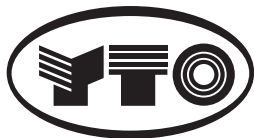


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**第一拖拉机股份有限公司**  
**FIRST TRACTOR COMPANY LIMITED**\*

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

(Stock Code: 0038)

**DISCLOSEABLE AND CONNECTED TRANSACTIONS  
IN RELATION TO THE DISPOSALS OF  
100% EQUITY INTEREST OF TWO SUBSIDIARIES**

**Financial Adviser to the Company**



**Independent Financial Adviser to the Independent Board Committee  
and the Independent Shareholders**

**VEDA | CAPITAL**  
**智 略 資 本**

**THE DISPOSALS**

The Board wishes to announce that on 11 October 2019 (after trading hours):

- (i) the Company, as the vendor entered into a conditional agreement with the Purchaser pursuant to which the Company agreed to sell and the Purchaser agreed to purchase 100% equity interest in Xinjiang Equipment Company for a consideration of approximately RMB184.13 million; and
- (ii) Luoyang Tractor, a 51%-owned subsidiary of the Company, as the vendor entered into a conditional agreement with the Purchaser pursuant to which Luoyang Tractor agreed to sell and the Purchaser agreed to purchase 100% equity interest in Luoyang Xiyuan for a consideration of approximately RMB172.93 million (after adjustment for the Dividend Payment).

The Disposals are not inter-conditional with each other.

Upon completion of the Disposals, the Group will cease to hold any interest in the Disposal Companies.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, the Purchaser held 410,690,578 A Shares, representing approximately 41.66% of the total issued share capital of the Company and is a controlling shareholder of the Company within the meaning of the Listing Rules. Accordingly, the Purchaser is a connected person of the Company and the transactions under the Agreements constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 of the Listing Rules, the Disposals are required to be aggregated as the Agreements are entered into by the Company and Luoyang Tractor respectively with the same party, i.e. the Purchaser. As more than one of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Disposals (on an aggregated basis) are more than 5% but less than 25%, the Disposals constitute discloseable and connected transactions for the Company under the Listing Rules and are subject to reporting, announcement and the Independent Shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules.

## **GENERAL**

An Independent Board Committee, comprising all the independent non-executive Directors, has been established to advise the Independent Shareholders on the Agreements and the transactions contemplated thereunder. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

Save for the Purchaser holding 410,690,578 A Shares, representing, approximately 41.66% of the total issued share capital of the Company, to the best knowledge of the Directors, no Shareholder has any material interest in the Agreements and the transactions contemplated thereunder. The Purchaser and its associates will abstain from voting at the EGM to be convened to consider, and if thought fit, to approve the Agreements and the transactions contemplated thereunder. Save for the foregoing, to the best knowledge of the Directors, no other Shareholder will be required to abstain from voting on the resolutions in respect of the Agreements and the transactions contemplated thereunder at the EGM.

Mr. Li Xiaoyu, the Chairman of the Company, is also the chairman of the Purchaser. Mr. Cai Jibo, the vice Chairman of the Company, is also the vice chairman of the Purchaser. Mr. Li Hepeng, Mr. Xie Donggang and Mr. Zhou Honghai, who are non-executive Directors, are also directors of the Purchaser. Accordingly, Mr. Li Xiaoyu, Mr. Cai Jibo, Mr. Li Hepeng, Mr. Xie Donggang and Mr. Zhou Honghai have all abstained from voting on the Board resolutions approving the Agreements and the transactions contemplated thereunder. Save for the above, none of the other Directors has any material interest in the Agreements or the transactions contemplated thereunder.

The circular containing, amongst other things, (i) further information on the Disposals; (ii) a letter of advice from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to both the Independent Board Committee and the Independent Shareholders; (iv) summaries of the valuation reports on Xinjiang Equipment Company and Luoyang Xiyuan from the Independent Valuer, will be despatched to the Shareholders on or before 8 November 2019 as additional time is required to prepare the information for inclusion in the circular.

