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

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

(Stock Code: 0038)

2019 FIRST QUARTERLY REPORT

I. IMPORTANT NOTICE

- 1.1 The board of directors and board of supervisors of Company, and its directors, supervisors and senior management shall guarantee that there are no false information, misleading statements or material omissions contained in this first quarterly report, and severally and jointly accept legal responsibility for the truthfulness, accuracy and completeness of the contents herein.
- 1.2 All Directors of the Company attended the Board meeting to consider this quarterly report.
- 1.3 Li Xiaoyu (person in charge of the Company), Liu Jiguo (person in charge of the accounting function) and Zhou Juan (person in charge of the Accounting Department and the Accounting Manager) have warranted the truthfulness, accuracy and completeness of the financial statements in this quarterly report.
- 1.4 This first quarterly report of the Company is unaudited.

II. 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 |
| 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 interests by the Company, and a company actually controlled by the Company through agreement and arrangement |
| 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 |
| 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 | has the meaning ascribed thereto under the Listing Rules of the Stock Exchange |
| YTO | means | YTO Group Corporation (中國一拖集團有限公司), the controlling shareholder 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 |

III. BASIC INFORMATION OF THE COMPANY

3.1 Major financial data

| | | <i>Unit: Yuan Currency: RMB</i> | |
|---|--|---|---|
| | As at the end of the reporting period | As at the end of the previous year | Increase/Decrease as at the end of the reporting period as compared to the end of the previous year (%) |
| Total assets | 13,958,019,006.90 | 13,140,741,755.99 | 6.22 |
| Net assets attributable to shareholders of the Company | 4,046,709,321.43 | 4,007,081,663.62 | 0.99 |
| | From the beginning of the year to the end of the reporting period | From the beginning of the previous year to the end of the reporting period of the previous year | Year-on-year increase/decrease (%) |
| Net cash flow from operating activities | 197,909,701.91 | -626,669,095.78 | N/A |

| | From the beginning of the year to the end of the reporting period | From the beginning of the previous year to the end of the reporting period of the previous year | Year-on-year increase/decrease (%) |
|--|--|---|--|
| Operating revenue | 2,115,080,714.00 | 2,322,580,812.33 | -8.93 |
| Net profit attributable to shareholders of the Company | 44,955,415.92 | 47,951,154.70 | -6.25 |
| Net profit attributable to shareholders of the Company after deduction of non-recurring profit and loss | 7,896,075.22 | 46,922,905.76 | -83.17 |
| Weighted average return on net assets (%) | 1.12 | 0.99 | increase of 0.13 percentage points |
| Basic earnings per share (RMB/share) | 0.0456 | 0.0486 | -6.17 |
| Diluted earnings per share (RMB/share) | 0.0456 | 0.0486 | -6.17 |

Non-recurring profit and loss items and amount

Unit: Yuan Currency: RMB

| Item | Amount for period | Description |
|---|----------------------|-------------|
| Profit or loss on disposal of non-current assets | -431,699.26 | |
| Government grants included in profit or loss of the period other than those closely related with the normal operation of the Company and in compliance with national policies and regulations and conferred on the standard quota or quantity basis | 22,385,077.48 | |
| Gain or loss on contingency items unrelated to the normal business operations of the Company | | |
| Gain or loss on changes in fair value of held-for-trading financial assets, derivative financial assets, trading financial liabilities, derivative financial liabilities, and investment gains from disposal of trading financial assets, derivative financial assets, trading financial liabilities, derivative financial liabilities and other debt investments, other than effective hedging activities related to normal business operations of the Company | -3,613,674.67 | |
| Gain or loss from transferring of long-term equity investment | 22,553,783.27 | |
| Other non-operating income and expenses except for mentioned above | 2,002,025.14 | |
| Effect of minority shareholders' interests (after tax) | -4,948,212.20 | |
| Effect of income tax | -887,959.06 | |
| Total | 37,059,340.70 | |

3.2 Table of total number of shareholders, shareholdings of the top ten shareholders and the top ten shareholders of circulating shares (or shareholders without selling restriction) as at the end of the reporting period

Unit: Share

Total number of shareholders 28,568
(Including 28,204 shareholders of A Shares and 364 shareholders of H Shares)

Shareholdings of the top ten shareholders

| Name of shareholders (full name) | Number of shares held as at the end of the period | Percentage (%) | Number of shares held with selling restriction | Subject to pledge or moratorium | | Nature of shareholders |
|--|--|-------------------|---|------------------------------------|--------|-----------------------------|
| | | | | Status of shares | Number | |
| YTO Group Corporation | 410,690,578 | 41.66 | 0 | Nil | 0 | State-owned legal person |
| HKSCC NOMINEES LIMITED (Note 1) | 388,037,319 | 39.36 | 0 | Unknown | / | Overseas legal person |
| Hong Kong Securities Clearing Company Limited (Note 2) | 12,039,936 | 1.22 | 0 | Unknown | / | Overseas legal person |
| China Construction Bank Corporation Henan Province Branch | 9,444,950 | 0.96 | 0 | Unknown | / | Other |
| Xu Zuquan | 4,000,000 | 0.41 | 0 | Unknown | / | Domestic natural person |
| China Merchants Bank Co., Ltd.-Bosera CSI State-Owned Enterprises Structural Adjustment Index ETF Security Investment Fund (招商銀行股份有限公 司－博時中證央企結構調整交易型開放 式指數證券投資基金) | 2,962,900 | 0.30 | 0 | Unknown | / | Other |
| Liang Xiuqiong | 2,116,500 | 0.21 | 0 | Unknown | / | Domestic natural person |
| Agricultural Bank Of China Limited-Huaxia CSI State-Owned Enterprises Structural Adjustment Index ETF Security Investment Fund (中國農業銀行股份有 限公司－華夏中證央企結構調整交易型 開放式指數證券投資基金) | 1,418,600 | 0.14 | 0 | Unknown | / | Other |
| Société Générale | 1,394,500 | 0.14 | 0 | Unknown | / | Other |
| Industrial and Commercial Bank of China Limited-Yinhua CSI State-Owned Enterprises Structural Adjustment Index ETF Security Investment Fund (中國工 商銀行股份有限公司－銀華中證央企結 構調整交易型開放式指數證券投資基 金) | 1,161,300 | 0.12 | 0 | Unknown | / | Other |

