

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

**UNAUDITED ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019**

(Financial Highlights)

Total operating revenue	: RMB5,830,175,119.64
Net profit attributable to the equity holders of the parent company	: RMB61,475,427.17
Earnings per share attributable to the equity holders of the parent company	: RMB0.0624

The board (the “**Board**”) of directors (the “**Directors**”) of First Tractor Company Limited (the “**Company**”) announces the unaudited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2019 (the “**Reporting Period**”), which have been prepared in accordance with the PRC Accounting Standards for Business Enterprises, together with comparative figures for the same period in 2018 are as follows (unless otherwise stated, the figures contained in this announcement are denominated in Renminbi (Unit: Yuan)).

CONSOLIDATED BALANCE SHEET

31 December 2019

Prepared by: First Tractor Company Limited

Unit: Yuan Currency: RMB

Item	<i>Note</i>	31 December 2019	1 January 2019	31 December 2018
Current assets:				
Monetary funds	<i>Note 1</i>	1,401,027,992.74	1,549,845,341.18	1,549,845,341.18
Lendings to banks and other financial institutions		70,000,000.00	200,257,777.78	200,000,000.00
Trading financial assets		980,392,948.10	897,235,968.16	897,235,968.16
Derivative financial assets			578,743.73	578,743.73
Notes receivable		352,201,737.77	523,719,132.77	
Accounts receivable	<i>Note 2</i>	406,586,834.70	405,771,306.07	
Notes receivable and accounts receivable				929,490,438.84
Advances to suppliers		175,282,225.34	107,561,199.88	107,561,199.88
Other receivables		38,657,541.73	48,032,116.86	65,741,038.66
Financial assets purchased under resale agreements		671,668,502.78	150,203,731.40	150,203,731.40
Inventories		1,001,785,770.20	1,430,349,787.42	1,430,349,787.42
Contract assets				
Assets classified as held for sale				
Non-current assets due within one year		250,465,409.57	184,159,312.46	184,159,312.46
Other current assets		1,067,152,153.18	2,034,630,027.40	2,017,266,694.07
Total current assets		<u>6,415,221,116.11</u>	<u>7,532,344,445.11</u>	<u>7,532,432,255.80</u>

Item	<i>Note</i>	31 December 2019	1 January 2019	31 December 2018
Non-current assets:				
Loans and advances to customers		959,950,968.59	1,011,466,273.60	1,011,378,462.91
Debt investment				
Other debt investment				
Long-term receivables		220,198,228.05	280,985,073.83	280,985,073.83
Long-term equity investment		119,753,172.07	131,203,815.70	131,203,815.70
Investment in other equity instruments		3,871,238.40		
Other non-current financial assets				
Investment property				
Fixed assets		2,814,817,617.87	2,942,857,496.39	2,942,857,496.39
Construction in progress		128,990,466.09	232,816,443.52	232,816,443.52
Productive biological assets				
Oil and gas assets				
Right-of-use assets		18,945,867.20	28,882,159.73	
Intangible assets		791,670,317.62	842,336,991.00	842,336,991.00
Development expenditure				
Goodwill				
Long-term deferred expenses		44,118,542.74	41,237,156.30	41,237,156.30
Deferred income tax assets		111,484,850.77	125,494,060.54	125,494,060.54
Other non-current assets				
Total non-current assets		<u>5,213,801,269.40</u>	<u>5,637,279,470.61</u>	<u>5,608,309,500.19</u>
Total assets		<u><u>11,629,022,385.51</u></u>	<u><u>13,169,623,915.72</u></u>	<u><u>13,140,741,755.99</u></u>

Item	Note	31 December 2019	1 January 2019	31 December 2018
Current liabilities:				
Short-term loans		1,419,528,065.30	2,792,337,237.50	2,777,516,101.13
Receipts of deposits and deposits from other banks		1,137,277,294.54	1,086,218,057.79	1,080,524,854.03
Loans from banks and other financial institutions				
Trading financial liabilities				
Derivative financial liabilities			2,727,592.84	2,727,592.84
Notes payable		1,004,008,951.30	958,616,789.34	
Accounts payable	Note 3	1,252,450,248.58	1,194,829,925.57	
Notes payable and accounts payable				2,153,446,714.91
Advances from customers				
Contract liabilities		177,743,289.89	369,490,638.57	369,490,638.57
Employee salary payable		104,615,621.71	189,486,846.96	189,486,846.96
Taxes payable		34,716,241.84	24,562,534.28	24,562,534.28
Other payables		302,747,490.57	292,106,786.08	312,621,126.21
Liabilities classified as held for sale				
Non-current liabilities due within one year		649,035,505.95	78,936,510.48	76,664,479.21
Other current liabilities		225,466,269.20	196,139,042.20	196,139,042.20
Total current liabilities		6,307,588,978.88	7,185,451,961.61	7,183,179,930.34
Non-current liabilities:				
Long-term loans		139,077,500.00	868,473,000.00	868,473,000.00
Bonds payable				
Including: Preference shares				
Perpetual bonds				
Lease liabilities		64,384.18	9,945,649.25	
Long-term payables		8,933,931.06	8,971,437.07	8,971,437.07
Long-term employee salary payable		88,010,022.26	119,715,885.28	119,715,885.28
Special payables				
Estimated Liabilities		2,652,542.65	3,981,625.85	3,981,625.85
Deferred income		155,715,222.06	186,025,075.84	169,360,596.63
Deferred income tax liabilities		143,114,014.97	130,983,510.46	130,983,510.46
Other non-current liabilities				
Total non-current liabilities		537,567,617.18	1,328,096,183.75	1,301,486,055.29
Total liabilities		6,845,156,596.06	8,513,548,145.36	8,484,665,985.63

Item	Note	31 December 2019	1 January 2019	31 December 2018
Shareholders' equity:				
Share capital		985,850,000.00	985,850,000.00	985,850,000.00
Other equity instruments				
Including: Preferred shares				
Perpetual bonds				
Capital reserves		2,099,466,626.33	2,099,639,657.89	2,099,639,657.89
Less: Treasury shares				
Other comprehensive income		-14,198,180.13	-16,863,576.18	-16,863,576.18
Special reserve		2,230,000.31	3,274,006.51	3,274,006.51
Surplus reserve		442,101,172.16	442,101,172.16	442,101,172.16
General risk reserve		25,104,151.50		
Retained earnings	Note 4	529,451,678.91	493,080,403.24	493,080,403.24
Total equity attributable to shareholders of the parent company		4,070,005,449.08	4,007,081,663.62	4,007,081,663.62
Minority interests		713,860,340.37	648,994,106.74	648,994,106.74
Total shareholders' equity		4,783,865,789.45	4,656,075,770.36	4,656,075,770.36
Total liabilities and shareholders' equity		11,629,022,385.51	13,169,623,915.72	13,140,741,755.99

CONSOLIDATED INCOME STATEMENT

For the Year of 2019

Prepared by: First Tractor Company Limited

Unit: Yuan Currency: RMB

Projects	Note	2019	2018
1. Total operating revenue		5,830,175,119.64	5,681,547,536.68
Including: Operating revenue		5,736,943,977.67	5,540,998,393.26
Interest income		89,290,344.59	138,092,137.95
Fees and commission income		3,940,797.38	2,457,005.47
2. Total cost of operation		5,993,424,664.53	6,866,800,698.20
Including: Operating costs		4,808,281,175.55	5,098,425,607.81
Interest expenses		33,252,713.00	12,455,994.16
Fees and commission expenses		490,425.90	405,617.87
Taxes and surcharges		45,186,472.32	46,008,058.50
Selling expenses		305,526,565.26	461,866,175.50
Administrative expenses		382,371,302.74	764,198,051.29
Research and development expenses		356,609,547.39	378,394,140.28
Financial expenses		61,706,462.37	105,047,052.79
Add: Gain arising from changes in fair value			
(Losses listed as “-”)		85,687,735.18	10,081,083.66
Investment income (Losses listed as “-”)		242,395,344.85	19,158,702.59
Including: Income from investments in associates and joint ventures		-10,618,250.83	-10,627,595.84
Asset disposal income (Losses listed as “-”)		797,468.07	196,944.39
Other income (Losses listed as “-”)		94,223,622.26	36,623,032.72
Loss on impairment of assets			
(Losses listed as “-”)		-81,901,256.49	-172,393,654.35
Loss of credit impairment			
(Losses listed as “-”)		-34,256,859.43	-59,449,904.60

