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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 PUBLIC LISTING-FOR-SALE OF EQUITY INTERESTS IN EQUITY PARTICIPATING COMPANY

The Company proposes to transfer the Subject Equity held by it through public listing-for-sale on the Beijing Equity Exchange, and the listing price shall not be lower than the appraised value registered with the State-owned assets regulatory agency.

The Transaction is a listed transfer, the counterparty of the Transaction is not yet certain, and it is currently unclear whether the Transaction constitutes a connected transaction under the Hong Kong Listing Rules.

The Transaction is not required to be submitted to the general meeting for review, and it does not constitute a major asset restructuring under the Shanghai Listing Rules.

It is uncertain whether the transferee can be finally acquired for the Transaction and the final transaction price is yet to be determined. The Company will perform its information disclosure obligations in a timely manner based on the progress of the Transaction. Investors are advised to pay attention to investment risks.

I. OVERVIEW OF THE TRANSACTION

In order to further focus on the development of its principal business and divest non-core assets and businesses, First Tractor intends to transfer the Subject Equity through public listing-for-sale.

The Company has engaged Beijing Zhong Tian Hua in order to evaluate the value of the Subject Equity using 31 May 2023 as the base date. The initial appraised value was RMB307 million, and the final appraised value shall be subject to the appraised value registered with the State-owned assets regulatory agency. The listing transfer price of the Subject Equity shall not be lower than the final appraised value. After the completion of this equity transfer, the Company will no longer hold any equity interests in BOL Financial Leasing.

The Company held the 15th meeting of the Ninth Session of the Board on 27 October 2023, at which the “Resolution on the Transfer of Equity Interests in BOL Financial Leasing Co., Ltd. held by the Company” was considered and approved. Voting result: 7 voted in favour of this proposal; 0 voted against; 0 abstained from voting. The Transaction is not required to be submitted to the general meeting for review and will not constitute a major assets restructuring.

There are uncertainties in the Transaction as it will be carried out through public listing-for-sale for transfer. The Company can determine whether the Transaction, only if it materializes, constitutes a connected transaction under the Hong Kong Listing Rules.

II. BASIC INFORMATION OF THE SUBJECT EQUITY

1. Basic Information of BOL Financial Leasing

Company name:	BOL Financial Leasing
Registered capital:	RMB2,000,000,000
Registered address:	Block A, Zhonghong Zhuoyue Center, No. 1 Wuhuan Street, Luolong District, Luoyang City, Henan Province

Legal representative: Li Biao (李 飆)

Date of establishment: 18 December 2014

Business scope: financial leasing business; transfers and acquisitions of financial leasing assets; fixed-income securities investment business; acceptance of lease security deposit from lessees; taking of 3-month or above term deposits from non-banking shareholders; inter-bank lending; borrowing from financial institutions; overseas borrowing; sale and disposal businesses of leased assets; economic consulting; other businesses approved by the China Banking Regulatory Commission.

As of now, the equity structure of BOL Financial Leasing is as follows:

No.	Name of contributor	Subscription amount (RMB0,000)	Paid-up amount (RMB0,000)	Shareholding percentage
1	Zhongyuan Bank Co., Ltd.* (中原銀行股份有限公司)	115,000	115,000	57.5%
2	Luoyang Zonye Heavy Industry Group Co., Ltd.	20,000	20,000	10%
3	Zhongyuan Trust Co., Ltd.	20,000	20,000	10%
4	Shenzhen Zhaocheng Investment Group Co., Ltd.* (深圳市招誠投資集團有限公司)	18,750	18,750	9.375%
5	First Tractor Company Limited*	13,750	13,750	6.875%
6	Jiangsu Qianrong Investment Holding Group Co., Ltd.* (江蘇乾融投資控股集團有限公司)	6,250	6,250	3.125%
7	Luoyang News Media Group Co., Ltd.* (洛陽報業傳媒集團有限公司)	6,250	6,250	3.125%
	Total	200,000	200,000	100%

2. Major financial data for the most recent year and period of BOL Financial Leasing:

Unit: RMB0,000

Items	31 May 2023 <i>(Unaudited)</i>	31 December 2022 <i>(Audited)</i>
Total assets	2,761,808	2,376,973
Total liabilities	2,360,064	1,990,134
Net assets	401,744	386,839
	January to	For the
	May 2023	year ended
		31 December
		2022
Operating income	33,950	90,861
Net profit	14,768	45,429

Note: The data for May 2023 has not been audited. The financial data for 2022 has been audited by KPMG Huazhen LLP, and an unqualified audit report has been issued.

