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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)

DISCLOSEABLE AND CONNECTED TRANSACTIONS

- (1) ACQUISITION OF 100% EQUITY INTEREST IN YTO (LUOYANG) FLAG AUTO-BODY COMPANY LIMITED;**
- (2) ACQUISITION OF 100% EQUITY INTEREST IN YTO (LUOYANG) FOUNDRY COMPANY LIMITED; AND**
- (3) ACQUISITION OF 100% EQUITY INTEREST IN YTO (LUOYANG) DRIVE AXLE COMPANY LIMITED**

The Board is pleased to announce that on 15 November 2012, the Company entered into the YTO Flag Agreement and YTO Foundry Agreement with YTO. Pursuant to the YTO Flag Agreement and YTO Foundry Agreement, the Company has conditionally agreed to purchase, and YTO has conditionally agreed to sell its 100% equity interest in YTO Flag and YTO Foundry at a total consideration of RMB165,610,500 and RMB104,477,600 respectively (equivalent to approximately HK\$205,357,020 and HK\$129,552,224 respectively) (subject to adjustments).

On the same date, the Company also entered into the YTO Axle Agreement with YTO Kintra, pursuant to which the Company has conditionally agreed to purchase and YTO Kintra has conditionally agreed to sell its 100% equity interest in YTO Axle at a total consideration of RMB225,278,800 (equivalent to approximately HK\$279,345,712) (subject to adjustments).

YTO is the controlling shareholder of the Company. YTO Kintra is owned as to approximately 36.04% by YTO, and is therefore an associate of YTO. Accordingly, YTO and YTO Kintra are regarded as connected persons of the Company pursuant to the Listing Rules. The Acquisitions contemplated under the Acquisition Agreements constitute connected transactions of the Company.

Having considered that the vendor under each of the Acquisition Agreements is either YTO (in the YTO Flag Agreement and YTO Foundry Agreement) or its associate, YTO Kintra (in the YTO Axle Agreement), the transactions contemplated under the Acquisition Agreements should be aggregated under Rule 14A.25 of the Listing Rules.

As one or more of the applicable percentage ratios (after aggregation) are more than 5% but less than 25%, the Acquisitions under the Acquisition Agreements constitute discloseable and connected transactions of the Company and are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

A circular containing, among other things, (i) the information relating to each of the Acquisition Agreements, (ii) the advice from the Independent Board Committee to the Independent Shareholders in respect of the Acquisition Agreements, (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition Agreements, (iv) summaries of the Appraisal Report (YTO Flag), Appraisal Report (YTO Foundry) and Appraisal Report (YTO Axle), and (v) a notice of the EGM to be convened for the Independent Shareholders to approve the transactions contemplated under the Acquisition Agreements, is expected to be despatched to the Shareholders on or before 5 December 2012 in accordance with the Listing Rules. A notice of the EGM will be despatched to the Shareholders as soon as possible.

INTRODUCTION

The Board is pleased to announce that on 15 November 2012, the Company entered into the YTO Flag Agreement and YTO Foundry Agreement with YTO. Pursuant to the YTO Flag Agreement and YTO Foundry Agreement, the Company has conditionally agreed to purchase, and YTO has conditionally agreed to sell its 100% equity interest in YTO Flag and YTO Foundry at a total consideration of RMB165,610,500 and RMB104,477,600 respectively (equivalent to approximately HK\$205,357,020 and HK\$129,552,224 respectively) (subject to adjustments).

On the same date, the Company also entered into the YTO Axle Agreement with YTO Kintra, pursuant to which the Company has conditionally agreed to purchase and YTO Kintra has conditionally agreed to sell its 100% equity interest in YTO Axle at a total consideration of RMB225,278,800 (equivalent to approximately HK\$279,345,712) (subject to adjustments).