**Completion is subject to the fulfillment of the terms and conditions precedent set out under the Agreements and the Disposals may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

## INTRODUCTION

The Board wishes to announce that on 11 October 2019 (after trading hours), the Company and Luoyang Tractor each entered into the Agreement I and Agreement II with the Purchaser respectively, material terms of which are set out below:

### AGREEMENT I

Date : 11 October 2019

Vendor : the Company

Purchaser : 中國一拖集團有限公司 (YTO Group Corporation\*)

### Asset to be disposed of

Pursuant to Agreement I, the Company agreed to sell and the Purchaser agreed to purchase Sale Shares I. Sale Shares I represent 100% of the issued share capital of Xinjiang Equipment Company.

## **Consideration**

The initial consideration payable by the Purchaser to the Company for the Xinjiang Disposal is approximately RMB184.13 million with reference to the initial appraised value of Xinjiang Equipment Company as at the Valuation Date appraised by the Independent Valuer.

The final consideration payable by the Purchaser for the Xinjiang Disposal will be based on the appraised value using the asset approach as set out in the final valuation report on Xinjiang Equipment Company as at the Valuation Date by the Independent Valuer that is approved by China Machinery, which is a state owned enterprise. To the best estimation of the Company, the final consideration shall not be more than 110% or less than 90% of the initial consideration of approximately RMB184.13 million. As such, it is contemplated that the final consideration will not result in any change of the classification of the Xinjiang Disposal under Chapter 14 of the Listing Rules.

## **Basis of Consideration**

The consideration of Xinjiang Equipment Company was arrived at after arm's length negotiations between the Company and the Purchaser on normal commercial terms and will be referenced to the appraised value of Xinjiang Equipment Company as at the Valuation Date as set out in the final valuation report.

## **AGREEMENT II**

Date	:	11 October 2019
Vendor	:	Luoyang Tractor, a direct 51%-owned subsidiary of the Company
Purchaser	:	中國一拖集團有限公司 (YTO Group Corporation*)

## **Asset to be disposed of**

Pursuant to Agreement II, Luoyang Tractor agreed to sell and the Purchaser agreed to purchase Sale Shares II. Sale Shares II represent 100% of the issued share capital of Luoyang Xiyuan.

## **Consideration**

The initial consideration payable by the Purchaser to the Company for the Luoyang Xiyuan Disposal is approximately RMB234.93 million. Taking into account the Dividend Payment, the net initial consideration payable by the Purchaser to the Company is RMB172.93 million.

The final consideration payable by the Purchaser for the Luoyang Xiyuan Disposal will be based on: (i) the appraised value using the income approach as set out in the final valuation report on Luoyang Xiyuan as at the Valuation Date by the Independent Valuer that is approved by China Machinery; and (ii) the adjustment for the Dividend Payment. To the best estimation of the Company, the final consideration shall not be more than 110% or less than 90% of the net initial consideration of approximately RMB172.93 million. As such, it is contemplated that the final consideration will not result in any change of the classification of the Luoyang Xiyuan Disposal under Chapter 14 of the Listing Rules.

### **Basis of Consideration**

The consideration of Luoyang Xiyuan was arrived at after arm's length negotiations between Luoyang Tractor and the Purchaser on normal commercial terms and will be referenced to the appraised value of Luoyang Xiyuan as at the Valuation Date appraised by the Independent Valuer as set out in the final valuation report after deduction of the Dividend Payment.

### **PAYMENT TERMS**

The consideration for the Disposal will be payable by the Purchaser to the Company and Luoyang Tractor respectively within sixty (60) days of each of Agreement I and Agreement II becoming effective and shall be settled fully in cash.

### **CONDITIONS PRECEDENT**

Each Agreement is conditional upon fulfilment of the following conditions:

- (i) the passing of the relevant resolutions by the Shareholders, other than those who are required by the Listing Rules to abstain from voting on the resolutions, approving the Disposal;
- (ii) the passing of the relevant resolutions by the board of directors of the Purchaser approving the Disposal; and
- (iii) the completion of the filing of the valuation report of the Disposal Company with China Machinery.

For Agreement II, the passing of the relevant resolutions by the shareholders of Luoyang Tractor approving the Luoyang Xiyuan Disposal is an additional condition to be fulfilled.

