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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 2022**

### **FINANCIAL HIGHLIGHTS**

Total operating revenue: RMB6,630,331,281.57

Net profits attributable to the shareholders of the Company: RMB581,466,905.85

Earnings per share attributable to the shareholders of the Company: RMB0.5175

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 2022 together with the comparative figures for the corresponding period in 2021 (unless otherwise stated, the information 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 2022

Prepared by: First Tractor Company Limited

Item	Note	30 Jun 2022	31 Dec 2021
<b>Current assets:</b>			
Monetary Funds	Note 1	5,933,932,441.71	3,243,399,611.65
Lendings to Banks and Other Financial Institutions		2,960,000.00	23,320,000.00
Trading financial assets		683,083,007.31	1,038,970,988.74
Derivative financial assets			
Notes receivable		23,690,348.98	62,757,621.58
Accounts receivable	Note 2	987,261,556.75	301,661,736.48
Accounts receivable financing		244,073,462.48	216,495,094.89
Advances to suppliers		142,605,152.87	242,712,324.09
Other receivables		32,131,805.69	24,247,156.19
Buying back the sale of financial assets			360,643,454.77
Inventories		851,615,654.48	1,674,008,933.28
Contract assets			
Assets classified as held for sale			
Non-current assets due within one year		208,145,413.10	188,189,353.75
Other current assets		52,378,238.33	319,494,747.99
<b>Total current assets</b>		<b>9,161,877,081.70</b>	<b>7,695,901,023.41</b>

<b>Item</b>	<i>Note</i>	<b>30 Jun 2022</b>	31 Dec 2021
<b>Non-current assets:</b>			
Loans and advances to customers		<b>307,889,886.60</b>	891,754,953.83
Debt investment			
Other debt investment			
Long-term receivables		<b>189,575,488.20</b>	147,379,925.56
Long-term equity investments		<b>130,138,312.01</b>	126,970,546.37
Other equity instrument investment		<b>713,273,536.90</b>	4,839,048.00
Other non-current financial assets			
Investment properties			
Fixed assets		<b>2,372,109,685.86</b>	2,465,981,510.01
Construction in progress		<b>94,086,134.11</b>	79,246,144.63
Productive biological assets			
Oil and gas assets			
Right-to-use assets		<b>11,976,726.94</b>	15,044,288.50
Intangible assets		<b>726,855,939.05</b>	750,855,986.17
Research and development expenses			
Goodwill			
Long-term deferred expenses		<b>58,850,164.14</b>	61,059,040.71
Deferred income tax assets		<b>154,461,107.38</b>	100,562,089.39
Other non-current assets			
		<hr/>	<hr/>
<b>Total non-current assets</b>		<b>4,759,216,981.19</b>	4,643,693,533.17
		<hr/>	<hr/>
<b>Total assets</b>		<b>13,921,094,062.89</b>	12,339,594,556.58
		<hr/> <hr/>	<hr/> <hr/>

<b>Item</b>	<i>Note</i>	<b>30 Jun 2022</b>	31 Dec 2021
<b>Current liabilities:</b>			
Short-term loans		<b>570,409,999.99</b>	270,183,333.34
Absorption of deposits and interbank deposits		<b>1,705,962,199.88</b>	741,565,080.73
Loans from banks and other financial institutes			200,050,000.00
Trading financial liabilities			
Derivative financial liabilities			
Notes payable		<b>1,427,066,241.34</b>	1,429,974,406.92
Accounts payable	<i>Note 3</i>	<b>2,233,507,661.58</b>	2,005,338,697.27
Advance from customers		<b>3,437,755.39</b>	198,307.51
Sale of repurchase financial assets			11,759,888.55
Contract liabilities		<b>208,177,816.96</b>	580,385,482.01
Employee salary payable		<b>91,507,290.15</b>	94,183,174.20
Taxes payable		<b>79,348,143.19</b>	16,547,128.41
Other payables		<b>256,809,173.21</b>	264,862,718.59
Liabilities classified as held for sale			
Non-current liabilities due within one year		<b>16,733,425.32</b>	13,333,158.50
Other current liabilities		<b>481,265,068.48</b>	262,766,044.87
<b>Total current liabilities</b>		<b><u>7,074,224,775.49</u></b>	<b><u>5,891,147,420.90</u></b>

<b>Item</b>	<i>Note</i>	<b>30 Jun 2022</b>	31 Dec 2021
<b>Non-current liabilities:</b>			
Long-term loans		<b>110,000,000.00</b>	110,000,000.00
Bonds payable			
Including: Preference shares			
Perpetual bond			
Lease liabilities		<b>1,113,321.49</b>	1,853,079.74
Long-term payables		<b>8,026,285.67</b>	8,251,321.72
Long-term employee salary payable		<b>38,780,374.28</b>	57,802,347.71
Special payables			
Estimated Liabilities		<b>1,962,613.99</b>	1,962,613.99
Deferred income		<b>134,064,401.12</b>	138,045,711.55
Deferred income tax liabilities		<b>134,046,768.96</b>	148,308,914.30
Other non-current liabilities			
		<hr/>	<hr/>
<b>Total non-current liabilities</b>		<b><u>427,993,765.51</u></b>	<u>466,223,989.01</u>
<b>Total liabilities</b>		<b><u><u>7,502,218,541.00</u></u></b>	<b><u><u>6,357,371,409.91</u></u></b>

<b>Item</b>	<i>Note</i>	<b>30 Jun 2022</b>	31 Dec 2021
<b>Shareholder's equity:</b>			
Share capital		<b>1,123,645,275.00</b>	1,123,645,275.00
Other equity instruments			
Including: Preferred shares			
Perpetual bond			
Capital reserves		<b>2,655,849,996.00</b>	2,655,849,996.00
Less: Treasury shares			
Other comprehensive income		<b>-21,678,860.84</b>	-11,710,421.44
Special reserves		<b>4,344,836.41</b>	3,465,767.12
Surplus reserves		<b>501,495,783.59</b>	501,495,783.59
General risk reserves		<b>43,263,387.54</b>	43,263,387.54
Retained earnings	<i>Note 4</i>	<b>1,534,540,271.84</b>	1,086,069,085.52
Total equity attributable to shareholders			
of the parent company		<b>5,841,460,689.54</b>	5,402,078,873.33
Minority interests		<b>577,414,832.35</b>	580,144,273.34
<b>Total shareholder's equity</b>		<b><u>6,418,875,521.89</u></b>	<u>5,982,223,146.67</u>
<b>Total liabilities and shareholder's equity</b>		<b><u>13,921,094,062.89</u></b>	<u>12,339,594,556.58</u>