THE ACQUISITIONS

Save and except for the contractual parties, subjects of the transactions and consideration, the other principal terms of the Acquisition Agreements are substantially the same, summary of which is set out below:-

Date

15 November 2012

Parties

<i>Agreement</i>	<i>Purchaser</i>	<i>Vendor</i>
YTO Flag Agreement	The Company	YTO, the controlling shareholder of the Company
YTO Foundry Agreement	The Company	YTO, the controlling shareholder of the Company
YTO Axle Agreement	The Company	YTO Kintra, approximately 36.04% of its equity interest is held by YTO

Assets to be acquired

<i>Agreement</i>	<i>Subject</i>
YTO Flag Agreement	The Company has conditionally agreed to purchase YTO's 100% equity interest in YTO Flag.
YTO Foundry Agreement	The Company has conditionally agreed to purchase YTO's 100% equity interest in YTO Foundry.
YTO Axle Agreement	The Company has conditionally agreed to purchase YTO Kintra's 100% equity interest in YTO Axle.

Consideration for the Acquisitions

<i>Agreement</i>	<i>Initial Consideration</i> <i>(i.e. the Appraised NAV)</i>	<i>Appraisal Date</i>
YTO Flag Agreement	RMB165,610,500 (equivalent to approximately HK\$205,357,020)	30 September 2012
YTO Foundry Agreement	RMB104,477,600 (equivalent to approximately HK\$129,552,224)	31 August 2012
YTO Axle Agreement	RMB225,278,800 (equivalent to approximately HK\$279,345,712)	31 October 2012

The initial considerations of the Target Interest were determined after arm's length negotiations between the Company and YTO or YTO Kintra (as the case may be) with reference to the relevant Appraised NAV on the relevant Appraisal Date. The appraisals were conducted by the relevant Independent Valuer (namely ZhongHe Appraisal Co., Ltd.* (中和資產評估有限公司) for Appraisal Report (YTO Flag) and Appraisal Report (YTO Axle) and China United Assets Appraisal Group Co., Ltd.* (中聯資產評估集團有限公司) for Appraisal Report (YTO Foundry)), on the basis of the asset based valuation approach (資產基礎法) and are subject to the reporting to and confirmation by Sinomach, an entity authorized by the State-owned Assets Supervision and Administration Commission.

The final consideration (the “**Final Consideration**”) for each Acquisition will be calculated and adjusted in accordance with the following formula:-

$$\text{Final Consideration} = \text{Initial consideration} + (\text{Completion NAV} - \text{Audited NAV})$$

Payment terms

The considerations of the Target Interest shall be paid by the Company to YTO or YTO Kintra (as the case may be) in accordance with the following manners:

Agreement

Payment Terms

YTO Flag Agreement

(i) First payment: RMB49,683,150 to be paid within 5 working days upon the effective date of the YTO Flag Agreement;

(ii) Second payment will be calculated in accordance with the following formula and be paid within six months upon determination of Completion NAV:

Second payment = Final Consideration - first payment
- the then guarantee amount under the Corporate Guarantees (YTO Flag) on the second payment date;

and

(iii) Third payment: Final Consideration minus the aggregate of first payment and second payment, which is to be paid when the Corporate Guarantees (YTO Flag) are completely discharged.

- YTO Foundry Agreement
- (i) First payment: RMB31,343,280 to be paid within 5 working days upon the effective date of the YTO Foundry Agreement;
 - (ii) Second payment will be calculated in accordance with the following formula and be paid within six months upon determination of Completion NAV:

Second payment = Final Consideration - first payment
- the then guarantee amount under the Corporate Guarantees (YTO Foundry) on the second payment date;

and

- (iii) Third payment: Final Consideration minus the aggregate of first payment and second payment, which is to be paid when the Corporate Guarantees (YTO Foundry) are completely discharged.

- YTO Axle Agreement
- (i) First payment: RMB157,695,160 to be paid within 5 working days upon the effective date of the YTO Axle Agreement; and
 - (ii) Second payment: Final Consideration minus the first payment, which is to be paid within 10 days upon determination of Completion NAV.

Under the YTO Flag Agreement and YTO Foundry Agreement, the Company will pay interest based on the total unpaid amount of the considerations from the date of first payment. Interest shall be calculated by reference to the comparable benchmark lending rate published by the People's Bank of China.