The Agreement I and Agreement II are not inter-conditional with each other.

## COMPLETION

Each Agreement provides that Completion for the relevant Disposal will take place after the approval has been issued by the State Administration for Market Regulation of the PRC for the registration of the change in shareholder of the Sale Shares I or Sale Shares II (as the case may be) and full payment of the consideration for the relevant Disposal has been made.

## TRANSITION PERIOD

The amount of profit or loss of the Disposal Companies during the transition period, commencing from the Valuation Date (excluding the date thereof) to the Completion Date (including the date thereof) shall be attributable to the Purchaser.

## INFORMATION OF THE DISPOSAL COMPANIES

### Xinjiang Equipment Company

Xinjiang Equipment Company is a company established under the laws of the PRC with limited liability and is a wholly-owned subsidiary of the Company. It is principally engaged in (i) the production and sale of agricultural machinery and equipment and their spare parts; (ii) warehousing services, freight forwarding, import and export of commodities and technology and acting as import and export agency; (iii) business information consulting services; (iv) maintenance and repair of machinery; (v) sale of construction machinery and spare parts; (vi) sale of agricultural vehicles, sanitation vehicles and automobile parts; and (vii) property leasing.

The summary of the audited financial information of Xinjiang Equipment Company for the two (2) years ended 31 December 2017 and 2018 and unaudited accounts for the six months ended 30 June 2018 and 2019 is as follows:

	Unaudited		Audited	
	For the 6 months ended		For the year ended	
	30 June		31 December	
	2019	2018	2018	2017
	(RMB' 000)	(RMB' 000)	(RMB' 000)	(RMB' 000)
Profit/(loss) before taxation	(679.5)	122.7	(2,985.1)	(3,991.2)
Profit/(loss) after taxation	(823.2)	518.5	(2,650.1)	(4,746.8)

	Unaudited		Audited	
	As at 30 June		As at 31 December	
	2019	2018	2018	2017
	(RMB' 000)	(RMB' 000)	(RMB' 000)	(RMB' 000)
Total asset value	152,074.4	151,478.0	151,478.0	155,516.1
Net assets	146,594.2	147,391.5	147,391.5	149,970.9

## Luoyang Xiyuan

Luoyang Xiyuan, a company established under the laws of the PRC with limited liability, is principally engaged in: (i) the testing and inspection of tractors, three-wheeled vehicles, low-speed trucks, automobiles (including special-purpose vehicles), construction machineries, internal combustion engines, agricultural machineries, motorcycles, agricultural machineries, transformation machineries and its components for third parties; (ii) conducting security check on motor vehicles for third parties; (iii) development, production and sale of agricultural machinery equipment and test equipment, instruments, materials and related products; (iv) licensed sale of imported equipment and instruments; (v) development, consultation, transfer and service of technology; and (vi) soil testing.

The summary of the audited financial information of Luoyang Xiyuan for the two (2) years ended 31 December 2017 and 2018 and unaudited accounts for the six months ended 30 June 2018 and 2019 is as follows:

	<b>Unaudited</b>		<b>Audited</b>	
	<b>For the 6 months ended 30 June</b>		<b>For the year ended 31 December</b>	
	<b>2019</b>	<b>2018</b>	<b>2018</b>	<b>2017</b>
	<b>(RMB' 000)</b>	<b>(RMB' 000)</b>	<b>(RMB' 000)</b>	<b>(RMB' 000)</b>
Profit before taxation	10,480.8	9,288.6	17,091.3	16,501.0
Profit after taxation	9,357.2	8,062.2	15,381.0	14,516.4

	<b>Unaudited</b>		<b>Audited</b>	
	<b>As at 30 June</b>		<b>As at 31 December</b>	
	<b>2019</b>	<b>2018</b>	<b>2018</b>	<b>2017</b>
	<b>(RMB' 000)</b>	<b>(RMB' 000)</b>	<b>(RMB' 000)</b>	<b>(RMB' 000)</b>
Total assets	99,753.4	89,975.9	89,975.9	77,782.6
Net assets	89,944.3	80,587.1	80,587.1	66,206.1