Projects	<i>Note</i>	2019	2018
3. Operating profit		143,696,509.55	-1,351,036,957.11
Add: Non-operating income		41,497,680.79	41,079,900.33
Less: Non-operating expenses		2,570,351.43	4,793,199.24
4. Total profit		182,623,838.91	-1,314,750,256.02
Less: Income tax expenses	<i>Note 6</i>	56,110,713.49	50,221,900.25
5. Net profit		126,513,125.42	-1,364,972,156.27
Including: Net profit realized by the merged party before the merger under common control			
(1) Classified by continuity of operation			
Net profit from continuing operations		126,513,125.42	-1,364,972,156.27
Net profit from discontinued operations			
(2) Classified by ownership			
Net profit attributable to shareholders of the parent company		61,475,427.17	-1,300,108,773.92
Profit or loss attributable to minority interests		65,037,698.25	-64,863,382.35
6. Net other comprehensive income after tax		2,282,095.72	-509,964.75
Net other comprehensive income after tax attributable to shareholders of the parent company		2,665,396.05	-595,491.68
(1) Other comprehensive income that cannot be reclassified to loss or profit in subsequent periods			
1. Changes in net liabilities or assets arising from re-measurement of defined benefit plans			
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			

Projects	Note	2019	2018
(2) Other comprehensive income that will be subsequently reclassified to profit or loss		2,665,396.05	-595,491.68
1. Share of other comprehensive income of investee that will not 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 hedging gains and losses from cash flows			
8. Cash flow hedging reserve			
9. Conversion difference of foreign currency financial statements		2,665,396.05	-595,491.68
10. Others			
Net other comprehensive income after tax attributable to minority interests		-383,300.33	85,526.93
7. Total comprehensive income		128,795,221.14	-1,365,482,121.02
Total comprehensive income attributable to shareholders of the parent company		64,140,823.22	-1,300,704,265.60
Total comprehensive income attributable to minority interests		64,654,397.92	-64,777,855.42
8. Earning per share:			
(1) Basic earnings per share		0.0624	-1.3188
(2) Diluted earnings per share		0.0624	-1.3188

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. 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 June 23, 1997 and August 8, 2012 respectively. The registered office and principal place of business of the Company is located at No. 154 Jian she Road, Luoyang, Henan Province, the People's Republic of China.

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

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

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

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Based on the going-concern assumption and transactions and events actually incurred, the financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises and relevant stipulations (hereafter collectively referred as "ASBEs") by the Ministry of Finance of the PRC, No. 15 Information Disclosures Regulations for Companies Offering Shares in Public – General Rules of Preparing Financial Reports (revised in 2014) issued by China Securities Regulatory Commission (CSRC), disclosure requirements by Rules Governing the Listing of Securities issued by Hong Kong Stock Exchange and Companies Ordinance, and based on the accounting policies stated in the Note "4. Accounting policies".

3. STATEMENT OF COMPLIANCE OF ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

The financial statements of the Group have been prepared in accordance with the Accounting Standards for Business Enterprises (ASBEs), and present truly and completely the consolidated and the financial position of the Company as at December 31, 2019 and their financial performance and cash flows and other related information.

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

4. ACCOUNTING POLICIES

(1) **Accounting year**

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

(2) **Recording currency**

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

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

(4) **Accounting method for enterprise merger under the common control and not under the common control**

(a) To take many transactions as a package 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:

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

(b) Enterprise merger 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 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), and the capital surplus is insufficient, then adjust the retained earnings.

As enterprise merger realized by multiple transactions which belong to a package transaction, considering these transactions as a control transaction when carrying out accounting method. In the case of non-package transactions, on the day of gaining control day, the difference between the initial investment cost of long-term equity investment and the book value of the new payment consideration with the sum of the book value of the new share price before the merger should be adjusted by adjusting capital surplus. If the capital stock is not enough to be reduced, the retained earnings will be adjusted. Accounting treatment would not be carried out for equity investment which measured by equity method or identification and measurement criteria for financial instruments before merger until disposing of the investment based on the same assets or liabilities that are directly disposed of with the invested unit. Changes in the owner's equity exclude net profit and loss, other comprehensive income and profit distribution would not be processed until the changes is transferred into the current profits and losses.

(c) *Enterprise merger not under common control*

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

- I An enterprise merger contract or agreement has been approved by the internal authority of the Company.
- II The merger of enterprises should be approved by the relevant competent authorities of the state and has been approved.
- III The necessary transfer procedures for property rights have been carried out.
- IV The Company has paid most of the consolidated price and has the ability and plan to pay the surplus.
- V The Company has actually controlled the financial and operating policies of the purchaser and has the corresponding interest and the corresponding risk.

The difference between the fair value and the book value when the assets, liabilities incurred or incurred on the purchase date are is included in the profits and losses of the current period.

When the cost of the merger is larger than the fair value share of the recognizable net assets obtained by the purchaser, the difference between these two is confirmed as the goodwill. When cost of the merger is less than the fair value of the recognizable net assets obtained by the purchase, the difference shall be counted into the profit and loss of the current period after the review.

(d) *the costs of merger*

Intermediary costs and other direct related expenses, such as audit, legal service, evaluation and consultation, and other direct related expenses, are included in the current profit and loss at the time of occurrence. The transaction costs for the issue of equity securities for an enterprise which could be directly attributable to the rights and interests can deduct from rights and interests.

(5) Preparation of consolidated financial statements

(a) *Scope of the merger*

The consolidation scope of the Group includes all subsidiaries controlled.

(b) *Consolidated procedures*

Based on the financial statements of their own and each subsidiary, the Company prepare the consolidated financial statements refer to other relevant information. The Company consider the entire enterprise group as an accounting entity when preparing the consolidated financial statements. In accordance with the relevant accounting standards of measurement and reporting requirements, unified accounting policies reflect the enterprise overall financial status, operating results and cash flow.

All subsidiaries included in the consolidated financial statements are consistent with accounting policies. When the accounting policies adopted by the subsidiaries inconsistent with the Company, the necessary adjustment period according to the Company's accounting policies and accounting is needed.

The consolidated financial statements set off the internal transactions between the Company and its subsidiaries which affect the consolidated balance sheet, the consolidated income statement, the consolidated cash flow statement and the consolidated shareholders' equity change statement. When the opinion of group consolidated financial statements and the subsidiaries are different, the transactions should be adjusted from the perspective of enterprise group.

The share of minority shareholders in the owner's equity, current net profit and loss and current comprehensive income is separately shown under the owner's equity item of the consolidated balance sheet, the net profit item and the total income of the consolidated income statement and the total income item. The current share losses shared by minority shareholders exceed the balance formed by the minority shareholders' share in the initial owner's equity, then deduct the difference between these two from minority shareholders' rights and interests.

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 in the final control party's financial statements (including the goodwill caused by the final controlling party's acquisition of the subsidiary).

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.

(6) Segment information

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

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

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

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

Segment results are presented as profit of operating segments before income tax. Other information of each segment is also disclosed, including depreciation and amortization, item of income and expenses from headquarters, financial expenses, gain on disposal of subsidiaries, entitled share of profits or losses of associates, and income tax expenses. These are the methods reported to management, which, together with other reported data, serve to provide better perception to the management, and investors can also evaluate annual segment operating results from such information.

(7) **Changes in accounting policies**

1. Changes in accounting policies

(1) *Impacts of New Criteria on the Group*

The Group has implemented the revised accounting standards for Business Enterprises No. 7 – non monetary assets exchange since June 10, 2019, and the revised accounting standards for Business Enterprises No. 12 – debt restructuring since June 17, 2019. This accounting policy change adopts the future applicable method, and the non-monetary assets exchange and debt restructuring are adjusted according to the provisions of the standard from January 1, 2019 to the implementation date of the standard. No impact on the financial statements as the group firstly implement the standards.

The Group has implemented the accounting standards for Business Enterprises No. 21 – leasing revised and issued by the Ministry of finance since January 1, 2019. The impact of the implementation of the new leasing standards on the Group is as follows:

On the first execution date, the Company does not reassess whether the existing contract is a lease or includes a lease, and applies this method to all contracts. Therefore, it only implements the convergence provisions of these standards for the contracts identified as a lease under the original lease criteria. In addition, the Group has chosen to adopt a simplified retrospective adjustment method to link up the above-mentioned lease contracts in accordance with the provisions of Accounting Standards for Enterprises No. 28 – Accounting Policies, Changes in Accounting Estimates and Error Correction. That is, to adjust the retained earnings and other related items in the financial statements at the beginning of the first year of implementation of the present Standards without adjusting the comparable period information, and to adopt the relevant simplified method and the right-of-assets measurement are adopted for the leases based on each lease option. Accounting policies of the Group for low-value asset leases and short-term leases are non-recognition of right-of-use assets and lease liabilities.

The impact of the implementation of the new leasing standards on items related to the current financial statements is shown below:

Item	December 31, 2018	Cumulative impact amount	January 1, 2019
Right-of-use assets		28,882,159.73	28,882,159.73
Lease liabilities		9,945,649.25	9,945,649.25
Lease liabilities due within one year		<u>18,936,510.48</u>	<u>18,936,510.48</u>

(2) *Impacts of the new reporting format on the Group*

In May 2019 and September 2019, the Ministry of Finance issued the notice on revising and Issuing the format of consolidated financial statements and the format of general enterprise financial statements in 2019 The Group has prepared the financial statements for 2019 in accordance with the above notification, and adjusted the items of comparative financial statements accordingly. Refer to (3).

