

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)

ANNOUNCEMENT ON PUBLIC LISTING-FOR-SALE OF EQUITY INTERESTS IN PARTICIPATING BANK

YTO Diesel Engine proposes to transfer the Subject Equity held by it through public listing-for-sale on the Beijing Equity Exchange. Currently, the counterparty has not yet been determined, it is not yet possible to ascertain whether it constitutes a connected transaction, and the share transfer agreement has not yet been signed.

If the Transaction materialises, the Transaction will constitute a material asset disposal stipulated in the Administrative Measures on Material Asset Restructuring of Listed Companies (《上市公司重大資產重組管理辦法》) according to the Shanghai Listing Rules and a discloseable transaction under Chapter 14 of the Hong Kong Listing Rules according to the Hong Kong Listing Rules. There are uncertainties in the Transaction as it will be conducted through public listing-for-sale. Only when the Transaction materialises can a determination be made as to whether it constitutes a connected transaction under the Hong Kong Listing Rules. The Company will determine the counterparty of the Transaction based on the results of the public listing, sign the Share Transfer Agreement with conditions attached thereto, and reconvene the Board meeting to consider and submit to the Company's general meeting for approval.

It is uncertain whether the transferee can be finally identified 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

- (1) In order to focus on its principal business and optimize its asset structure, YTO Diesel Engine, an controlled subsidiary of the Company, plans to dispose of 0.8827% equity interest in Zhongyuan Bank held by it by way of public listing and transfer on the Beijing Equity Exchange and the consideration shall be paid in cash by the counterparty. Pursuant to the Measures for the Supervision and Administration of the Transactions of State-owned Assets of Enterprises (《企業國有資產交易監督管理辦法》) and the Measures for the Supervision and Administration of State-owned Equities of Listed Companies (《上市公司國有股權監督管理辦法》), the transaction price was determined as RMB667.83 million, by multiplying the number of shares of Zhongyuan Bank to be transferred by YTO Diesel Engine by the audited net asset value per share of Zhongyuan Bank for the most recent accounting year (i.e. the audited net asset value per share of RMB2.07/ share in 2022).

The Transaction is intended to be carried out by way of public listing and the confirmation of the final counterparty is subject to the results of public listing, therefore, the counterparty of the Transaction is uncertain. Whether the Transaction constitutes a related transaction is also uncertain. If the Transaction is completed, YTO Diesel Engine will no longer hold any equity interest in Zhongyuan Bank.

- (2) On 26 December 2023, First Tractor held the 17th meeting of the Ninth Session of the Board and the 10th meeting of the Ninth Session of the board of Supervisors and considered and approved the the relevant resolutions in relation to the Transaction. The independent directors of the Company expressed their independent opinions of consent.
- (3) If the Transaction materialises, the Transaction will constitute a material asset disposal stipulated in the Administrative Measures on Material Asset Restructuring of Listed Companies (《上市公司重大資產重組管理辦法》) according to the Shanghai Listing Rules and a discloseable transaction under Chapter 14 of the Hong Kong Listing Rules according to the Hong Kong Listing Rules. There are uncertainties in the Transaction as it will be conducted through public listing-for-sale. Only when the Transaction materialises can a determination be made as to whether it constitutes a connected transaction under the Hong Kong Listing Rules. For details regarding the Transaction, please refer to the ‘‘Proposal of Material Asset Sale of First Tractor Company Limited*’’ and its summary disclosed by the Company on the website of the Shanghai Stock Exchange (www.sse.com.cn) and the website of the Stock Exchange (www.hkexnews.com).

In accordance with the requirements of the Shanghai Listing Rules and the articles of associations of the Company, the Transaction will be reviewed by the Board again based on the circumstances of the transferee identified by public listing and transfer and will be submitted to the general meeting of the Company for approval.

II. BASIC INFORMATION OF THE COUNTERPARTY

The counterparty for the Transaction will be determined based on the results of the public listing, and the counterparty has not yet been determined.

III. BASIC CONDITIONS OF THE SUBJECT OF THE TRANSACTION

(1) Subject of Transfer

322,622,716 non-overseas listed domestic shares of Zhongyuan Bank held by YTO Diesel Engine with a shareholding percentage of 0.8827%.

The equity ownership of Zhongyuan Bank held by YTO Diesel Engine is clear, and there is no mortgage, pledge, or other third-party rights, no material disputes, litigation, or arbitration involving the relevant assets, and there is no seizure or freezing.

(2) Basic Information

Company name Zhongyuan Bank Co., Ltd.

Date of 23 December 2014
establishment

Legal representative Guo Hao* (郭浩)

Registered capital RMB20,075 million

Company Registered Zhongke Golden Tower, No. 23 Shangwu Waihuan Road,
Address Zhengdong New District CBD, Zhengzhou, Henan Province

Principal office address	Zhongke Golden Tower, No. 23 Shangwu Waihuan Road, Zhengdong New District CBD, Zhengzhou, Henan Province
Nature of the company	Other joint stock limited companies (listed)
Unified Social Credit Code	9141000031741675X6
Financial License Institution Number	B0615H241010001
Main Business Scope	Absorption of public deposits; granting of short, medium and long term loans; domestic and overseas settlement; bill acceptance and discounting; issuance of financial bonds; agency issuance business, agency redemption, and underwriting of government bonds; trading of government bonds and financial bonds; interbank borrowing and lending; trading and agency trading of foreign exchange; bank card business; provision of letter of credit (L/C) services and guarantee; agency collection, payment and insurance business; safe box service; and other businesses as approved by China's banking industry regulatory authorities and other authorities.