## **INFORMATION ABOUT THE PARTIES TO THE AGREEMENTS**

### **(a) The Group**

The Company is a company established in the PRC with limited liability, with its Shares listed on the Main Board of the Stock Exchange (stock code: 0038) and the Shanghai Stock Exchange (stock code: 601038) since 23 June 1997 and 8 August 2012 respectively. The Group is principally engaged in the manufacturing and sale of agricultural machinery. The main business activities of the Group in the PRC are (i) manufacture and sale of agricultural machinery; (ii) manufacture and sale of power machinery; (iii) manufacture and sale of other machinery; and (iv) provision of funds settlement service, deposit-taking service, bills discounting and financing service for companies within the Group.

### **(b) Purchaser**

The Purchaser is a company established under the laws of the PRC with limited liability and is the controlling shareholder of the Company, holding approximately 41.66% of total issued share capital of the Company. The controlling shareholder of the Purchaser is China Machinery, holding approximately 87.9% of total issued share capital of the Purchaser.

The Purchaser is a leading equipment manufacturing group in the PRC. The Purchaser group is principally engaged in the production and sale of transportation machinery, vehicle product, industrial equipments and components.

### **(c) Luoyang Tractor**

Luoyang Tractor is a company established in the PRC with limited liability and is a 51%-owned subsidiary of the Company. It is principally engaged in the research and development of tractor products and other agricultural machineries. As at the date of this announcement, the Company and the Purchaser own 51% and 49% of the total issued share capital of Luoyang Tractor respectively.

## **FINANCIAL EFFECT OF THE DISPOSALS AND USE OF PROCEEDS**

Upon completion of the Disposals, the Group will cease to hold any interest in the Disposal Companies. The Disposal Companies will cease to be subsidiaries of the Group and their financial results will no longer be consolidated into the financial statements of the Group.



Based on (i) the carrying value of Xinjiang Equipment Company and Luoyang Xiyuan of approximately RMB146.26 million and RMB91.22 million respectively as at 31 July 2019; (ii) the estimated consideration of the Xinjiang Disposal and Luoyang Xiyuan Disposal (before deducting the related expenses and after adjustment for the Dividend Payment) of approximately RMB184.13 million and RMB172.93 million respectively; and (iii) the estimated PRC enterprise income tax payable by Luoyang Tractor, the net gain of the Xinjiang Disposal and the Luoyang Xiyuan Disposal are estimated to be approximately RMB37.87 million and RMB61.62 million respectively, the final figures of which are subject to the audited annual financial statements of the Company.

The aggregate gross proceeds from the Disposals will be RMB357.06 million, comprising approximately RMB184.13 million for the Xinjiang Disposal and approximately RMB172.93 million from the Luoyang Xiyuan Disposal. The Group intends to apply the net proceeds to strengthen the development and research budgets for the Group's products and for general working capital of the Group.

## **REASONS FOR AND BENEFITS OF THE DISPOSALS**

After years of rapid growth, the tractor market has already a large ownership volume and the demand for new market is insufficient, with the tractor market shifting from an "incremental market" to an "inventory market". Affected by various factors such as increased ownership volume and decreased grain producing and operating income, market demand for products such as hi-powered and mid-powered tractors continued to be sluggish. In 2018, the industrial sales volume of hi-powered and mid-powered tractors decreases by 20.8% year-on-year. In view of the above, the Group aims to concentrate its resources on its core businesses, strengthen the agricultural machinery business, focus on comprehensive agricultural machinery development, meeting market demand by accelerating the transition of business and upgrade of products, increase market share and strengthen its competitiveness in its core businesses.

Due to the weak local demand in the tractor market in Xinjiang and the increasing operation costs, Xinjiang Equipment Company was consistently recording operating losses. After taking into account its operations, Xinjiang Equipment Company has increased its income to maintain the operations by undertaking property leasing and property management services in recent years. Considering the loss-making position of Xinjiang Equipment Company in the previous years and the full cessation of its tractor business in the second quarter of 2019, the Board considers the Xinjiang Disposal is necessary to optimise resource allocation by redeploying the Group's resources into its core business, which is in line with the Company's corporate strategy.