(3) *Impacts of New Standards and Format of Statements on the Group*

① Consolidated balance sheet

Item	December 31, 2018	Impact of changes in presentation format	Adjusted amount after presentation format change	The Impact of the Implementation of New Accounting Standards for Enterprises	January 1, 2019
Lendings to Banks and Other					
Financial Institutions	200,000,000.00	257,777.78	200,257,777.78		200,257,777.78
Notes receivable		523,719,132.77	523,719,132.77		523,719,132.77
Accounts receivable		405,771,306.07	405,771,306.07		405,771,306.07
Notes receivable & Accounts receivable	929,490,438.84	-929,490,438.84			
Other receivables	65,741,038.66	-17,708,921.80	48,032,116.86		48,032,116.86
Other current assets	2,017,266,694.07	17,363,333.33	2,034,630,027.40		2,034,630,027.40
Total current assets	7,532,432,255.80	-87,810.69	7,532,344,445.11		7,532,344,445.11
Loans and advances to customers	1,011,378,462.91	87,810.69	1,011,466,273.60		1,011,466,273.60
Right-of-use assets				28,882,159.73	28,882,159.73
Total non-current assets	5,608,309,500.19	87,810.69	5,608,397,310.88	28,882,159.73	5,637,279,470.61
Total assets	13,140,741,755.99		13,140,741,755.99	28,882,159.73	13,169,623,915.72
Short-term loans	2,777,516,101.13	14,821,136.37	2,792,337,237.50		2,792,337,237.50
Absorption of deposits and interbank deposits	1,080,524,854.03	5,693,203.76	1,086,218,057.79		1,086,218,057.79
Notes payable		958,616,789.34	958,616,789.34		958,616,789.34
Accounts payable		1,194,829,925.57	1,194,829,925.57		1,194,829,925.57
Notes payable & Accounts payable	215,3446,714.91	-215,3446,714.91			
Other payables	312,621,126.21	-20,514,340.13	292,106,786.08		292,106,786.08
Non-current liabilities due within one year	76,664,479.21	-16,664,479.21	60,000,000.00	18,936,510.48	78,936,510.48
Total current liabilities	7,183,179,930.34	-16,664,479.21	7,166,515,451.13	18,936,510.48	7,185,451,961.61
Lease liabilities				9,945,649.25	9,945,649.25
Deferred income	169,360,596.63	16,664,479.21	186,025,075.84		186,025,075.84
Total non-current liabilities	1,301,486,055.29	16,664,479.21	1,318,150,534.50	9,945,649.25	1,328,096,183.75
Total liabilities	8,484,665,985.63		8,484,665,985.63	28,882,159.73	8,513,548,145.36

Note: The above table shows only the affected financial statements, excluding the unaffected ones.

② Consolidated income statement

Item	2018	Impact of changes in presentation format	Adjusted amount after presentation format change
Loss on impairment of credit	59,449,904.60	-59,449,904.60	
Loss on impairment of assets	172,393,654.35	-172,393,654.35	
Loss on impairment of credit (loss expressed with “-”)		-59,449,904.60	-59,449,904.60
Loss on impairment of assets (loss expressed with “-”)		-172,393,654.35	-172,393,654.35

2 *Changes in Accounting Estimates*

No accounting estimates were changed during the reporting period.

5. NOTES TO MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Monetary funds

Item	Ending Balance	Opening Balance
Cash	994,815.11	1,054,228.70
Cash in bank	1,316,601,649.43	1,493,280,584.24
Other monetary funds	83,431,528.20	55,510,528.24
Total	<u>1,401,027,992.74</u>	<u>1,549,845,341.18</u>
Including: total amount deposited abroad	<u>68,764,756.64</u>	<u>91,002,872.56</u>

The details of the restricted monetary funds are as follows:

Item	Ending Balance	Opening Balance
Bank acceptance deposit	34,913,294.82	33,196,283.29
Other margin deposits	35,682,169.41	10,068,971.93
Reserve the legal deposit reserve of the central bank	210,312,078.88	226,992,255.72
Total	<u>280,907,543.11</u>	<u>270,257,510.94</u>

Note 2. Accounts receivables

1. Disclosure of accounts receivable

Item	Book balance		Ending Balance Bad debt provision		Book value
	Amount	Ratio (%)	Amount	Ratio (%)	
Accounts receivable for which anticipated credit losses were provisioned on a portfolio basis	895,175,926.34	100.00	488,589,091.64	54.58	406,586,834.70
Including: Aging portfolio	786,100,488.44	87.82	450,127,545.78	57.26	335,972,942.66
Risk exposure portfolio such as collateral	<u>109,075,437.90</u>	<u>12.18</u>	<u>38,461,545.86</u>	<u>35.26</u>	<u>70,613,892.04</u>
Total	<u><u>895,175,926.34</u></u>	<u><u>100.00</u></u>	<u><u>488,589,091.64</u></u>	<u><u>54.58</u></u>	<u><u>406,586,834.70</u></u>

Item	Book balance		Opening Balance Bad debt provision		Book value
	Amount	Ratio (%)	Amount	Ratio (%)	
Accounts receivable for which anticipated credit losses were provisioned on a portfolio basis	896,199,217.42	100.00	490,427,911.35	54.72	405,771,306.07
Including: Aging portfolio	843,277,315.54	94.09	474,560,442.71	56.28	368,716,872.83
Risk exposure portfolio such as collateral	<u>52,921,901.88</u>	<u>5.91</u>	<u>15,867,468.64</u>	<u>29.98</u>	<u>37,054,433.24</u>
Total	<u><u>896,199,217.42</u></u>	<u><u>100.00</u></u>	<u><u>490,427,911.35</u></u>	<u><u>54.72</u></u>	<u><u>405,771,306.07</u></u>

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

(1) Aging portfolio

Aging	Book Balance	Ending Balance Provision for bad debt	Accrual Ratio (%)
Within 1 year	306,386,002.59	8,720,388.13	2.85
1 to 2 yeas	30,508,849.52	7,956,763.02	26.08
2 to 3 yeas	12,840,277.38	7,551,665.14	58.81
Over 3 years	<u>436,365,358.95</u>	<u>425,898,729.49</u>	<u>97.60</u>
Total	<u><u>786,100,488.44</u></u>	<u><u>450,127,545.78</u></u>	<u><u>57.26</u></u>

(2) Risk exposure portfolio such as collateral

Name of portfolio	Ending Balance	Provision for bad debt	Accrual Ratio (%)
Risk exposure portfolio such as collateral	<u>109,075,437.90</u>	<u>38,461,545.86</u>	<u>35.26</u>
Total	<u><u>109,075,437.90</u></u>	<u><u>38,461,545.86</u></u>	<u><u>35.26</u></u>

3. Age Disclosure of Accounts Receivable

Aging	Accounts Receivable	Ending Balance Provision for bad debt	Accrual Ratio (%)
Within 1 year	350,897,587.37	14,049,913.13	4.00
1 to 2 yeas	46,591,205.34	16,610,910.00	35.65
2 to 3 yeas	17,911,823.80	12,623,211.56	70.47
Over 3 years	<u>479,775,309.83</u>	<u>445,305,056.95</u>	<u>92.82</u>
Total	<u><u>895,175,926.34</u></u>	<u><u>488,589,091.64</u></u>	<u><u>54.58</u></u>

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

Item	Beginning balance	Increase: Provision	Changes in the current period			Ending Balance
			Decrease: roll-out	Decrease: Write off	Decrease: Other changes	
Accounts receivable for which anticipated credit losses were provisioned on a portfolio basis	490,427,911.35	12,486,271.42		3,898,253.00	10,426,838.13	488,589,091.64
Including: Aging portfolio	474,560,442.71	-10,449,239.02		3,898,253.00	10,085,404.91	450,127,545.78
Risk exposure portfolio such as collateral	15,867,468.64	22,935,510.44			341,433.22	38,461,545.86
Total	<u>490,427,911.35</u>	<u>12,486,271.42</u>		<u>3,898,253.00</u>	<u>10,426,838.13</u>	<u>488,589,091.64</u>

5. Accounts receivable write-off in current reporting period

Item	Amount of written off
Accounts receivable write-off	<u>3,898,253.00</u>

The important write-off of accounts receivable is as follows:

Company	The nature of accounts receivable	Amount of write-off	Reason for write-off	Write-off procedures	Due to related party transactions
Liaoning Shunxing heavy engine crankshaft Co., Ltd	Payment for goods	2,176,476.91	Uncollectible	Internal Approval	No
Haian Zhongji Pufa crankshaft Co., Ltd	Payment for goods	1,560,063.62	Uncollectible	Internal Approval	No
FAW Jingye Engine Co., Ltd	Payment for goods	86,242.00	Uncollectible	Internal Approval	No
YTO (Luoyang) handling machinery Co., Ltd	Payment for goods	75,470.47	Uncollectible	Internal Approval	Yes

