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

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

(Stock Code: 0038)

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

FINANCIAL HIGHLIGHTS

Total operating revenue: RMB5,631,797,809.93

Net profits attributable to the shareholders of the Company: RMB511,381,288.30

Earnings per share attributable to the shareholders of the Company: RMB0.4646

The board (the “**Board**”) of directors (the “**Directors**”) of the Company hereby announces the unaudited consolidated interim results of the Group prepared in accordance with the PRC Accounting Standards for Business Enterprises for the six months ended 30 June 2021 (the “**Reporting Period**”) together with the comparative figures for the corresponding period in 2020 (unless otherwise stated, the figures stated by the Company are denominated in RMB; Unit: Yuan). The consolidated interim financial statements herein are unaudited, but have been reviewed by the audit committee of the Company.

CONSOLIDATED BALANCE SHEET

As at 30 June 2021

Prepared by: First Tractor Company Limited

		<i>Unit: Yuan Currency: RMB</i>	
Item	Note	Ending Balance	Opening Balance
Current assets:			
Monetary Funds	Note 1	2,038,946,432.18	1,702,625,475.53
Loans to banks and other financial institutions		29,910,000.00	40,000,000.00
Financial assets held for trading		1,736,796,758.27	1,306,381,357.98
Derivative financial assets			
Notes receivable		350,000.00	892,050.97
Accounts receivable	Note 2	1,087,339,254.95	376,202,670.98
Receivables financing		377,555,698.64	374,916,413.50
Advances to suppliers		56,082,462.18	177,372,921.45
Other receivables		33,253,464.29	26,301,581.33
Financial assets purchased with agreement to re-sale		881,652,150.79	1,561,721,065.92
Inventories		951,736,781.53	1,356,265,811.19
Contract assets			
Assets classified as held for sale			
Non-current assets due within one year		225,092,297.37	238,726,244.12
Other current assets		196,256,877.69	281,587,195.02
Total current assets		<u>7,614,972,177.89</u>	<u>7,442,992,787.99</u>

Item	Note	Ending Balance	Opening Balance
Non-current assets:			
Loans and advances to customers		863,796,428.75	982,249,523.38
Debt investments			
Other debt investments			
Long-term receivables		180,308,112.22	132,870,486.03
Long-term equity investments		126,299,969.94	122,332,619.67
Other investments in equity instruments		4,839,048.00	4,839,048.00
Other non-current financial assets			
Investment properties			
Fixed assets		2,560,201,856.17	2,617,726,435.41
Construction in progress		60,408,637.16	96,000,297.40
Productive biological assets			
Oil and gas assets			
Right-of-use assets		22,341,069.71	28,901,686.93
Intangible assets		755,191,214.44	766,872,164.74
Research and development expenses			
Goodwill			
Long-term unamortized expenses		52,319,987.04	44,912,084.65
Deferred income tax assets		146,496,163.75	102,911,748.79
Other non-current assets			
		<hr/>	<hr/>
Total non-current assets		4,772,202,487.18	4,899,616,095.00
		<hr/>	<hr/>
Total assets		12,387,174,665.07	12,342,608,882.99
		<hr/> <hr/>	<hr/> <hr/>

Item	Note	Ending Balance	Opening Balance
Current liabilities:			
Short-term loans		280,157,645.84	834,263,379.71
Receipts of deposits and deposits from other banks		1,243,526,889.55	1,412,624,683.26
Loans from banks and other financial institutes			300,066,666.67
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable		1,115,523,183.12	1,547,322,110.70
Accounts payable	Note 3	2,068,732,558.45	1,788,192,802.43
Advances from customers		3,342,738.50	
Funds from selling out and repurchasing financial assets		13,954,705.28	
Contract liabilities		161,386,127.85	398,850,436.72
Employee salary payable		84,149,716.64	91,878,235.64
Taxes payables		63,683,032.42	23,075,553.98
Other payables		314,739,540.55	209,162,369.54
Liabilities classified as held for sale			
Non-current liabilities due within one year		17,062,921.17	14,142,498.21
Other current liabilities		449,476,461.26	255,104,052.55
Total current liabilities		5,815,735,520.63	6,874,682,789.41
Non-current liabilities:			
Long-term loans		99,600,000.00	99,800,000.00
Bonds payable			
Including: Preference shares			
Perpetual bond			
Lease liabilities		7,273,442.21	14,850,790.14
Long-term payables		8,851,417.84	9,151,465.90
Long-term employee salary payable		59,130,325.85	78,569,914.36
Special payables			
Estimated liabilities		2,602,772.65	2,652,542.65
Deferred income		138,478,935.59	142,638,278.14
Deferred income tax liabilities		145,770,861.90	144,741,265.28
Other non-current liabilities			
Total non-current liabilities		461,707,756.04	492,404,256.47
Total liabilities		6,277,443,276.67	7,367,087,045.88

Item	Note	Ending Balance	Opening Balance
Shareholder's equity:			
Share capital		1,123,645,275.00	985,850,000.00
Other equity instruments			
Including: Preference shares			
Perpetual bond			
Capital reserves		2,655,849,996.00	2,099,466,626.33
Less: Treasury shares			
Other comprehensive income		-11,680,535.48	-26,960,733.16
Special reserves		4,103,412.65	3,015,461.22
Surplus reserves		442,101,172.16	442,101,172.16
General risk reserves		39,642,392.38	39,642,392.38
Retained earnings	Note 4	1,222,172,071.01	795,064,178.33
Total equity attributable to shareholders of the parent company		5,475,833,783.72	4,338,179,097.26
Minority interests		633,897,604.68	637,342,739.85
Total shareholders' equity		<u>6,109,731,388.40</u>	<u>4,975,521,837.11</u>
Total liabilities and shareholders' equity		<u>12,387,174,665.07</u>	<u>12,342,608,882.99</u>

CONSOLIDATED INCOME STATEMENT

Half Year of 2021

Prepared by: First Tractor Company Limited

Item	Note	Amount in this period	Amount in last period
I. Total operating revenue		5,631,797,809.93	4,116,725,509.00
Including: Operating revenue		5,575,101,589.75	4,074,490,101.51
Interest income		53,288,535.72	40,024,451.98
Fees and commission income		3,407,684.46	2,210,955.51
II. Total cost of operation		5,074,524,744.86	3,766,196,746.53
Including: Operating costs		4,590,934,012.13	3,257,678,123.70
Interest expenses		10,979,674.37	10,929,064.06
Fees and commission expenses		301,437.15	228,456.80
Taxes and surcharges		24,412,615.64	21,475,432.40
Selling expenses		77,884,334.74	161,017,133.24
Administrative expenses		159,139,342.52	139,146,303.86
Research and development expenses		187,715,339.78	155,253,323.10
Financial expenses		23,157,988.53	20,468,909.37
Including: Interest expenses		14,429,371.78	46,590,431.12
Interest income		1,519,298.92	11,295,005.51
Add: Other income		17,263,421.41	16,643,436.56
Investment income (Losses listed as “-”)		560,541,212.06	347,706,638.26
Including: Income from investments in associates and joint ventures		2,703,971.43	345,334.11
Termination of recognized income of financial assets measured at amortized cost			
Net gain on hedging exposure (Losses listed as “-”)			
Gain arising from the changes in fair value (Losses listed as “-”)		13,535,606.94	20,821,149.11
Loss on impairment of assets (Losses listed as “-”)		-568,744,258.25	-75,014,691.87
Loss on impairment on credit (Losses listed as “-”)		-58,024,911.35	-328,278,476.45
Asset disposal income (Losses listed as “-”)		3,388,682.05	920,722.93

Item	Note	Amount in this period	Amount in last period
III. Operating profit		525,232,817.93	333,327,541.01
Add: Non-operating income		6,377,214.92	1,577,199.74
Less: Non-operating expenses		442,973.89	654,060.87
IV. Total profit		531,167,058.96	334,250,679.88
Less: Income tax expenses	Note 5	17,306,689.99	12,601,713.30
V. Net profit		513,860,368.97	321,648,966.58
Including: Net profit realized by the merged party before the merger under common control		513,860,368.97	321,648,966.58
(I) Classified by continuity of operation			
1. Net profit from continuing operations (Net loss listed as “-”)		513,860,368.97	321,648,966.58
2. Net profit from discontinued operations (Net loss listed as “-”)			
(II) Classified by ownership			
1. Net profit attributable to owners of the parent company (Net loss listed as “-”)		511,381,288.30	323,361,690.16
2. Profit or loss attributable to minority interests (Net loss listed as “-”)		2,479,080.67	-1,712,723.58
VI. Net other comprehensive income after tax		14,745,201.52	-1,840,169.96
Net other comprehensive income after tax attributable to owners of the parent company		15,280,197.68	-3,461,445.67
(I) Other comprehensive income that cannot be reclassified to loss or profit in subsequent periods		0.00	0.00
1. Re-measurement of Benefit Plan Change			
2. Share of other comprehensive income of investee that will not be subsequently reclassified to profit or loss under equity method			
3. Changes in fair value of investment in other equity instruments			
4. Fair value change of enterprise’s credit risk			