Shareholdings of the top ten shareholders without selling restriction

| Name of shareholders | Number of circulating shares held without selling restriction | Class and number of shares | |
|--|---|---------------------------------------|-------------|
| | | Class | Number |
| YTO Group Corporation | 410,690,578 | Ordinary shares denominated in RMB | 410,690,578 |
| HKSCC NOMINEES LIMITED (Note 1) | 388,037,319 | Overseas listed foreign shares | 388,037,319 |
| Hong Kong Securities Clearing Company Limited (Note 2) | 12,039,936 | Ordinary shares denominated in RMB | 12,039,936 |
| China Construction Bank Corporation Henan Province Branch | 9,444,950 | Ordinary shares denominated in RMB | 9,444,950 |
| Xu Zuquan | 4,000,000 | Ordinary shares denominated in RMB | 4,000,000 |
| China Merchants Bank Co., Ltd.-Bosera CSI State-Owned Enterprises Structural Adjustment Index ETF Security Investment Fund (招商銀行股份有限公 司－博時中證央企結構調整交易型開放 式指數證券投資基金) | 2,962,900 | Ordinary shares denominated in RMB | 2,962,900 |
| Liang Xiuqiong | 2,116,500 | Ordinary shares denominated in RMB | 2,116,500 |
| Agricultural Bank Of China Limited- Huaxia CSI State-Owned Enterprises Structural Adjustment Index ETF Security Investment Fund (中國農業銀 行股份有限公司－華夏中證央企結構調 整交易型開放式指數證券投資基金) | 1,418,600 | Ordinary shares denominated in RMB | 1,418,600 |
| Société Générale | 1,394,500 | Ordinary shares denominated in RMB | 1,394,500 |
| Industrial and Commercial Bank of China Limited-Yinhua CSI State-Owned Enterprises Structural Adjustment Index ETF Security Investment Fund (中國工 商銀行股份有限公司－銀華中證央企結 構調整交易型開放式指數證券投資基 金) | 1,161,300 | Ordinary shares denominated in RMB | 1,161,300 |

Shareholdings of the top ten shareholders without selling restriction

| Name of shareholders | Number of circulating shares held without selling restriction | Class | Class and number of shares Number |
|--|--|-------|--------------------------------------|
| Explanation on connected relation or parties acting in concert of the aforesaid shareholders | Among the top ten shareholders and top ten 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 other shareholders. The Company is not aware of any connected relationship among other shareholders, nor aware of any parties acting in concert among them as defined in the Administrative Measures on Acquisitions by Listed Companies. | | |
| Description of preferential shareholders with restoration of voting rights and their shareholdings | / | | |

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

Note 2: The ordinary shares denominated in RMB held by Hong Kong Securities Clearing Company Limited are held on behalf of overseas investors who held these shares via the Northbound Trading.

IV. SIGNIFICANT EVENTS

4.1 Particulars of and reasons for material changes in major accounting statement items and financial indicators of the Company

Unit: Yuan Currency: RMB

| Consolidated balance sheet items | As at the end of the period | As at the beginning of the period | Percentage changes (%) | Reasons |
|---|-----------------------------|-----------------------------------|------------------------|---|
| Loans to banks and other financial institutions | 300,000,000.00 | 200,000,000.00 | 50.00 | Increase in lending to banks and other financial institutions |
| Notes receivable and accounts receivable | 1,518,389,631.81 | 929,490,438.84 | 63.36 | Increase in bill settlement and credit sales |
| Derivative financial liabilities | 6,829,581.55 | 2,727,592.84 | 150.39 | The appreciation of the RMB as compared to USD in the current period, the derivative financial liabilities recognized in swap exchange lock-up agreement involved in the USD borrowings of the Company recorded an increase |
| Contract liabilities | 185,796,081.35 | 369,490,638.57 | -49.72 | Partial advance amount have been delivered |
| Non-current liabilities due within one year | 46,664,479.21 | 76,664,479.21 | -39.13 | Repayment of long-term borrowings due within one year |
| Other comprehensive income | -22,112,251.97 | -16,863,576.18 | N/A | Decrease in currency translation differences of the current period as compared to the beginning of the period |

| Consolidated balance sheet items | As at the end of the period | As at the beginning of the period | Percentage changes (%) | Reasons |
|---|------------------------------------|--|-------------------------------|--|
| Interest expenses | 9,809,137.02 | 5,888,089.17 | 66.59 | Year-on-year increase in interest expenses of YTO Finance |
| Financial expenses | 23,808,240.18 | 9,091,543.17 | 161.87 | The appreciation of RMB as compared to USD in the current was lower than that of the same period of last year, resulting in a movement in exchange gain and losses as compared to that of the same period of last year |
| Loss on impairment of assets | -3,588,819.17 | 3,165,353.60 | -213.38 | Reversal impact from the provision for inventory depreciation |
| Loss on credit impairment | -1,052,930.95 | 10,684,711.61 | -109.85 | Impact from recovery of receivables |
| Other gains | 12,034,903.87 | 7,499,620.87 | 60.47 | Due to the increase in government grants received of the current period as compared to the same period of last year |
| Investment income | 24,541,305.16 | 15,303,129.50 | 60.37 | Due to the disposal of a subsidiary |

| Consolidated balance sheet items | As at the end of the period | As at the beginning of the period | Percentage changes (%) | Reasons |
|---|------------------------------------|--|-------------------------------|--|
| Changes in fair value | -6,733,790.22 | -24,700,191.92 | -72.74 | The appreciation of RMB as compared to USD in the current period was lower than that of the same period of last year, the losses from the swap exchange lock-up agreement involved in the USD borrowings of the Company recorded a year-on-year decrease |
| Non-operating income | 12,410,866.87 | 6,147,915.42 | 101.87 | Due to the increase in government grants received of the current period as compared to the same period of last year |
| Income tax expenses | 4,394,700.81 | 7,634,197.52 | -42.43 | Due to the decrease of revenue of certain subsidiaries in the current period |

