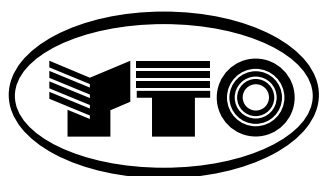


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**第一拖拉机股份有限公司**  
**FIRST TRACTOR COMPANY LIMITED**\*

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

(Stock Code: 0038)

## **PROPOSED ISSUE OF CORPORATE BONDS**

The Company and all Directors of the Board warrant the truthfulness, accuracy and completeness of the contents of this announcement, and accept several and joint responsibilities for any false information, misleading statements or material omissions in this announcement.

The 32nd meeting of the fifth Board was held on 21 September 2012 by way of written resolutions. The Board considered and approved the “Resolution in relation to the Issue of Corporate Bonds of the Company”, details of which are set out below:

### **1. ISSUE SIZE OF THE CORPORATE BONDS**

The Company proposes to issue corporate bonds with an aggregate principal amount of not more than RMB1,500,000,000 (inclusive of RMB1,500,000,000) (the “**Corporate Bonds**”) in the PRC. It was proposed that the Board or such persons as authorized by the Board shall be granted the authority at the EGM to determine the specific issue size in respect of the Issue of Corporate Bonds in accordance with the capital needs of the Company and market conditions at the time of issue within the aforesaid scope.

## **2. COUPON RATE AND WAY OF DETERMINATION**

It was proposed that the Board or such persons as authorized by the Board shall be granted the authority at the EGM to determine the coupon rate of the Corporate Bonds, and such determination shall be made together with the sponsor (the lead underwriter) after taking into account the relevant national regulations of the PRC and the market conditions at the time of issue and after reporting to the regulatory authorities.

## **3. ARRANGEMENT FOR PLACEMENT TO THE SHAREHOLDERS**

The Corporate Bonds will not be preferentially placed to the Shareholders of the Company, nor will they be offered to the public in Hong Kong.

## **4. MATURITY OF THE CORPORATE BONDS**

The maturity of the Corporate Bonds shall not exceed 5 years (inclusive of 5 years). The Corporate Bonds can be with single maturity period or with various maturity periods. It was proposed that the Board or such persons as authorized by the Board shall be granted the authority at the EGM to determine the specific maturity structure of the Corporate Bonds and the offer size for Corporate Bonds with different maturity structure in accordance with the relevant regulations, the Company's capital needs and the market conditions at the time of issue.

## **5. USE OF PROCEEDS**

The proceeds from the Issue of Corporate Bonds are intended to be used to replenish the Company's working capital and repay bank loans.

## **6. VALIDITY PERIOD OF THE RESOLUTION IN RESPECT OF THE ISSUE OF CORPORATE BONDS**

The resolution in respect of the Issue of Corporate Bonds shall be valid for 24 months from the date of approval at the EGM.

## **7. SAFEGUARD MEASURES FOR DEBT REPAYMENT**

The Company shall at least adopt the following safeguard measures if it is expected that the principal and interest of the Corporate Bonds cannot be repaid on schedule or the principal and interest of the Corporate Bonds cannot be repaid when due:

- (i) No profit shall be distributed to the Shareholders;
- (ii) The implementation of capital expenditure projects such as major external investments, acquisitions and mergers shall be temporarily suspended;
- (iii) Wages and bonus payable to the Directors and senior management shall be adjusted and reduced or suspended;
- (iv) The main responsible person(s) shall not be relocated.