Item	Note	Amount in this period	Amount in last period
(II) Other comprehensive income that will be subsequently reclassified to profit or loss		15,280,197.68	-3,461,445.67
1. Share of other comprehensive income of investee that can be subsequently reclassified to profit or loss under equity method			
2. Gains and losses from changes in fair value of available-for-sale financial assets			
3. Gains and losses from held-to-maturity investment reclassified as financial assets available-for-sale			
4. Changes in fair value of other debt investment			
5. Amount of financial assets reclassified into other comprehensive income			
6. Provision for credit impairment of other debt investment			
7. Effective portion of gains and losses from cash flow hedging			
8. Cash flow hedging reserve			
9. Conversion difference of foreign currency financial statements		15,280,197.68	-3,461,445.67
10. Others			
Net other comprehensive income after tax attributable to minority interests		-534,996.16	1,621,275.71
VII. Total comprehensive income		528,605,570.49	319,808,796.62
Total comprehensive income attributable to owners of the parent company		526,661,485.98	319,900,244.49
Total comprehensive income attributable to minority interests		1,944,084.51	-91,447.87
VIII. Earnings per share:			
(I) Basic earnings per share		0.4646	0.3280
(II) Diluted earnings per share		0.4646	0.3280

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

I. COMPANY INFORMATION

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

The Company is a company of manufacturing and sales of agricultural machinery and power machinery products. In the following, the Company and its subsidiaries are collectively referred to as the "Group". During the year, the main business operations of the Group in China are as follows:

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

The directors of the Company believe that the immediate holding company is YTO Group Corporation and actual controller is China National Machinery Industry Corporation. Both are companies registered and established in China.

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Based on the going-concern assumption and transactions and events actually incurred, the financial statements of the Group have been prepared in accordance with Accounting Standards for Business Enterprises – Basic Standards and specific enterprise accounting standards, application guidance and interpretations to the Accounting Standards for Business Enterprises and other related regulations as issued by the Ministry of Finance (hereinafter collectively referred as "ASBEs"). On this basis, we prepare financial statements in accordance with Compilation Rules for Information Disclosure by Companies Offering Securities to the Public No. 15 – General Provisions on Financial Reports (Rev. 2014) promulgated by China Securities Regulatory Commission, disclosure requirements by Rules Governing the Listing of Securities issued by Hong Kong Stock Exchange and Hong Kong Companies Ordinance, and based on the accounting policies and accounting estimations stated in the Note "IV. Accounting policies".

III. STATEMENT OF COMPLIANCE OF ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

The financial statements of the Group have been prepared in accordance with the Accounting Standards for Business Enterprises (ASBEs), and present truly and completely the relevant information such as the financial position, operating results and cash flows of the Group as at 30 June 2021.

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

IV. ACCOUNTING POLICIES

(I) Accounting year

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

(II) Reporting currency

The reporting currency of the Group is Renminbi (RMB). Its subsidiaries, associates and joint ventures determine their own reporting currency according to their main economic environment.

(III) The currency used by the Group at the time of the preparation of this financial statement is RMB

(IV) Accounting method for business combinations under the common control and not under the common control

1. To take many transactions as a packaged transaction for accounting treatment, the terms, conditions, and economic effects of each transaction in a step by step process conform to one or more of the following cases

- (1) These transactions are occurred at the same time, or have considered the impact of each other;
- (2) All these transactions together can achieve a complete business result;
- (3) The occurrence of a transaction depends on the occurrence of at least one other transaction;
- (4) A deal alone is not economical, but it is economic when considering together with other transactions.

2. Business combinations under common control

The assets and liabilities acquired by the Company during business combination shall be measured according to the book value of the assets and liabilities of the merged party, including the goodwill from final controlling party's acquisition of the merged party, in the consolidated financial statements of the final controlling party. The difference between the net assets book value acquired in the merger and the book value of the combined consideration value (or the total value of the issued shares) should be adjusted by the equity premium in the capital surplus, if it is not enough, adjust retained earnings.

If there exist or have consideration which need to confirm the estimated liabilities or assets, the difference between the estimated liabilities or the amount of assets and the subsequent or consideration price, we should adjust the capital surplus (capital premium or equity premium), when the capital surplus is insufficient, then adjust the retained earnings.

For business combination finally realized through several transactions, in case of a package transaction, those transactions are accounted as one transaction to acquire the control; in case of no package transaction, on the date of acquisition of the control, the capital reserve is adjusted by the difference between the initial investment cost of long-term equity investment and the sum of the book value before the combination and the book value of the new payment consideration for further acquisition of shares on the date of combination; where the capital reserve is insufficient, the retained earnings are adjusted. For the equity investment held before the date of combination, the other comprehensive income measured and recognized under the equity method or financial instrument recognition and measurement standards are not accounted until the accounting treatment for the disposal of relevant assets or liabilities of the investee is adopted the same for the disposal of such equity investment; changes in the owners' equity other than the net losses and profits, other comprehensive income and profit distribution in the net assets of the investee that is recognized under the equity method, is not accounted, until disposal of such investment is transferred to current profit and losses.

3. *Business combinations not under common control*

The acquisition date refers to the date that the Company actually obtains the control right of the acquiree, that is, the date of transfer of the net assets of the acquiree or the control right of production and operation decision to the Company. The Company generally believes that the transfer of control rights is achieved when the following conditions are met:

- ① A business combinations contract or agreement has been approved by the internal authority of the Company.
- ② The business combinations matters should be approved by the relevant national competent authorities and has been approved.
- ③ The necessary transfer procedures for property rights have been carried out.
- ④ The Company has paid most of the consolidated price and has the ability and plan to pay the remaining amount.
- ⑤ The Company has actually controlled the financial and operating policies of the acquiree and has the corresponding interest and the corresponding risk.

On the acquisition date, when there is any difference between the fair values and book values of the assets provided and liabilities incurred or borne by the Company as combination considerations, such differences shall be charged to profit and loss for the current period.

Goodwill is recognized when the combination cost paid by the Company is higher than the share of the fair value of the net tangible assets in the acquiree obtained through the combination. When the combination cost paid is lower than the fair value of the share of the fair value of the net tangible assets in the acquiree obtained through the combination, such difference after review shall be recognized in profit or loss for the current period.

4. The related expenses associated with the merger

Expenses of intermediaries, such as audit, legal service, evaluation and consultation, and other direct related expenses occurred for the purpose of the business combinations, are included in the current profit and loss. The transaction fees for the issue of equity securities for the business combinations which could be directly attributable to the equity transactions can be deducted from equity.

(V) Preparation of consolidated financial statements

1. Scope of the merger

The merge scope of the Company's consolidated financial statements is determined on the basis of control, and all subsidiaries (including individual entities controlled by the Company) are included in the consolidated financial statements.

2. Consolidated procedures

Based on the financial statements of its own and each subsidiary, the Company prepares the consolidated financial statements with reference to other relevant information. The Company considers the entire enterprise group as an accounting entity when preparing the consolidated financial statements. In accordance with the relevant accounting standards of recognition, measurement and reporting requirements, basing on the consistent accounting policies, the enterprise overall financial status, operating results and cash flow are reflected in statements.

All subsidiaries included in the consolidated financial statements shall adopt the accounting policies and accounting periods that are consistent with the Company. When the accounting policies and accounting periods adopted by the subsidiaries are inconsistent with the Company, necessary adjustments needs to be made according to the Company's accounting policies and accounting periods when preparing the consolidated financial statements.

When consolidating the financial statements, the effects of intra-transactions between the Company and its subsidiaries, and among subsidiaries on the consolidated balance sheet, the consolidated income statement, the consolidated cash flow statement and the consolidated statement of changes in shareholders' equity shall be offset. For the consolidated financial statements of the Group, when there is divergence in the recognition of a single transaction by the Company and its subsidiaries, the Group's position shall be taken up for adjustment on such transaction.

The owner's equity, the net profit or loss and the comprehensive income attributable to minority shareholders of a subsidiary of the current period are presented separately under the owners' equity in the consolidated balance sheet, the net profit and the total comprehensive income in the consolidated income statement respectively. Where losses attributable to the minority shareholders of a subsidiary exceed the minority shareholders' interest entitled in the shareholders' equity of the subsidiary at the beginning of the period, the excess is deducted against the minority shareholders' interest.

When the subsidiary which was under the same control acquired through business combination, the financial statements should be adjusted based on the book value of its assets and liabilities (including the goodwill caused by the ultimate controlling party's acquisition of the subsidiary) in the ultimate control party's financial statements.

When the subsidiary which was not under the same control acquired through business combination, the financial statements should be adjusted which was based on fair value of the identifiable net assets at the acquisition date.