3. BOL Financial Leasing's evaluation of the last 12 months

In March 2023, DeveChina International Appraisals Co., Ltd. evaluated the fair value of the Subject Equity held by the Company. The evaluation base date was 31 December 2022, and the appraised value was RMB275,374,400. In August 2023, Beijing Zhong Tian Hua evaluated the fair value of the Subject Equity held by the Company. The evaluation base date was 30 June 2023, and the appraised value was RMB304,000,000. The increase in the appraised value as compared to 31 December 2022 was mainly due to the increase in net assets of BOL Financial Leasing and the impacts of PB adjustment factors of the comparable transactions.

For the year ended 31 December 2021 and the year ended 31 December 2022, the net profit before tax of BOL Financial Leasing were RMB675.06 million and RMB606.87 million, respectively and the net profit after tax of BOL Financial Leasing were RMB505.80 million and RMB454.29 million, respectively.

4. BOL Financial Leasing has not carried out any capital increase, capital reduction or restructuring in the past 12 months. As of the date of this announcement, the ownership of BOL Financial Leasing's equity is clear, and there are no mortgages, pledges or any other restrictions on transfer, and there are no other circumstances that would hinder the transfer of ownership. BOL Financial Leasing is not subject to enforcement for breach of trust and the Company's transfer of the assets does not involve the transfer of claims and debts, nor does it involve other shareholders giving up their preferential transfer rights.

III. EVALUATION AND PRICING OF SUBJECT EQUITY

According to the “Asset Evaluation Report of the Value of 6.875% Equity Interests in BOL Financial Leasing Co., Ltd. involved in the Proposed Transfer of the Trading Financial Assets held by First Tractor Company Limited*” (Zhongtian Huazi Pingbao Zi [2023] No. 10846) issued by Beijing Zhong Tian Hua, the transaction case comparison method under the market approach was adopted in the evaluation, taking 31 May 2023 as the base date and the price-to-book ratio (PB) was used as the reference value ratio. After comparing recent transaction cases that are highly comparable with BOL Financial Leasing and making necessary adjustments and corrections, the price-to-book ratio of BOL Financial Leasing was obtained to determine the appraised value of the Subject Equity on the evaluation base date: the book value of 6.875% equity interests in BOL Financial Leasing held by First Tractor was RMB275,374,400, and the appraised value was RMB307,000,000. The appraisal value added was RMB31,625,600, with a value-added rate of 11.48%.

The listing price of the equity transfer shall not be lower than the appraised value of the Subject Equity registered with the State-owned assets regulatory agency, and the final transaction price will be subject to the formal agreement signed for the public listing.

IV. MAIN CONTENTS OF THE TRANSACTION CONTRACT OR AGREEMENT AND PERFORMANCE ARRANGEMENTS

Since the equity transfer is proposed to be carried out through public listing-for-sale on the Beijing Equity Exchange, the main contents of the agreement, such as the counterparty, transaction price, and payment method, have not yet been determined.

V. IMPACT ON THE LISTED COMPANY

The transfer of the Subject Equity by the Company will help recover funds, better focus on the Company's core business, and provide more resources and guarantees for the development of the Company's main business. The equity transfer will not affect the scope of the Company's combined statements. If the Transaction is successfully completed, the Company will no longer hold equity in BOL Financial Leasing. The Transaction will not affect the Company's normal operations, and the impact on the Company's profit and loss will be subject to the final transaction result.

VI. DEFINITIONS

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

“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;
“associate(s)”	has the same meaning as ascribed to this term under the Hong Kong Listing Rules;
“Beijing Zhong Tian Hua”	Beijing Zhong Tian Hua Asset Appraisal Company Limited* (北京中天華資產評估有限責任公司);
“Board”	the board of Directors;
“BOL Financial Leasing”	BOL Financial Leasing Co., Ltd.;
“Company” or “First Tractor”	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 and the Shanghai Stock Exchange respectively;
“connected person(s)”	has the same meaning as ascribed to this term under the Hong Kong Listing Rules;

“Director(s)”	the director(s) of the Company;
“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”	the Hong Kong Special Administrative Region of the PRC;
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time);
“percentage ratio(s)”	has the same meaning as ascribed to it under the Hong Kong Listing Rules, as applicable to a transaction;
“PRC”	The People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shanghai Listing Rules”	the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange;
“Shareholder(s)”	shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subject Equity”	the 6.875% equity interests in BOL Financial Leasing held by the Company;
“Transaction”	the Company’s proposed transfer of the 6.875% equity interests in BOL Financial Leasing held by the Company by means of public listing-for-sale; and
“%”	per cent.

It is uncertain whether the transferee can be finally acquired for the Transaction and the final transaction price is yet to be determined. The Company will perform its information disclosure obligations in a timely manner based on the progress of the Transaction. Investors are advised to pay attention to investment risks.

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

Luoyang, the PRC
27 October 2023

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

** For identification purposes only*