Luoyang Xiyuan is principally engaged in the testing and inspection of three-wheeled vehicles, low-speed trucks, automobiles (including special vehicles), electric vehicles, construction machinery, internal combustion engines, agricultural machinery and its components for third parties. Since the business development in the inspection and vehicles testing of Luoyang Xiyuan is not the Company's core business, thus the Luoyang Xiyuan Disposal does not affect the core development and research capabilities of the Group and will allow the Company to redeploy its resources to Luoyang Tractor, which is principally focused on the development and research on self-manufactured tractors. Furthermore, the Company will be able to realise substantial gain from the Luoyang Xiyuan Disposal.

The Directors (excluding the independent non-executive Directors who will express their views after taking into consideration the advice of the Independent Financial Adviser) are of the view that the terms of the Agreements are fair and reasonable, the transactions contemplated under the Agreements are on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, the Purchaser held 410,690,578 A Shares, representing approximately 41.66% of the total issued share capital of the Company and is a controlling shareholder of the Company within the meaning of the Listing Rules. Accordingly, the Purchaser is a connected person of the Company and the transactions under the Agreements constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 of the Listing Rules, the Disposals are required to be aggregated as the Agreements are entered into by the Company and Luoyang Tractor respectively with the same party, i.e. the Purchaser. As more than one of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Disposals (on an aggregated basis) are more than 5% but less than 25%, the Disposals constitute discloseable and connected transactions for the Company under the Listing Rules and is subject to the reporting, announcement and the Independent Shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules.

## **GENERAL**

An Independent Board Committee, comprising all the independent non-executive Directors, has been established to advise the Independent Shareholders on the Agreements and the transactions contemplated thereunder. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

Save for the Purchaser holding 410,690,578 A Shares, representing approximately 41.66% of the total issued share capital of the Company, to the best knowledge of the Directors, no Shareholder has any material interest in the Agreements and the transactions contemplated thereunder. The Purchaser and its associates will abstain from voting at the EGM to be convened to consider, and if thought fit, to approve the Agreements and the transactions contemplated thereunder. Save for the foregoing, to the best knowledge of the Directors, no other Shareholder will be required to abstain from voting on the resolutions in respect of the Agreements and the transactions contemplated thereunder at the EGM.

Mr. Li Xiaoyu, the Chairman of the Company, is also the chairman of the Purchaser. Mr. Cai Jibo, the vice Chairman of the Company, is also the vice-chairman of the Purchaser. Mr. Li Hepeng, Mr. Xie Donggang and Mr. Zhou Honghai, who are non-executive Directors of the Company, are also directors of the Purchaser. Accordingly, Mr. Li Xiaoyu, Mr. Cai Jibo, Mr. Li Hepeng, Mr. Xie Donggang and Mr. Zhou Honghai have all abstained from voting on the Board resolutions approving the Agreements and the transactions contemplated thereunder. Save for the above, none of the other Directors has any material interest in the Agreements or the transactions contemplated thereunder.

The circular containing, amongst other things, (i) further information on the Disposals; (ii) a letter of advice from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to both the Independent Board Committee and the Independent Shareholders; and (iv) summaries of the valuation reports on Xinjiang Equipment Company and Luoyang Xiyuan from the Independent Valuer, will be despatched to the Shareholders on or before 8 November 2019 as additional time is required to prepare the information for inclusion in the circular.

**Completion is subject to the fulfillment of the terms and conditions precedent set out under the Agreements and the Disposals may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

## DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Agreement I”	the conditional agreement dated 11 October 2019 entered into between the Company and the Purchaser relating to the Xinjiang Disposal
“Agreement II”	the conditional agreement dated 11 October 2019 entered into between Luoyang Tractor and the Purchaser, relating to the Luoyang Xiyuan Disposal
“Agreements”	collectively, Agreement I and Agreement II, and each an “Agreement”
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“A Share(s)”	the domestic ordinary 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
“Board”	the board of Directors
“China Machinery”	中國機械工業集團有限公司(China National Machinery Industry Corporation*), a state-owned enterprise and the ultimate controlling shareholder of the Company and the controlling shareholder of the Purchaser. China Machinery is principally engaged in international trade, scientific research, construction and project contractor business focusing on machinery and electric products
“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 board of the Stock Exchange (Stock Code: 0038) and the Shanghai Stock Exchange (Stock Code: 601038) respectively
“Completion”	completion of the sale and purchase of the Sale Shares in accordance with the provisions of Agreement I or Agreement II (as the case may be)