The Company intends to satisfy the above considerations in cash from its internal resources.

Conditions precedent

Each Acquisition Agreement shall take effect upon fulfillment of the following conditions precedent:

Agreement

Conditions precedent

YTO Flag Agreement

- (i) YTO obtaining the approval from its shareholders at the shareholders' meeting;
- (ii) YTO obtaining the approval from Sinomach; and
- (iii) the Company obtaining the approval from the Board and Shareholders at the EGM.

YTO Foundry Agreement

- (i) YTO obtaining the approval from its shareholders at the shareholders' meeting;
- (ii) YTO obtaining the approval from Sinomach; and
- (iii) the Company obtaining the approval from the Board and the Shareholders at the EGM.

YTO Axle Agreement

- (i) YTO Kintra obtaining the approval from its shareholders at the shareholders' meeting;
- (ii) obtaining the approval from Sinomach; and
- (iii) the Company obtaining the approval from the Board and the Shareholders at the EGM.

Completion

Upon fulfillment of the conditions precedent set out above, the following shall be conducted and required to be satisfied before Completion under the Acquisition Agreements takes place:-

- (i) the Acquisition Agreements have been duly signed and becoming effective;
- (ii) the articles of association of the relevant Target Company was amended legally and appropriately to reflect the Acquisition; and
- (iii) the registration for changes procedures relating to the Acquisitions with the relevant Administration for Industry and Commerce of the PRC have been completed.

Upon Completion of the Acquisitions, YTO Flag, YTO Foundry and YTO Axle will become wholly-owned subsidiaries of the Company. The accounts of YTO Flag, YTO Foundry and YTO Axle will be consolidated into that of the Group.

Other major terms

As at the signing date of the YTO Flag Agreement, YTO Flag has provided Corporate Guarantees (YTO Flag) for an aggregate amount of RMB6,000,000 (equivalent to approximately HK\$7,440,000). Further, as at the signing date of the YTO Foundry Agreement, YTO Foundry has provided Corporate Guarantees (YTO Foundry) for an aggregate amount of RMB31,731,505 (equivalent to approximately HK\$39,347,066). Pursuant to the terms of the YTO Flag Agreement and YTO Foundry Agreement, YTO will assume all contingent liabilities arising from the above corporate guarantees.

Upon Completion of the Acquisitions, YTO Flag and YTO Foundry will become wholly-owned subsidiaries of the Company. As the above corporate guarantees were provided for the benefit of associates or subsidiaries of YTO, the provision of the Corporate Guarantees (YTO Flag) and Corporate Guarantees (YTO Foundry) may constitute connected transactions of the Company under Chapter 14A of the Listing Rules. The Company will make further disclosure in this respect as and when appropriate in accordance with the Listing Rules.

INFORMATION OF YTO FLAG, YTO FOUNDRY AND YTO AXLE

As at the date hereof, the registered capital of YTO Flag is RMB50,000,000. YTO Flag is principally engaged in the production and sale of covering parts, driving cabs and other components of automobiles, agricultural machineries and construction machineries, etc. It was established in February 2006 and is currently a wholly-owned subsidiary of YTO. It is being recognized as a hi-tech enterprise by the Science and Technology Department of Henan Province* (河南省科技廳). It leads the industry in three main areas of stamping, welding and painting, and ranks as an AAA industrial enterprise in terms of its quality and integrity in Henan Province.

As at the date hereof, the registered capital of YTO Foundry is RMB98,830,000. YTO Foundry is principally engaged in the production and sale of gray iron and ductile castings. It was established in September 2003 and is one of the major casting bases in the PRC with a relatively strong processing and manufacturing capacity. YTO Foundry is currently a wholly-owned subsidiary of YTO.

As at the date hereof, the registered capital of YTO Axle is RMB50,000,000. YTO Axle is principally engaged in the production and sale of offroad machinery drive axles. Its main products, tractor drive axles, are famous brand name products in Henan Province and it is well-recognized in the agricultural machineries industry in the PRC. It was established in September 2012 and is currently a wholly-owned subsidiary of YTO Kintra.