6. Details of Top Five Accounts Receivable with the Ending Balance Classified by the Borrowers

Company	Ending Balance	Percentage of ending balance of accounts receivable (%)	Bad debt provision
Liaoning Dongsheng mechanical equipment Co., Ltd	81,470,181.00	9.10	81,470,181.00
Urumqi Shifeng Agricultural Machinery Equipment Co., Ltd	62,183,376.45	6.95	62,183,376.45
Ningxia Boxin Hengtong mechanical equipment Co., Ltd	58,894,264.98	6.58	58,894,264.98
Weichai Power company limited	22,779,436.71	2.54	318,567.76
Cuba TECNOIMPORT	24,922,379.40	2.78	12,979,418.24
Total	<u>250,249,638.54</u>	<u>27.96</u>	<u>215,845,808.43</u>

Note 3. Accounts payable

1. Classification of accounts payable by nature

Item	Ending Balance	Opening Balance
Purchase payment payable	1,160,059,432.13	1,116,711,556.82
Purchase of construction equipment payable	57,403,648.63	65,193,459.38
Service fee payable	33,058,216.05	11,507,463.92
Others	1,928,951.77	1,417,445.45
Total	<u>1,252,450,248.58</u>	<u>1,194,829,925.57</u>

2. Accounts payable with significant amount aged over 1 year

Company name	Ending balance	Reason for not paid or reversed
Hong Kong LLAFF INTERNATIONAL CO.,LTD	<u>26,233,915.81</u>	<u>Unsettled</u>
Total	<u>26,233,915.81</u>	<u></u>

Note 6. Income tax expenses**1. Income tax expenses**

Item	Amount in this year	Amount in last year
Current income tax expenses	30,790,507.02	41,240,790.25
Deferred income tax expense	25,320,206.47	8,596,134.66
Others		384,975.34
	<hr/>	<hr/>
Total	<u>56,110,713.49</u>	<u>50,221,900.25</u>

2. Reconciliation between accounting profit and income tax expenses

Item	Amount in this year
Total profit	182,623,838.91
Income tax expenses at statutory/applicable tax rates	45,655,959.74
Effect of different tax rates applicable to subsidiaries	-4,841,560.21
Effect of adjustment to income tax for prior period	3,481,184.11
Effect of income not subject to tax	-8,583,402.24
Effect of non-deductible costs, expenses and losses	7,719,948.30
Effect of utilization of deductible losses for which no deferred income tax assets have been recognized in prior period	-47,717,184.53
Effect of deductible temporary differences or deductible losses for which no deferred tax assets have been recognized in current period	95,336,955.10
Super deduction on research and development expenses	-36,010,506.84
Others	1,069,320.06
Income tax expenses	<u>56,110,713.49</u>

Note 7. Net current assets

Item	Ending Balance	Opening Balance
Current assets	6,415,221,116.11	7,532,344,445.11
Less: current liabilities	6,307,588,978.88	7,185,451,961.61
Net current assets	<u>107,632,137.23</u>	<u>346,892,483.50</u>

Note 8. Total assets minus current liabilities

Item	Ending Balance	Opening Balance
Total assets	11,629,022,385.51	13,169,623,915.72
Less: current liabilities	6,307,588,978.88	7,185,451,961.61
Total assets minus current liabilities	<u>5,321,433,406.63</u>	<u>5,984,171,954.11</u>

Note 9. Segment information

1. Financial information of reporting segments

Item	Ending balance/amount for current period					Total
	Agricultural machinery	Power machinery	Other machinery	Finance service	Elimination among segments	
1. Total operating revenue	5,256,505,013.19	1,390,953,795.33	3,773,491.59	150,784,998.41	-971,842,178.88	5,830,175,119.64
Including: Revenue from transactions with external parties	4,914,402,751.34	818,793,890.49	3,747,335.84	93,231,141.97		5,830,175,119.64
Revenue between segments						
Revenue from inter-segment transactions	342,102,261.84	572,159,904.84	26,155.75	57,553,856.44	-971,842,178.88	-
Loss of credit impairment	-178,021,969.78	-4,361,634.65	8,786,952.70	-26,689,076.39	166,028,868.69	-34,256,859.43
Loss on impairment of assets	-81,366,754.77	214,418.72	-740,669.48	-	-8,250.96	-81,901,256.49
Depreciation and amortisation expenses	286,874,118.70	55,735,703.90	356,154.84	721,850.44		343,687,827.88
2. Total profit (Loss)	-115,702,911.37	46,399,001.68	10,105,542.46	42,655,158.44	199,167,047.70	182,623,838.91
3. Income tax expense	49,102,574.75	13,264,952.90	-	-6,240,440.01	-16,374.15	56,110,713.49
4. Net profit (Loss)	-164,805,486.12	33,134,048.78	10,105,542.46	48,895,598.45	199,183,421.85	126,513,125.42
5. Total assets	9,789,289,178.57	2,448,088,728.55	9,593,340.85	4,199,650,057.41	-4,817,598,919.87	11,629,022,385.51
6. Total liabilities	6,308,105,364.52	893,883,605.16	292,147,602.81	3,373,886,160.35	-4,022,866,136.78	6,845,156,596.06
7. Other significant non-cash items	242,002,188.14	48,487,647.06	12,000.00	24,681.42	-	290,526,516.62
1. Non-cash expenses other than depreciation and amortisation	25,608,091.64	9,999,854.09	12,000.00			35,619,945.73
2. Capital expenditure	216,394,096.50	38,487,792.97		24,681.42		254,906,570.89

Note 10. Net asset returns and Earnings per share

Profit for the Reporting Period	Weighted average return on net assets (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to holders of ordinary shares of the Company	1.52	0.0624	0.0624
Net profit attributable to holders of ordinary shares of the Company (after deducting non-recurring gains and losses)	-6.22	-0.2549	-0.2549

Note 11. Dividends

The board of directors of the Company will make proposal on whether the Company should distribute dividends in 2019 and the Company's dividend distribution plan for 2019 (where applicable) based on the audited financial figures set out in the Annual Report for the year ended 31 December 2019.

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

In 2019, the total business income of agricultural machinery enterprises above designated size in China was RMB246.467 billion, representing a decrease of 4.43% as compared with that of 2018, and seeing a negative growth. The agricultural machinery market continued to be depressed, the market demand for traditional agricultural machinery products was weak and the industry was still in a period of intensified adjustment.

According to the industry data of China Association of Agricultural Machinery Manufactures (中國農機工業協會), the total sales volume of hi-powered and mid-powered tractors in tractor industry for 2019 was 191,500 units, representing an increase of 7.12% year on year. Despite a modest rebound in tractor sales after five consecutive years of decline, the stock market was still clearly characterized by insufficient momentum for sustained growth. At the same time, due to factors including the homogenization of products, low price competition and high costs of various elements, the profit-making space of enterprises was limited, so it was difficult to realize profit.

During the Reporting Period, in response to the complicated and severe internal and external situations, the whole Company was in a concerted effort to advance in the adverse situation. On one hand, the Company focused on the market, making every effort to increase market share; on the other hand, it focused on management, strictly controlling various costs and expenses; at the same time, it also accelerated the disposal of inefficient assets and reduced loss-making operations in an effective manner, resulting in a significant improvement in the Company's operating results as compared with last year. In 2019, the Company realized total revenue of RMB5,830 million, representing an increase of 2.62% year on year, and net profit attributable to shareholders of the listed company was RMB61,475,400. After a huge loss in 2018, the operating efficiency of the Company showed recovery growth, representing a turn from loss to profit.

(I) Insisting on the innovation drivers and consolidating the leading position in the industry of tractor business

The Company actively grasped the changes in demand of market and customer, optimized the marketing management model, strengthened the awareness of occupying market of the front-line marketing sector, accelerated response to the market, enhanced the effectiveness of marketing strategies, and strived to increase the product sales volume and increase market shares. The Company effectively developed the advantages in product technology, built up the advantages in quality and cost through the implementation of high-quality projects, enhanced the competitiveness of the product market, and further consolidated the position of industrial advantages of Dongfanhong tractor products. It sold 41,900 units of hi-powered and mid-powered tractors throughout the year, with a growth rate of 10.78%, which was 4.23 percentage points higher than the industry level, and the market share increased by 0.83 percentage points.

The Company adhered to innovation-driven development, accelerated the research and development of technology along with transformation and application of achievements. During the Reporting Period, the localization of power-shift tractor has been basically completed, and it has been put into trial production; the big data management platform for intelligent tractor was gradually established to promote the commercial application of intelligent control technology. At the same time, the Company actively promoted the special service plan for agriculture, and delivered 185 units of Dongfanghong LX904 self-propelled tractors to Huishuangli Agricultural Machinery Cooperative (匯雙利農機合作社) in Khorchin, Tongliao City, Inner Mongolia, thus realizing the first large-scale application of the self-driving tractor in China, which will promote the development of intelligent agricultural machinery, precision agriculture and smart agriculture.

