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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)

CONNECTED TRANSACTION

THE PROCUREMENT CONTRACT

The Board is pleased to announce that on 12 November 2024, CAMACO, a subsidiary of the Company, entered into the Procurement Contract with CAMCE, pursuant to which, CAMCE will procure the Equipment and relevant technical documents and training services from CAMACO at a consideration of RMB22,157,702.

As at the date of this announcement, YTO is the immediate controlling Shareholder of the Company, holding approximately 548,485,853 A Shares of the Company, representing approximately 48.81% of the total issued Shares of the Company. Sinomach Group owns 88.22% equity interests of YTO, and Luoyang Industrial owns the remaining 11.78% equity interests of YTO. On 22 December 2023, YTO and Luoyang Industrial entered into the “Agreement on Capital Reduction of YTO Group Corporation” and the “Agreement on the Transfer of Shares of First Tractor Company Limited” with conditions attached thereto. Subject to the approval of the State-owned Assets Supervision and Administration Commission of the State Council for the share transfer, the proportion of equity interests in the Company held by YTO will be reduced from 48.81% to 42.94%. CAMCE is controlled by Sinomach Group, the de facto controller of the Company. Therefore, CAMCE is an associate of Sinomach Group and a connected person of the Company, and the transaction under the Procurement Contract constitutes a connected transaction of the Company pursuant to the requirements under the Listing Rules.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the transaction under the Procurement Contract as calculated under Rule 14.07 of the Listing Rules is more than 0.1% but less than 5%, the transaction under the Procurement Contract is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

BACKGROUND

CAMCE is a contractor of the agricultural mechanization center project (the “**Project**”) of the Owner in Nigeria. Based on the needs of the Project, CAMCE intended to procure the tractor equipment and all relevant technical documents and domestic training services required for the Project from CAMACO. Accordingly, on 12 November 2024, CAMACO, a subsidiary of the Company, entered into the Procurement Contract with CAMCE, CAMCE will procure the Equipment and relevant technical documents and training services from CAMACO at a consideration of RMB22,157,702.

As at the date of this announcement, YTO is the immediate controlling Shareholder of the Company, holding approximately 548,485,853 A Shares of the Company, representing approximately 48.81% of the total issued Shares of the Company. Sinomach Group owns 88.22% equity interests of YTO, and Luoyang Industrial owns the remaining 11.78% equity interests of YTO. On 22 December 2023, YTO and Luoyang Industrial entered into the “Agreement on Capital Reduction of YTO Group Corporation” and the “Agreement on the Transfer of Shares of First Tractor Company Limited” with conditions attached thereto. Subject to the approval of the State-owned Assets Supervision and Administration Commission of the State Council for the share transfer, the proportion of equity interests in the Company held by YTO will be reduced from 48.81% to 42.94%. CAMCE is controlled by Sinomach Group, the de facto controller of the Company. Therefore, CAMCE is an associate of Sinomach Group and a connected person of the Company, and the transaction under the Procurement Contract constitutes a connected transaction of the Company pursuant to the requirements under the Listing Rules.

THE PROCUREMENT CONTRACT

The principal terms of the Procurement Contract are as follows:

Date

12 November 2024

Parties

- (1) CAMACO; and
- (2) CAMCE

Subject Matter

CAMACO shall provide the Equipment and relevant technical documents for the Project of CAMCE, as well as domestic training services for not more than 30 people and not more than 42 days.

Consideration and Basis of Determination

The consideration under the Procurement Contract is RMB22,157,702, which is the price charged by CAMACO to fulfill all obligations under the Procurement Contract, including the fees charged for the provision of the Equipment and relevant technical documents and domestic training services, export packaging fees, shipping fees and miscellaneous expenses. The consideration was agreed and determined between the parties to the Procurement Contract in accordance with the principles of objectivity, fairness and equitability and market-based pricing terms after taking into account the aforementioned fees.

Payment Terms

Within 7 days after signing the Procurement Contract, CAMACO shall issue an advance payment guarantee to CAMCE for 20% of the consideration under the Procurement Contract (i.e. RMB4,431,540.4). CAMCE shall pay RMB4,431,540.4 as an advance payment to CAMACO within 10 days after receiving the advance payment guarantee. The Procurement Contract will become effective upon CAMACO receiving the advance payment from CAMCE.

After CAMCE and the Owner have jointly inspected and accepted the Equipment and CAMCE has received the payment from the Owner and checked the relevant invoices and technical documents submitted by CAMACO, CAMCE shall pay 70% of the consideration under the Procurement Contract (i.e. RMB15,510,391.4) to CAMACO within 7 days.

Upon the handover of the Equipment by CAMCE to the Owner and the provision of relevant certificates by the Owner to CAMCE, CAMCE shall pay 5% of the consideration under the Procurement Contract (i.e. RMB1,107,885.1) to CAMACO.