(3) Shareholding Structure

As of 30 June 2023, Zhongyuan Bank has issued a total of 36,549,823,322 ordinary shares, including 6,945,000,000 H shares and 29,604,823,322 domestic shares. The shareholdings of the top ten shareholders are as follows:

No.	Name of Shareholders	Nature of Shares	Nature of Shareholders	Number of shares held (0'000 shares)	Shareholding percentage
1	HKSCC Nominees Limited	H Shares	Other	694,426.9900	19.00%
2	Henan Investment Group Co., Ltd.	Domestic Shares	State-owned Legal Person Shares	226,439.6518	6.20%
3	Luoyang Municipal Finance Bureau	Domestic Shares	State Shares	136,157.1120	3.73%
4	China Tourism Group Corporation Limited	Domestic Shares	State-owned Legal Person Shares	106,152.1911	2.90%
5	Zhongyuan Trust Co., Ltd.	Domestic Shares	State-owned Legal Person Shares	79,113.1350	2.16%
6	Henan Zhaoteng Investment Group Co., Ltd.	Domestic Shares	Privately-owned Legal Person Shares	68,325.2415	1.87%
7	Zhengzhou Kangqiao Real Estate Development Co., Ltd.	Domestic Shares	Privately-owned Legal Person Shares	55,310.9303	1.51%
8	Henan Guangcai Group Development Co., Ltd.	Domestic Shares	Privately-owned Legal Person Shares	53,534.2105	1.46%
9	Henan Machinery Investment Group Co., Ltd.	Domestic Shares	State-owned Legal Person Shares	50,675.1425	1.39%
10	Luoyang Urban and Rural Construction Investment Group Co., Ltd.	Domestic Shares	State-owned Legal Person Shares	50,443.5685	1.38%
		Total		1,520,578.1732	41.60%

(4) Key Financial Indicators

According to the information currently available to the Company, the financial information of Zhongyuan Bank for the two years ended 31 December 2022 and for the six month period ended 30 June 2023 are set out below:

Unit: **RMB0,000**

Items	30 June 2023/ first half of 2023	31 December 2022/2022	31 December 2021/2021
Total assets	136,249,602.50	132,673,648.20	76,823,334.80
Total liabilities	126,652,345.90	123,310,193.80	70,585,371.60
Shareholders' equity attributable to the parent company	9,150,257.20	8,922,843.80	6,121,014.20
Operating revenue	1,355,119.90	2,561,119.70	1,928,283.20
Net profit	206,192.00	382,512.20	363,325.30
Net cash flow generated from operating activities	-2,156,253.40	5,514,347.70	-3,670,850.10
Net cash flow generated from investing activities	-218,268.40	-2,450,514.60	1,920,321.30
Net cash flow generated from financing activities	-172,339.70	2,218,224.40	1,742,848.30

Note: Zhongyuan Bank's financial information for 2021 and 2022 has been audited, but the financial information for January to June 2023 has not been audited.

IV. PURPOSE OF THE TRANSACTION AND IMPACT ON THE COMPANY

- (1) First Tractor's main businesses include R&D, manufacturing as well as sales of agricultural machinery, power machinery and the related spare parts. The Company is committed in becoming an "outstanding agricultural equipment manufacturing service provider", focusing on the manufacturing of advanced agricultural machinery and equipment, and insisting on the technological upgrading of industrial chain and structural optimisation of products, and providing continuous and high level of agricultural mechanization insurance for China's agricultural development.

The 0.8827% equity interest of Zhongyuan Bank held by YTO Diesel Engine represents the trading financial assets of the Company and also the non-operating assets of the Company, the disposal of which will not lead to material changes in the main business of the Listed Company. Subsequent to the transfer of such equity interest, the Company will be able to recover its investment and further optimise the asset structure of the Company, enhance the operational efficiency of its assets and focus on its competitive edges by fully utilising the resources on the development of its main business, which is in line with the needs of the Company's overall development strategy.

- (2) The Transaction represents a material asset disposal, which does not involve the issuance of Shares and does not affect the shareholding structure of the Company.
- (3) In the event the Transaction is implemented, the Listed Company will divest itself of assets with a low degree of relevance to the Company's main business, which is conducive for the Company to better focus on its main business, and optimise its asset structure, and it is expected to have no material impact on the key financial indicators of the Company.

V. RISK WARNING

It is uncertain whether the transferee can be finally identified 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.

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 Equity Exchange”	China Beijing Equity Exchange;
“Board”	the board of Directors;
“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;
“Transaction”	YTO Diesel Engine’s proposed transfer of the 0.8827% equity interest in Zhongyuan Bank held by the Company by way of public listing-for-sale;
“YTO Diesel Engine”	YTO (Luoyang) Diesel Engine Company Limited* (一拖(洛陽)柴油機有限公司), a controlled subsidiary of First Tractor;

“Zhongyuan Bank”

Zhongyuan Bank Co., Ltd., a joint stock company incorporated on 23 December 2014 in the PRC with limited liability, the H Shares of which are listed on the Stock Exchange (Stock Code of H Shares: 1216); and

“%”

per cent.

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

Luoyang, the PRC

26 December 2023

As at the date of this announcement, the Board comprises Mr. Liu Jiguo (Chairman) and Mr. Wei Tao as executive Directors; 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*