## CONSOLIDATED INCOME STATEMENT

January – June 2022

Prepared by: First Tractor Company Limited

Item	Note	Amount incurred in this period	Amount incurred in last period
<b>1. Total operating revenue</b>		<b>6,630,331,281.57</b>	5,631,797,809.93
Including: Operating revenue		<b>6,550,726,514.79</b>	5,575,101,589.75
Interest income		<b>74,636,601.43</b>	53,288,535.72
Fees and commission income		<b>4,968,165.35</b>	3,407,684.46
<b>2. Total cost of operation</b>		<b>5,927,839,751.42</b>	5,074,524,744.86
Including: Operating costs		<b>5,483,733,869.53</b>	4,590,934,012.13
Interest expenses		<b>10,371,808.42</b>	10,979,674.37
Fees and commission expense		<b>273,748.70</b>	301,437.15
Taxes and surcharges		<b>24,167,147.49</b>	24,412,615.64
Selling expenses		<b>66,207,655.04</b>	77,884,334.74
Administrative expenses		<b>158,908,787.57</b>	159,139,342.52
Research and development expenses		<b>186,386,944.21</b>	187,715,339.78
Financial expenses		<b>-2,210,209.54</b>	23,157,988.53
Add: Gain arising from the changes in fair value		<b>-86,421,175.31</b>	13,535,606.94
Investment income		<b>32,825,671.32</b>	560,541,212.06
Including: Income from investments in associates and joint ventures		<b>4,501,370.69</b>	2,703,971.43
Asset disposal income		<b>648,065.96</b>	3,388,682.05
Other income		<b>13,387,620.04</b>	17,263,421.41
Loss on impairment of assets		<b>-1,630,983.93</b>	-568,744,258.25
Loss on impairment of credit		<b>-74,465,404.30</b>	-58,024,911.35

Item	Note	Amount incurred in this period	Amount incurred in last period
<b>3. Operating profit</b>		<b>586,835,323.93</b>	525,232,817.93
Add: Non-operating income		<b>3,781,734.44</b>	6,377,214.92
Less: Non-operating expenses		<b>1,742,372.23</b>	442,973.89
<b>4. Total profit</b>		<b>588,874,686.14</b>	531,167,058.96
Less: Income tax expenses	Note 6	<b>7,489,261.82</b>	17,306,689.99
<b>5. Net profit</b>		<b>581,385,424.32</b>	513,860,368.97
Including: Net profit achieved by the merger of the merged party before the merger under the same control			
(1) Classification according to the continuity of operation			
Continuous operating net profit		<b>581,385,424.32</b>	513,860,368.97
Termination of net profit			
(2) Classification of ownership according to ownership			
Net profit attributable to shareholders of the parent company		<b>581,466,905.85</b>	511,381,288.30
Profit or loss attributable to minority interests		<b>-81,481.53</b>	2,479,080.67
<b>6. Net other comprehensive income after tax</b>		<b>-11,173,351.46</b>	14,745,201.52
Net other comprehensive income after tax attributable to owners of the parent company			
		<b>-9,968,439.40</b>	15,280,197.68
(1) Other comprehensive income that cannot be reclassified to profit and loss in subsequent periods		<b>-633,015.12</b>	
1. Changes in net liabilities or net assets arising from the re- measurement of defined benefit plans			
2. Share of other comprehensive income of investee that will not be subsequently reclassified to profit and loss under equity method			

Item	<i>Note</i>	<b>Amount incurred in this period</b>	Amount incurred in last period
3. Changes in fair value of other equity instrument investments		<b>-633,015.12</b>	
4. Fair value change of enterprise's credit risk			
(2) Other comprehensive income that will be subsequently reclassified to profit and loss		<b>-9,335,424.28</b>	15,280,197.68
1. Share of other comprehensive income of investee that will be subsequently reclassified to profit and loss under equity method			
2. Gains and losses from changes in fair value of available-for-sale financial assets			
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			

Item	<i>Note</i>	Amount incurred in this period	Amount incurred in last period
5.	Financial assets reclassified into other comprehensive income		
6.	Provision for credit impairment of other debt investment		
7.	Effective part of hedging gains and losses from cash flows		
8.	Cash flow hedging reserve		
9.	Exchange differences from translation of foreign currency financial statements	-9,335,424.28	15,280,197.68
10.	Others		
	<b>Net other comprehensive income after tax attributable to minority interests</b>	<b>-1,204,912.06</b>	-534,996.16
<b>7.</b>	<b>Total comprehensive income</b>	<b>570,212,072.86</b>	528,605,570.49
	Total comprehensive income attributable to shareholders of the parent company	<b>571,498,466.45</b>	526,661,485.98
	Total comprehensive income attributable to minority interests	<b>-1,286,393.59</b>	1,944,084.51
<b>8.</b>	<b>Earnings per share:</b>		
(1)	Basic earnings per share	<b>0.5175</b>	0.4646
(2)	Diluted earnings per share	<b>0.5175</b>	0.4646

# 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
- 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 30 June 2022 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 Hong Kong Securities and Futures Commission and the Stock Exchange have both accepted financial statements prepared by 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 general meeting of the Company on 31 October 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.

### **4. ACCOUNTING POLICIES**

#### **(1) Accounting year**

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

#### **(2) Reporting currency**

The reporting currency of the Group is Renminbi (RMB). Its subsidiaries, associates and joint operators determine their own reporting 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**

***1. 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***

- (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. *Enterprise merger under common control***

The assets and liabilities acquired by our 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, 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.

### **3. *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:

- (1) An enterprise merger contract or agreement has been approved by the internal authority of the Company.
- (2) The merger of enterprises should be approved by the relevant competent authorities of the state 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 surplus.
- (5) 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 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.

### **4. *Relevant costs incurred from 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**

**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 their own and each subsidiary, the Company prepare the consolidated financial statements refer 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 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 polices. 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 the Group's 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 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 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 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, 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 ‘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**

No accounting policies were changed during the reporting period

**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	270,480.72	413,447.08
Cash in bank	5,652,772,976.29	3,084,123,983.80
Other monetary funds	268,803,898.78	158,862,180.77
Interests receivable	12,085,085.92	
Total	5,933,932,441.71	3,243,399,611.65
Including: total amount deposited abroad	35,007,129.12	48,719,452.12

The details of the restricted monetary funds are as follows:

Item	Ending Balance	Opening Balance
Bank acceptance deposit	138,091,222.78	20,218,112.35
Restricted funds with non-commercial bank	130,168,955.46	138,052,188.68
Reserve the legal deposit reserve of the central bank	276,561,471.13	237,769,762.23
Term deposit over three months	250,000,000.00	700,000,000.00
Other restricted funds	541,427.39	591,822.78
Total	795,363,076.76	1,096,631,886.04

### Note 2. Accounts receivables

#### 1. Disclosure of accounts receivable by aging

Aging	Ending Balance	Opening Balance
Within 1 year	985,537,005.67	292,874,155.48
1 to 2 years	8,635,016.56	4,670,501.05
2 to 3 years	4,088,003.29	8,697,080.46
Over 3 years	456,023,523.84	450,950,037.19
Subtotal	1,454,283,549.36	757,191,774.18
Less: Provision for bad debt	467,021,992.61	455,530,037.70
Total	987,261,556.75	301,661,736.48

**2. Disclosure by provision for bad debt**

Category	Book balance		Ending Balance		Book balance
	Amount	Ratio (%)	Bad debt provision		
			Amount	Ratio (%)	
Accounts receivable for anticipated credit losses on a portfolio basis	1,454,283,549.36	100.00	467,021,992.61	32.11	987,261,556.75
Including: Aging portfolio	1,375,409,646.75	94.58	436,475,697.21	31.73	938,933,949.54
Risk exposure portfolio such as collateral	78,873,902.61	5.42	30,546,295.40	38.73	48,327,607.21
Total	1,454,283,549.36	100.00	467,021,992.61	32.11	987,261,556.75

CONTINUED:

Category	Book balance		Opening Balance		Book balance
	Amount	Ratio (%)	Bad debt provision		
			Amount	Ratio (%)	
Accounts receivable for anticipated credit losses on a portfolio basis	757,191,774.18	100.00	455,530,037.70	60.16	301,661,736.48
Including: Aging portfolio	687,108,877.84	90.74	422,490,660.74	61.49	264,618,217.10
Risk exposure portfolio such as collateral	70,082,896.34	9.26	33,039,376.96	47.14	37,043,519.38
Total	757,191,774.18	100.00	455,530,037.70	60.16	301,661,736.48