Set out below is the basic financial information of YTO Flag, YTO Foundry and YTO Axle, which was prepared in accordance with the PRC accounting standards:

	YTO Flag (in RMB 0'000)	YTO Foundry (in RMB 0'000)	YTO Axle (in RMB 0'000)
Net profit before taxation and extraordinary items for the year ended 31 December 2011 (<i>audited</i>)	6,308.79	3,359.74	N/A ^(Note 1)
Net profit after taxation and extraordinary items for the year ended 31 December 2011 (<i>audited</i>)	5,668.78	3,359.74	N/A ^(Note 1)
Net profit before taxation and extraordinary items for the year ended 31 December 2010 (<i>audited</i>)	7,719.54	1,669.05	N/A ^(Note 1)
Net profit after taxation and extraordinary items for the year ended 31 December 2010 (<i>audited</i>)	6,213.70	1,669.05	N/A ^(Note 1)

Note 1:

YTO Axle was established in September 2012 as a wholly-owned subsidiary of YTO Kintra through the restructuring of YTO Kintra's drive axle business. The drive axle business accounted for a majority of YTO Kintra's profits before such restructuring. For reference, the audited net profit before and after taxation of YTO Kintra for the year ended 31 December 2010 were RMB29,349,200 and RMB25,906,000 respectively. Its audited net profit before and after taxation for the year ended 31 December 2011 were RMB22,824,500 and RMB20,145,300 respectively.

Set out below are the book total assets value, appraised total assets value, book net assets value and appraised net assets value of YTO Flag, YTO Foundry and YTO Axle:

	YTO Flag (as at 30 September 2012)	YTO Foundry (as at 31 August 2012)	YTO Axle (as at 31 October 2012)
Book total assets value (<i>in RMB 0'000</i>)	40,537.43	42,953.12	29,193.63
Appraised total assets value (<i>in RMB 0'000</i>)	46,737.06	46,122.95	29,159.27
Book net assets value (<i>in RMB 0'000</i>)	10,361.43	7,277.93	22,562.24
Appraised net assets value (<i>in RMB 0'000</i>)	16,561.05	10,447.76	22,527.88

REASONS AND BENEFITS FOR THE ACQUISITIONS

The Acquisitions can reduce the number of the Company's connected transactions with its controlling shareholder and its associates. The Acquisitions are the actual implementation of the commitments made by the controlling shareholder of the Company at the time of the initial public offering of the A Shares and represent the controlling shareholder's support of the Company. Moreover, the Acquisitions can boost the Company's core manufacturing capability and are conducive to further integration of internal resources and enhancement of the internal synergy. They can also enhance the Company's cost control capability and expand the Company's business scale.

(1) Boosting the Company's core manufacturing capability and enhancing business synergy

The covering parts, driving cabs, drive axles and the cylinder bodies and covers of diesel engines as well as the chassis shell castings of tractors are key components of tractors. Between 2009 and mid-2011, the average annual procurement amount of the Company from YTO Flag, YTO Foundry and YTO Kintra accounted for approximately 88%, 62% and 79% of the Company's total procurement amount of similar components respectively. The aggregate procurement amount of the Company from these three companies represented approximately 10% of the Company's total operating costs per annum. The Completion of the Acquisitions can further optimise the Company's industrial chain, enhance its core components manufacturing and cost control capabilities, and strengthen its control over the key components, which is conducive to optimisation of resources allocation and further enhancement of core competitiveness by the Company.

(2) Expanding the Company's business scale, building up a premium supply chain of parts and components, and boosting its profitability

Apart from the covering parts and driving cabs of agricultural equipments provided to the Company, YTO Flag is also the supplier of automobile stamping parts to Shaanxi Automobile Group (陝汽集團), Dongfeng Nissan (東風日產) and other automobile enterprises. Drive axles produced by YTO Kintra have enjoyed constant leading position in terms of market share in the agricultural machineries industry in the PRC. YTO Foundry, being the supplier of enterprises in the PRC such as Weichai Power (濰柴動力) and Shanghai Diesel Engine (上海柴油機), is currently implementing its green technology upgrading and renovation project, which upon completion, will enable YTO Foundry to have an annual production capacity of 191,400 tonnes of high-quality castings.

