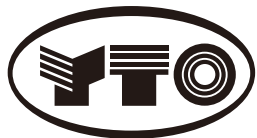


Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance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



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

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

(Stock Code: 0038)

**FURTHER ANNOUNCEMENT IN RESPECT OF THE
CONTINUING CONNECTED TRANSACTIONS UNDER THE
PROPERTIES LEASE AGREEMENT AND
THE LAND LEASE AGREEMENT**

Reference is made to the announcement (the “**Announcement**”) of First Tractor Company Limited* (the “**Company**”) dated 16 March 2018 in relation to the continuing connected transactions under the Properties Lease Agreement and the Land Lease Agreement. Unless otherwise specified, capitalized terms used herein shall have the same meanings as those defined in the Announcement.

The Company would like to provide further information in relation to the Properties Lease Agreement and the Land Lease Agreement as follows:

**MONETARY AMOUNTS INCURRED OR PAID FROM 1 JANUARY 2018 TO
16 MARCH 2018**

In the Announcement, it was stated that from 1 January 2018 to the date of the Announcement (i.e. 16 March 2018), no actual monetary amounts were incurred or paid in relation to any transactions made pursuant to the Properties Lease Agreement and the Land Lease Agreement.

The Company wishes to clarify that due to a lack of full understanding about the concept of “incur”, although the relevant accounting treatments have not been carried out and no monetary amounts have been paid as at the date of the Announcement, monetary amounts have been incurred in relation to transactions made pursuant to the Properties Lease Agreement and the Land Lease Agreement from 1 January 2018 to the date of the announcement.

The Company recognises the rent payable by YTO Group to the Group from 1 January 2018 to the date of the Announcement (i.e. 16 March 2018). The finance department of the Company typically carries out the accounting treatments and handles the cash receipts pertaining to transactions, based on agreements which have been signed by the Company. As at and prior to the date of the Announcement (i.e. 16 March 2018), as the Properties Lease Agreement and the Land Lease Agreement have not yet been signed by the Company, the finance department of the Company did not carry out any accounting treatment of any amounts pertaining to the transactions contemplated under the Land Lease Agreement and the Properties Lease Agreement. Such accounting treatments and recognition of the monetary amounts incurred pertaining to the transactions contemplated under the Land Lease Agreement and the Properties Lease Agreement from 1 January 2018 to 16 March 2018 are carried out by the finance department of the Company after the Land Lease Agreement and the Properties Lease Agreement are signed by the Company.

PRICING STANDARD FOR THE TRANSACTIONS

In the Announcement, it was stated that pursuant to the Properties Lease Agreement and the Land Lease Agreement, the respective rent of the Properties and the Land payable by YTO Group shall be determined according to the following criteria, which are set out in order of importance, starting from the most important:

- (1) the transaction prices between the Group and independent third parties for leases of similar properties and land and land use rights in similar locations (if any); and
- (2) in the event that the above prices are not available or not applicable, the rental payable shall be determined after negotiations by the Group and the YTO Group conducted on an arm's length basis, after taking into consideration the market rental for similar properties and land and land use rights.

Under most circumstances, the Company will use method (1). The Company will make reference to the unit rent prices (the "**Comparison Unit Rent Prices**") in lease agreements entered into recently by the Group with independent third parties for similar properties and land/land use rights in similar locations. The Company will then ensure that the unit rent prices payable to the Group by YTO Group under the Properties Lease Agreement and the Land Lease Agreement are not lower than that of the Comparison Unit Rent Prices.

The Company will only use method (2), where there are no available or applicable prices under method (1). Under method (2), the Company will obtain a minimum of five rental figures for similar land/land use rights and properties for comparison from consultations with professionals in reputable local real estate agencies and from local major real estate rental websites, including but not limited to “58 同城 58.com” and “趕集網”, in the PRC. The Company will then determine the market rental rate at the relevant time based on the abovementioned five or more rental figures, after taking into account the following factors relating to the relevant land/land use rights and properties:

- a) Geographical location;
- b) Period for which the relevant land/land use rights and property has been in use;
and
- c) Facilities available for use.

Other than as disclosed above, all information in the Announcement remains unchanged.

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

Luoyang, the PRC
10 April 2018

As at the date of this announcement, the Board comprises Mr. Zhao Yanshui (Chairman), Mr. Wang Erlong (vice Chairman) and Mr. Wu Yong as executive Directors; Mr. Li Hepeng, Mr. Xie Donggang, Mr. Li Kai and Mr. Yin Dongfang as non-executive Directors; and Ms. Yang Minli, Mr. Xing Min, Mr. Wu Tak Lung and Mr. Yu Zengbiao as independent non-executive Directors.

* *For identification purposes only*