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

(1) Aging portfolio

Aging	Book Balance	Ending Balance	Accrual Ratio (%)
		Provision for bad debt	
Within 1 year	940,683,661.79	13,528,039.01	1.44
1 to 2 years	5,114,180.09	1,766,404.13	34.54
2 to 3 years	1,640,197.97	1,640,197.97	100.00
Over 3 years	427,971,606.90	419,541,056.10	98.03
Total	1,375,409,646.75	436,475,697.21	31.73

(2) *Risk exposure portfolio such as collateral*

<b>Name of portfolio</b>	<b>Ending Balance</b>	<b>Provision for bad debt</b>	<b>Accrual Ratio (%)</b>
Risk exposure portfolio such as collateral	78,873,902.61	30,546,295.40	38.73
Total	78,873,902.61	30,546,295.40	38.73

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

Category	Opening Balance	Increase: Provision	Changes in the current period			Ending Balance
			Decrease: Changes in the scope of consolidation	Decrease: Write off or transfer	Decrease: Other changes	
Accounts receivable for anticipated credit losses on a portfolio basis	455,530,037.70	13,152,419.89			1,660,464.98	467,021,992.61
Including: Aging portfolio	422,490,660.74	15,645,501.45			1,660,464.98	436,475,697.21
Risk exposure portfolio such as collateral	33,039,376.96	-2,493,081.56				30,546,295.40
Total	455,530,037.70	13,152,419.89			1,660,464.98	467,021,992.61

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

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

<b>Company name</b>	<b>Ending Balance</b>	<b>Percentage of ending balance of accounts receivable (%)</b>	<b>Bad debt provision</b>
Liaoning Dongsheng Machinery Equipment Co., Ltd.	81,419,616.00	5.60	81,419,616.00
YTO (Luoyang) Harvesting Machinery Co., Ltd.	74,091,864.82	5.09	74,091,864.82
Urumqi Shifeng Agricultural Machinery Equipment Co., Ltd.	62,183,376.45	4.28	62,183,376.45
Jiangsu Wode High Tech Agricultural Equipment Co., Ltd.	31,345,033.13	2.16	536,137.26
YTO (Luoyang) Shentong Construction Machinery Co., Ltd.	27,533,497.99	1.89	27,533,497.99
Total	276,573,388.39	19.02	245,764,492.52

7. *Accounts receivable derecognized due to transfer of financial assets: None*
8. *Amount of assets and liabilities formed with the transfer of accounts receivable and continued involvement: None*

**Note 3. Accounts payable**

1. *Classification of accounts payable by nature*

<b>Item</b>	<b>Ending Balance</b>	<b>Opening Balance</b>
Purchase payment payable	<b>2,049,557,886.05</b>	1,793,783,629.36
Equipment payable	<b>38,395,033.77</b>	47,254,480.48
Service fee payable	<b>145,511,731.77</b>	164,193,538.26
Others	<b>43,009.99</b>	107,049.17
<b>Total</b>	<b>2,233,507,661.58</b>	2,005,338,697.27

2. *Accounts payable with significant amount aged over 1 year*

<b>Company name</b>	<b>Ending Balance</b>	<b>Reason for not paid or reversed</b>
Hong Kong LLAF INTERNATIONAL CO., LTD	25,021,917.94	Settlement terms not met
<b>Total</b>	<b>25,021,917.94</b>	

**Note 4. Retained earnings**

<b>Item</b>	<b>Amount</b>	<b>Percentage of appropriation or distribution (%)</b>
Retained earnings at the end of last period before adjustment	1,086,069,085.52	
Adjustment on beginning balance of retained earnings (“+” for add; “-” for less)		
Beginning balance of retained earnings after adjustment	1,086,069,085.52	
Add: net profit for the current period attributable to shareholders of the parent company	581,466,905.85	
Less: Statutory surplus reserve		
Discretionary surplus reserve		
Reserve fund		
Enterprise expansion fund		
Profit return for investments		
Employee benefits fund		
General risk reserves		
Common stock dividends payable		
Ordinary shares dividends transferred to share capital		
Dividend on preferred shares		
Profit distributions to shareholders	132,995,719.53	
Other profit distribution		
Add: Making up for losses with surplus reserve		
Changes carried forward upon re- measurement of net liabilities or net assets under defined benefit plan		
Other comprehensive income carried forward		
Others carried forward within shareholders’ equity		
Ending balance of this year	1,534,540,271.84	

**Note 5. Depreciation and amortization**

<b>Item</b>	<b>Amount in this period</b>	<b>Amount in last period</b>
Depreciation of fixed assets	<b>137,943,421.51</b>	145,486,629.48
Amortization of intangible assets	<b>16,042,102.43</b>	15,381,037.66
Total	<b>153,985,523.94</b>	160,867,667.14

**Note 6. Income tax expenses****1. Statement of income tax expenses**

<b>Item</b>	<b>Amount in this period</b>	<b>Amount in last period</b>
Current income tax expenses	<b>75,650,425.15</b>	59,859,397.11
Deferred income tax expenses	<b>-68,161,163.33</b>	-42,552,707.12
Total	<b>7,489,261.82</b>	17,306,689.99

**2. The Adjustment Process of Accounting Profit and Income Tax Expenses**

<b>Item</b>	<b>Amount in this period</b>
Total profit	<b>588,874,686.14</b>
Income Tax Expenses at Statutory/Applicable Tax Rates	<b>94,943,362.11</b>
The Impact of Different Tax Rates on Subsidiaries	<b>669,442.68</b>
The impact of income tax on the period before adjustment	<b>2,537,787.78</b>
The impact of non-taxable income	<b>885,074.90</b>
Non-deductible Cost, Expenses and Loss Impact	<b>540,014.33</b>
The impact of deductible loss on deferred income tax assets not recognized in the prior period of use	<b>-113,755,873.04</b>
The impact of deductible temporary differences or deductible losses on deferred income tax assets not recognized in the current period	<b>22,481,634.48</b>
Extra deductions for research and development expenses	<b>-951,181.11</b>
Others	<b>138,999.69</b>
Income tax expenses	<b>7,489,261.82</b>

**Note 7. Net current assets**

<b>Item</b>	<b>Ending Balance</b>	<b>Opening Balance</b>
Current assets	<b>9,161,877,081.70</b>	7,695,901,023.41
Less: current liabilities	<b>7,074,224,775.49</b>	5,891,147,420.90
Net current assets	<b>2,087,652,306.21</b>	1,804,753,602.51

**Note 8. Total assets minus current liabilities**

<b>Item</b>	<b>Ending Balance</b>	<b>Opening Balance</b>
Total assets	<b>13,921,094,062.89</b>	12,339,594,556.58
Less: current liabilities	<b>7,074,224,775.49</b>	5,891,147,420.90
Total assets minus current liabilities	<b>6,846,869,287.40</b>	6,448,447,135.68