(VI) Segment information

Segment information is presented according to the classification of business based on the major segment reporting mode by the Group. In terms of regional classification, the Group classifies revenue based on the locations where clients reside, and classifies assets based on its location. Because over 90% of the revenue of the Group is from Chinese clients, and over 90% of the assets are located in China, regional segment information is no longer presented.

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

- (a) The ‘agricultural machinery’ segment engages in the research and development, manufacture and sale of agricultural machinery, including tractors and related parts;
- (b) The ‘power machinery’ segment engages in the manufacture and sale of diesel engines, fuel injection pumps and fuel jets;
- (c) The ‘financial service’ segment engages in the provision of loans, bills discounting and deposit-taking services.

Segment revenue is eliminated on consolidation. Segment sales and transactions are transacted according to the relevant prevailing market prices.

Segment results are disclosed as profit before income tax of operating segments. Other information of each segment is also disclosed, including depreciation and amortization, item of income and expenses from headquarters, financial expenses, gain on disposal of subsidiaries, share of profits or losses of associates, and income tax expenses. This is a way to report to management and, together with other reporting data, provides management with a better understanding of the operations of the segment during the year.

V. NOTES TO MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Monetary funds

	<i>Unit: Yuan</i>	<i>Currency: RMB</i>
Item	Ending Balance	Opening Balance
Cash	401,812.12	382,376.31
Cash in bank	2,020,635,876.56	1,664,011,936.27
Other monetary funds	17,908,743.50	38,231,162.95
	<hr/>	<hr/>
Total	<u>2,038,946,432.18</u>	<u>1,702,625,475.53</u>
Including: total amount deposited abroad	<u>53,212,868.71</u>	<u>58,500,849.52</u>

The details of the restricted monetary funds are as follows:

	<i>Unit: Yuan</i>	<i>Currency: RMB</i>
Item	Ending Balance	Opening Balance
Bank acceptance deposit	13,390,476.95	22,041,438.35
Other margin deposits	3,822,196.36	4,030,411.98
Legal deposit reserve with the central bank	236,322,887.99	259,727,714.62
	<hr/>	<hr/>
Total	<u>253,535,561.30</u>	<u>285,799,564.95</u>

Note 2. Accounts receivables

1. Disclosure of accounts receivable

Unit: Yuan Currency: RMB

Item	Book balance		Ending Balance		Book value
	Amount	Ratio (%)	Amount	Provision for bad debt Ratio (%)	
Accounts receivable for anticipated credit losses on a portfolio basis	1,486,965,745.28	100.00	399,626,490.33	26.88	1,087,339,254.95
Including: Ageing portfolio	1,371,976,717.76	92.27	363,896,683.46	26.52	1,008,080,034.30
Risk exposure portfolio such as collateral	<u>114,989,027.52</u>	<u>7.73</u>	<u>35,729,806.87</u>	<u>31.07</u>	<u>79,259,220.65</u>
Total	<u>1,486,965,745.28</u>	<u>100.00</u>	<u>399,626,490.33</u>	<u>26.88</u>	<u>1,087,339,254.95</u>

Unit: Yuan Currency: RMB

Item	Book balance		Opening Balance		Book value
	Amount	Ratio (%)	Amount	Provision for bad debt Ratio (%)	
Accounts receivable for anticipated credit losses on a portfolio basis	766,295,683.73	100.00	390,093,012.75	50.91	376,202,670.98
Including: Ageing portfolio	677,972,895.68	88.47	354,313,235.37	52.26	323,659,660.31
Risk exposure portfolio such as collateral	<u>88,322,788.05</u>	<u>11.53</u>	<u>35,779,777.38</u>	<u>40.51</u>	<u>52,543,010.67</u>
Total	<u>766,295,683.73</u>	<u>100.00</u>	<u>390,093,012.75</u>	<u>50.91</u>	<u>376,202,670.98</u>

2. Accounts receivable for anticipated credit losses on a portfolio basis

(1) Ageing portfolio

Unit: Yuan Currency: RMB

Aging	Accounts receivable	Ending Balance Provision for bad debt	Provision Ratio (%)
Within 1 year	1,003,073,436.73	15,123,596.75	1.51
1 to 2 years	7,696,323.02	3,803,552.83	49.42
2 to 3 years	16,580,659.49	7,977,673.16	48.11
Over 3 years	344,626,298.52	336,991,860.72	97.78
Total	<u>1,371,976,717.76</u>	<u>363,896,683.46</u>	<u>26.52</u>

(2) Risk exposure portfolio such as collateral

Unit: Yuan Currency: RMB

Name of portfolio	Accounts receivable	Ending Balance Provision for bad debt	Provision Ratio (%)
Risk exposure portfolio such as collateral	<u>114,989,027.52</u>	<u>35,729,806.87</u>	<u>31.07</u>
Total	<u>114,989,027.52</u>	<u>35,729,806.87</u>	<u>31.07</u>

3. Aging disclosure of accounts receivable

Unit: Yuan Currency: RMB

Aging	Accounts receivable	Ending balance Provision for bad debt	Provision Ratio (%)
Within 1 year	1,080,434,196.55	15,659,720.66	1.45
1 to 2 years	11,024,213.48	4,859,395.89	44.08
2 to 3 years	30,517,037.00	21,751,513.31	71.28
Over 3 years	364,990,298.25	357,355,860.47	97.91
Total	<u>1,486,965,745.28</u>	<u>399,626,490.33</u>	<u>26.88</u>

4. Provision for bad debts charged, recovered or returned in the current period

Unit: Yuan Currency: RMB

Category	Opening balance	Changes in the current period			Less: Other changes	Ending balance
		Add: Provision	Less: Roll-out	Less: Write off		
Provision for accounts receivable for expected credit losses on a portfolio basis	390,093,012.75	10,385,373.60			851,896.02	399,626,490.33
Including: Aging portfolio	354,313,235.37	10,434,411.07			850,962.98	363,896,683.46
Risk exposure portfolio such as collateral	<u>35,779,777.38</u>	<u>-49,037.47</u>			<u>933.04</u>	<u>35,729,806.87</u>
Total	<u>390,093,012.75</u>	<u>10,385,373.60</u>			<u>851,896.02</u>	<u>399,626,490.33</u>

5. No accounts receivable actually written off during the Reporting Period

6. Top five accounts receivable with the ending balance classified by the borrowers

Unit: Yuan Currency: RMB

Company name	Ending balance	Percentage of the ending balance of accounts receivable (%)	Provision for bad debt
Liaoning Dongsheng Machinery Equipment Co., Ltd.	81,470,181.00	5.48	81,470,181.00
Urumqi Shifeng Agricultural Machinery Equipment Co., Ltd.	62,183,376.45	4.18	62,183,376.45
Jiangsu Wode High Tech Agricultural Equipment Co., Ltd.	53,081,023.96	3.57	705,218.98
Tianrun Industry Technology Co., Ltd.	45,069,124.13	3.03	595,167.19
Weichai Power Co., Ltd.	31,262,120.41	2.10	451,141.43
Total	<u>273,065,825.95</u>	<u>18.36</u>	<u>145,405,085.05</u>

Note 3. Accounts payable

1. Classified disclosure of accounts payable

Unit: Yuan Currency: RMB

Item	Ending balance	Opening balance
Purchase payable	1,861,752,403.32	1,597,593,667.49
Purchase of construction equipment payable	67,977,969.46	39,640,607.32
Service fee payable	139,002,185.67	150,935,442.35
Others		23,085.27
Total	<u>2,068,732,558.45</u>	<u>1,788,192,802.43</u>

2. Significant accounts payable aged over 1 year

Unit: Yuan Currency: RMB

Company name	Ending balance	Reason for not paid or reversed
Hong Kong LLAF INTERNATIONAL CO., LTD	<u>24,749,231.93</u>	<u>Unsettled</u>
Total	<u><u>24,749,231.93</u></u>	<u><u>/</u></u>

Note 4. Retained earnings

Unit: Yuan Currency: RMB

Item	Current period	Last year
Retained earnings at the end of last period before adjustment	795,064,178.33	529,451,678.91
Total amount of adjustment for retained earnings at the beginning of the period (“+” for add; “-” for less)		
Retained earnings at the beginning of the period after adjustment	795,064,178.33	529,451,678.91
Add: Net profit attributable to owners of the parent company for the current period	511,381,288.30	280,150,740.30
Less: Appropriation of the statutory surplus reserve		
Appropriation of discretionary surplus reserve		
Appropriation of general risk reserves		14,538,240.88
Dividends payable on ordinary shares	84,273,395.62	
Dividends on ordinary shares converted into share capital		
Retained earnings at the end of the period	<u><u>1,222,172,071.01</u></u>	<u><u>795,064,178.33</u></u>

Note 5. Income tax expenses

1. Statement of income tax expenses

Item	<i>Unit: Yuan Currency: RMB</i>	
	Amount in this period	Amount in last period
Current income tax expenses	59,859,397.11	21,688,533.07
Deferred income tax expenses	-42,552,707.12	-9,086,819.77
Total	<u>17,306,689.99</u>	<u>12,601,713.30</u>

