0.00	
Other non-operating income and expenses except for mentioned above	1,322,061.19	
Gain or loss from other extraordinary items	0.00	
Effects on income tax	-2,613,612.21	
Effects on non-controlling interests (after tax)	-3,166,971.95	
Total	15,397,289.37	

VII. SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS (CONTINUED)

2. RETURN ON NET ASSETS AND EARNINGS PER SHARE (EPS)

Profit in reporting period	Weighted average return on net assets (%)	Earnings per share Basic EPS	Diluted EPS
Net profit attributable to shareholders of the common shares of the Company	3.21	0.1493	0.1493
Net profit attributable to shareholders of the common shares of the Company after non-operating profit or loss	2.88	0.1338	0.1338
	<u><u><u> </u></u></u>	<u><u><u> </u></u></u>	<u><u><u> </u></u></u>

3. RECONCILIATION ON SHAREHOLDERS' EQUITY AND PROFIT FROM HKFRS TO CHINESE ASBES

Unapplicable