In 2011, the supplies to companies other than the Company from YTO Flag, the drive axles business of YTO Kintra and YTO Foundry accounted for approximately 55%, 52% and 27% of their respective revenues, with the aggregate supplies amounting to approximately RMB890 million. As the Target Companies operate stably and have a relatively high earning power, the total sales and profitability of the Company are expected to be raised after the three Target Companies become the subsidiaries of the Company.

The Completion of the Acquisitions is also beneficial for the Company to focus on the research, development and production of drive axles, covering parts (driving cabs) and stamping parts, castings, forging parts and gears for vehicle bodies. It will further explore the business of transmission cases, and achieve the transformation of its products from roughcasts to finished products, from parts to components, and from the low-end manufacturing to the high-end manufacturing, thus building a specialized, socialized and domestically famous development and production base for parts and components.

(3) Financial effect

The considerations of the Acquisitions were determined with reference to the Appraised NAV of the three Target Companies. The aggregate Appraised NAV of the Target Companies is approximately RMB90 million higher than the aggregate Audited NAV. As the Company acquires the equity interest from its controlling shareholder and its associates, the Acquisitions constitute “business combination under the same control” (同一控制下企業購併). In accordance with the PRC accounting standards, the Company will consolidate the Audited NAV of the three Target Companies into its financial statements, and the excess of aggregate Appraised NAV over the aggregate Audited NAV will be deducted from the capital reserve of the Company, which will result in a decrease of approximately RMB90 million in the net assets of the Company. However, the Acquisitions will not have any impact on the profit and loss of the Company for the current period. Upon Completion of the Acquisitions, the Company will consolidate the results of the three Target Companies into its consolidated financial statements and adjust the comparable figures for the previous years retroactively.

As the considerations of the Target Interest were determined with reference to the Appraised NAV of the Target Companies, which are provided by the relevant Independent Valuers in the PRC, the Directors consider that the considerations of the Target Interest are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Moreover, the terms of the Acquisition Agreements have been determined after arm’s length negotiations between the Company and YTO or YTO Kintra (as the case may be). The Directors are of the view that the Acquisition Agreements have been entered into on normal commercial terms and in the ordinary and usual course of business of the Company, and that the terms of each of the Acquisition Agreements are fair and reasonable and in the interests of the Company and its Shareholders as whole.

INFORMATION OF THE GROUP, YTO AND YTO KINTRA

The Group is principally engaged in production and sale of agricultural machineries and power machineries. The principal products include tractors of hi-powered, mid-powered and low-powered, diesel engines and other accessories of tractors, forklifts and mining trucks, etc.

YTO is the controlling shareholder of the Company, holding 44.574% equity interest in the Company, and is principally engaged in production of transporting machineries, casting parts, vehicles products and components.

YTO Kintra is owned as to approximately 36.04% by YTO and is principally engaged in design and production of drive axle of large and medium wheel tractors and construction machineries; research and development and production of car parts, etc.

LISTING RULES IMPLICATIONS

As mentioned above, YTO is the controlling shareholder of the Company. YTO Kintra is owned as to approximately 36.04% by YTO, and is therefore an associate of YTO. Accordingly, YTO and YTO Kintra are regarded as connected persons of the Company pursuant to the Listing Rules. The Acquisitions contemplated under the Acquisition Agreements constitute connected transactions of the Company.

Having considered that the vendor under each of the Acquisition Agreements is either YTO (in the YTO Flag Agreement and YTO Foundry Agreement) or its associate, YTO Kintra (in the YTO Axle Agreement), the transactions contemplated under the Acquisition Agreements should be aggregated under Rule 14A.25 of the Listing Rules.