(II) Optimizing the product platform for the power machinery business, and accelerating the improvement of the market supporting structure

The Company focused on promoting the structural adjustment and platform optimization of National III and National IV common-rail diesel engine. Tested in filed operation, National III common-rail diesel engine platform were equipped with a superior performance. The stereotyped supporting structure and the first prototype of the respective typical platforms of National IV diesel engine have been completed, and currently have qualified for the comprehensive swift conditions and main engine supporting capabilities. During the Reporting Period, the Company's "Dongfanghong" hi-powered wheeled tractors equipped with National IV diesel engines were put on the market experimentally, marking that the Company was at the forefront of the industry in the domestic non-road National IV agricultural machinery R & D and application fields.

The Company made more efforts to the market expansion of supporting products of diesel engine. Through the implementation of "sales-technology integration" and the improvement of the quality management and quality control, the recognition of Dongfanghong diesel engine product market has increased significantly, and key customers have realized the shifts among a full range of National III common-rail diesel engines. During the Reporting Period, the Company's diesel engine products sold 90,252 units, of which the supporting sales from the external market increased by 15.87% as compared with the corresponding period of last year.

(III) Financial operation adheres to support for business development, further improving the risk prevention capability

During the Reporting Period, YTO Finance adhered to play its role of financial services to promote the sale of products by utilizing financial instruments, thereby promoting the sales of products, which boosted an increase of product revenue amounting to approximately RMB1,180,244,000 with a year-on-year increase of 116.83% while doing well in the centralized management of funds and the settlement centre business within the Group. Meanwhile, YTO Finance continued to strengthen comprehensive risk prevention, and implemented contingency plans to address such risks in a timely manner centered around new and sudden risk emergencies; to perform specific risk screening in investment, guarantee and major operating businesses and other fields, and strictly control the adverse effects of risk events on the Company's operations. All regulatory indicators satisfy the regulatory requirements of China Banking and Insurance Regulatory Commission.

(IV) Adhere to exert our best to strengthen management for gradually improving the quality of economic operation

The Company strived to handle the outstanding practical problems that restrict the reverse of loss and the increase of profit. During the Reporting Period, the Company reduced its comprehensive procurement costs by locking prices, establishing reserves and collective centralized procurement; improved the volume of external accessories and the utilization rate of productivity in components and parts and other businesses, so as to reduce the number and amount of business loss; strengthened lean production management and intensified the awareness of cost reduction, thus to achieve significant reductions in various expenditures during the process of production and manufacture; and strictly controlled the trade receivables and the occupation scale of inventory capital, so as to improve the efficiency of capital utilization.

Benefitting from the continuous optimization of the Company's personnel structure and strong implementation of measures such as cost reduction in procurement, product process optimization, quality improvement, and internal management intensification, the Company's profitability of dominant product leveled up significantly, and the comprehensive gross profit margin of the dominant products improved approximately 8.2% as compared with the corresponding period of last year. At the same time, the period expenses were effectively controlled, and the expenses rate for the Period decreased 11.5% as compared with the corresponding period of last year.

(V) Thoroughly promote enterprise reform and create favorable space for business development

The Company put more efforts in reforming adjustment, and vigorously proceeded with the disposal of low efficient assets and the optimization of equity interest. During the Reporting Period, according to positioning and market changes of business development, in order to advance the sound development of relevant businesses and promote the disposal of resources with spare productivity, the Company completed the transfer and exit of equity of its subsidiaries Transportation Machinery Company (搬運機械公司), YTO (Xinjiang) Machinery and Xiyuan Company, respectively.

The Company promoted in an orderly manner the construction of an international operating system, by formulating the special plan of international operation, focused on providing high adaptability and cost-effective products and services for overseas users, actively dealt with the export products R&D and the improvement of adaptability, thus achieving good results in some regional markets such as southeast Asia, central and eastern Europe.

The Company strengthened the top-level design in deepening the enterprise reform, creating an atmosphere for the enterprise's sound and healthy development. During the Reporting Period, the Company further perfected the performance evaluation system driven by benefit and efficiency, stimulated the initiative of managers of affiliated operating units, motivated the enthusiasm of core technical backbones and marketing teams and achieved active results.

THE DEVELOPMENT STRATEGY AND 2020 BUSINESS PLAN OF THE COMPANY

2020 will be the year when China completes the building of a moderately prosperous society in all respects, and also be an important year for concluding the "13th Five-Year Plan" and laying a solid foundation for the development of the "14th Five-Year Plan". As the most influential agricultural machinery manufacturing company in China, First Tractor will adhere to the principle of seeking progress while keeping performance stable, focusing on the development idea of "intelligent-driven, collaborative innovation and efficiency increased", taking the improvement of product quality as foundation, the improvement of market competitiveness as the core, the intelligent agricultural equipment as the starting point, and technological collaborative innovation as the means so as to accelerate the technological update of core products, continue to lead the progress in industry technology, strengthen international operating ability and improve the leading advantages in the industry. At the same time, the Company will promote the formation of its development structure of "outstanding core business, moderate diversity, solid foundation, and efficient operation", and strive to become an outstanding global agricultural equipment manufacturing service provider.

In 2020, the Company will continue to implement the series of national policy measures, such as the major deployment of “Rural Revitalization” Strategy, promotion of the supply-side structural reform in the agricultural sector and transformation and development of the industry of agricultural machinery equipment and effectively achieve success in the key work of operation and management, strive to maintain a good momentum of sustained and healthy development of the enterprise, laying a solid foundation for high-quality and sustainable development.

(I) Making market-oriented development and enhancing the market competitiveness of leading products

As for tractor products, while accelerating the pace of technical upgrading of power-shift tractors, CVT variable transmission control tractors, high-quality tractors and other products, and the layout of intelligent products, taking advantage in R&D, core parts manufacture and large-scale purchases of the Company, the Company will continue to optimize product design, strengthen the products’ reliability and enhance the cost performance of products by way of further insight in changes of market needs and win the customers’ trust and increase the market share through the high-quality products as well as the high-efficiency services.

As for diesel engine products, the Company will continuously carry out the various work including products upgrade, technical reserves, quality improvement and market expansion, make overall plan to expand National III common-rail diesel engine market, prepare for the conversion of National IV series products and develop new platforms for the new generation of National V. While doing well in the supporting products of main unit of the Company, the Company will convert the deep understanding of the agricultural machinery industry to the product auxiliary advantage, thereby increasing the external supporting shares; it will get full ready for the conversion of National IV in terms of R & D, manufacturing and marketing, and accelerate the research and development of commercialization of National V diesel engines and maintain the leading advantage on technology.

(II) Implementing special international plan and striving to make breakthroughs in international markets

Firstly, the Company will implement the special international plan, accelerating breakthroughs in key overseas markets, promoting the layout of key overseas markets, and exploring the transformation from simple international trade to “international trade + overseas marketing + overseas manufacturing.” Secondly, the Company will expand key overseas market channels and speed up the adaptation advancement and quality improvement of export products based on further market research in key regions. Thirdly, the Company will strengthen the talent team building for international operations, establish the international training mechanism for professional and technical talents, and improve the

remuneration incentive mechanism for international marketing personnel. Fourthly, the Company will also optimize the international market entry mode and actively participate in agricultural development and cooperation projects by means of “going global by resources sharing” and “going global by forming alliances”.

(III) Striving to improve quality and efficiency and maintaining stable operation and healthy development

Firstly, the Company will strengthen cost management and control. Focusing on key sections including control of technology cost, procurement cost, labour cost and production process cost, and financial cost reduction, it will improve the profitability of the product value chain by implementing target cost management system, innovating cost control model and mechanism, and refining the target of cost and expense reduction. Secondly, the Company will enhance the governance of loss-making enterprises, keeping an eye on the improvement of operations, actively realizing the objective of improving quality and efficiency, and establishing and improving the long-term mechanism of turning losses into profits and increasing efficiency; it will optimize the rational allocation of resources, promote the disposal of inefficient and inefficacious assets and the optimization of business integration, reduce the operating cost and improve the operating efficiency of assets. Thirdly, the Company will strictly control the volume of accounts receivable and inventory and effectively realize the reduction target of overdue accounts receivables and abnormal inventories. Fourthly, the Company will improve the joint mechanism between remuneration and benefit, establish the performance evaluation system combining operational benefit and development quality, improve classified performance management, implement differentiated evaluation and assessment, and stimulate the internal vitality of employees. At the same time, the Company will firmly establish the red line awareness and bottom line thinking improve the corporate risk prevention and control capability, enhance the risk warning mechanism, strengthen the bottom line for major risk prevention, to reduce the impact of various risk events on the operation of the enterprise and realize a stable and orderly development of the Company.