| Consolidated income statement items | Amount for the period | For the corresponding period of the previous year | Percentage changes (%) | Reasons |
|--|-----------------------|---|------------------------|---|
| Net cash flows from operating activities | 197,909,701.91 | -626,669,095.78 | N/A | Due to the year-on-year increase in the net growth of customers' deposit and inter-bank deposits of YTO Finance and the year-on-year decrease in loans and advance to customers in the current period |
| Net cash flows from investing activities | -86,369,148.25 | 672,659,303.10 | -112.84 | Due to the year-on-year decrease in recovery of the matured wealth management products and structured deposits of the Company in the current period |
| Net cash flows from financing activities | 153,775,250.11 | -713,272,439.99 | N/A | Due to the repayment of corporate bonds in the same period last year no longer existed in the current period |

4.2 Analysis and explanation of progress and impact of major events and solutions

- On 3 March 2019, Mr. Zhao Yanshui resigned as the Chairman, an executive Director and the chairman of the Strategy and Investment Committee and a member of the Nomination Committee due to job allocation; Mr. Zhu Weijiang resigned as an executive Director, a member of the Strategy and Investment Committee and the General Manager of the Company due to job allocation; Mr. Yao Weidong resigned as the Financial Controller of the Company due to job allocation; on 30 March 2019, Mr. Li Kai resigned as a Director and a member of the Remuneration Committee; on 25 April 2019, Mr. Wu Yong resigned as the vice Chairman. The Company convened the fourth meeting of the eighth session of the Board on 5 March 2019, at which appointed Mr. Liu Jiguo as the General Manager; on 25 April 2019, the Company convened an extraordinary general meeting, at which Mr. Li Xiaoyu, Mr. Cai Jibo and Mr. Li Jiguo as Directors and convened the seventh meeting of the eighth session of the Board on the same day, at which Mr. Li Xiaoyu was elected as the Chairman of the Company, Mr. Cai Jibo was elected as the vice Chairman of the Company and re-elected the members of the Nomination Committee, Remuneration

Committee and Strategy and Investment Committee. (For more details, please refer to the “Announcement of First Tractor Company Limited in Relation to the Resignation of Chairman”, the “Announcement of First Tractor Company Limited in Relation to the Resignation of Directors, General Manager and Chief Financial Officer and the Nomination of Candidates of Director and the Appointment of General Manager of the Company”, the “Announcement of First Tractor Company Limited in Relation to the Resolutions of the Fourth Meeting of the Eighth Session of the Board” published on the website of Shanghai Stock Exchange on 6 March 2019 by the Company and the “Announcement on the (1) Resignation Of The Chairman And An Executive Director (2) Resignation Of The General Manager And An Executive Director (3) Resignation Of Financial Controller And (4) Appointment Of The General Manager (5) Proposed Appointment Of Executive Directors” published on the website of the Stock Exchange on 5 March 2019 by the Company; the “Announcement of First Tractor Company Limited in Relation to the Resignation of Directors and Nomination of Candidates of Directors” published on the website of Shanghai Stock Exchange on 3 April 2019 by the Company and the “Announcement on the (1) Resignation of A Non-executive Director And Member of Remuneration Committee And (2) Proposed Appointment of Executive Director” published on the website of the Stock Exchange on 2 April 2019 by the Company; the “Announcement of First Tractor Company Limited in Relation to the Resolution of the First Extraordinary General Meeting in 2019”, the “Announcement of First Tractor Company Limited in Relation to the Resignation of Vice Chairman and Election of Chairman and Vice Chairman” and the “Announcement of First Tractor Company Limited in Relation to the Resolution of the Seventh Meeting of the Eighth Session of the Board” published on the website of Shanghai Stock Exchange on 26 April 2019 by the Company and the Overseas Regulatory Announcement, the “Announcement of (1) Appointment of Chairman and Vice Chairman; (2) Resignation of Vice Chairman and Strategy and Investment Committee Members; (3) Appointment of Strategy and Investment Committee Members; (4) Appointment of Strategy and Investment Committee Chairman; (5) Appointment of Nomination Committee Members; (6) Appointment of Remuneration Committee Members” and the “Announcement of the Poll Results of the EGM held on 25 April 2019” published on the website of the Stock Exchange on 25 April 2019 by the Company).

2. The public bidding on China Beijing Equity Exchange regarding the 93.39% equity and debt interests in YTO (Luoyang) Transportation Machinery Co., Ltd. held by the Company has been settled within the reporting period and the change of industrial and commercial registration procedures was completed. For details, please refer to the “Announcement of First Tractor Company Limited in relation to the Pre-public Bidding the Equity and Debt Interests in Controlled Subsidiary” published by the Company on the website of Shanghai Stock Exchange on 7 August 2018, the “Progress Announcement of First Tractor Company Limited in relation to the Public Bidding the Equity and Debt Interests in Controlled Subsidiary” published by the Company on the website of Shanghai Stock Exchange on 14 September 2018, the “Announcement of First Tractor Company Limited in relation to the Adjustment of Public Bidding Price of the Equity and Debt Interests in Controlled Subsidiary” published by the Company on the website of Shanghai Stock Exchange on 17 November 2018, the “Progress Announcement of First Tractor Company Limited in relation to the Public Bidding the Equity and Debt Interests in Controlled Subsidiary” published by the Company on the website of Shanghai Stock Exchange on 1 March 2019, and the Overseas Regulatory Announcements published on the website of the Stock Exchange on 6 August, 13 September, 16 November 2018 as well as the “Connected Transaction Announcement in Relation to the Disposal of Equity Interests and Debt Interests in Controlled Subsidiary by Way of Listing-for-sale Process” published on the website of the Stock Exchange on 28 February 2019.