As one or more of the applicable percentage ratios (after aggregation) are more than 5% but less than 25%, the Acquisitions under the Acquisition Agreements constitute discloseable and connected transactions of the Company and are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Zhao Yanshui, Mr. Su Weike, Mr. Yan Linjiao, Mr. Liu Yongle, Ms. Dong Jianhong, Mr. Qu Dawei and Mr. Liu Jiguo, being the Directors of the Company and having connected relationship with YTO, have abstained from voting on the relevant board resolutions approving the Acquisition Agreements and the transactions contemplated thereunder.

GENERAL INFORMATION

An EGM will be convened at which, among other things, ordinary resolutions will be proposed to seek Independent Shareholders' approval for each of the Acquisition Agreements. In view of the interests of YTO and its associates, YTO Kintra, in the transactions contemplated under each of the Acquisition Agreements, YTO and its associates will abstain from voting on the resolutions in relation to each of the Acquisition Agreements at the EGM. Voting on such resolutions shall be taken by poll.

Pursuant to the Listing Rules, the Independent Board Committee will be formed by the Company to consider the transactions contemplated under each of the Acquisition Agreements and to advise the Independent Shareholders as to whether each of the Acquisition Agreements are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

A circular containing, among other things, (i) the information relating to each of the Acquisition Agreements, (ii) the advice from the Independent Board Committee to the Independent Shareholders in respect of the Acquisition Agreements, (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition Agreements, (iv) summaries of the Appraisal Report (YTO Flag), Appraisal Report (YTO Foundry) and Appraisal Report (YTO Axle), and (v) a notice of the EGM to be convened for the Independent Shareholders to approve the transactions contemplated under the Acquisition Agreements, is expected to be despatched to the Shareholders on or before 5 December 2012 in accordance with the Listing Rules. A notice of the EGM will be despatched to the Shareholders as soon as possible.

DEFINITIONS

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

“Acquisition Agreements”	YTO Flag Agreement, YTO Foundry Agreement and YTO Axle Agreement
“Acquisitions”	the acquisitions of the Target Interest by the Company from YTO or YTO Kintra (as the case may be) pursuant to the Acquisition Agreements, and “Acquisition” means any one of them
“Appraisal Date”	in relation to Appraisal Report (YTO Flag), 30 September 2012
	in relation to Appraisal Report (YTO Foundry), 31 August 2012
	in relation to Appraisal Report (YTO Axle), 31 October 2012
“Appraisal Report (YTO Axle)”	the appraisal report in respect of YTO Axle issued by the relevant Independent Valuer with the Appraisal Date of 31 October 2012
“Appraisal Report (YTO Flag)”	the appraisal report in respect of YTO Flag issued by the relevant Independent Valuer with the Appraisal Date of 30 September 2012
“Appraisal Report (YTO Foundry)”	the appraisal report in respect of YTO Foundry issued by the relevant Independent Valuer with the Appraisal Date of 31 August 2012
“Appraised NAV”	the appraised net assets value of the Target Company as at the relevant Appraisal Date as disclosed in the relevant appraisal report

“A Share(s)”	the domestic share(s) of RMB1.00 each in the share capital of the Company, which are listed on the Shanghai Stock Exchange and subscribed for and traded in RMB
“associate(s)”	has the same meaning as ascribed to this term under the Listing Rules
“Audited NAV”	the audited net assets value of the Target Company as at the relevant Appraisal Date
“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 main boards of the Stock Exchange and the Shanghai Stock Exchange respectively
“Completion”	completion of the Acquisitions pursuant to the Acquisition Agreements
“Completion NAV”	the audited net assets value of the Target Company as on the last day of the nearest month either preceding to or subsequent to the date of Completion and should be determined and agreed within 30 days from Completion
“connected person(s)”	has the same meaning as ascribed to this term under the Listing Rules
“controlling shareholder”	has the same meaning as ascribed to this term under the Listing Rules
“Corporate Guarantees (YTO Flag)”	corporate guarantees provided by YTO Flag with an aggregate amount of RMB6,000,000 (equivalent to approximately HK\$7,440,000) to secure loans from finance institutions by a company in which YTO has equity interest