2. The adjustment process of accounting profit and income tax expenses

Item	<i>Unit: Yuan Currency: RMB</i>	
	Amount in this period	
Total profit	531,167,058.96	
Income tax expenses at statutory/applicable tax rates	132,791,764.74	
The impact of different tax rates on subsidiaries	-53,430,478.02	
The impact of income tax in the period before adjustment	-274,614.53	
The impact of non-taxable income	-84,059,348.90	
The impact of non-deductible costs, expenses and losses	866,417.05	
The impact of deductible losses on deferred income tax assets not recognized in the period before use	-47,896,723.99	
The impact of deductible temporary differences or deductible losses on deferred income tax assets not recognized in the current period	101,823,309.08	
Extra deductions for R&D expenses	-32,503,445.45	
Others	-10,189.99	
Income tax expenses	<u>17,306,689.99</u>	

Note 6. Net current assets

	<i>Unit: Yuan Currency: RMB</i>	
Item	Ending balance	Opening balance
Current assets	7,614,972,177.89	7,442,992,787.99
Less: current liabilities	5,815,735,520.63	6,874,682,789.41
Net current assets	<u>1,799,236,657.26</u>	<u>568,309,998.58</u>

Note 7. Total assets less current liabilities

	<i>Unit: Yuan Currency: RMB</i>	
Item	Ending balance	Opening balance
Total assets	12,387,174,665.07	12,342,608,882.99
Less: current liabilities	5,815,735,520.63	6,874,682,789.41
Total assets less current liabilities	<u>6,571,439,144.44</u>	<u>5,467,926,093.58</u>

Note 8. Segment reporting

1. Financial information of the reporting segments

Unit: Yuan Currency: RMB

Item	Ending balance/amount in this period				Total
	Agricultural machinery	Power machinery	Finance service	Elimination	
i. Operating revenue	5,079,527,793.93	1,248,965,781.00	78,083,289.43	774,779,054.43	5,631,797,809.93
Including: External transaction revenue	4,895,206,331.37	679,895,258.38	56,696,220.18		5,631,797,809.93
Revenue from inter-segment transactions	184,321,462.56	569,070,522.62	21,387,069.25	774,779,054.43	
Loss on impairment of assets	-566,391,321.26	-2,140,101.23		212,835.76	-568,744,258.25
Loss on impairment of credit	-46,081,344.01	-1,959,631.39	-9,221,182.73	762,753.22	-58,024,911.35
Depreciation and amortization expenses	148,002,397.06	30,953,556.72	557,082.38		179,513,036.16
ii. Total profit (loss)	411,560,889.44	80,617,318.23	28,142,508.61	-10,846,342.68	531,167,058.96
iii. Income tax expenses	5,865,530.22	3,751,164.16	7,716,589.04	26,593.43	17,306,689.99
iv. Net profit (loss)	405,695,359.21	76,866,154.08	20,425,919.57	-10,872,936.11	513,860,368.97
v. Total assets	8,974,941,525.32	2,685,224,249.73	4,979,505,875.42	4,252,496,985.40	12,387,174,665.07
vi. Total liabilities	5,408,026,958.44	1,048,973,190.37	4,121,828,752.81	4,301,385,624.95	6,277,443,276.67
vii. Other important non-cash items	119,098,910.60	15,349,100.28	9,107,344.19		143,555,355.07
1. Non-cash expenses other than depreciation and amortization	38,175,111.58		6,079,467.70		44,254,579.28
2. Capital expenditure	80,923,799.02	15,349,100.28	3,027,876.49		99,300,775.79

Note 10. Net asset returns and earnings per share

Profit for the Reporting Period	Earnings per share		
	Weighted average return on net assets (%)	Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shares of the Company	9.90	0.4646	0.4646
Net profit attributable to ordinary shares of the Company (after deducting non-recurring gains and losses)	<u>9.38</u>	<u>0.4404</u>	<u>0.4404</u>

Note 11. Dividends

The Company shall not declare payment of any dividend for the reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE BOARD ON THE COMPANY'S OPERATION DURING THE REPORTING PERIOD

As China highly stresses the policies and measures to stabilize agriculture, both food security and price expectation has been raised, which further encourage people's initiative to agriculture nationwide. In this context, the domestic market demand for tractors kept raising in the first half of 2021. According to China Association of Agricultural Machinery Manufactures, the total sales volume of hi-powered and mid-powered tractors in tractor industry for the first half of 2021 was 176.3 thousand units, representing an increase of 14.9% year on year. In addition, to regulate the competition in the agricultural machinery market, relevant government authorities have issued policies to regulate the K value (ratio of minimum working weight to power) of tractors, which has curbed improper competition and chaos such as "a strong horse pulling a little cart" (referring to tractor products whose engine power is significantly mismatched with chassis design) in the tractor market, and has played a positive role in promoting the transformation, upgrading, innovation and development of the domestic tractor industry. The new policy of agricultural machinery purchase subsidy reduces the single subsidy amount of tractors and other products, which has a certain impact on the purchasing power and purchasing enthusiasm of users, but reduces the product price difference between key enterprises and low-price competitors in the industry. Therefore, it improves the market competitiveness of products from key enterprises.

In 2021, the first year to implementing the 14th Five-Year Plan, the Company sticks to the strategy of "comprehensively pushing forward rural vitalization and accelerating the modernization of agriculture and rural areas" and closely seizes opportunities brought by agriculture mechanization and upgrading of machinery and equipment in the industry. In particular, the Company has strived to expand its market, promote growth, improve management and enhance revenues, maintaining a good growth momentum and operation performance, despite unchanged complicated and uncertain environment at home and abroad, the increasing raw material prices and new adjustments and changes in the industry. This has laid a solid foundation for the Company to get off to a good start in the 14th Five-Year Plan period. During the Reporting Period, the Company recorded a total revenue of RMB5,632 million, representing an increase of 36.80% year on year, and net profit attributable to shareholders of the listed company was RMB511 million, representing an increase of 58.15% year on year.

(I) Actively studying and estimating changes in the industry, effectively seizing market opportunities, and highlighting the competitive advantages of leading products

In the first half of 2021, the Company gave play to its comprehensive advantages in products, R&D, channels, services and other aspects, and actively responded to the changes on market environment, including the specification on K value of tractors and the adjustment to subsidies for purchase of agricultural machinery. The Company focused more on marketing and marketing effectiveness, to actively meet the urgent needs of users for high cost-performance products, large and high-efficient agricultural machinery products. To meet differential needs for agricultural machinery from users in different regions, the Company sped up to improve its regional products and develop and promote new products, and achieved overall average-higher performance in the industry with regard to our leading products. By researching and estimating the trend of bulk materials prices, the Company took measures including advance storage, comprehensive measures and bulk procurement to effectively reduce the impact of rising price of raw materials on the Company's cost in the first half of the year and to maintain the prices for terminal sales stable. Meanwhile, in order to mitigate the pressure of users in purchasing agricultural machineries, the Company promoted financial availability of financial instruments for our products. In the first half of the year, the Company sold 1,103 units of hi-powered and mid-powered tractors by means of finance lease, representing an increase of 38.05% year on year. During the Reporting Period, the total sales volume of hi-powered and mid-powered tractors was 45.4 thousand units, with a growth rate of 40.55% year-on-year and an increase of 4.7 percentage points in market share.

The Company actively improved and diversified the National III product platform of diesel engines, further achieving a more significant scale of auxiliary items from the external customers including harvest machinery and construction machinery. During the Reporting Period, the Company sold 75.6 thousand units of diesel engines, of which the supporting sales from the external market increased by 35.46% as compared with the corresponding period of last year. Meanwhile, we have expedited the development project of typical National IV products platform of diesel engines under the "Dongfanghong" brand, with the relevant market verification being smoothly conducted.

During the Reporting Period, the Company effectively implemented the technological innovation and new product R&D, and sped up to transform and apply the scientific and technological results. On the one hand, the Company based on the current market need, enhanced the synergy between technology R&D and market demand. We carried out R&D for key products such as LX1604 Tractor (Pro), a range of LP2204–2604 Tractors and 90–130 Horsepower Light Paddy Field Tractors. On the other hand, the Company accelerated its R&D of strategic products, to boost the R&D of power-shift tractor, continuously variable transmission tractor and a full range of National IV tractors and we have applied to start the R&D project of high-power intelligent tractor.

(II) Focusing on key links of refined management and improving the quality of operation

In the first half of 2021, the Company further strengthened its internal management and enhanced its comprehensive competitiveness by following measures: Firstly, the Company improved the assessment mechanism for target cost control and implemented the evaluation mode of target cost control to exploit the internal potential and reduce costs and increase efficiency. Secondly, the Company improved the turnover rates of account receivables and inventory, reduced the amount of outstanding account receivables and increased the disposal of overdue receivables. We also strengthen monitoring for inventory management process, track changes in inventory on an ongoing and dynamic basis to effectively improve the inventory structure. Thirdly, the Company strictly controlled product quality indicators and reduced the loss resulting from product quality to maintain our advantages in quality and cost. In the first half of 2021, facing the pressure brought by surging raw material prices in the market, the Company focused on its target and actively took corresponding steps. Through a series of measures such as locking prices and building reserves, building reserves at low prices, acting at appropriate time, optimizing the value chain and integrating purchasing categories, the Company gave full play to the scale advantage and bargaining power of centralized procurement, so as to reasonably control the purchasing cost, curb the impact resulting from the rising purchasing prices, which in turn provided an important support for the sustainable improvement of our production and operation.