**Note 9. Segment information**

<b>Item</b>	<b>Ending Balance/Amount in this year</b>				<b>Total</b>
	<b>Agricultural machinery</b>	<b>Power machinery</b>	<b>Finance service</b>	<b>Elimination among segments</b>	
1. Total operating revenue	6,102,344,246.45	1,322,477,823.60	90,462,112.99	-884,952,901.47	6,630,331,281.57
Including: External transaction revenue	5,929,924,794.56	620,801,720.23	79,604,766.78		6,630,331,281.57
Revenue between segments	172,419,451.89	701,676,103.37	10,857,346.21	-884,952,901.47	
Loss on impairment of assets	-446,471.36	-759,543.83		-424,968.74	-1,630,983.93
Loss on impairment of credit	-88,168,965.86	-3,264,083.52	37,712,871.81	-20,745,226.73	-74,465,404.30
Depreciation and amortization fee	144,643,924.26	30,029,340.56	648,115.84		175,321,380.66
2. Total profit (Loss)	525,089,000.16	-17,799,285.99	81,187,126.53	397,845.44	588,874,686.14
3. Income tax expenses	7,880,028.57	-14,722,505.31	14,395,682.16	-63,943.60	7,489,261.82
4. Net profit (Loss)	517,208,971.59	-3,076,780.68	66,791,444.37	461,789.04	581,385,424.32
5. Total assets	8,936,860,074.91	2,787,506,117.16	6,007,799,624.55	-3,811,071,753.73	13,921,094,062.89
6. Total liabilities	5,080,640,266.34	1,143,609,517.56	5,316,351,359.41	-4,038,382,602.31	7,502,218,541.00
7. Other important non cash items	77,498,467.90	50,509,679.42	1,809,392.75		129,817,540.07
1. Non-cash expenses other than depreciation and amortization	12,226,296.70	8,191,304.63	1,147,037.77		21,564,639.10
2. Capital expenditure	65,272,171.20	42,318,374.79	662,354.98		108,252,900.97

**Note 10. Net asset returns and Earnings per share**

<b>Item</b>	<b>This Reporting Period</b>
Net profit attributable to shareholders of parent company	581,466,905.85
Non recurring profit and loss attributable to the parent company	-25,210,174.36
Net profit attributable to shareholders of parent company after deducting non recurring profit and loss	606,677,080.21
Weighted average number of common shares outstanding	1,123,645,275.00
Basic earnings per share (I) (before deducting non earnings)	0.5175
Basic earnings per share (II) (after deducting non earnings)	0.5399
Weighted average of net assets attributable to shareholders of parent company	5,666,101,687.95
Weighted average return on equity (I) (before deducting non earnings)	10.2622%
Weighted average return on equity (II) (after deducting non earnings)	10.7071%

## **THE BOARD’S DISCUSSION AND ANALYSIS ON THE COMPANY’S OPERATION DURING THE REPORTING PERIOD**

Since the beginning of this year, the external environment has remained complex and volatile. Affected by various factors such as China’s high emphasis on work of Agriculture, Rural Areas and Rural Residents, the switching of off-road National IV and the frequent outbreak of COVID-19, the tractor market fluctuated greatly in the first half of the year, and the sales volume of large and medium-sized tractors by core enterprises in the industry was 197.4 thousand units, increased slightly by 4.79% year-on-year.

In the first half of the year, facing a more complex and volatile internal and external environment, the Company, adhered to the business idea of “seizing opportunities, improving capabilities, adapting to the situation, and maintaining steady growth” determined at the beginning of the year, coordinated enterprise development and safety, overcame difficulties and challenges such as rising raw material and energy prices and sluggish industrial and supply chains, carried out in-depth market development, strengthened technological innovation, optimized product structure, and deepened internal management, and a good momentum continued to be seen in the operation and development of the Company. During the Reporting Period, the Company achieved a total operating revenue of RMB6.63 billion, representing a year-on-year increase of 17.73%; net profit attributable to shareholders of the listed company RMB581 million, representing a year-on-year increase of 13.71%.

### **(I) Grasped changes in market demand, continued to expand leading edges of leading products**

In the first half of 2022, the Company proactively adapted to changes and challenges such as the reduction of subsidy and the spread of the epidemic in different places. By fully utilizing the comprehensive advantages in products, R&D, channels, services, etc., focusing on user needs and changes in the market environment, and strengthening precision and effectiveness of marketing, the contribution of marketing channels continued to increase. During the Reporting Period, the Company achieved sales of 53.7 thousand large and medium-sized tractors, representing a year-on-year increase of 18.31%, and further increased market share. In the international market, the Company has actively developed and deeply cultivated key regional markets such as Central and Eastern Europe and the American region, strengthened channel construction and strengthened the product portfolio, and improved the service system. During the Reporting Period, the Company achieved exports of 2,478 units of tractors, representing a year-on-year increase of 44.7%. In respect of product structure optimization, the Company continued to strengthen the development and promotion of new products with regional adaptability according to different agricultural machinery operating horsepower, model configuration and actual user needs, effectively optimized the product structure and enriched the product portfolio to form a product competitive advantage oriented to the needs of users’ agricultural machinery operations.

As a leading enterprise in the industry, the Company adhered to the direction of high-level scientific and technological self-reliance and self-improvement and accelerated the development of core technology research and development, promoted the commercialization of new products such as variable transmission and powershift tractors with horsepower of 180-320, actively met the urgent needs of China's modern agricultural development for large and efficient agricultural machinery products. The "Dongfanghong" tractors made the Company fully capable of implementing National IV switching as scheduled by the end of the year; the operating performance of the Company's diesel engine products has further won recognition from external harvesting machinery and construction machinery users. During the Reporting Period, the Company achieved sales of 80 thousand units of diesel engines, representing a year-on-year increase of 5.97%.

**(II) Deepened cost control of the whole value chain, continuous improvement of quality and efficiency**

The Company paid close attention to the key links of refined management and implements various key measures to create management efficiency and improve quality and efficiency. First, the Company implemented the concept of target cost management, and to carry out cost management and control of the whole process and all elements around the links of research and development, procurement, production, and sales, so as to facilitate the goal of optimizing the total cost of the enterprise. In the first half of 2022, through designing cost reduction, process optimization, timely locking prices and establishing reserves, strengthening centralized procurement and other methods, costs have been effectively controlled under the condition of high raw material prices and rising energy prices. Second, the Company strengthened the management and control of accounts receivable and inventory. While realizing operating income growth, accounts receivable and inventory are basically stable, and the turnover ratio of accounts receivable and inventory has increased. Third, the Company kept a close eye on international standards, insist on building brands with quality, and through strict quality system management and strict new product verification, major product quality loss has been effectively reduced.

**(III) With the goal of promoting the Company’s high-quality development, implemented the key tasks of deepening reform during the “14th Five-Year Plan”**

The Company firmly implemented the key tasks of the three-year reform of state-owned enterprises and took reform and innovation as the starting point to enhance the endogenous development momentum of the enterprise and the vitality of reform and innovation. First, the Company innovated the management concept and management culture, improved the management system and management process, and promoted the formation of a comprehensive, scientific and standardized management system with efficient operation. Second, the Company adhered to the reform direction that reflects strong incentives and stringent constraints, improved the market-oriented employment mechanism, promoted the Company’s selection and employment, labor employment, income distribution reform and other work, and implemented the tenure system and contractual management of the management members of the Company’s headquarters and all subordinate enterprises. Third, the Company continued to promote product technology innovation, continuously launched intelligent agricultural machinery products that meet the needs of precision agriculture and smart agriculture development, and vigorously promoted the sales and application of Beidou agricultural machinery automatic assisted driving tractors. At the same time, the Company strengthened the coordinated promotion of risk, internal control and compliance management, and implemented various operational risk prevention measures to ensure the effectiveness of the Company’s internal control risk system.