“Corporate Guarantees (YTO Foundry)”	corporate guarantees provided by YTO Foundry with an aggregate amount of RMB31,731,505 (equivalent to approximately HK\$39,347,066) to secure loans from finance institutions by three associates and subsidiaries of YTO
“Directors”	the directors of the Company, including the independent non-executive directors
“EGM”	an extraordinary general meeting of the Company to be convened for the purposes of considering and approving, among other things, each of the Acquisition Agreements
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising the independent non-executive Directors
“Independent Financial Adviser”	an independent financial adviser to be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition Agreements and the transactions contemplated thereunder
“Independent Shareholder(s)”	Shareholder(s) other than YTO and its associate(s)
“Independent Valuer”	in relation to Appraisal Report (YTO Flag) and Appraisal Report (YTO Axle), ZhongHe Appraisal Co., Ltd.* (中和資產評估有限公司), an independent PRC professional valuer; in relation to Appraisal Report (YTO Foundry), China United Assets Group Appraisal Co., Ltd.* (中聯資產評估集團有限公司), an independent PRC professional valuer

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“percentage ratio(s)”	has the same meaning as ascribed to this term under the Listing Rules, as applicable to a transaction
“PRC”	The People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	registered holder(s) of the Shares
“Shares”	share(s) of RMB1.00 each of the Company
“Sinomach”	China National Machinery Industry Corporation* (中國機械工業集團有限公司), a limited liability company incorporated in the PRC and a controlling shareholder of YTO having 82.02% equity interest in YTO
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Companies”	YTO Flag, YTO Foundry and YTO Axle, and “Target Company” means any one of them
“Target Interest”	YTO’s 100% equity interest in YTO Flag and YTO Foundry, and YTO Kintra’s 100% equity interest in YTO Axle, being the subjects under the YTO Flag Agreement, YTO Foundry Agreement and YTO Axle Agreement respectively
“YTO”	YTO Group Corporation* (中國一拖集團有限公司), a limited liability company incorporated in the PRC and the controlling shareholder of the Company, holding approximately 44.574% equity interest in the Company

“YTO Axle”	YTO (Luoyang) Drive Axle Company Limited* (一拖(洛陽)車橋有限公司), a limited liability company incorporated in the PRC and a wholly-owned subsidiary of YTO Kintra as at the date hereof
“YTO Axle Agreement”	the equity transfer agreement dated 15 November 2012 entered into between the Company and YTO Kintra for the acquisition of 100% equity interest in YTO Axle by the Company from YTO Kintra
“YTO Flag”	YTO (Luoyang) Flag Auto-Body Company Limited* (一拖(洛陽)福萊格車身有限公司), a limited liability company incorporated in the PRC and a wholly-owned subsidiary of YTO as at the date hereof
“YTO Flag Agreement”	the equity transfer agreement dated 15 November 2012 entered into between the Company and YTO for the acquisition of 100% equity interest in YTO Flag by the Company from YTO
“YTO Foundry”	YTO (Luoyang) Foundry Company Limited* (一拖(洛陽)鑄造有限公司), a limited liability company incorporated in the PRC and a wholly-owned subsidiary of YTO as at the date hereof
“YTO Foundry Agreement”	the equity transfer agreement dated 15 November 2012 entered into between the Company and YTO for the acquisition of 100% equity interest in YTO Foundry by the Company from YTO

YTO Kintra

YTO (Luoyang) Kintra Equipment Science & Technology Company Limited * (一拖(洛陽)開創裝備科技有限公司), a limited liability company incorporated in the PRC and owned as to approximately 36.04% by YTO as at the date hereof

“%”

per cent.

By Order of the Board

FIRST TRACTOR COMPANY LIMITED

YU Lina

Company Secretary

Luoyang, the PRC

15 November 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 the purpose of this announcement, the exchange rate of RMB1.00 = HK\$1.24 has been used, where applicable, for purposes of illustration only and does not constitute a representation that any amounts have been, could have been or may be exchanged, at this or any other rates.

* *For identification purposes only*