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

Luoyang, the PRC
29 April 2019

As at the date of this announcement, the Board comprises Mr. Li Xiaoyu (Chairman), Mr. Cai Jibo (vice Chairman), Mr. Wu Yong and Liu Jiguo as executive Directors; Mr. Li Hepeng, Mr. Xie Donggang and Mr. Zhou Honghai as non-executive Directors; and Mr. Yu Zengbiao, Ms. Yang Minli, Ms. Wang Yuru and Mr. Edmund Sit as independent non-executive Directors.

* *For identification purposes only*

V. APPENDIX

5.1 Financial Statements

Consolidated Balance Sheet

31 March 2019

Prepared by: First Tractor Company Limited

Unit: Yuan Currency: RMB Audit type: unaudited

| Item | 31 March 2019 | 31 March 2018 |
|---|-------------------------|-------------------------|
| Current assets: | | |
| Monetary Funds | 1,766,005,243.79 | 1,549,845,341.18 |
| Settlement reserves for balance | | |
| Loans to banks and other financial institutions | 300,000,000.00 | 200,000,000.00 |
| Financial assets held for trading | 894,039,690.91 | 897,235,968.16 |
| Financial assets measured at fair value through profit and loss | | |
| Derivative financial assets | 578,743.73 | 578,743.73 |
| Notes receivable and accounts receivable | 1,518,389,631.81 | 929,490,438.84 |
| Including: Notes receivable | 827,131,313.71 | 523,719,132.77 |
| Accounts receivable | 691,258,318.10 | 405,771,306.07 |
| Advances to suppliers | 109,403,900.55 | 107,561,199.88 |
| Premium receivables | | |
| Reinsurance receivables | | |
| Reinsurance contract reserves receivable | | |
| Other receivables | 60,900,673.04 | 65,741,038.66 |
| Including: Interest receivable | 17,667,454.12 | 17,708,921.80 |
| Dividends receivable | | |
| Financial assets purchased with agreement to re-sale | 190,083,505.08 | 150,203,731.40 |
| Inventories | 1,397,785,787.72 | 1,430,349,787.42 |
| Contract assets | | |
| Assets classified as held for sale | | |
| Non-current assets due within one year | 185,855,177.73 | 184,159,312.46 |
| Other current assets | 2,098,776,119.60 | 2,017,266,694.07 |
| Total current assets | 8,521,818,473.96 | 7,532,432,255.80 |

| Item | 31 March 2019 | 31 March 2018 |
|---|--|--|
| Non-current assets: | | |
| Loans and advances to customers | 898,609,217.49 | 1,011,378,462.91 |
| Debt investments | | |
| Available-for-sale financial assets | | |
| Other debt investments | | |
| Held-to-maturity investments | | |
| Long-term receivables | 296,088,650.85 | 280,985,073.83 |
| Long-term equity investments | 128,984,115.25 | 131,203,815.70 |
| Other investments in equity instruments | | |
| Other non-current financial assets | | |
| Investment properties | | |
| Fixed assets | 2,865,317,319.29 | 2,942,857,496.39 |
| Construction in progress | 252,889,169.89 | 232,816,443.52 |
| Productive biological assets | | |
| Oil and gas assets | | |
| Right-of-use assets | | |
| Intangible assets | 829,982,980.31 | 842,336,991.00 |
| Research and development expenses | | |
| Goodwill | | |
| Long-term unamortized expenses | 38,841,157.60 | 41,237,156.30 |
| Deferred tax assets | 125,487,922.26 | 125,494,060.54 |
| Other non-current assets | | |
| | _____ | _____ |
| Total non-current assets | <u><u>5,436,200,532.94</u></u> | <u><u>5,608,309,500.19</u></u> |
| Total assets | <u><u>13,958,019,006.90</u></u> | <u><u>13,140,741,755.99</u></u> |

| Item | 31 March 2019 | 31 March 2018 |
|---|--------------------------------|--------------------------------|
| Current liabilities: | | |
| Short-term loans | 3,015,356,547.19 | 2,777,516,101.13 |
| Borrowings from central bank | | |
| Loans from banks and other financial institutes | | |
| Financial liabilities held for trading | | |
| Financial liabilities at fair value through profit or loss | | |
| Derivative financial liabilities | 6,829,581.55 | 2,727,592.84 |
| Notes payable and accounts payable | 2,726,534,826.62 | 2,153,446,714.91 |
| Advances from customers | | |
| Funds from selling out and repurchasing financial assets | | |
| Receipts of deposits and deposits from other banks | 1,258,066,209.50 | 1,080,524,854.03 |
| Brokerage for trading securities | | |
| Brokerage for consigning securities | | |
| Employee benefits payable | 172,022,659.07 | 189,486,846.96 |
| Taxes payables | 30,807,805.22 | 24,562,534.28 |
| Other payables | 293,666,992.09 | 312,621,126.21 |
| Including: Interests payable | 20,014,679.65 | 20,514,340.13 |
| Dividends payable | 8,273,287.83 | 8,273,287.83 |
| Fee and commission payable | | |
| Reinsurance accounts payables | | |
| Contract liabilities | 185,796,081.35 | 369,490,638.57 |
| Liabilities classified as held for sale | | |
| Non-current liabilities due within one year | 46,664,479.21 | 76,664,479.21 |
| Other current liabilities | 235,193,371.70 | 196,139,042.20 |
| | <hr/> | <hr/> |
| Total current liabilities | <u>7,970,938,553.50</u> | <u>7,183,179,930.34</u> |