Affected by factors such as the advance of user purchase demand and the clearing of inventory in the market brought by the implementation of off-road “National IV” emission switching by China at the end of this year, it is expected to maintain a certain growth and market competition will further intensify in the second half of 2022. The Company will continue to adhere to the business ideas determined at the beginning of the year, and to seize the switching opportunity of the “National IV” to consolidate market advantages. First, it will focus on research and judgment on the adjustment of subsidy policies and the raw material market, seize the “window period” for expanding market opportunities, carry out in-depth work around market promotion, production and procurement, quality control, and channel optimization, continue to consolidate and enhance market competitiveness, and focus on increasing domestic market share; in the international market, by optimizing the international market layout and product portfolio, innovating the marketing model, continuing to deepen the development of key international markets such as the Russian-speaking region and the Asian region, the Company will accelerate the expansion to blank markets such as Eastern Europe, Africa and the Americas, and improving the operating efficiency and influence in the international market. Second, the Company will focus on realizing the smooth switching of “National IV” and do a good job in all aspects of National IV product verification, production organization and product launch to ensure that sales policies fit users, product portfolios are accurate, service commitments are realized, and ensure the smooth switching of the full range of “Dongfanghong” National IV products. Third, the Company will improve the working mechanism of improving quality and efficiency, aiming at improving the competitive advantage of products and corporate profitability, fine-tune the work of internal operation management, and improve the utilization efficiency of various resources. Meanwhile, the Company will ensure all tasks and measures of the three-year reform of state-owned enterprises are in place, and further improve the market-oriented operation mechanism and management model, laying the foundation for the high-quality development of enterprises.

## ANALYSIS ON PRINCIPAL BUSINESS

### 1 Analysis on changes in items of the financial statement

*Unit: Yuan Currency: RMB*

<b>Item</b>	<b>For the current period</b>	<b>For the corresponding period of last year</b>	<b>Changes (%)</b>
Operating revenue	<b>6,550,726,514.79</b>	5,575,101,589.75	17.50
Operating costs	<b>5,483,733,869.53</b>	4,590,934,012.13	19.45
Interest revenue	<b>74,636,601.43</b>	53,288,535.72	40.06
Selling expenses	<b>66,207,655.04</b>	77,884,334.74	-14.99
Administrative expenses	<b>158,908,787.57</b>	159,139,342.52	-0.14
Financial expenses	<b>-2,210,209.54</b>	23,157,988.53	N/A
Research and development expenses	<b>186,386,944.21</b>	187,715,339.78	-0.71
Investment income (Losses listed as “-”)	<b>32,825,671.32</b>	560,541,212.06	-94.14
Gain arising from changes in fair value (Losses listed as “-”)	<b>-86,421,175.31</b>	13,535,606.94	N/A
Loss on impairment of assets (Losses listed as “-”)	<b>-1,630,983.93</b>	-568,744,258.25	N/A
Asset disposal income (Losses listed as “-”)	<b>648,065.96</b>	3,388,682.05	-80.88
Non-operating income	<b>3,781,734.44</b>	6,377,214.92	-40.70
Non-operating expenses	<b>1,742,372.23</b>	442,973.89	293.34
Income tax expenses	<b>7,489,261.82</b>	17,306,689.99	-56.73
Net cash flow generated from operating activities	<b>3,275,783,250.74</b>	674,240,684.93	385.85
Net cash flow generated from investing activities	<b>-401,223,384.33</b>	-430,148,426.27	N/A
Net cash flow generated from financing activities	<b>112,246,860.89</b>	127,284,025.33	-11.81

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

Reasons for changes in operating costs: mainly due to the period-on-period increase in sales volume of the Company's major products and the impact of rising raw material and energy prices during the Reporting Period, which resulted in an increase in operating costs exceeding operating revenues.

Reasons for changes in interest revenue: due to an increase of RMB21.35 million over the same period of last year, on the one hand, the sales receipts increased during the Reporting Period; on the other hand, the business of YTO Finance contracted and funds were recovered in the current period, the scale of deposits placed with interbank financial institutions by YTO Finance enlarged and the interest income increased.

Reasons for changes in selling expenses: due to a decrease of RMB11.68 million over the same period of last year, representing a period-on-period decrease of 14.99%, which is mainly due to the period-on-period decrease in certain expenses as a result of the further management of expenses during the Reporting Period.

Reasons for changes in financial expenses: due to a decrease of RMB25.37 million over the same period of last year, which is mainly due to the increase in foreign exchange gains during the Reporting Period compared to the same period due to the appreciation of the US dollar.

Reasons for changes in investment income: due to a decrease of RMB527.72 million over the same period of last year, representing a period-on-period decrease of 94.14%, which is mainly due to the reversal of over losses of \$552.23 million after YTO France entered into judicial liquidation in June last year, which resulted in a larger gain in the same period of the previous year.

Reasons for changes in gain arising from changes in fair value: due to a decrease of RMB99.96 million over the same period of last year, which is mainly due to the period-on-period decrease of 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 a decrease of losses by RMB567.11 million over the same period of last year, which is mainly due to the judicial liquidation of the YTO France during the same period of last year, for which the Company recorded an impairment loss of RMB559.03 million on long-term equity investments.

Reason for the changes in income from disposal of assets: due to a decrease of RMB2.74 million over the same period of the last year, representing a period-on-period decrease of 80.88%, which is mainly due to decrease in income from disposal of inefficient and ineffective assets in the Reporting Period as compared to the same period of last year.

Reasons for changes in income tax expenses: due to a decrease of RMB9.82 million over the same period of last year, representing a period-on-period decrease of 56.73%, which is mainly due to the decrease in deferred income tax expenses recognized during the Reporting Period.

Reasons for changes in net cash flow generated from operating activities: due to the additional inflow of RMB2,601.54 million over the same period of last year, which is due to the gradual cessation of the operating business and funds recovery of YTO Finance during the Reporting Period on one hand, and the period-on-period increase in operating business cash flow resulting from the increase in sales of the Company and the increase in sales proceeds on the other hand.

Reasons for changes in net cash flow generated from investment activities: due to the additional inflow of RMB28.93 million over the same period of last year, which is mainly due to the proceeds from the disposal of subsidiaries during the Reporting Period.

Reasons for changes in net cash flow generated from financing activities: due to the additional outflow of RMB15.04 million over the same period of last year, which is due to, first, the funds raised from Non-Public Offering of RMB700 million received over the same period of last year and there was no such activity during the period, resulting in a period-on-period decrease in cash inflow by RMB700 million, second, the period-on-period increase in net loans inflow of RMB850 million during the Reporting Period, and third, the period-on-period increase in dividends outflow of RMB178 million 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 Reporting Period	Balance as at the end of the Reporting 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
Monetary funds	5,933,932,441.71	42.63	3,243,399,611.65	26.28	82.95	On one hand, good operation in the first half of the year, on the other hand, gradual suspension on operating business and fund recovery due to the restructuring of YTO Finance and SINOMACH Finance
Lending to banks and other financial institutions	2,960,000.00	0.02	23,320,000.00	0.19	-87.31	Derecognition of part of the lending to banks and other financial institutions held by YTO Finance
Trading financial assets	683,083,007.31	4.91	1,038,970,988.74	8.42	-34.25	Derecognition of part of the trading financial assets
Notes receivable	23,990,348.98	0.17	62,757,621.58	0.51	-61.77	Decrease in notes receivable held
Accounts receivable	987,261,556.75	7.09	301,661,736.48	2.44	227.27	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	142,605,152.87	1.02	242,712,324.09	1.97	-41.25	Prepayment for procurement reserves at the end of last year, is successively delivered in current period
Financial assets purchased with agreement to resale	0.00	0	360,643,454.77	2.92	-100.00	Reclaim upon expiration of financial assets purchased with agreement to resale of YTO Finance
Inventories	851,615,654.48	6.12	1,674,008,933.28	13.57	-49.13	Inventories reserves at the end of last year is successively absorbed in current period