(III) Implementing reforms and adjustments to achieve the goal of high-quality development in the 14th Five-Year Plan

The Company actively follows the three-year action plan for reform of state-owned enterprises. With reform and innovation as focal points, we strive to enhance internal vitality and sharpen external competitiveness. Firstly, we focus on our principle business, optimize the allocation and structure of resources, and boost the disposal of inefficient, ineffective assets to increase our profitability

based on the value chain. Secondly, we emphasize responsibility and target-directed approaches, implement detailed incentive and restriction measures and build a technology R&D and marketing system oriented to the market and users to connect R&D, management, market, and users. Thirdly, the Company takes “serving precision agriculture and smart agriculture” as its development direction, expedites the application of advanced agricultural machinery, promotes to transformation to “manufacturing + service” model to provide a higher mechanization guarantee for modern agriculture. Fourthly, the Company makes sure that operational risk prevention measures are in place, implement risk management and control mechanism of tracing, monitoring and setting time limit to urge the handling of issues, build a bottom line for major business risks and effectively do a good job in pandemic containment, disaster prevention and control.

From the perspective of development environment and strategic needs at home and abroad, it will be a strategic focus of China in a long run to ensure agricultural production, strengthen food security and improve the benefit and efficiency of food production. This strategy requires much more for industrial upgrading of agricultural machinery industry as well as creates opportunities for agricultural machinery enterprises to improve quality and efficiency. In the medium and short term, tractor sales increase in the industry since 2020 has led to, to a certain extent, demands ahead of schedule. The second half of the year is expected to see a more intense competition as some small enterprises complete rectification of K value of tractor products. In addition, the adjustment of farm machinery subsidy policies brings about the increase in cost of user purchasing machineries and the approaching of the switch to National IV standard in the industry, which also result in a lot of pressures and challenges for the industry. The Company will adhere to the principle of “seeking stable progress”, maintain strategic focus, actively follow the “No. 1 Central Policy Document” for 2021 and adhere to the development idea of “innovation-driven, optimize the structure, penetrate the market and seize the high-end” to fully consolidate and enhance the Company’s competitive advantages in research and development, manufacturing, quality, brand, service and other aspects. We will also expedite innovation and upgrading of product technology and make structural adjustment to maintain our industry leading advantage.

In the second half of the year, the Company will focus on the following work. Firstly, the Company will continue to “seek for increments in the stock market” and improve the level of refinement of marketing, so as to firmly grasp the new trend of user demand changes and consolidate and enhance our market competitive advantages with high quality products and efficient services. Secondly, the Company will continue to improve the quality of economic performance. Focusing on key steps such as technology cost reduction, procurement cost

reduction, receivables reduction and inventory pressure reduction, we will deepen cost and cash flow management and control, and mitigate the impact of raw material price increase and cost increase on the Company's profits to the extent possible. Thirdly, the Company will always take technological innovation as its primary driving force, highlighting the linkage between the strategic orientation of the 14th Five-Year Plan and the industrialization of R&D results. The Company will accelerate the commercialization of large and efficient power-shift and continuously variable transmission tractors, and effectively promote the formulation of major models with National IV emission standard and the research and development of diesel engines with National V standard, to enter into the field of new energy and intelligent agricultural machinery products in advance with a forward-looking vision.

ANALYSIS ON PRINCIPAL BUSINESS

1 Analysis on changes in items of the financial statement

Unit: Yuan Currency: RMB

Item	For the current period	For the corresponding period of last year	Changes (%)
Operating revenue	5,575,101,589.75	4,074,490,101.51	36.83
Operating costs	4,590,934,012.13	3,257,678,123.70	40.93
Interest revenue	53,288,535.72	40,024,451.98	33.14
Selling expenses	77,884,334.74	161,017,133.24	-51.63
Administrative expenses	159,139,342.52	139,146,303.86	14.37
Financial expenses	23,157,988.53	20,468,909.37	13.14
Research and development expenses	187,715,339.78	155,253,323.10	20.91
Investment income (Losses listed as "-")	560,541,212.06	347,706,638.26	61.21
Gain arising from changes in fair value (Losses listed as "-")	13,535,606.94	20,821,149.11	-34.99
Loss on impairment of assets (Losses listed as "-")	-568,744,258.25	-75,014,691.87	N/A
Loss on impairment of credit (Losses listed as "-")	-58,024,911.35	-328,278,476.45	N/A
Asset disposal income (Losses listed as "-")	3,388,682.05	920,722.93	268.05
Non-operating income	6,377,214.92	1,577,199.74	304.34
Income tax expenses	17,306,689.99	12,601,713.30	37.34
Net cash flow generated from operating activities	674,240,684.93	452,641,885.46	48.96
Net cash flow generated from investing activities	-430,148,426.27	-184,193,067.76	N/A
Net cash flow generated from financing activities	127,284,025.33	-593,000,244.29	N/A

Reasons for changes in operating revenue: mainly due to the year-on-year increase in sales volume of the Company's major products and the year-on-year increase in operating revenue during the Reporting Period.

Reasons for changes in operating costs: mainly due to the year-on-year increase in sales volume of the Company's major products during the Reporting Period, and the reclassification of transportation expenses into operating costs from selling expenses during the same period.

Reasons for changes in interest revenue: due to an increase of RMB13.26 million over the same period of last year, representing a year-on-year increase of 33.14%, which is mainly due to the year-on-year increase of interest income from financial products purchased by YTO Finance during the Reporting Period.

Reasons for changes in selling expenses: due to a decrease of RMB83.13 million over the same period of last year, representing a year-on-year decrease of 51.63%, which is mainly due to the reclassification of transportation expenses into operating costs during the Reporting Period.

Reasons for changes in administrative expenses: due to an increase of RMB19.99 million over the same period of last year, representing a year-on-year increase of 14.37%, which is mainly due to the year-on-year increase in staff costs during the Reporting Period.

Reasons for changes in financial expenses: due to an increase of RMB2.69 million over the same period of last year, representing a year-on-year increase of 13.14%, which is mainly due to the impact of exchange rate fluctuations during the Reporting Period.

Reasons for changes in research and development expenses: due to an increase of RMB32.46 million over the same period of last year, representing a year-on-year increase of 20.91%, which is mainly due to the Company's active promotion of the research and development of project during the Reporting Period and the synchronous increase of R & D investment.

Reasons for changes in investment income: due to an increase of RMB212.83 million over the same period of last year, representing a year-on-year increase of 61.21%, which is mainly due to the fact that YTO France was no longer included in the scope of consolidation of the financial statement as a result of the judicial liquidation during the Reporting Period, and the Company reversed the overlosses of RMB552.23 million in the previous period.

Reasons for changes in gain arising from changes in fair value: due to a decrease of RMB7.29 million over the same period of last year, representing a year-on-year decrease of 34.99%, which is mainly due to the year-on-year decrease in gain arising from changes in fair value of the trading financial assets held by the Company during the Reporting Period.

Reasons for changes in loss on impairment of assets: due to an increase of losses by RMB493.73 million over the same period of last year, which is mainly due to the judicial liquidation of the YTO France during the Reporting Period, for which the Company recorded an impairment loss of RMB559.03 million on assets such as long-term equity investments. As the impact of the judicial liquidation of YTO France on the Company's financial statements was reflected in two items of investment income and impairment of assets, the total impact of the judicial liquidation of YTO France on the Company's profit or loss amounted to -RMB6.8 million during the Reporting Period.

Reasons for changes in loss on impairment of credit: due to a decrease of losses by RMB270.25 million over the same period of last year, which is mainly due to the Company's provision for impairment of YTO Shentong's entrusted loans and receivables as a result of YTO Shentong's bankruptcy liquidation in the same period of last year.

Reason for the changes in income from disposal of assets: due to an increase of RMB2.47 million over the same period of the last year, which is mainly due to the accelerated disposal of inefficient and ineffective assets in the current period.

Reasons for changes in non-operating income: due to an increase of RMB4.8 million over the same period of last year, which is mainly due to the impact of the write-off of unpayable payables during the Reporting Period.

Reasons for changes in income tax expenses: due to an increase of RMB4.7 million over the same period of last year, which is mainly due to the increase in income tax expenses as a result of the increase in profits of subsidiaries during the Reporting Period.

Reasons for changes in net cash flow generated from operating activities: due to the additional inflow of RMB221.60 million over the same period of last year, which is mainly due to the year-on-year increase in operating business cash flow of YTO Finance during the Reporting Period.