| Item | 31 March 2019 | 31 March 2018 |
|--|---------------------------------|---------------------------------|
| Non-current liabilities: | | |
| Reserves for insurance contract | | |
| Long-term loans | 868,473,000.00 | 868,473,000.00 |
| Bonds payable | | |
| Including: Preference shares | | |
| Perpetual bond | | |
| Lease liabilities | | |
| Long-term payables | 8,671,389.00 | 8,971,437.07 |
| Long-term employee salary payable | 119,715,885.28 | 119,715,885.28 |
| Contingent liabilities | 3,981,625.85 | 3,981,625.85 |
| Deferred income | 163,875,292.76 | 169,360,596.63 |
| Deferred tax liabilities | 130,479,807.01 | 130,983,510.46 |
| Other non-current liabilities | | |
| | <hr/> | <hr/> |
| Total non-current liabilities | <u>1,295,196,999.90</u> | <u>1,301,486,055.29</u> |
| Total liabilities | <u>9,266,135,553.40</u> | <u>8,484,665,985.63</u> |
| Owner's equity (or shareholder's equity): | | |
| Paid-up capital (or share capital) | 985,850,000.00 | 985,850,000.00 |
| Other equity instruments | | |
| Including: Preference shares | | |
| Perpetual bond | | |
| Capital reserves | 2,099,639,657.89 | 2,099,639,657.89 |
| Less: Treasury shares | | |
| Other comprehensive income | -22,112,251.97 | -16,863,576.18 |
| Special reserves | 3,194,924.19 | 3,274,006.51 |
| Surplus reserves | 442,101,172.16 | 442,101,172.16 |
| General risk reserves | | |
| Retained earnings | 538,035,819.16 | 493,080,403.24 |
| | <hr/> | <hr/> |
| Total equity attributable to owners of the parent company (or shareholders' equity) | <u>4,046,709,321.43</u> | <u>4,007,081,663.62</u> |
| Minority interests | 645,174,132.07 | 648,994,106.74 |
| Total shareholders' equity (or shareholder's equity) | <u>4,691,883,453.50</u> | <u>4,656,075,770.36</u> |
| Total liabilities and owners' equity (or shareholder's equity) | <u>13,958,019,006.90</u> | <u>13,140,741,755.99</u> |

Legal representative:
Li Xiaoyu

Chief financial officer:
Liu Jiguo

Accounting manager:
Zhou Juan

Balance Sheet of the Parent Company

31 March 2019

Prepared by: First Tractor Company Limited

Unit: Yuan Currency: RMB Audit type: unaudited

| Item | 31 March 2019 | 31 March 2018 |
|--|--------------------------------|--------------------------------|
| Current assets: | | |
| Monetary Funds | 1,487,399,066.84 | 1,622,239,658.46 |
| Financial assets held for trading | 172,077,116.52 | 172,077,116.52 |
| Financial assets measured at fair value through profit and loss | | |
| Derivative financial assets | | |
| Notes receivable and accounts receivable | 1,465,474,696.18 | 980,114,806.02 |
| Including: Notes receivable | 643,205,443.90 | 316,179,458.46 |
| Accounts receivable | 822,269,252.28 | 663,935,347.56 |
| Advances to suppliers | 74,567,443.60 | 74,828,658.18 |
| Other receivables | 57,774,355.57 | 87,936,879.35 |
| Including: Interest receivable | 3,018,640.88 | 2,909,099.16 |
| Dividends receivable | 75,294,698.36 | 75,294,698.36 |
| Inventories | 660,772,834.46 | 504,408,343.29 |
| Contract assets | | |
| Assets classified as held for sale | | |
| Non-current assets due within one year | | |
| Other current assets | 1,947,053,937.91 | 1,970,719,420.50 |
| Total current assets | <u>5,865,119,451.08</u> | <u>5,412,324,882.32</u> |

| Item | 31 March 2019 | 31 March 2018 |
|--|--|--|
| Non-current assets: | | |
| Debt investments | | |
| Available-for-sale financial assets | | |
| Other debt investments | | |
| Held-to-maturity investments | | |
| Long-term receivables | | |
| Long-term equity investments | 2,911,552,083.34 | 2,866,295,996.80 |
| Other investment in equity instruments | | |
| Other non-current financial assets | | |
| Investment properties | | |
| Fixed assets | 1,589,226,268.71 | 1,624,010,518.82 |
| Construction in progress | 150,865,295.73 | 143,966,878.57 |
| Productive biological assets | | |
| Oil and gas assets | | |
| Right-of-use assets | | |
| Intangible assets | 530,846,459.65 | 534,497,286.56 |
| Research and development expenses | | |
| Goodwill | | |
| Long-term unamortized expenses | 29,717,403.87 | 32,262,821.15 |
| Deferred tax assets | 60,329,817.60 | 60,329,817.60 |
| Other non-current assets | | |
| | ----- | ----- |
| Total non-current assets | <u><u>5,272,537,328.90</u></u> | <u><u>5,261,363,319.50</u></u> |
| Total assets | <u><u>11,137,656,779.98</u></u> | <u><u>10,673,688,201.82</u></u> |

| Item | 31 March 2019 | 31 March 2018 |
|--|-------------------------|-------------------------|
| Current liabilities: | | |
| Short-term loans | 3,265,429,000.00 | 3,249,320,000.00 |
| Financial liabilities held for trading | | |
| Financial liabilities at fair value through profit or loss | | |
| Derivative financial liabilities | 6,829,581.55 | 2,727,592.84 |
| Notes payable and accounts payable | 2,003,083,446.91 | 1,515,368,588.33 |
| Advances from customers | | |
| Contract liabilities | 105,497,445.50 | 143,129,821.26 |
| Employee benefits payable | 63,336,889.98 | 66,701,364.42 |
| Taxes payables | 4,811,645.72 | 5,115,325.67 |
| Other payables | 157,978,041.78 | 174,453,029.69 |
| Including: Interests payable | 8,589,427.58 | 11,843,727.58 |
| Dividends payable | | |
| Liabilities classified as held for sale | | |
| Non-current liabilities due within one year | 41,492,363.64 | 71,492,363.64 |
| Other current liabilities | 47,887,204.36 | 27,948,212.15 |
| | <hr/> | <hr/> |
| Total current liabilities | 5,696,345,619.44 | 5,256,256,298.00 |
| | <hr/> <hr/> | <hr/> <hr/> |
| Non-current liabilities: | | |
| Long-term loans | 1,030,000,000.00 | 1,030,000,000.00 |
| Bonds payable | | |
| Including: Preference shares | | |
| Perpetual bond | | |
| Lease liabilities | | |
| Long-term payables | | |
| Long-term employee salary payables | 71,270,468.46 | 71,270,468.46 |
| Contingent liabilities | 3,981,625.85 | 3,981,625.85 |
| Deferred income | 110,797,454.73 | 114,491,964.32 |
| Deferred tax liabilities | 9,311,567.48 | 9,311,567.48 |
| Other non-current liabilities | | |
| | <hr/> | <hr/> |
| Total non-current liabilities | 1,225,361,116.52 | 1,229,055,626.11 |
| | <hr/> <hr/> | <hr/> <hr/> |
| Total liabilities | 6,921,706,735.96 | 6,485,311,924.11 |
| | <hr/> <hr/> | <hr/> <hr/> |