<b>Item</b>	<b>Balance as at the end of the Reporting Period</b>	<b>Balance as at the end of the Reporting Period as a percentage of total assets (%)</b>	<b>Balance as at the end of the corresponding period of last year</b>	<b>Balance as at the end of the corresponding period of last year as a percentage of total assets (%)</b>	<b>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 (%)</b>	<b>Explanation</b>
Other current assets	<b>52,378,238.33</b>	<b>0.38</b>	319,494,747.99	2.59	-83.61	Repayment of and decrease in the value added tax left for deduction in the current period
Loans and advances to customers	<b>307,889,886.60</b>	<b>2.21</b>	891,754,953.83	7.23	-65.47	Decrease in size of loans to customers of YTO Finance
Investment in other equity instruments	<b>713,273,536.90</b>	<b>5.12</b>	4,839,048.00	0.04	14,639.96	Additional financial assets designated at fair value and its changes are accounted in other comprehensive income during the period
Deferred income tax assets	<b>154,461,107.38</b>	<b>1.11</b>	100,562,089.39	0.81	53.60	Increase in the provision for accrued expenses, and the deferred income tax assets recognized
Short-term loans	<b>570,409,999.99</b>	<b>4.1</b>	270,183,333.34	2.19	111.12	Additional short-term loans during the current period
Deposits from banks and other financial institutes	<b>0.00</b>	<b>0</b>	200,050,000.00	1.62	-100.00	Repayment of loans from other banks by YTO Finance
Advance from customers	<b>3,437,755.39</b>	<b>0.02</b>	198,307.51	0.00	1,633.55	Increase in prepaid rent fees
Contractual liability	<b>208,177,816.96</b>	<b>1.5</b>	580,385,482.01	4.7	-64.13	Fulfilment of some performance obligations in the contract
Sale of repurchase financial assets	<b>0.00</b>	<b>0</b>	11,759,888.55	0.1	-100.00	Expiration of rediscount bill of YTO Finance
Absorption of deposits and interbank deposits	<b>1,705,962,199.88</b>	<b>12.25</b>	741,565,080.73	6.01	130.05	Increase in absorbing deposits of YTO Finance
Taxes payables	<b>79,348,143.19</b>	<b>0.57</b>	16,547,128.41	0.13	379.53	Increase in corporate income tax payable
Other current liabilities	<b>481,265,068.48</b>	<b>3.46</b>	262,766,044.87	2.13	83.15	Increase in sales and provision of accrued expenses in the current period
Lease liabilities	<b>1,113,321.49</b>	<b>0.01</b>	1,853,079.74	0.02	-39.92	Reclassification of lease liabilities within one year to non-current liabilities due within one year

## 2. Overseas assets

At the end of the Reporting Period, the Company's total assets amounted to RMB13,921.0941 million, of which overseas assets amounted to 7,250.33 (Unit: 0'000; Currency: RMB), accounting for 0.52% 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 Group's monetary funds with restrictions on ownership amounted to RMB795.3631 million, including bank acceptance margin of RMB138.0912 million, fixed deposits of more than three months of RMB250.00 million, policy bank restricted funds of RMB130.169 million, statutory deposit reserve for central banks of RMB276.5615 million and other restricted deposit of RMB0.5414 million.

As at the end of the Reporting Period, the Group's notes receivable of restricted ownership amounted to RMB14.600 million, which were amount of notes receivable pledged with the bank during the Reporting Period.

As at the end of the Reporting Period, the original value of Group'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 RMB50.9497 million, which were buildings and land mortgaged to the banks for short-term loans granted to the Group.

## 4. Other explanations

### (1) Key financial indicators

Items	As at the end of the period	As at the beginning of the year	Change compared to corresponding period last year
Gearing ratio (%)	53.89	51.52	Increased by 2.37 percentage points
Current ratio	1.30	1.31	Decreased by 0.01
Quick ratio	1.17	1.02	Increased by 0.15

**(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 RMB570.00 million, and bank loans (principal) due over one year amounted to RMB110.00 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, Euro, HKD, 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 totaling RMB420 million, including: RMB220 million from China Everbright Bank Co., Ltd., and RMB200 million from Bank of Communications Co., Ltd..

## **ANALYSIS ON INVESTMENTS**

### **1. Significant equity investment**

On 29 March 2022, the Company entered into the capital increase agreement regarding SINOMACH Finance Co., Ltd. With SINOMACH Finance and the supplementary agreement of the capital increase agreement regarding SINOMACH Finance Co., Ltd. on 27 May 2022. According to the above arrangements of the capital increase agreement, the Company increased capital by RMB 554.7761 million in cash to SINOMACH Finance, owning a 14.29% equity interests in SINOMACH Finance. This capital increase has been considered and approved at the Company's second extraordinary general meeting in 2022.

For details, please refer to the Company’s Announcement of First Tractor on Capital Increase in SINOMACH Finance Co., Ltd. and Related Transactions, the Announcement of First Tractor on the Progress of the Reorganization of China YTO Group Finance Limited Liability Company and SINOMACH Finance Co., Ltd. and Related Transactions, and the Announcement of First Tractor on the Resolutions of the 2022 Second Extraordinary General Meeting published on the website of Shanghai Stock Exchange on 30 March, 28 May and 17 June 2022, and (1) Discloseable and Connected Transaction in relation to Disposal of Target Assets; (2) Major and Connected Transaction in relation to Capital Increase in SINOMACH Finance; and (3) Discloseable Transaction in relation to the Deposit Transaction and Continuing Connected Transactions, Major and Connected Transaction Supplemental Agreement to the Investment Agreement in Relation to Capital Increase in SINOMACH Finance, Poll Voting Results of the Extraordinary General Meeting held on 16 June 2022 and related overseas regulatory announcements published on the website of Stock Exchange 29 March, 27 May and 16 June 2022.

## 2. Financial assets 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>1,038,970,988.74</u>	<u>683,083,007.31</u>	<u>-355,887,981.43</u>	<u>-85,182,635.45</u>
Total	<u><u>1,038,970,988.74</u></u>	<u><u>683,083,007.31</u></u>	<u><u>-355,887,981.43</u></u>	<u><u>-85,182,635.45</u></u>

## 3. Significant Disposals of Assets and Equity Interests

On 29 March 2022, YTO Finance entered into the Assets Disposal Agreement of China YTO Group Finance Limited Liability Company, YTO Finance transferred part of the credit assets, fixed assets and intangible assets (hereinafter referred to as the “Target Assets”) to SINOMACH Finance at the appraised value. The initial appraisal value of Target Assets was RMB1,047,263,700 with 31 December 2021 as the reference date, and the final transaction consideration was based on the asset appraisal result assessed with 30 June 2022 as the reference date and filed with the state-owned assets supervision department. This asset disposal has been considered and approved at the 2022 second extraordinary general meeting of the Company.