Reasons for changes in net cash flow generated from investment activities: due to the additional outflow of RMB245.96 million over the same period of last year, which is mainly due to the year-on-year increase in the Company's structural deposits during the Reporting Period.

Reasons for changes in net cash flow generated from financing activities: due to the additional inflow of RMB720.28 million over the same period of last year, which is mainly due to the funds raised from non-public issuance during the Reporting Period.

ANALYSIS ON ASSETS AND LIABILITIES

1. Assets and liabilities

Unit: Yuan Currency: RMB

Item	Balance as at the end of the period	Balance as at the end of the period as a percentage of total assets (%)	Balance as at the end of the corresponding period of last year	Balance as at the end of the corresponding period of last year as a percentage of total assets (%)	Change in	Explanation
					Balance as at the end of the Reporting Period as compared with balance as at the end of the corresponding period of last year (%)	
Financial assets held for trading	1,736,796,758.27	14.02	1,306,381,357.98	10.58	32.95	Increase in structured deposits as compared with the beginning of period
Accounts receivable	1,087,339,254.95	8.78	376,202,670.98	3.05	189.03	Accounts receivable of the Company as at the beginning of the period were at a respectively low level for the whole year due to the effect of seasonality in sales of agricultural machinery. The accounts receivable arising from sales of goods had not yet been due for collection in the first half of the year which was the peak season.
Prepayment	56,082,462.18	0.45	177,372,921.45	1.44	-68.38	Prepayment for procurement reserves at the end of last year, is successively delivered in current period

Item	Balance as at the end of the period	Balance as at the end of the period as a percentage of total assets (%)	Balance as at the end of the corresponding period of last year	Balance as at the end of the corresponding period of last year as a percentage of total assets (%)	Change in balance as at the end of the Reporting Period as compared with balance as at the end of the corresponding period of last year (%)	Explanation
Financial assets purchased with agreement to resale	881,652,150.79	7.12	1,561,721,065.92	12.65	-43.55	Decrease in financial assets held by YTO Finance as at the end of the period
Other current assets	196,256,877.69	1.58	281,587,195.02	2.28	-30.30	Repayment of and decrease in the value-added tax left for deduction in the current period
Long-term receivables	180,308,112.22	1.46	132,870,486.03	1.08	35.70	Increase in finance lease of YTO Finance in the current period
Construction in progress	60,408,637.16	0.49	96,000,297.40	0.78	-37.07	Transfer of construction in progress to fixed assets
Deferred income tax assets	146,496,163.75	1.18	102,911,748.79	0.83	42.35	Increase in the provision for accrued expenses, and the deferred income tax assets recognized in the current period
Short-term loans	280,157,645.84	2.26	834,263,379.71	6.76	-66.42	Repayment of part of short-term borrowings
Loans from other banks	0.00	0.00	300,066,666.67	2.43	-100.00	Return of loans by YTO Finance
Contract liabilities	161,386,127.85	1.30	398,850,436.72	3.23	-59.54	Fulfillment of some performance obligations in the contract

Item	Balance as at the end of the period	Balance as at the end of the period as a percentage of total assets (%)	Balance as at the end of the corresponding period of last year	Balance as at the end of the corresponding period of last year as a percentage of total assets (%)	Change in balance as at the end of the Reporting Period as compared with balance as at the end of the corresponding period of last year (%)	Explanation
Taxes payables	63,683,032.42	0.51	23,075,553.98	0.19	175.98	Increase in income tax payable due to the increase in profits of subsidiaries
Other payables	314,739,540.55	2.54	209,162,369.54	1.69	50.48	Increase in dividends payable as a result of the Company's accrued dividends in 2020
Other current liabilities	449,476,461.26	3.63	255,104,052.55	2.07	76.19	Increase in sales and provision of accrued expenses in the current period
Lease liabilities	7,273,442.21	0.06	14,850,790.14	0.12	-51.02	Decrease in the lease liabilities recognized by the Company as lessee
Other comprehensive income	-11,680,535.48	-0.09	-26,960,733.16	-0.22	-56.68	Mainly the influence of the judicial liquidation of YTO France
Special reserves	4,103,412.65	0.03	3,015,461.22	0.02	36.08	Increase in the provision for safety production expenses during the Reporting Period
Retained earnings	1,222,172,071.01	9.87	795,064,178.33	6.44	53.72	Profits in the current period

2. Assets outside the PRC

As at the end of the Reporting Period, the Company's total assets amounted to RMB12,387.1747 million, of which assets outside the PRC was 9,631.34 (Unit: 0'000 Currency: RMB) accounting for 0.78% of the total assets.

3. Restrictions on the Key Assets as at the end of the Reporting Period

As at the end of the Reporting Period, the Company's monetary funds with restrictions on ownership amounted to RMB253.5356 million, including, statutory reserve of deposits of RMB236.3229 million in the central bank, bank acceptance margin of RMB13.3905 million and other guarantee deposits of RMB3.8222 million.

As at the end of the Reporting Period, the Company's notes receivable of restricted ownership amounted to RMB7.30 million, which were notes receivable pledged with the bank during the Reporting Period.

As at the end of the Reporting Period, the original value of Company's fixed assets and intangible assets of restricted ownership amounted to a total of RMB100.0981 million, and the net value amounted to a total of RMB56.8767 million, which were buildings and land mortgaged to the banks for short-term loans granted to the Company.

4. Other Explanation

(1) Key financial indicators

Items	As at the end of the Reporting Period	As at the beginning of the Reporting Period	Year-on-year change
Gearing ratio (%)	50.68	59.69	Decreased by 9.01 percentage point
Current ratio	1.31	1.08	Increased by 0.23
Quick ratio	1.15	0.89	Increased by 0.26

As at the end of the Reporting Period, total assets of the Company amounted to RMB 12,387,174,665.07, and total liabilities amounted to RMB6,277,443,276.67, with a gearing ratio (total liabilities divided by total assets) of 50.68%.

Reason for the change in gearing ratio: the decrease in gearing ratio was mainly due to the increase in equity capital of the Company as a result of the completion of the non-public issuance during the Reporting Period.

(2) Bank loans

Bank loans of the Company are mainly denominated in RMB. As at the end of the Reporting Period, bank loans (principal) of the Company due within one year amounted to RMB280.10 million, and bank loans (principal) due over one year amounted to RMB99.60 million.

(3) Foreign exchange risk

The business of the Company is mainly situated in the PRC and most of the transactions are settled in RMB. However, as the Company's export transactions are settled in foreign currencies (mainly in USD, HKD, Euro, AUD XOF and ZAR), exchange rate fluctuations may affect the operating results of the Company to a certain extent.

- (4)** As of the end of the Reporting Period, the Company held structured deposits totalling RMB720 million, including: RMB300 million from Industrial and Commercial Bank of China Limited, RMB170 million from China Everbright Bank Co., Ltd., RMB150 million from Bank of Communications Co., Ltd., and RMB100 million from Agricultural Bank of China Limited.

Analysis on Investments

1. Financial assets measured at fair value

Unit: Yuan Currency: RMB

Items	Opening balance	Ending balance	Change during the Reporting Period	Amount affecting profit for the Reporting Period
Trading financial assets	<u>1,306,381,357.98</u>	<u>1,736,796,758.27</u>	<u>430,415,400.29</u>	<u>19,146,726.14</u>
Total	<u>1,306,381,357.98</u>	<u>1,736,796,758.27</u>	<u>430,415,400.29</u>	<u>19,146,726.14</u>

Analysis on Key Equity Holding and Participating Companies

1. Information on key subsidiaries

Unit: 0'000 Currency: RMB

Name of company	Registered capital	Principal business	As at 30 June 2021		Realized during the Reporting Period	
			Total assets	Net assets	Operating income	Net profit
YTO Finance	50,000	Provision of financial services	497,951	85,765	7,808	2,043
YTO International Trade	6,600	International sale of agricultural machinery	44,975	-17,485	15,939	-4,934
YTO Diesel Engine	USD16 million	Manufacturing and sale of engines	256,627	154,292	121,555	6,470
Tractors Research Company	44,500	Research and development of tractor products	71,914	64,220	7,247	-760
YTO Foundry and Forging	24,883	Processing and sale of rough and semi-finished products and finished products of casting and forging products	38,994	29,239	17,259	544

2. Acquisitions and disposals of subsidiaries during the Reporting Period

In June 2021, the local court of France ruled that YTO France entered into the judicial liquidation procedure and appointed the administrator, and YTO France was no longer included in the scope of the Company's consolidated statements. In accordance with the relevant provisions of the Accounting Standards for Business Enterprises, the Company has made a provision for asset impairment of RMB559.03 million and has recognised an investment income of RMB552.23 million. The impact of the above events on profit or loss of the Company for the current period amounted to RMB-6.8 million. For details, please refer to the "Announcement of YTO on the Application for Judicial Liquidation by a Wholly-owned Subsidiary" disclosed by the Company on the website of the SSE on 14 May 2021 and on the website of the Stock Exchange on 13 May 2021 and the "Announcement of YTO on the Progress of Judicial Liquidation of a Wholly-owned Subsidiary" disclosed on the website of the SSE on 12 June 2021 and on the website of the Stock Exchange on 11 June 2021.