Consolidated Income Statement

January to March 2019

Prepared by: First Tractor Company Limited

Unit: Yuan Currency: RMB Audit type: unaudited

| Item | First quarter of 2019 | First quarter of 2018 |
|--|--------------------------|--------------------------|
| I. Total operating revenue | 2,141,158,384.59 | 2,358,674,155.61 |
| Including: Operating revenue | 2,115,080,714.00 | 2,322,580,812.33 |
| Interest income | 25,263,187.70 | 35,698,170.91 |
| Earned insurance premiums | | |
| Fees and commission income | 814,482.89 | 395,172.37 |
| II. Total operating cost | 2,137,883,126.49 | 2,325,424,209.88 |
| Including: Operating cost | 1,839,766,486.36 | 1,983,823,564.86 |
| Interest expenses | 9,809,137.02 | 5,888,089.17 |
| Fees and commission expense | 119,823.46 | 56,518.63 |
| Refunded premiums | | |
| Net amount of compensation payout | | |
| Net amount of reserves for reinsurance contract | | |
| Policy dividend payment | | |
| Reinsurance expenses | | |
| Taxes and surcharges | 12,216,019.08 | 14,177,501.20 |
| Selling expenses | 78,287,325.44 | 106,612,554.99 |
| Administrative expenses | 106,718,260.73 | 110,233,337.33 |
| Research and development expenses | 71,799,584.34 | 81,691,035.32 |
| Financial expenses | 23,808,240.18 | 9,091,543.17 |
| Including: interest expenses | 36,609,682.38 | 39,128,389.95 |
| interest income | 19,587,892.96 | 14,789,480.31 |
| Loss on impairment of assets | -3,588,819.17 | 3,165,353.60 |
| Loss on credit impairment | -1,052,930.95 | 10,684,711.61 |
| Add: Other gains | 12,034,903.87 | 7,499,620.87 |
| Investment income (Loss listed with “-”) | 24,541,305.16 | 15,303,129.50 |
| Including: Income from investments in associates and joint ventures | -1,481,484.87 | 642,627.18 |
| Exchange gain (Loss listed with “-”) | | |
| Net gain on hedging exposure (Loss listed with “-”) | | |
| Gain arising from the changes in fair value (Loss listed with “-”) | -6,733,790.22 | -24,700,191.92 |
| Gain on disposal of assets (Loss listed with “-”) | -431,699.26 | 444,091.04 |

| Item | First quarter of 2019 | First quarter of 2018 |
|---|--------------------------|--------------------------|
| III. Operating profit (Loss listed with “-”) | 32,685,977.65 | 31,796,595.22 |
| Add: Non-operating income | 12,410,866.87 | 6,147,915.42 |
| Less: Non-operating expenses | 58,668.12 | 31,003.66 |
| IV. Total profit (Total loss listed with “-”) | 45,038,176.40 | 37,913,506.98 |
| Less: Income tax expenses | 4,394,700.81 | 7,634,197.52 |
| V. Net profit (Net loss listed with “-”) | 40,643,475.59 | 30,279,309.46 |
| (I) classification according to the continuity of operation | | |
| 1. Continuous operating net profit (Net loss listed with “-”) | 40,643,475.59 | 30,279,309.46 |
| 2. Termination of net profit (Net loss listed with “-”) | | |
| (II) Classification according to ownership | | |
| 1. Net profit attributable to shareholders of the parent company (Net loss listed with “-”) | 44,955,415.92 | 47,951,154.70 |
| 2. Non-controlling interests (Net loss listed with “-”) | -4,311,940.33 | -17,671,845.24 |
| VI. Net other comprehensive income after tax | -5,387,769.09 | -4,459,226.77 |
| Net other comprehensive income after tax attributable to owners of the parent company | -5,248,675.79 | -4,187,408.51 |
| (I) Other comprehensive income that can not be reclassified to profit or loss | | |
| 1. Changes in net liabilities or net assets arising from the remeasurement of defined benefit plans | | |
| 2. Other comprehensive income that can not be reclassified into profit or loss under equity method | | |
| 3. Changes in fair value of other investment in equity instruments | | |
| 4. Changes in fair value of the enterprise’s own credit risks | | |

| Item | First quarter of 2019 | First quarter of 2018 |
|--|--------------------------|--------------------------|
| (II) Other comprehensive income that will be subsequently reclassified to profit or loss | -5,248,675.79 | -4,187,408.51 |
| 1. Other comprehensive income that can be reclassified into profit or loss under equity method | | |
| 2. Changes in fair value of other debt investments | | |
| 3. Gains and losses from changes in fair value of available-for-sale financial assets | | |
| 4. Amount of financial assets reclassified into other comprehensive income | | |
| 5. Gains and losses from held-to-maturity investment reclassified as available-for-sale financial assets | | |
| 6. Provision for the credit impairment of the debt investments | | |
| 7. Reserves for cash flows hedges (effective part of hedging gains and losses from cash flows) | | |
| 8. Exchange differences from retranslation of financial statements | -5,248,675.79 | -4,187,408.51 |
| 9. Others | | |
| Net other comprehensive income after tax attributable to minority interests | -139,093.30 | -271,818.26 |
| VII. Total comprehensive income | 35,255,706.50 | 25,820,082.69 |
| Total comprehensive income attributable to shareholders of the parent company | 39,706,740.13 | 43,763,746.19 |
| Total comprehensive income attributable to minority interests | -4,451,033.63 | -17,943,663.50 |
| VIII. Earnings per share: | | |
| (I) Basic earnings per share (<i>Yuan/share</i>) | 0.0456 | 0.0486 |
| (II) Diluted earnings per share (<i>Yuan/share</i>) | 0.0456 | 0.0486 |

The net profit realized by the parties being absorbed prior to the business combinations under common control was nil during the period and nil for the previous period.