“Completion Date”	the date on which Completion actually occurs
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules
“Directors”	directors of the Company
“Disposals”	collectively, Xinjiang Disposal and Luoyang Xiyuan Disposal and “Disposal” means any of them and, in the context of Agreement I means Xinjiang Disposal and in the context of Agreement II means Luoyang Xiyuan Disposal
“Disposal Companies”	collectively, Luoyang Xiyuan and Xinjiang Equipment Company and each a “Disposal Company”
“Dividend Payment”	the dividend payment of RMB62 million expected to be payable by Luoyang Xiyuan to Luoyang Tractor in December 2019, pursuant to the declaration of dividends made by Luoyang Xiyuan to its shareholder in September 2019
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, to approve the Agreements and the Disposals
“Group”	the Company and its subsidiaries
“H Share(s)”	the overseas listed foreign share(s) having a nominal value of RMB1.00 each in the share capital of the Company, which are subscribed for and traded in Hong Kong dollars, all of which are listed on the Stock Exchange
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company whose members comprise all independent non-executive Directors to advise the Independent Shareholders on the Agreements and the Disposals

“Independent Financial Adviser”	Veda Capital Limited, a corporation licensed under the SFO to conduct Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the Agreements and the Disposals
“Independent Shareholders”	Shareholders other than the Purchaser and its associate(s)
“Independent Valuer”	China United Assets Appraisal Group, an independent PRC valuer engaged by the Company to conduct a valuation on the Disposal Companies
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange,
“Luoyang Xiyuan Disposal”	the proposed disposal of Sale Shares II pursuant to Agreement II
“Luoyang Tractor”	洛陽拖拉機研究所有限公司(Luoyang Tractor Research Institute Co., Ltd.*), a company established in the PRC with limited liability and a 51%-owned subsidiary of the Company
“Luoyang Xiyuan”	洛陽西苑車輛與動力檢驗所有限公司(Luoyang Xiyuan Vehicle and Power Inspection Institute Co., Ltd.*), a company established in the PRC with limited liability and a wholly-owned subsidiary of Luoyang Tractor
“PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	中國一拖集團有限公司(YTO Group Corporation*), a company established in the PRC with limited liability and the controlling shareholder of the Company, holding approximately 41.66% equity interest in the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	collectively, Sale Shares I and Sale Shares II

“Sale Shares I”	representing the entire issued share capital of Xinjiang Equipment Company
“Sale Shares II”	representing the entire issued share capital of Luoyang Xiyuan
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Valuation Date”	31 July 2019, being the valuation reference date stated in the valuation reports of the Disposal Companies prepared by the Independent Valuer
“Xinjiang Disposal”	the proposed disposal of Sale Shares I pursuant to Agreement I
“Xinjiang Equipment Company”	一拖(新疆)東方紅裝備機械有限公司(YTO (Xinjiang) Dongfanghong equipment Machinery Co., Ltd.*), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“%”	per cent

\* *In this announcement, the English names of the PRC entities marked in asterisks are direct translations of their respective Chinese names and are included herein for identification purpose only. In the event of any inconsistency, the Chinese names shall prevail.*

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

Luoyang, the PRC  
11 October 2019

*As at the date of this announcement, the Board comprises Mr. Li Xiaoyu (Chairman), Mr. Cai Jibo (vice Chairman) and Mr. Liu Jiguo as executive Directors; Mr. Li Hepeng, Mr. Xie Donggang and Mr. Zhou Honghai as non-executive Directors; and Mr. Yu Zengbiao, Ms. Yang Minli, Ms. Wang Yuru and Mr. Edmund Sit as independent non-executive Directors.*