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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 ON COMPLETION OF CHANGES IN BUSINESS REGISTRATION IN CAPITAL INCREASE OF SINOMACH FINANCE CO., LTD.**

The Board and all directors of the Company hereby warrant that there are no false information, misleading statements or material omissions in this announcement, and accept several and joint responsibilities for the truthfulness, accuracy and completeness of its contents.

### **I. DESCRIPTION OF THE TRANSACTION**

To implement the financial regulatory requirements under the “Measures of China Banking and Insurance Regulatory Commission for the Implementation of Administrative Licensing Matters Concerning Non-banking Financial Institutions (CBIRC Order 2020 No.6) which requires “only one finance company within the same corporate group”. On 29 March 2022, China National Machinery Industry Corporation\* (中國機械工業集團有限公司), First Tractor Company Limited\* (hereinafter referred to as “First Tractor” or the “Company”), China YTO Group Finance Company Limited (a controlled subsidiary of the Company, hereinafter referred to as “YTO Finance”), and SINOMACH Finance Co., Ltd. (a company controlled by China National Machinery Industry Corporation, the de facto controller of the Company, hereinafter referred to as “SINOMACH Finance”) entered into the “Framework Agreement on Restructuring and Integration between China YTO Group Finance Company Limited and SINOMACH Finance Co., Ltd.”, which intends to complete the restructuring of the relevant personnel, assets and business of YTO Finance and SINOMACH Finance through a series of transaction arrangements, including the sale of assets by YTO Finance to SINOMACH Finance, the capital increase by First Tractor to SINOMACH Finance in cash, the termination of the operation and the implementation of liquidation of YTO Finance, and the provision of financial services by SINOMACH Finance to First Tractor.

In view of the background of the restructuring and integration, on 29 March 2022 and 27 May 2022, the Company and SINOMACH Finance entered into the “Capital Increase Agreement regarding SINOMACH Finance Co., Ltd.” (the “Capital Increase Agreement”) and the “Supplemental Agreement to the Capital Increase Agreement regarding SINOMACH Finance Co., Ltd.” respectively. Pursuant to the agreements, the Company intends to increase its capital to SINOMACH Finance by RMB554,776,100 in cash, of which RMB250,000,000 will be included in the registered capital of SINOMACH Finance and RMB304,776,100 will be included in the capital reserve of SINOMACH Finance. After the completion of the capital increase, the Company holds 14.29% equity interest in SINOMACH Finance. The 2022 Second Extraordinary General Meeting of the Company was held on 16 June 2022 to consider and approve the “Resolution of the Company to Increase Capital to SINOMACH Finance Co., Ltd. and sign the ‘Capital Increase Agreement’” (for details, please refer to the announcements disclosed by the Company on the website of Hong Kong Stock Exchange on 30 March, 28 May and 17 June 2022).

In September 2022, the Company obtained the approval of the Beijing Supervision Bureau of the China Banking and Insurance Regulatory Commission in respect of the capital increase in SINOMACH Finance and all the conditions stipulated in the Capital Increase Agreement have been satisfied. (for details, please refer to the announcement disclosed by the Company on the website of the Hong Kong Stock Exchange on 16 September 2022).

## **II. PROGRESS OF THE TRANSACTION**

The Company has paid the capital contribution in full in accordance with the agreements, and SINOMACH Finance has recently completed the procedures for change of business registration and obtained the Business License reissued by Beijing Municipal Administration of Market Supervision. The registered capital of SINOMACH Finance was changed to RMB1,750,000,000, of which the Company contributed RMB250,000,000, or 14.29%. The Company will account for its long-term equity investments in SINOMACH Finance under the equity method in accordance with the relevant provisions of “Accounting Standards for Business Enterprises No. 2 – Long-term Equity Investments”, and SINOMACH Finance will not be included in the Company's combined financial statements.

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

Luoyang, the PRC

15 November 2022

*As at the date of this notice, the Board comprises Mr. Liu Jiguo (Chairman) as executive Director; Mr. Zhang Zhiyu and Mr. Fang Xianfa as non-executive Directors; and Mr. Edmund Sit, Mr. Wang Shumao and Mr. Xu Liyou as independent non-executive Directors.*

*\* For identification purposes only*