Legal representative:
Li Xiaoyu

Chief financial officer:
Liu Jiguo

Accounting manager:
Zhou Juan

Income Statement of the Parent Company

January to March 2019

Prepared by: First Tractor Company Limited

Unit: Yuan Currency: RMB Audit type: unaudited

| Item | First quarter of 2019 | First quarter of 2018 |
|--|--------------------------|--------------------------|
| I. Operating revenue | 1,483,470,919.51 | 1,816,781,907.94 |
| Less: Operating cost | 1,329,731,094.85 | 1,637,378,670.81 |
| Taxes and surcharges | 5,689,765.14 | 5,298,847.93 |
| Selling expenses | 10,080,423.62 | 6,936,083.04 |
| Administrative expenses | 47,622,315.27 | 56,948,161.62 |
| Research and development expenses | 40,079,111.05 | 39,514,708.69 |
| Financial expenses | 13,642,886.32 | -18,383,766.58 |
| Including: Interest expenses | 44,812,475.22 | 43,228,837.88 |
| Interest income | 24,139,983.64 | 32,996,435.87 |
| Loss on impairment of assets | 4,364,187.14 | 6,258,997.71 |
| Loss on credit impairment | -1,145,182.48 | 21,919,948.44 |
| Add: Other gains | 2,015,709.59 | 2,934,256.13 |
| In vestment income (Loss listed with “-”) | -3,858,105.43 | 11,667,193.57 |
| Including: income from investments in associates and joint ventures | -1,515,913.46 | 667,193.57 |
| Net gain on hedging exposure (Loss listed with “-”) | | |
| Gain arising from the changes in fair value (Loss listed with “-”) | -4,101,988.71 | -26,200,000.00 |
| Gain on disposal of assets (Loss listed with “-”) | -462,253.07 | 407,766.97 |
| II. Operating profit (Loss listed with “-”) | 26,999,680.98 | 49,719,472.95 |
| Add: Non-operating income | 574,085.46 | 5,693,591.16 |
| Less: Non-operating expenses | 0.13 | 5,538.67 |
| III. Total profit (Total loss listed with “-”) | | |
| Less: Income tax expenses | 27,573,766.31 | 55,407,525.44 |
| IV. Net profit (Net loss listed with “-”) | 27,573,766.31 | 55,407,525.44 |
| (I) Continuous operating net profit (Net loss listed with “-”) | 27,573,766.31 | 55,407,525.44 |
| (II) Termination of net profit (Net loss listed with “-”) | | |

| Item | First quarter of 2019 | First quarter of 2018 |
|---|--------------------------|--------------------------|
| V. Net other comprehensive income after tax | | |
| (I) Other comprehensive income that can not be reclassified to profit or loss | | |
| 1. Changes in net liabilities or net assets arising from the remeasurement of defined benefit plans | | |
| 2. Other comprehensive income that can not be reclassified into profit or loss under equity method | | |
| 3. Changes in fair value of other investment in equity instruments | | |
| 4. Changes in fair value of the enterprise's own credit risks | | |
| (II) Other comprehensive income that will be subsequently reclassified to profit or loss | | |
| 1. Other comprehensive income that can be reclassified into profit or loss under equity method | | |
| 2. Changes in fair value of other debt investments | | |
| 3. Gains and losses from changes in fair value of available-for-sale financial assets | | |
| 4. Amount of financial assets reclassified into other comprehensive income | | |
| 5. Gains and losses from held-to-maturity investment reclassified as available- for-sale financial assets | | |
| 6. Provision for the credit impairment of the debt investments | | |
| 7. Reserves for cash flows hedges (effective part of hedging gains and losses from cash flows) | | |
| 8. Exchange differences from retranslation of financial statements | | |
| 9. Others | | |
| VI. Total comprehensive income | 27,573,766.31 | 55,407,525.44 |

| Item | First quarter of 2019 | First quarter of 2018 |
|------|--------------------------|--------------------------|
|------|--------------------------|--------------------------|

VII. Earnings per share:

- (I) Basic earnings per share (*Yuan/share*)
 (II) Diluted earnings per share (*Yuan/share*)

Legal representative:

Li Xiaoyu

Chief financial officer:

Liu Jiguo

Accounting manager:

Zhou Juan

Consolidated Cash Flow Statement

January to March 2019

Prepared by: First Tractor Company Limited

Unit: Yuan Currency: RMB Audit type: unaudited

| Item | First quarter of 2019 | First quarter of 2018 |
|------|--------------------------|--------------------------|
|------|--------------------------|--------------------------|

I. Cash flows from operating activities:

| | | |
|---|-------------------------|------------------|
| Cash received from sales of goods and rendering of services | 1,420,917,146.97 | 1,558,243,409.59 |
| Net increase in deposits from customers and deposits from other banks | 177,541,355.47 | -193,984,490.53 |
| Net increase in loans from central bank | | |
| Net increase in loans from other financial institutions | -100,000,000.00 | -200,000,000.00 |
| 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 or loss | 300,000.00 | |
| Cash receipts of interest, fees and commission | 28,170,625.67 | 34,851,965.84 |
| Net increase in placement from banks and other financial institution | | |
| Net increase in sales and repurchase operations | -40,071,057.55 | 10,715,810.72 |
| Net cash flows from brokerage trading | | |
| Cash received from taxes refund | 25,650,203.66 | 24,714,463.73 |
| Cash received relating to other operating activities | 29,447,063.87 | 17,380,738.69 |