ANALYSIS OF FINANCIAL RESULTS

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

Unit: Yuan Currency: RMB

Item	For the Reporting Period	For the corresponding period of last year	Change (%)
Total operating revenue	5,830,175,119.64	5,681,547,536.68	2.62
Operating revenue	5,736,943,977.67	5,540,998,393.26	3.54
Operating costs	4,808,281,175.55	5,098,425,607.81	-5.69
Interest income	89,290,344.59	138,092,137.95	-35.34
Fees and commission income	3,940,797.38	2,457,005.47	60.39
Interest expenses	33,252,713.00	12,455,994.16	166.96
Selling expenses	305,526,565.26	461,866,175.50	-33.85
Administrative expenses	382,371,302.74	764,198,051.29	-49.96
Research and development expenses	356,609,547.39	378,394,140.28	-5.76
Financial expenses	61,706,462.37	105,047,052.79	-41.26
Other income	94,223,622.26	36,623,032.72	157.28
Investment income (Loss listed as “-”)	242,395,344.85	19,158,702.59	1,165.20
Gain from changes in fair value (Loss listed as “-”)	85,687,735.18	10,081,083.66	749.99
Loss on impairment of assets (Loss listed as “-”)	-81,901,256.49	-172,393,654.35	N/A
Loss of credit impairment (Loss listed as “-”)	-34,256,859.43	-59,449,904.60	N/A
Asset disposal income	797,468.07	196,944.39	304.92
Net cash flow from operating activities	330,731,669.68	-384,397,747.85	N/A
Net cash flow from investing activities	1,193,116,999.96	-546,269,548.64	N/A
Net cash flow from financing activities	-1,686,589,779.50	-734,842,075.84	N/A

Operating income and operating costs: increased by 3.54% and decreased by 5.69% as compared with the corresponding period of last year, respectively; recorded comprehensive gross profit margins of 16.19%, representing a year-on-year increase of 8.2 percentage points, primarily attributable to the strict control and management of costs and expenses and the high standards of expenditure by the Company. The effect of cost reduction and efficiency enhancement was remarkable.

Interest income: decreased by 35.34% as compared with the corresponding period of last year, mainly due to the decrease in deposits of inter-bank income by YTO Finance during the Reporting Period as compared with the corresponding period of last year, resulting in the corresponding decrease in interest income received.

Interest expenses: increased by 166.96% as compared with the corresponding period of last year, mainly due to the increase in deposits and inter-bank deposits absorbed by YTO Finance during the Reporting Period, resulting in the corresponding increase in interest paid.

Other income: increased by 157.28% as compared with the corresponding period of last year, mainly due to the increase in government subsidies that were related to the daily operation of enterprises during the Reporting Period as compared with the corresponding period of last year.

Investment income: increased by RMB223.24 million as compared with the corresponding period of last year, mainly due to the investment income of RMB212,200,000 resulting from the disposal of equity interests of subsidiaries during the Reporting Period, which did not occur in the same period last year.

Income arising from changes in fair value: increased by 749.99% as compared with the corresponding period of last year, mainly due to the year-on-year increase in profit from financial assets held for trading by the Company arising from changes in fair value.

Impairment loss of assets: decreased by RMB90.49 million as compared with the corresponding period of last year, mainly due to the decrease in provision for inventory revaluation resulting from de-stocking during the Reporting Period as compared with the corresponding period of last year.

Loss of credit impairment: decreased by RMB25.19 million as compared with the corresponding period of last year, mainly due to the reversal of corresponding impairment provision resulting from the recovery of certain long-aged accounts receivable during the Reporting Period.

2. Operating Revenue

During the Reporting Period, the Company realized an operating revenue of RMB5,736.94 million, representing a increase of 3.54% as compared with the corresponding period of last year, mainly due to the increased sales volume of all kinds of products of the Company.

3. Costs

Cost analysis

(1) By industry

Unit: Ten thousand Yuan Currency: RMB

By industry	Cost items	Amount for the Reporting Period	Amount for the Reporting Period as a percentage of total costs (%)	Amount for the corresponding period of last year	Amount for the corresponding period of last year as a percentage of total costs (%)	Year-on-year change (%)
Equipment manufacturing industry	Materials	484,591	84.68	492,677	82.74	1.94
Equipment manufacturing industry	Labour	32,456	5.67	40,330	6.77	-1.10
Equipment manufacturing industry	Production costs	55,211	9.65	62,428	10.48	-0.84

(2) By product

By product	Cost items	Amount for the Reporting Period	Amount for the Reporting Period as a percentage of total costs (%)	Amount for the corresponding period of last year	Amount for the corresponding period of last year as a percentage of total costs (%)	Year-on-year change (%)
Agricultural machinery	Materials	379,935	84.85	393,787	83.11	1.74
Agricultural machinery	Labour	25,316	5.65	31,560	6.66	-1.01
Agricultural machinery	Production costs	42,515	9.49	48,469	10.23	-0.73
Power machinery	Materials	104,291	84.02	98,205	81.22	2.81
Power machinery	Labour	7,137	5.75	8,762	7.25	-1.50
Power machinery	Production costs	12,693	10.23	13,948	11.54	-1.31
Other machinery	Materials	364	98.75	685	97.13	1.62
Other machinery	Labour	2	0.52	8	1.20	-0.68
Other machinery	Production costs	3	0.73	12	1.67	-0.94

Note: The data set out above are figures before inter-segment elimination.

Explanation on other situations on cost analysis

Agricultural machinery: during the Reporting Period, in line with the Company's optimization of staff structure and disposal of certain assets, the total remuneration and manufacturing expenses of production personnel showed a downward trend over the same period.

Power machinery: during the Reporting Period, the Company increased its efforts to optimize staff structure and dispose of assets, leading to a downward trend in the proportion of labor and manufacturing expenses.

Other machinery: during the Reporting Period, in response to the shrinking sales volume of other machinery of the Company, the Company transformed and restructured the segment, leading to a significant decrease in labour and manufacturing costs.

4. Expenses

Unit: Yuan Currency: RMB

Item	Amount for the Reporting Period	Amount for the corresponding period of last year	Change in amounts	Change (%)
Selling expenses	305,526,565.26	461,866,175.50	-156,339,610.24	-33.85
Administrative expenses	382,371,302.74	764,198,051.29	-381,826,748.55	-49.96
Research and development expenses	356,609,547.39	378,394,140.28	-21,784,592.89	-5.76
Financial expenses	61,706,462.37	105,047,052.79	-43,340,590.42	-41.26

During the Reporting Period, the Company's total expenses were RMB1,106.21 million, representing a decrease of RMB603.29 million or approximately 35.29% as compared with the corresponding period of last year.

Selling costs: decreased by 33.85% as compared with the corresponding period of last year, mainly due to the Company's enhancement of improvement of technology and thus with continuous improvement of the quality of products, resulting in a year-on-year decrease in selling service fee.

Administrative expenses: decreased by 49.96% as compared with the corresponding period of last year, mainly due to the fact that the Company streamlined staff structure according to business needs and put more effort in staff diversion and reduction, resulting in a year-on-year decrease in the provision for employee compensation and termination expenses during the Reporting Period.

Finance expenses: decreased by 41.26% as compared with the corresponding period of last year, mainly due to the decrease in the size of loans of the Company during the Reporting Period, and the decrease in interest expenses year on year; and the fact that the Company improved the effectiveness of capital utilization during the Reporting Period, resulting in a year-on-year increase in interest income.

5. Research and development investment

Analysis on research and development investment

Unit: Yuan Currency: RMB

Research and development investment expensed for the Reporting Period	356,609,547.39
Research and development investment capitalized for the Reporting Period	0.00
Total research and development investment	356,609,547.39
Total research and development investment as a percentage of operating revenue (%)	6.22
Number of research and development personnel of the Company	1,295
Number of research and development personnel as a percentage of total staff of the Company (%)	17.02
Ratio of research and development investment capitalized (%)	0.00

Explanation:

During the Reporting Period, the Company's research and development expenses decreased by 5.76% as compared with the corresponding period of last year, while the total research and development investment as a percentage of the operating revenue decreased by 0.61 percentage points, while still maintaining a relatively large amount of research and development investment, which was mainly attributable to the research and development investment made by the Group in tractor and other products to improve core competitiveness of its products with an aim to facilitate business transformation and upgrading.

6. Cash Flow

Unit: Yuan Currency: RMB

Item	Amount for the Reporting Period	Amount for the corresponding period of last year	Change in amounts	Change (%)
Net cash flow from operating activities	330,731,669.68	-384,397,747.85	715,129,417.53	N/A
Net cash flow from investing activities	1,193,116,999.96	-546,269,548.64	1,739,386,548.60	N/A
Net cash flow from financing activities	-1,686,589,779.50	-734,842,075.84	-951,747,703.66	N/A

Net cash flow from operating activities: the outflow decreased by RMB715.13 million as compared with the corresponding period of last year, mainly due to the year-on-year increase in net flow generated from the Company's sales of goods during the Reporting Period.

Net cash flow from investing activities: the inflow increased by RMB1,739.39 million as compared with the corresponding period of last year, mainly due to the year-on-year increase in cash inflow from the Company's disposal of the equity interests of subsidiaries during the Reporting Period.

Net cash flow from financing activities: the outflow increased by RMB951.75 million as compared with the corresponding period of last year, mainly due to the year-on-year decrease in the Company's financing scale during the Reporting Period.

