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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 IN RELATION TO THE APPROVAL OF THE PROPOSED A SHARES ISSUE BY SINOMACH

Reference is made to the announcement of First Tractor Company Limited* (the “**Company**”) dated 23 April 2020 (the “**Announcement**”) in relation to, among other things, the Proposed A Shares Issue. Unless otherwise defined herein, capitalized terms used herein shall have the same meanings as those defined in the Announcement.

The Company has been notified by YTO Group Corporation*, its controlling shareholder, that it has obtained the approval from SINOMACH in respect of the Proposed A Shares Issue. SINOMACH has in principle agreed to the subscription by YTO Group Corporation for A Shares under the Proposed A Shares Issue for a cash consideration of RMB700,000,000. As such, the approval from the relevant state-owned assets supervision and administration authorities for the Proposed A Shares Issue has been obtained.

As disclosed in the Announcement, the A Shares Subscription Agreement will take effect when all the following conditions have been satisfied:

1. the approval from the Board for the Proposed A Shares Issue has been obtained;
2. the approval from the relevant state-owned assets supervision and administration authorities for the Proposed A Shares Issue has been obtained;
3. the passing of the requisite resolution by at least two-thirds of the votes cast on a poll by the Independent Shareholders at each of the General Meeting, the A Shares Class Meeting and the H Shares Class Meeting approving the Proposed A Shares Issue, the A Shares Subscription Agreement and all the related and ancillary resolutions;

4. the passing of the requisite resolution by at least 75% of the votes cast on a poll by the Independent Shareholders at the General Meeting approving the Whitewash Waiver and all the related and ancillary resolutions;
5. the passing of the requisite resolution by at least two-thirds of the votes cast on a poll by the Independent Shareholders at the General Meeting approving the waiver in respect of the general offer obligation over the A Shares by YTO Group Corporation to be triggered as a result of the Proposed A Shares Issue under the relevant laws and regulations in the PRC;
6. the approval from the CSRC for the Proposed A Shares Issue has been obtained; and
7. the grant of the Whitewash Waiver by the SFC in accordance with the Takeovers Code and such waiver has not been revoked prior to completion of the Proposed A Shares Issue.

All of the conditions precedent in items 1 to 7 above are non-waivable. As at the date of this announcement, conditions precedent 1 and 2 have been satisfied. All other conditions have neither been waived nor fulfilled.

The completion of the Proposed A Shares Issue is subject to the satisfaction of other conditions, including but not limited to the grant of the Whitewash Waiver by the SFC, which may or may not be granted by the SFC. The granting of the Whitewash Waiver is a non-waivable condition precedent to the A Shares Subscription Agreement. Accordingly, the Proposed A Shares Issue may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and are recommended to consult their professional adviser if they are in any doubt about their position and as to actions they should take.

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

Luoyang, the PRC
8 May 2020

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.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statements in this announcement misleading.

** For identification purposes only*