For details, please refer to the Announcement of First Tractor on the Disposal of Assets by Controlled Subsidiary and Related Transactions, the Announcement of First Tractor on the Resolutions of the 2022 Second Extraordinary General Meeting published on the website of Shanghai Stock Exchange on 30 March and 17 June 2022, and (1) Discloseable and Connected Transaction in relation to Disposal of Target Assets; (2) Major and Connected Transaction in relation to Capital Increase in SINOMACH Finance; and (3) Discloseable Transaction in relation to the Deposit Transaction and Continuing Connected Transactions and the Poll Voting Results of the Extraordinary General Meeting held on 16 June 2022 published on the website of Stock Exchange 29 March and 16 June 2022.

## 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 2022		Realized during the Reporting Period	
			Total assets	Net assets	Operating income	Net profit
YTO Finance	50,000	Provision of financial services	600,785	69,145	9,046	6,679
YTO Foundry and Forging	24,883	Processing and sale of rough and semifinished products and finished products of casting and forging products	32,456	28,997	12,391	110
YTO International Trade	6,600	International sale of agricultural machinery	23,328	-35,059	29,597	-5,358
YTO Diesel Engine	USD16 million	Manufacturing and sale of engines	261,524	150,403	130,222	-293
Tractors Research Company	44,500	Research and development of tractor products	62,094	55,299	8,844	339

## 2. Acquisitions and disposals of subsidiaries during the Reporting Period

On January 2022, YTO (Luoyang) Flag Auto-Body Company Limited, a wholly owned subsidiary of the Company, completed the transfer of 100% equity and relevant creditor's rights of Zhengzhou Sanzhen Mechanical Equipment Co., Ltd., a wholly owned subsidiary of YTO Flag, through listing and transfer on Beijing Equity Exchange. In accordance with the Enterprise Accounting Standards, Zhengzhou Sanzhen Mechanical Equipment Co., Ltd. was no longer included in the Company's consolidated statements, and the transfer of equity and debt had an impact of RMB 23.1 million on the Company's profit and loss during the current period. For details, please refer to the Announcement of First Tractor on the Resolutions of the 30th Meeting of the Eighth Session of the Board and 2022 First Quarterly Report of First Tractor published on the website of Shanghai Stock Exchange on 26 August 2021.

## 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 Finance	9,046	8,119	6,679

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

YTO Finance: net profit increased by RMB46.37 million period-on-period, which is mainly due to the restructuring with SINOMACH Finance in the current period, business was gradually suspended and loans were recovered, which resulted in the reversal of the provision for loan losses previously made.

YTO Foundry and Forging: net profit decreased by RMB4.34 million period-on-period, mainly due to the decrease in revenue during the current period and the period-on-period decrease in net profit.

YTO International Trade: net profit decreased by RMB4.24 million period-on-period, mainly due to the period-on-period increase in the provision to credit impairment loss during the Reporting Period.

YTO Diesel Engine: net profit decreased by RMB67.63 million period-on-period, mainly due to the loss incurring from the change in fair value of the equity interest in Luoyang Bank held during the current period.

Tractors Research Company: net profit increased by RMB10.98 million period-on-period, mainly due to the increase in revenue and the period-on-period increase in net profit during the current period.

## **OTHER DISCLOSEABLE EVENTS**

### **(I) Potential Risks**

#### ***1. Off-road National IV switching led to risk of changes in market demand***

According to the Technical Requirements for Off-road Diesel Mobile Machinery Pollutant Emission Control (Release) (《非道路柴油移動機械污染物排放控制技術要求(發佈稿)》) issued by the Ministry of Ecology and Environment, China will implement the off-road diesel engine emission standard National IV switch from 1 December 2022. In the long run, the upgrade of the National IV standard will help to clear the backward production capacity of the industry and promote efficiency upgrade. However, the upgrade of the National IV standard will also bring about an increase in the cost of purchasing, using and maintaining users, and may suppress users' willingness to purchase machines for a certain period of time, which will lead to a decline in market sales.

The Company will fully utilize the supporting advantages of diesel engine and main engine products, firmly grasp the transformation and upgrading opportunities brought by the National IV switch, do a solid job in the cost control and quality management of National IV products, and focus on improving the reliability and product competitiveness of National IV products.

## **2. Risk of industry policy adjustment**

In 2022, the central government continued to maintain the subsidy fund for the purchase of agricultural machinery at a total of RMB21 billion. However, according to the “Guiding Opinions on the Implementation of Agricultural Machinery Purchase Subsidy from 2021 to 2023” (《2021—2023年農機購置補貼實施指導意見》) and the “Notice on Focusing on the Implementation of Agricultural Production Development and Other Projects in 2022” (《關於做好2022年農業生產發展等項目實施工作的通知》), the estimated proportion of wheel tractor subsidies this year is projected to drop below 20% and will drop below 15% by 2023. At the same time, the subsidy funds will be tilted to weak agricultural machinery products, which will reduce the subsidy funds for wheeled tractors and other products, which may bring certain financial pressure to the Company’s machines for user purchase.

The Company will fully utilize the advantages of technology research and development and core manufacturing, improve cost performance and added value of products, enrich the supporting portfolio of agricultural machinery products, consolidate the competitive advantage as the industry leader, and strive for a larger market share.

## **3. Price fluctuation risk of raw material**

As the prices of bulk commodities, such as steel, are affected by various factors including domestic macro policies, market supply and demand, and the international market environment, the fluctuation has been relatively high in recent years, which will bring great challenges to the Company’s raw material procurement and inventory control. Meanwhile, the continuous increase in energy prices will push up the Company’s production costs and will have a certain impact on the Company’s performance.

The Company will carry out further research and judgment on the price trend of raw materials, reasonably select the timing and scale of procurement, and smooth the impact of raw material price fluctuations on the Company to the greatest extent. At the same time, through measures such as product process optimization, quality improvement, and strengthening of internal management, the Company will continue to control costs and improve profit.

## OVERVIEW OF THE BUSINESS OF THE COMPANY

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

- (1) 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. The main products are as follows:

Product Name	Images	Product Description
Wheeled tractor		<p>The walking device is wheeled, mainly used for pulling and driving various supporting equipment, agricultural machinery for completing agricultural operations, various earthwork operations, transportation operations and fixing operations.</p> <p>The Company has a full range of wheeled tractor products, suitable for different operating environments such as dry fields, paddy fields, orchards and sheds.</p>

Product Name	Images	Product Description
Crawler tractor		<p>The walking device is a crawler type, mainly used for pulling and driving various supporting equipment, agricultural machinery for completing agricultural operations, various earthwork operations, transportation operations and fixing operations.</p> <p>The Company has a full range of crawler tractor products with better soil adhesion, suitable for wet soil and soft ground.</p>
Diesel engine		<p>Diesel fuel is used to convert the heat energy of diesel fuel combustion into mechanical energy.</p> <p>The Company's off-road diesel engine products include displacement from 2L to 12L, power output from 10KW to 450KW high, medium and low horsepower range. The products are mainly matching agricultural machinery, such as tractors and harvesters, accessories of construction machinery, vessels and power generators.</p>
Components		<p>The components produced by the Company include castings and forgings, gears, gearboxes and coverings for agricultural machinery products, as well as cylinder blocks, crankshafts, oil injection pumps and oil injection nozzles for power machinery products.</p>

- (2) YTO Finance, a controlling subsidiary of the Company, is a non-banking financial institution approved by the China Banking and Insurance Commission to carry out fund settlement, deposit and loan, bills business for members of the enterprise group within the scope of approval, finance leasing for the sale of the Company's products, and interbank business and investment business in compliance with the regulations of the regulatory authorities. During the Reporting Period, in order to implement the financial regulatory requirement that "an enterprise group can only set up one finance company" as stipulated in the "Measures of China Banking and Insurance Regulatory Commission for the Implementation of Administrative Licensing Matters Concerning Non-bank Financial Institutions (CBIRC Order [2020] No.6)"\* (《中國銀保監會非銀行金融機構行政許可事項實施辦法》(銀保監會令2020年第6號)), the integration of YTO Finance and SINOMACH Finance through asset sale and cash capital increase will be dissolved and cancelled after obtaining approval from the CBIRC. For details, please refer to the "Announcement of First Tractor in relation to the signing of the Framework Agreement on the Reorganization and Integration of China YTO Group Finance Company Limited and SINOMACH Finance Company Limited and Related Transaction" disclosed by the Company on the website of the Shanghai Stock Exchange on 30 March 2022.