On 24 December 2020, the Company filed an application for bankruptcy liquidation of Changtuo Company, our controlled subsidiary. As at the end of the Reporting Period, the application for bankruptcy has not been accepted by the local court. For details, please refer to the “Announcement of YTO on the Application for Bankruptcy Liquidation of Its Controlled Subsidiary.” disclosed on the website of the SSE on 23 December 2020 and on the website of the Stock Exchange on 22 December 2020.

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

Unit: 0’000 Currency: RMB

Number	Name of company	Operating revenue for the Reporting Period	Operating profit for the Reporting Period	Net profit for the Reporting Period
1	YTO Diesel Engine	121,555	6,536	6,470

4. Analysis on material subsidiaries with over 30% change in their operating business

YTO Finance: net profit increased by RMB21.75 million year-on-year, mainly due to the increase in revenue during the current period, the year-on-year increase in profitability, and the decrease in the provision for credit impairment losses as compared with the same period of last year.

YTO International Trade: net profit decreased by RMB44.74 million year-on-year, mainly due to the year-on-year increase in the provision for credit impairment loss during the Reporting Period.

YTO Diesel Engine and YTO Foundry and Forging: net profit increased by RMB1.35 million and RMB4.72 million year-on-year, respectively, mainly due to the year-on-year increase in the net profit as a result of the year-on-year increase in the sales revenue driven by the increase in sales volume during the Reporting Period.

OTHER DISCLOSEABLE EVENTS

(I) Potential Risks

1. *Market risk*

In the domestic market, the tractor industry has seen a growth in sales since 2020, which, in turn, will suppress the market growth in the second half of this year and even a longer period of time. In addition, the overall domestic tractor market is standing at a state of high ownership, and the drop of subsidy amount per unit in purchase of agricultural machinery also has a certain impact on user's purchasing enthusiasm, which leads to uncertainty in the market trend in the later period.

In the international market, COVID-19 pandemic is still spreading in many countries around the world. In the first half of 2021, the Company only recorded sales growth in Russian-speaking countries and some key markets in Asia. Beyond that, the Company's overseas business expansion in African countries and other regions covered by "The Belt and Road Initiatives" was less than expected. At this stage, the Company still faces great difficulties in expanding business in key overseas markets.

2. *Operational risk*

Risk relating to rising prices of raw materials. The prices of bulk raw materials have been staying at a high level since this year. By exploiting advantages of centralized procurement, the Company achieved reasonable control over procurement costs, and alleviated the impact of rising procurement prices to a certain extent. However, the overall profitability of the Company is inevitably affected by such factors as homogeneous competition and the particularity of user groups in the agricultural machinery market, which makes it difficult to achieve an increase in the price of our products.

Risk relating to intensified industry competition. With agricultural modernization being vigorously promoted by the state, the agricultural equipment industry ushers in new development opportunities. Many enterprises, both inside and outside the industry, pay more attention to the agricultural equipment industry, and increase investment in the agricultural equipment industry, which will lead to a more fierce competition in the industry. To be more prepared for the coming round of industry competition, the Company will leverage its advantages in R&D and core manufacturing capabilities to accelerate the upgrading of principal products and enrich the products and business portfolio.

Influence of non-operating factors. While implementing reforms and adjustments, the Company intends to strengthen efforts to dispose low-efficiency assets and file for bankruptcy liquidation for some lossmaking subsidiaries. Above measures may have a certain impact on the performance of the Company for the current period.

3. *Risk relating to technology upgrade*

China accelerates to implement the conversion and upgrading of off-road diesel engine emission standards while promoting environmental policies in all respects, which requires a higher standard for the product R&D, manufacturing skills and overall upgrade of the supply chain of the agriculture machinery manufacturing enterprises. In addition, the technical barriers due to Euro V emission regulations have increased the difficulty for entering the EU market. As a key backbone enterprise in the industry, the Company will implement the concept of green development and earnestly implement the national objectives and requirements of “Achieving peak carbon dioxide emissions and carbon neutrality”. We will give full play to the technical reserve advantages in the field of diesel engine, and do a good job in the full series of industrialization of National IV Diesel Engine and tractor machine.

OVERVIEW OF THE BUSINESS OF THE COMPANY

1. Explanation on the Industry and the Principal Businesses of the Company during the Reporting Period

Focusing on the manufacturing of advanced agricultural machinery and equipment, and insisting on the technological upgrading of industrial chain and structural optimisation of products, the Company is committed to providing agricultural equipment with advanced technology and reliable quality for mechanization of the PRC agricultural industry. The Company's principal businesses include R&D, manufacturing and sales of agricultural machinery, power machinery and related spare parts. In particular, the agricultural machinery business includes R&D, manufacturing and sales of the whole series of wheeled and crawler tractors and their key components including castings, gears, gear boxes and cover that are used in agricultural production. The leading products of power machinery business are off-road diesel engines, and their parts including fuel injection pumps and fuel injectors, and are mainly supporting agricultural machinery, such as tractors and harvesters. YTO Finance, a controlled subsidiary of the Company, is a non-bank financial institution approved by the China Banking and Insurance Regulatory Commission. It provides members of the corporate group with services within the permitted scope, such as fund settlement, deposit and loan, bills, and conducts financial leasing business for the Company's product sales, interbank business and investment business in compliance with the requirements of regulators.

During the Reporting Period, there was no change to the principal businesses and operation modes of the Company.

2. Analysis of Core Competitiveness during the Reporting Period

The Company possesses leading industrial technology R&D and independent innovation capacities in the PRC, comprehensive manufacturing system for core components, efficient and excellent production and organization capacities, and outstanding and stable product quality, and well-established marketing channels and comprehensive after-sales service system. In addition, with the far-reaching influence and good reputation of "Dongfanghong" brand, the Company has built significant competitive advantages in the industry.

During the Reporting Period, there was no change to the Company's core competitiveness.

EXPLANATION ON APPOINTMENT OR DISMISSAL OF AUDITOR

As considered and approved at the 2020 annual general meeting, the Company continued to appoint Da Hua Certified Public Accountants LLP as the auditor for financial statements and internal control of the Company for the year 2021, and the Board was authorized to determine the remuneration of the auditor.

MATERIAL LITIGATION AND ARBITRATION

During the Reporting Period, the Company had no material litigation or arbitration.

PROPOSAL OF PROFIT DISTRIBUTION OR CAPITALIZATION FROM CAPITAL RESERVES

Payment of interim dividend for the six months ended 30 June 2021 was not recommended (the first half of 2020: Nil).

STAFF, REMUNERATION POLICY AND TRAINING OF THE GROUP

As at 30 June 2021, the Company had 7,474 employees. During the Reporting Period, the basic salary system of the Company is a post-based salary system, under which employees' income is linked to their job performance, adhering to the principle of salary distribution based on performance and factors, and highlighting value creation.

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 at various levels and functions, according to the need of their posts and the development of the Company, and organized technical, management, operational and other trainings in a timely manner.

CONTINGENT LIABILITIES

As at 30 June 2021, the Company had no other material contingent liabilities.

CORPORATE GOVERNANCE CODE

During the Reporting Period, the Company has complied with the principles and 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.

SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has strictly adopted the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Listing Rules of the Stock Exchange. For the purpose of preparing this announcement, specific enquiries have been made to all the Directors and Supervisors of the Company, who have confirmed to the Company that they had strictly complied with the Model Code for Securities Transactions by Directors of Listed Issuers during the Reporting Period.

CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

1. Changes in Share Capital

In order to optimize capital structure, reduce gearing ratio, increase current ratio, improve the robustness of operation and enhance the ability to cope with industry cycles, the Company conducted a non-public issuance of 137,795,275 Renminbi-denominated ordinary shares (A Shares) to YTO in 2020, with a nominal value of RMB1 per share (the total nominal value of the Renminbi-denominated ordinary shares (A Shares) under the non-public issuance amounted to RMB137,795,275), at an issue price of RMB5.08 per share, which shall not be lower than 80% (average price of shares in the 20 trading days prior to the pricing benchmark date = total amount of trading shares in the 20 trading days prior to the pricing benchmark date/total volume of trading shares in the 20 trading days prior to the pricing benchmark date) of the average transaction price of A shares for the 20 trading days prior to the pricing benchmark date (the announcement date of resolutions of The 17th meeting of the 8th session of board of directors of the Company, namely 24 April 2020). The market price per A share on the date of pricing benchmark date (namely 24 April 2020) of Renminbi-denominated ordinary shares (A Shares) under the non-public issuance was RMB6.92. The proceeds raised in aggregate under the issuance amounted to RMB699,999,997, and the actual net proceeds raised, after deducting issuance costs, amounted to RMB694,178,644.67, which has been transferred into the Company's designated account in full amount on 25 January 2021. The procedures for registration and depository in relation to the shares newly issued have been completed with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited on 9 February 2021 and the lock-up period for the shares was 36 months. Given that all funds raised from the non-public issuance of the Company were used to replenish the working capital in line with the intended use of proceeds, the designated account for funds raised ceased to be used. The Company has completed the procedures for closing the designated account for funds raised.