7. Analysis on Operation by Industry, Products Or Region

Principal Businesses by Industry, by Products and by Region

Unit: Ten thousand Yuan Currency: RMB

Principal businesses by industry

By industry	Operating revenue	Operating cost	Gross profit margin (%)	Increase/decrease in operating revenue year-on-year (%)	Increase/decrease in operating cost year-on-year (%)	Increase/decrease in gross profit margin year-on-year (%)
Equipment manufacturing industry	573,694	480,828	16.19	3.54	-5.69	8.2

Principal businesses by product

By product	Operating revenue	Operating cost	Gross profit margin (%)	Increase/decrease in operating revenue year-on-year (%)	Increase/decrease in operating cost year-on-year (%)	Increase/decrease in gross profit margin year-on-year (%)
Agricultural machinery	525,651	447,767	14.82	3.35	-5.50	7.98
Power machinery	139,095	124,121	10.77	7.02	2.65	3.8
Other machinery	377	369	2.27	-66.45	-47.67	-35.08
Inter-segment elimination	-91,429	-91,429	/	/	/	/
Total	573,694	480,828	16.19	3.54	-5.69	8.2

Principal businesses by region

By region	Operating revenue	Operating cost	Gross profit margin (%)	Increase/decrease in operating revenue year-on-year (%)	Increase/decrease in operating cost year-on-year (%)	Increase/decrease in gross profit margin year-on-year (%)
In the PRC	544,370	455,927	16.25	7.78	6.81	0.85
Outside the PRC	29,324	24,901	15.08	-56.38	-55.37	-1.91

8. Analysis on assets and liabilities

Unit: Yuan Currency: RMB

Item	Balance at the end of the Reporting Period	Balance at the end of the Reporting Period as a percentage of total assets (%)	Balance at the end of the corresponding period of last year	Balance at the end of the corresponding period of last year as a percentage of total assets (%)	Year-on-year change	Reasons for the changes
Lendings to banks and other financial institutions	70,000,000.00	0.60	200,000,000.00	1.52	-65.00	YTO Finance recovered borrowings to banks and other financial institutions
Derivative financial assets	0.00	0.00	578,743.73	0.00	-100.00	Foreign-currency borrowings with exchange-rate locking agreements were due for repayment
Notes receivable	352,201,737.77	3.03	523,719,132.77	3.99	-32.75	Decrease in bills settlement
Advances to suppliers	175,282,225.34	1.51	107,561,199.88	0.82	62.96	Prepayments for purchases increased as compared with the beginning of the year
Other receivables	38,657,541.73	0.33	65,741,038.66	0.50	-41.20	Partial recovery of receivables
Financial assets purchased under resale agreements	671,668,502.78	5.78	150,203,731.40	1.14	347.17	Increase in financial assets purchased by YTO Finance under resale agreements
Non-current assets due within one year	250,465,409.57	2.15	184,159,312.46	1.40	36.00	Increase in long-term receivables due within one year
Other current assets	1,067,152,153.18	9.18	2,017,266,694.07	15.35	-47.10	Decrease in financial products
Investment in other equity instruments	3,871,238.40	0.03	0.00	0.00	N/A	Increase in equity investment
Construction in progress	128,990,466.09	1.11	232,816,443.52	1.77	-44.60	Transfer of construction in progress to fixed assets
Right-of-use assets	18,945,867.20	0.16	0.00	0.00	N/A	Recognition of right-of-use assets by the Company as a lessee
Short-term loans	1,419,528,065.30	12.21	2,777,516,101.13	21.14	-48.89	Partial repayment of short-term borrowings
Derivative financial liabilities	0.00	0.00	2,727,592.84	0.02	-100.00	Foreign-currency borrowings with exchange-rate locking agreements were due for repayment
Contract liabilities	177,743,289.89	1.53	369,490,638.57	2.81	-51.90	Fulfillment and delivery of some orders
Employee salary payable	104,615,621.71	0.90	189,486,846.96	1.44	-44.79	Termination benefits paid by the Company

Item	Balance at the end of the Reporting Period	Balance at the end of the Reporting Period as a percentage of total assets (%)	Balance at the end of the corresponding period of last year	Balance at the end of the corresponding period of last year as a percentage of total assets (%)	Year-on-year change	Reasons for the changes
Taxes payable	34,716,241.84	0.30	24,562,534.28	0.19	41.34	Year-on-year increase in income tax payable as a result of increase in profits of subsidiaries
Non-current liabilities due within one year	649,035,505.95	5.58	76,664,479.21	0.58	746.59	Increase in long-term borrowings due within one year
Long-term loans	139,077,500.00	1.20	868,473,000.00	6.61	-83.99	Decrease in long-term borrowings due after more than one year
Lease liabilities	64,384.18	0.00	0.00	0.00	N/A	Recognition of lease liabilities by the Company as lessee
Estimated liabilities	2,652,542.65	0.02	3,981,625.85	0.03	-33.38	Settlement of certain liabilities
Special reserve	2,230,000.31	0.02	3,274,006.51	0.02	-31.89	Decrease in appropriation to special reserve
General risk reserve	25,104,151.50	0.22	0.00	0.00	N/A	Appropriation to general risk reserve by YTO Finance

(1) Key financial ratios

Item	As at the end of the Reporting Period	As at the beginning of the Year	Year-on-year change
Gearing ratio (%)	58.86	64.65	Decreased by 5.79 percentage points
Current ratio	1.02	1.05	Decreased by 0.03
Quick ratio	0.86	0.85	Increased by 0.01

Reasons for ratios change:

Mainly due to the decrease in the financing scale of the Company during the Reporting Period, resulting in a decrease in gearing ratio.

(2) Bank loans

Bank loans of the Company are mainly denominated in RMB and Euro. As at the end of the Reporting Period, bank loans (principal) of the Company due within one year amounted to RMB2,040.8972 million, of which loans (principal) in foreign currency amounted to RMB40.8972 million (mainly consisting of loans denominated in Euro); and bank loans (principal) due over one year amounted to RMB139.0775 million.

RESTRICTIONS ON MAIN ASSETS AS AT THE END OF THE REPORTING PERIOD

As at the end of the Reporting Period, the Company's restricted cash and cash equivalents amounted to RMB280.9075 million, including guarantee letter deposits of RMB0.441 million, bank's acceptance bill deposits of RMB34.9133 million, letter of credit deposits of RMB2.4404 million, deposits for forward foreign exchange settlement of RMB1.05 million, the statutory deposit reserve with central bank of RMB210.3121 million, quality guarantee deposits of RMB1.7508 million and deposits frozen by court of RMB30 million.

As at the end of the Reporting Period, the Company's notes receivable of restricted ownership amounted to RMB27.3826 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 the 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 RMB76.2509 million, which were buildings and land mortgaged to banks for short-term loans granted to the Company during the Reporting Period.

FOREIGN EXCHANGE RISK

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

PRINCIPAL SOURCES AND USE OF FUNDS

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

REPURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor its subsidiaries repurchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

CORPORATE GOVERNANCE REPORT

During the Reporting Period, the Company strictly abided by 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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) in Appendix 10 to the Listing Rules of the Stock Exchange as its own code of conduct regarding securities transactions by the Directors. After making enquiries to, and as confirmed by all the Directors of the Company, no Director held shares of the Company. During the Reporting Period, all the Directors of the Company had strictly complied with the code of conduct in relation to the securities transactions by the Directors under the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Listing Rules of the Stock Exchange.

CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT DURING THE REPORTING PERIOD

On 3 March 2019, due to job allocation, Mr. Zhao Yanshui resigned as the Chairman, an executive Director, the chairman of the Strategy and Investment Committee and a member of the Nomination Committee of the Company; Mr. Zhu Weijiang resigned as an executive Director, a member of the Strategy and Investment Committee and the General Manager of the Company; Mr. Yao Weidong resigned as the Financial Controller of the Company. On 5 March 2019, the Company held the fourth meeting of the eighth session of the Board, and appointed Mr. Liu Jiguo as the General Manager of the Company for a term of office ending on the conclusion of the eighth session of the Board. (For details, please refer to the Announcement of First Tractor Company Limited in relation to the Resignation of the Chairman, the Announcement of First Tractor Company Limited in relation to the Resignation of Directors, General Manager and Financial Controller, Nomination of Candidates for Directors and Appointment of the General Manager and the Announcement of First Tractor Company Limited in relation to the Resolution of the Fourth Meeting of the Eighth Session of the Board all published by the Company on the website of the Shanghai Stock Exchange on 6 March 2019, and the Announcement in relation to the Resignation of the Chairman and an Executive Director, the Resignation of the General Manager and an Executive Director, the Resignation of Financial Controller, Appointment of the General Manager and Proposed Appointment of Executive Directors published by the Company on the website of the Stock Exchange on 5 March 2019)

On 30 March 2019, Mr. Li Kai resigned as a non-executive director and a member of the Remuneration Committee of the Company. (For details, please refer to the Announcement of First Tractor Company Limited in relation to the Resignation of a Director and Nomination of Candidate for Director published by the Company on the website of the Shanghai Stock Exchange on 3 April 2019, and the Announcement on the Resignation of a Non-Executive Director and Member of Remuneration Committee and Proposed Appointment of Executive Director published by the Company on the website of the Stock Exchange on 2 April 2019)