During the Reporting Period, there was no material 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 domestic agricultural machinery industry, 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 after-sales service system, with significant competitive advantages in the industry.

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

## **OTHER DISCLOSURES**

### **1. Explanation on Appointment or Dismissal of Auditor**

As considered and approved at the 2021 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 2022, and the Board was authorized to determine the remuneration of the auditor.

### **2. Material Litigation and Arbitration**

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

### **3. Proposal of Profit Distribution or Capitalization from Capital Reserves**

Payment of interim dividend for the six months ended 30 June 2022 was not recommended (the first half of 2021: Nil).

### **4. Staff, Remuneration Policy and Training of the Group**

As at 30 June 2022, the Company had 7,263 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, skills operation and other trainings in a timely manner.

### **5. Contingent Liabilities**

As at 30 June 2022, the Company had no other material contingent liabilities.

## 6. Corporate Governance Code

During the Reporting Period, the Company has complied with the principles and the code provisions under the “Corporate Governance Code” as set out in Appendix 14 to the Listing Rules of the Stock Exchange.

## 7. Review by the Audit Committee

The 2022 interim results have been reviewed by the audit committee of the Company.

## 8. 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.

## 9. Changes in Shares and Information on Shareholders

### 1. Changes in Share Capital

During the Reporting Period, there was no change in the share capital of the Company.

### 2. Shareholders

#### (1) Total number of shareholders:

Total number of ordinary shareholders as at the end of the Reporting Period (holder)	42,815 shareholders
	Including: 42,490 holders of A Shares and 325 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						
	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	Pledged, marked or frozen <i>Status of shares</i>		Nature of shareholder
					<i>Number</i>		
YTO Group Corporation	0	548,485,853	48.81	137,795,275	Nil	/	State-owned legal person
HKSCC NOMINEES LIMITED (Note 1)	-10	388,195,309	34.55	0	Unknown	/	Overseas legal person
Hong Kong Securities Clearing Company Limited (Note 2)	748,580	5,507,227	0.49	0	Unknown	/	Overseas legal person
China Construction Bank Corporation- Xinao New Energy Industry Equity Securities Investment Fund	2,281,618	2,281,618	0.20	0	Unknown	/	Other
Shenzhen Qianhai Huolan Assets Management Co., Ltd. – Huolan Yuanfang No. 1 Private Placement Securities Investment Fund	-510,000	1,838,200	0.16	0	Unknown	/	Other
Han Yan	1,479,541	1,479,541	0.13	0	Unknown	/	Domestic natural person
Jiao Yanfeng	-84,000	860,000	0.08	0	Unknown	/	Domestic natural person
Industrial and Commercial Bank of China Limited– Xinao Zhiyuan Three-Year Hybrid Securities Investment Fund	813,300	813,300	0.07	0	Unknown	/	Other
Qin Tao	0	774,400	0.07	0	Unknown	/	Domestic natural person
Han Yujie	-52,100	737,600	0.07	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)	388,195,309	Overseas listed foreign shares	388,195,309
Hong Kong Securities Clearing Company Limited (Note 2)	5,507,227	Ordinary shares denominated in RMB	5,507,227
China Construction Bank Corporation-Xinao New Energy Industry Equity Securities Investment Fund	2,281,618	Ordinary shares denominated in RMB	2,281,618
Shenzhen Qianhai Huolan Assets Management Co., Ltd. — Huolan Yuanfang No. 1 Private Placement Securities Investment Fund	1,838,200	Ordinary shares denominated in RMB	1,838,200
Han Yan	1,479,541	Ordinary shares denominated in RMB	1,479,541
Jiao Yanfeng	860,000	Ordinary shares denominated in RMB	860,000
Industrial and Commercial Bank of China Limited—Xinao Zhiyuan Three-Year Hybrid Securities Investment Fund	813,300	Ordinary shares denominated in RMB	813,300
Qin Tao	774,400	Ordinary shares denominated in RMB	774,400
Han Yujie	737,600	Ordinary shares denominated in RMB	737,600

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.
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 Offering

Explanation on connected relationship or acting in concert among the aforesaid shareholders	N/A
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## 10. Details of Preference Shares

The Company had no preference shares during the Reporting Period.

## 11. 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.

## 12. Interests of Substantial Shareholders and Other Persons

As at 30 June 2022, 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 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 <sup>1</sup>	Number of underlying shares held under equity derivatives	Total number of shares interested <sup>1</sup>	Percentage of the relevant class of issued share capital <sup>1</sup> (%)	Percentage of the total issued share capital <sup>1</sup> (%)	Class of share
YTO <sup>2</sup>	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 2022, 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

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

A Share(s)	ordinary share(s) as approved by the CSRC which are issued to 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 crop farming and animal husbandry production, and the primary processing and treatment of agricultural and animal products
CBIRC	China Banking and Insurance Regulatory Commission
Company or First Tractor	First Tractor Company Limited (第一拖拉機股份有限公司)
controlled subsidiary	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	tractors whose travel device is a crawler
CSRC	China Securities Regulatory Commission
diesel engine	diesel-fueled internal combustion engines
Group	the Company and its controlled subsidiaries
H Share(s)	ordinary share(s) 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
large wheel tractor	wheeled tractors above 100 (inclusive) horsepower

Listing Rules of the Shanghai Stock Exchange	the Listing Rules of the Shanghai Stock Exchange (as amended from time to time)
Listing Rules of the Stock Exchange	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
medium wheel tractor	25 (inclusive)-100 horsepower wheeled tractor
Non-Public Offering	The Company's non-public offering of A shares in 2020
power machinery	diesel Engine and fuel injection pump/injector and other fuel injection system components and assembly products
SFO	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Shanghai Stock Exchange	the Shanghai Stock Exchange
SINOMACH	China National Machinery Industry Corporation (中國機械工業集團有限公司), the de facto controller of the Company
SINOMACH Finance	SINOMACH Finance Co., Ltd. (國機財務有限責任公司), a controlled company of the de facto controller of the Company
Stock Exchange	The Stock Exchange of Hong Kong Limited
subsidiary	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 Flag	YTO (Luoyang) Flag Auto-Body Company Limited (一拖(洛陽)福萊格車身有限公司), a wholly-owned subsidiary of the Company
YTO Foundry 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

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

Luoyang, the PRC

25 August 2022

*As at the date of this announcement, the Board comprises Mr. Liu Jiguo (Chairman) as executive Director; Mr. Zhang Zhiyu, Mr. Fang Xianfa and Mr. Ma Zhihui as non-executive Directors; and Mr. Edmund Sit, Mr. Wang Shumao and Mr. Xu Liyou as independent non-executive Directors.*

\* *For identification purposes only*