Sub-total of cash inflows from operating activities

| | |
|-------------------------|-------------------------|
| 1,541,955,338.09 | 1,251,921,898.04 |
|-------------------------|-------------------------|

| Item | First quarter of 2019 | First quarter of 2018 |
|--|----------------------------------|--------------------------|
| Cash paid for goods and services | 1,080,839,303.70 | 1,371,296,245.75 |
| Net increase in loans and disbursement to customers | -119,786,231.48 | 42,775,123.17 |
| Net increase in deposit with central bank and inter-banks | -28,214,047.14 | -9,925,617.30 |
| Cash paid for claims of direct insurance contracts | | |
| Net increase in held-for-trading financial assets | | |
| Net increase in placements with banks and other financial institution | | |
| Cash paid for interest, fee and commission | 13,820,551.57 | 11,723,383.32 |
| Cash paid for dividends of insurance policies | | |
| Cash paid to and on behalf of employees | 266,177,574.71 | 296,685,237.02 |
| Payments of taxes and surcharges | 14,559,866.92 | 22,837,496.88 |
| Cash paid relating to other operating activities | 116,648,617.90 | 143,199,124.98 |
| | <hr/> | <hr/> |
| Sub-total of cash outflows from operating activities | 1,344,045,636.18 | 1,878,590,993.82 |
| | <hr/> | <hr/> |
| Net cash flows from operating activities | 197,909,701.91 | -626,669,095.78 |
| | <hr/> <hr/> | <hr/> <hr/> |

| Item | First quarter of 2019 | First quarter of 2018 |
|---|--------------------------|--------------------------|
| III. 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 | 400,000,000.00 | 150,000,000.00 |
| Cash received from issue of bonds | | |
| Cash received relating to other financing activities | | |
| | <hr/> | <hr/> |
| Sub-total of cash inflows from financing activities | 400,000,000.00 | 150,000,000.00 |
| | <hr/> | <hr/> |
| Cash paid for settlement of borrowings | 210,000,000.00 | 800,000,000.00 |
| Cash paid for dividends, profits appropriation or payments of interest | 36,224,749.89 | 63,272,439.99 |
| Including: Dividends and profits paid to minority interests | | |
| Cash paid relating to other financing activities | | |
| | <hr/> | <hr/> |
| Sub-total of cash outflows from financing activities | 246,224,749.89 | 863,272,439.99 |
| | <hr/> | <hr/> |
| Net cash flows from financing activities | 153,775,250.11 | -713,272,439.99 |
| | <hr/> | <hr/> |
| IV. Effect of changes in foreign exchange rate on cash and cash equivalents | -4,540,249.43 | -3,575,873.62 |
| | <hr/> | <hr/> |
| V. Net increase in cash and cash equivalents | 260,775,554.34 | -670,858,106.29 |
| Add: Cash and cash equivalents at the beginning of the reporting period | 1,279,587,830.24 | 2,946,734,827.85 |
| | <hr/> | <hr/> |
| VI. Cash and cash equivalents at the end of the reporting period | 1,540,363,384.58 | 2,275,876,721.56 |
| | <hr/> <hr/> | <hr/> <hr/> |

Legal representative:
Li Xiaoyu

Chief financial officer:
Liu Jiguo

Accounting manager:
Zhou Juan

Cash Flow Statement of the Parent Company

January to March 2019

Prepared by: First Tractor Company Limited

Unit: Yuan Currency: RMB Audit type: unaudited

| Item | First quarter of 2019 | First quarter of 2018 |
|---|--------------------------|--------------------------|
| I. Cash flows from operating activities: | | |
| Cash received from sales of goods and rendering of services | 1,082,720,039.84 | 1,248,975,848.40 |
| Cash received from taxes refund | 7,309,644.73 | 3,055,710.07 |
| Cash received relating to other operating activities | 35,054,454.64 | 4,661,712.87 |
| Sub-total of cash inflows from operating activities | 1,125,084,139.21 | 1,256,693,271.34 |
| Cash paid for goods and services | 893,994,073.91 | 1,169,971,608.30 |
| Cash paid to and on behalf of employees | 141,581,415.31 | 167,457,860.93 |
| Payments of taxes and surcharges | 4,362,083.06 | 4,318,444.80 |
| Cash paid relating to other operating activities | 47,275,990.63 | 41,102,054.19 |
| Sub-total of cash outflows from operating activities | 1,087,213,562.91 | 1,382,849,968.22 |
| Net cash flows from operating activities | 37,870,576.30 | -126,156,696.88 |

| Item | First quarter of 2019 | First quarter of 2018 |
|--|--------------------------|--------------------------|
| III. Cash flows from financing activities: | | |
| Cash received from investment absorption | | |
| Cash received from loans granted | 400,000,000.00 | 300,000,000.00 |
| Cash received relating to other financing activities | | |
| Sub-total of cash inflows from financing activities | 400,000,000.00 | 300,000,000.00 |
| Cash paid for settlement of borrowings | 410,000,000.00 | 1,000,000,000.00 |
| Cash paid for dividends, profits appropriation or payments of interest | 48,066,772.36 | 69,697,993.77 |
| Cash paid relating to other financing activities | | 11,000.00 |
| Sub-total of cash outflows from financing activities | 458,066,772.36 | 1,069,708,993.77 |
| Net cash flows from financing activities | -58,066,772.36 | -769,708,993.77 |
| IV. Effect of changes in foreign exchange rate on cash and cash equivalents | | |
| | | 5,261.81 |
| V. Net increase in cash and cash equivalents | -62,442,557.14 | -60,129,482.82 |
| Add: Cash and cash equivalents at the beginning of the reporting period | 1,280,174,973.16 | 2,453,757,053.43 |
| VI. Cash and cash equivalents at the end of the reporting period | 1,217,732,416.02 | 2,393,627,570.61 |

Legal representative:
Li Xiaoyu

Chief financial officer:
Liu Jiguo

Accounting manager:
Zhou Juan