On 25 April 2019, as elected on the first extraordinary general meeting of the Company in 2019, Mr. Li Xiaoyu, Mr. Cai Jibo and Mr. Liu Jiguo were appointed as executive directors of the eighth session of the board of directors of the Company for a term of office ending on the conclusion of the eighth session of the Board. On the same day, Mr. Wu Yong resigned as the vice chairman and a member of the Strategic and Investment Committee, and remained as a director of the Company. On the same day, the Company held the seventh meeting of the eighth session of the Board, and elected Mr. Li Xiaoyu as the Chairman and Mr. Cai Jibo as the Vice Chairman of the Company; appointed Mr. Li Xiaoyu, Mr. Cai Jibo and Mr. Liu Jiguo as the members of the Strategic and Investment Committee of the eighth session of the Board and appointed Mr. Li Xiaoyu as the chairman of the Strategy and Investment Committee of the eighth session of the Board; appointed Mr. Li Xiaoyu as a member of the Nomination Committee of the eighth session of the Board; and appointed Mr. Cai Jibo as a member of the Remuneration Committee of the eighth session of the Board, all for a term of office ending on the conclusion of the eighth session of the Board. (For details, please refer to the Announcement of First Tractor Company Limited on Resolution of 2019 First Extraordinary General Meeting, the Announcement of First Tractor Company Limited in relation to the Resolution of the Seventh Meeting of the Eighth Session of the Board and the Announcement of First Tractor Company Limited in relation to the Resignation of Vice Chairman and Election of Chairman and Vice Chairman, all published by the Company on the website of the Shanghai Stock Exchange on 26 April 2019, and the Announcement on the Appointment of Chairman and Vice Chairman; Resignation of Vice Chairman and Member of Strategic and Investment Committee; Appointment of Members of Strategic and Investment Committee; Appointment of Chairman of Strategic and Investment Committee; Appointment of Member of Nomination Committee; and Appointment of Member of Remuneration Committee published by the Company on the website of the Stock Exchange on 25 April 2019)

On 4 June 2019, the Company held the ninth meeting of the eighth session of the Board, and appointed Ms. Zhao Junfen as the Financial Controller of the Company for a term of office ending on the conclusion of the eighth session of the Board. (For details, please refer to the Announcement of First Tractor Company Limited in relation to the Resolution of the Ninth Meeting of the Eighth Session of the Board published by the Company on the website of the Shanghai Stock Exchange on 5 June 2019)

On 15 July 2019, Mr. Wu Yong resigned as an executive director of the Company, Mr. Zhang Jiabin resigned as a supervisor and the Chairman of the Board of Supervisors of the Company, and Mr. Xu Weilin resigned as a supervisor of the Company. (For details, please refer to the Announcement of First Tractor Company Limited in relation to the Resignation of Director and Supervisors published by the Company on the website of the Shanghai Stock Exchange on 16 July 2019, and the Announcement on the Resignation of an Executive Director and Resignation of Supervisors published by the Company on the website of the Stock Exchange on 15 July 2019)

On 29 November 2019, the supervisory committee of the Company (the “Supervisory Committee”) held a meeting on 29 November 2019, and Mr. Zhang Hongsheng was appointed as the chairman of the Supervisory Committee, with a term of office commencing on 29 November 2019 to the date of expiry of the term of office of the eighth Supervisory Committee of the Company, being 28 October 2021. (For details, please refer to the Announcement of First Tractor Company Limited in relation to the Resolution of the Sixth Meeting of the Eighth Supervisory Committee published by the Company on the website of the Shanghai Stock Exchange on 30 November 2019, and the Announcement on the Appointment of Chairman of Supervisory Committee published by the Company on the website of the Stock Exchange on 29 November 2019)

EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the Reporting Period up to the date of this announcement.

DIVIDEND

The board of directors of the Company will make proposal on whether the Company should distribute dividends in 2019 and the Company’s dividend distribution plan for 2019 (where applicable) based on the audited figures set out in the Annual Report for the year ended 31 December 2019 (2018: nil).

OPERATION OF THE AUDIT COMMITTEE

During the Reporting Period, the Audit Committee under the Board convened seven meetings, with all members attending all meetings and fully expressing their opinions. Details are set out below:

Session of meeting	Date	Resolutions	Results
First meeting in 2019	2019.1.11	<ol style="list-style-type: none"> 1. Plan for preparation and disclosure of annual report of the Company in 2018 2. Plan for preparation of auditing of annual financial report of the Company in 2018 3. Work proposal for preparation of annual internal control evaluation of the Company in 2018 	
Second meeting in 2019	2019.3.26	<ol style="list-style-type: none"> 1. Proposal on provision for layoff benefits of the Company 2. Proposal on provision for asset impairment of the Company 3. The audited financial report of the Company in 2018. 4. The annual report of the Company in 2018 5. The annual internal control evaluation report of the Company in 2018 6. The execution report on continuing connected transactions of the Company in 2018 7. Determination of auditor's remuneration in 2018 and recommendations on the appointment of the financial advisor and internal control auditor of the Company in 2019 8. The performance report of the Audit Committee under the Board in 2018 	All were passed
Third meeting in 2019	2019.4.23	The first quarterly report of the Company in 2019	
Fourth meeting in 2019	2019.8.25	<ol style="list-style-type: none"> 1. The interim report of the Company in 2019 2. The execution report on connected transactions of the Company for the first half of 2019 	
Fifth meeting in 2019	2019.9.30	<ol style="list-style-type: none"> 1. Proposal on Transfer of 100% Equity in YTO (Xinjiang) Dongfanghong Equipment Machinery Company Limited (一拖(新疆)東方紅裝備機械有限公司) 2. Proposal on Transfer of 100% Equity in Luoyang Xiyuan Vehicle and Power Inspection Institute Co., Ltd. (洛陽西苑車輛與動力檢驗所有限公司) 	
Sixth meeting in 2019	2019.10.24	<ol style="list-style-type: none"> 1. The third quarterly report of the Company in 2019 2. Work proposal for preparation of annual internal control evaluation of the Company in 2019 	
Seventh meeting in 2019	2019.12.30	<ol style="list-style-type: none"> 1. Plan for preparation and disclosure of annual report of the Company in 2019 2. Plan for preparation of auditing of annual financial report of the Company in 2019 	

As at the date hereof, the Audit Committee under the eighth session of the Board of the Company has reviewed the unaudited figures in this preliminary announcement of the results of the Group for the year ended 31 December 2019.

REVIEW OF PRELIMINARY UNAUDITED RESULTS ANNOUNCEMENT

The auditor of the Group, Da Hua Certified Public Accountants (Special General Partnership), has agreed with the unaudited figures in this preliminary announcement of the results of the Group for the year ended 31 December 2019, which will be contained in 2019 Annual Report of the Group, and are consistent with the audited figures included in the auditors' report for the year ended 31 December 2019 prepared in accordance with the PRC Accounting Standards for Business Enterprises. The work performed by Da Hua Certified Public Accountants (Special General Partnership) in this respect did not constitute an assurance engagement in accordance with China Standards on Auditing for Chinese Certified Public Accountants, Auditing Standards for China Certified Public Accountants and Other Standards for Assurance Engagements of China Certified Public Accountants promulgated by the Ministry of Finance of the People's Republic of China. Therefore, other than the abovementioned opinion relating to agreement, Da Hua Certified Public Accountants (Special General Partnership) did not provide any assurance opinion on the preliminary unaudited results announcement.

DEFINITIONS

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

agricultural machinery	means	various machinery used in the crop farming and animal husbandry, and the primary processing of agricultural and animal products
auditor	means	the financial report auditor appointed by the Company, Da Hua Certified Public Accountants (Special General Partnership) as the Company's auditor for the year of 2019
CBIRC	means	China Banking and Insurance Regulatory Commission
Company	means	First Tractor Company Limited (第一拖拉機股份有限公司)
controlled subsidiary	means	a company held as to more than 50% shares or equity interest by the Company, or a company actually controlled by the Company through agreement and arrangement

CSRC	means	China Securities Regulatory Commission
diesel engine	means	internal combustion engine that uses diesel as fuel
Group	means	the Company and its controlled subsidiaries
H Shares	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
Hong Kong	means	the Hong Kong Special Administrative Region of the PRC
Listing Rules of the Stock Exchange	means	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
low-powered wheeled tractor	means	wheeled tractor with a power of less than 25 horsepower
mid-powered wheeled tractor	means	wheeled tractor with a power of 25 (inclusive) to 100 horsepower power
hi-powered wheeled tractor	means	wheeled tractor with a power of 100 (inclusive) horsepower or above
power machinery	means	products including diesel engine and fuel injection pump
PRC	means	the People's Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
Stock Exchange	means	The Stock Exchange of Hong Kong Limited
subsidiary	means	a subsidiary as defined under the Listing Rules of the Stock Exchange

YTO	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

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

Luoyang, the PRC
27 March 2020

As at the date of this announcement, the Board comprises Mr. Li Xiaoyu (Chairman), Mr. Cai Jibo (vice Chairman) and Mr. 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*