Upon completion of the issuance, the total share capital of the Company increased to 1,123,645,275 shares, among which 137,795,275 shares (representing 12.26% of the total share capital) are subject to selling restrictions, while 985,850,000 shares (representing 87.74% of the total share capital) are not subject to selling restrictions.

2. Shareholders

(1) Total number of shareholders:

Total number of ordinary shareholders as at the end of the Reporting Period (holder) 40,277 shareholders including 39,945 holders of A Shares and 332 holders of H Shares

Total number of preference shareholders with voting rights restored as at the end of the Reporting Period (holder) /

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

Unit: Share

Name of shareholder (full name)	Shareholdings of the top ten shareholders				Pledged, marked or frozen		Nature of shareholder
	Increase/decrease during the Reporting Period	Number of shares held as at the end of the Reporting Period	Percentage (%)	Number of shares held subject to selling restrictions	Status of shares	Number	
YTO Group Corporation	137,795,275	548,485,853	48.81	137,795,275	Nil	/	State-owned legal person
HKSCC NOMINEES LIMITED (Note 1)	278,000	388,157,319	34.54	0	Unknown	/	Overseas legal person
Hong Kong Securities Clearing Company Limited (Note 2)	6,996,735	9,803,138	0.87	0	Unknown	/	Overseas legal person
Li Jun	6,521,129	6,521,129	0.58	0	Unknown	/	Domestic natural person

Name of shareholder (full name)	Shareholdings of the top ten shareholders				Pledged, marked or frozen		Nature of shareholder
	Increase/ decrease during the Reporting Period	Number of shares held as at the end of the Reporting Period	Percentage (%)	Number of shares held subject to selling restrictions	Status of shares	Number	
Shen Jia	5,579,754	5,579,754	0.50	0	Unknown		/ Domestic natural person
Industrial and Commercial Bank of China Limited-Harvest Theme New Power Hybrid Securities Investment Fund	4,337,763	4,337,763	0.39	0	Unknown		/ Other
Bank of China Limited-Harvest Reverse Strategy Equity Securities Investment Fund	2,275,164	2,275,164	0.20	0	Unknown		/ Other
Liu Huanbao	2,149,800	2,149,800	0.19	0	Unknown		/ Domestic natural person
Yang Jufen	1,793,100	1,793,100	0.16	0	Unknown		/ Domestic natural person
Du Guoping	1,415,943	1,415,943	0.13	0	Unknown		/ Domestic natural person

Shareholdings of the top ten shareholders without selling restrictions

Name of shareholder	Number of non-restricted circulating shares held	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)	388,157,319	Overseas listed foreign shares	388,157,319
Hong Kong Securities Clearing Company Limited (Note 2)	9,803,138	Ordinary shares denominated in RMB	9,803,138
Li Jun	6,521,129	Ordinary shares denominated in RMB	6,521,129

Shareholdings of the top ten shareholders without selling restrictions

Name of shareholder	Number of non-restricted circulating shares held	Class and number of shares	
		Class	Number
Shen Jia	5,579,754	Ordinary shares denominated in RMB	5,579,754
Industrial and Commercial Bank of China Limited-Harvest Theme New Power Hybrid Securities Investment Fund	4,337,763	Ordinary shares denominated in RMB	4,337,763
Bank of China Limited-Harvest Reverse Strategy Equity Securities Investment Fund	2,275,164	Ordinary shares denominated in RMB	2,275,164
Liu Huanbao	2,149,800	Ordinary shares denominated in RMB	2,149,800
Yang Jufen	1,793,100	Ordinary shares denominated in RMB	1,793,100
Du Guoping	1,415,943	Ordinary shares denominated in RMB	1,415,943
Explanations on the repurchase of special account among the top ten shareholders	N/A		
Explanations on the voting rights entrusted by or to or waived by the aforesaid shareholders	Among the top ten shareholders and top ten shareholders without selling restrictions, YTO, the controlling shareholder of the Company, is not engaged in any delegation of/being entrusted with and waiver of voting rights. The Company is not aware of any delegation of/being entrusted with and waiver of voting rights by other shareholders.		
Explanation on connected relationship or acting in concert among 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.		

Shareholdings of the top ten shareholders without selling restrictions

Name of shareholder	Number of non-restricted circulating shares held	Class and number of shares	
		Class	Number
Explanation on preference shareholders with voting rights restored and number of shares held thereby	N/A		

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

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

Shareholdings of the top ten shareholders with selling restriction and restricted conditions

Unit: Share

Number	Name of shareholder with selling restrictions	Number of shares held with selling restrictions	Listing and trading of shares with selling restrictions		Restricted conditions
			Time available for listing and trading	Number of additional shares available for listing and trading	
1	YTO Group Corporation	137,795,275	19 February 2024	137,795,275	No transfer within 36 months from the date of completion of the Company's non-public issuance
	Explanation on connected relationship or acting in concert among the aforesaid shareholders	N/A			

3. Details of Preference Shares

The Company had no preference shares during the Reporting Period.

4. 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 shares during the Reporting Period.

5. Interests of Substantial Shareholders and Other Persons

As at 30 June 2021, substantial shareholders of the Company and other persons (other than the Directors, Supervisors or chief executives of the Company) who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (“SFO”), or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or which were notified to the Company, were as follows:

Name	Capacity	Nature of interests	Number of shares held	Number of underlying shares held under equity derivatives	Total number of shares interested	Percentage of the relevant class of issued share capital ¹ (%)	Percentage of the total issued share capital ¹ (%)	Class of share
YTO	Beneficial owner	Beneficial interest	548,485,853 (L)	/	548,485,853 (L)	74.96 (L)	48.81 (L)	A Share

Note 1: (L) – Long 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 548,485,853 A Shares of the Company.

Save as disclosed above, as at 30 June 2021, no person (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 which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or which were notified to the Company.

DEFINITIONS

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

A Share	ordinary shares as approved by the CSRC which are issued to the PRC domestic investors and qualified foreign investors, traded on the PRC domestic stock exchange, denominated, subscribed for and traded in RMB
agricultural machinery	various machinery used in the crop farming and animal husbandry production, and the primary processing of agricultural and animal products
Changtuo Company	Changtuo Agricultural Machinery Equipment Group Co., Ltd. (長拖農業機械裝備集團有限公司), a controlled subsidiary of the Company
Company	First Tractor Company Limited* (第一拖拉機股份有限公司)
controlled subsidiary(ies)	a company held as to more than 50% shareholding or equity interest by the Company, or a company actually controlled by the Company through agreement and arrangement
crawler tractor	tractor with crawler as walking device
CSRC	China Securities Regulatory Commission
diesel engine	internal combustion engine that uses diesel as fuel
Group	First Tractor Company Limited and its controlled subsidiaries
H Share	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	wheeled tractor with horsepower of 100 (inclusive) or above

Hong Kong	the Hong Kong Special Administrative Region of the PRC
Listing Rules of the Stock Exchange	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
mid-powered wheeled tractor	wheeled tractor with horsepower of 25 (inclusive) to 100
power machinery	products including diesel engines and fuel injection pumps
PRC	the People's Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
Stock Exchange	The Stock Exchange of Hong Kong Limited
subsidiary(ies)	a subsidiary as defined under the Listing Rules of the Stock Exchange
Tractors Research Company	Luoyang Tractors Research Institute Company Limited (洛陽拖拉機研究所有限公司), a controlled subsidiary of the Company
YTO	YTO Group Corporation (中國一拖集團有限公司), the controlling shareholder of the Company
YTO Diesel Engine	YTO (Luoyang) Diesel Engine Company Limited (一拖(洛陽)柴油機有限公司), a controlled subsidiary of the Company
YTO Finance	China YTO Group Finance Company Limited (中國一拖集團財務有限責任公司), a controlled subsidiary of the Company
YTO Foundry and Forging	YTO (Luoyang) Foundry and Forging Company Limited (一拖(洛陽)鑄鍛有限公司), a wholly-owned subsidiary of the Company
YTO France	YTO France SAS (一拖法國農業裝備有限公司), which has entered into the judicial liquidation procedure

YTO International Trade YTO International Economy and Trade Company Limited (一拖國際經濟貿易有限公司), a wholly-owned subsidiary of the Company

YTO Shentong YTO (Luoyang) Shentong Construction Machinery Company Limited (一拖(洛陽)神通工程機械有限公司), which has entered into bankruptcy and liquidation procedure

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

Luoyang, the PRC
25 August 2021

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

* *For identification purposes only*