## **8. AUTHORIZATION IN RELATION TO THE ISSUE OF CORPORATE BONDS**

In order to effectively and orderly complete the relevant works in connection with the Issue of Corporate Bonds, the Company shall, in accordance with the Company Laws, Securities Law and Pilot Rules on the Issuance of Corporate Bonds of the PRC as well as the Articles of Association, propose to the EGM to authorize the Board or such persons as authorized by the Board to handle all matters in relation to the Issue of Corporate Bonds at their full discretion, in accordance with the Company's specific needs and other market conditions, including but not limited to:

- (i) Formulate the specific issue plan, and amend and adjust the issue terms of the Issue of Corporate Bonds in accordance with the actual circumstances of the Company and the market, including but not limited to all matters in relation to the terms of the issue such as the issue size, maturity of the Corporate Bonds, coupon rate of the Corporate bonds and its way of determination, timing of the issue, whether the bonds will be issued in tranches and number of tranches, whether the repurchase terms or redemption terms will be set, guarantee, maturity and ways of repayment of principal and interest, place of listing, and the determination of the specific use of proceeds;
- (ii) Appoint intermediaries to handle the reporting matters in respect of the Issue of Corporate Bonds;

- (iii) Select the custodian of the Corporate Bonds, execute the Corporate Bonds custody management agreement and formulate the rules of procedures for the meetings of holders of Corporate Bonds;
- (iv) Sign, execute and amend the contracts, agreements and documents in relation to the Issue of Corporate Bonds, and make relevant information disclosure in accordance with the laws, regulations and other regulatory documents;
- (v) Handle matters in relation to the listing of the Corporate Bonds issued upon completion of the Issue of Corporate Bonds;
- (vi) In the event of change in the policies of the relevant regulatory authorities concerning issue of corporate bonds or change in the market conditions, other than matters which are required to be put to vote again by the Shareholders at the general meeting pursuant to the relevant laws, regulations and the Articles of Association, authorize the Board or such persons as authorized by the Board to make corresponding adjustments to the matters in relation to the plan of the Issue of Corporate Bonds based on the opinions of the regulatory authorities;
- (vii) Handle other matters in relation to the Issue of Corporate Bonds and its listing;  
and
- (viii) Such authorization shall be effective from the date of approval at the EGM to the date of completion of the above authorized matters.

In addition to the Shareholders' approval at the EGM, the Company still requires approval from the CSRC in respect of the Issue of Corporate Bonds.

## **EGM**

The Issue of Corporate Bonds is subject to the Shareholders' approval at the EGM. The Company shall convene the EGM for the purposes of, among other things, seeking approval by the Shareholders on the matters in relation to the Issue of Corporate Bonds. At the EGM, voting on the proposed special resolutions will be conducted by way of poll. A notice of the EGM will be despatched to the Shareholders as soon as practicable.

## **BOARD RECOMMENDATION**

The Directors consider that the Issue of Corporate Bonds is in the interests of the Company and the Shareholders as a whole, and therefore recommend the Shareholders to vote in favour of the relevant special resolutions at the EGM.

## **DEFINITIONS**

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

“Articles of Association”	the articles of association of the Company, as amended from time to time
“Board”	the board of Directors
“Company”	First Tractor Company Limited* (第一拖拉機股份有限公司), a joint stock company with limited liability incorporated in the PRC, the H shares and A shares of which are listed on the Stock Exchange and the Shanghai Stock Exchange respectively
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened on 9 November 2012 (Friday) for the purposes of, among other things, seeking approval by the Shareholders on the matters in relation to the Issue of Corporate Bonds
“Hong Kong”	Hong Kong Special Administrative Region of the PRC

“Issue of Corporate Bonds”	the proposed issue of corporate bonds by the Company with an aggregate principal amount of not more than RMB1,500,000,000 (inclusive of RMB1,500,000,000) in single or multiple tranches in the PRC
“PRC”	The People’s Republic of China which, for the purpose of this announcement, does not include Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

Luoyang, the PRC  
21 September 2012

*As at the date of this announcement, Mr. Zhao Yanshui is the Chairman and executive Director of the Company and Mr. Su Weike is the vice Chairman and non-executive Director of the Company. Other members of the Board are three executive Directors, namely, Ms. Dong Jianhong, Mr. Qu Dawei and Mr. Liu Jiguo; two non-executive Directors, namely, Mr. Yan Linjiao and Mr. Liu Yongle; and four independent non-executive Directors, namely, Mr. Luo Xiwen, Mr. Chan Sau Shan, Gary, Mr. Hong Xianguo and Mr. Zhang Qiusheng.*

\* *For identification purposes only*