The warranty premium under the Procurement Contract shall be 5% of the consideration (i.e. RMB1,107,885.1). The warranty premium, after deducting any liquidated damages payable by CAMACO and/or any claims by CAMCE, shall be paid to CAMACO by CAMCE within 10 working days after the expiry of the warranty period (i.e., 27 months from the date of shipment of the Equipment) and upon CAMCE's receipt of the original financial receipt for the equivalent amount issued by CAMACO.

Delivery

The Equipment and technical information under the Procurement Contract shall be shipped to CAMCE's designated warehouse and delivered to CAMCE's designated consignee within 45 days from the date of receipt of the advance payment.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Transaction, achieved through effective collaboration with a subsidiary of the Sinomach Group in overseas markets, marks a breakthrough in the Company's underdeveloped overseas markets. It will help the Company expand its presence in the African market, enhance brand influence, and drive the development of its international business.

The Company will perform its obligations in accordance with the contract and recognise revenue in accordance with accounting standards. The impact of the Transaction on the Company's performance of 2024 remains uncertain.

The principal terms of the Transaction have been determined on normal commercial terms, which are in the interests of the Company as a whole and will not affect the business independence of the Company.

DIRECTORS' VIEW

At the twenty-sixth meeting of the ninth session of the Board held on 12 November 2024, a resolution in respect of the Transaction was considered and approved. The Directors of the Company (except for Mr. Li Xiaoyu, Mr. Fang Xianfa, Mr. Yang Jianhui, and Mr. Miao Yu, who are considered to be interested in the Procurement Contract and the transaction contemplated thereunder, and who have abstained from expressing opinions on entering the Procurement Contract and the transaction contemplated thereunder and voting on the relevant resolution) are of the view that the Transaction is beneficial to the Company's development of international market. The terms of the Procurement Contract are fair and equitable, and the pricing of the transaction contemplated thereunder is in line with market conditions, and there is no prejudice to the interests of the Company and its Shareholders. The Directors of the Company (except for those who have abstained from expressing opinions and voting for the reasons stated above) are of the view that the Procurement Contract was entered into under normal commercial terms in the ordinary and usual course of business of the Group, and that its terms are fair and reasonable, and are in the interests of the Company and its Shareholders as a whole.

INFORMATION OF THE PARTIES

The Group

The Group is principally engaged in the production and sales of agricultural machineries and power machineries. The principal products include high-powered, mid-powered and low-powered tractors, diesel engines and other tractor accessories. CAMACO is a subsidiary of the Company and as at the date of this announcement, 55% of its equity interests is held by the Company. CAMACO is principally engaged in the import and export of goods, technology import and export, agency import and export and investment management, etc..

CAMCE

CAMCE is a company listed on the Shenzhen Stock Exchange (stock code: 002051), which is principally engaged in contracting various types of overseas projects and domestic international tender projects; exporting the equipment and materials required for the aforementioned overseas projects; operating and acting as an agent for the import and export of various types of goods and technologies; processing imported materials; conducting countertrade and re-export trade; selling medical devices; and dispatching personnel required for overseas engineering, production, and service industries.

As at the date of this announcement, Sinomach Group is the single largest shareholder of CAMCE, holding approximately 62.86% equity interests in CAMCE. The remaining shareholders each hold no more than 1% of the equity interests in CAMCE. Sinomach Group is principally engaged in the research and development and manufacturing of machinery equipment, heavy machineries, engineering projects domestically and internationally, sales of automotive and parts, contracting of international projects and tendering of domestic and international projects, and import and export business. Sinomach Group is held as to 100% by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC.

LISTING RULES IMPLICATIONS

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DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall 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 ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“CAMACO”	China-Africa Machinery Corp. (中非重工投資有限公司)
“CAMCE”	China CAMC Engineering Co., Ltd. (中工國際工程股份有限公司)

“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 of Hong Kong Limited (stock code: 0038) and the Shanghai Stock Exchange (stock code: 601038), respectively
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company (including independent non-executive directors)
“Equipment”	tractor equipment under the Procurement Contract (including 301 tractor mainframes and accompanying spare parts, accessories, and tools)
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Luoyang Industrial”	Luoyang Industrial Holding Group Company Limited, originally known as Luoyang State-owned Assets Management Co., Ltd.
“Owner”	the contactor who awarded the Project. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiry, the Owner and its ultimate beneficial owners are third parties independent of the Company and its connected persons
“PRC”	The People’s Republic of China
“Procurement Contract”	the contract entered into between CAMACO and CAMCE on 12 November 2024 in relation to the Transaction
“RMB”	Renminbi, the lawful currency of the PRC

“Shareholder(s)”	holders of securities of the Company
“Share(s)”	shares of the Company with a nominal value of RMB1.00 each
“Sinomach Group”	China National Machinery Industry Corporation* (中國機械工業集團有限公司), a limited liability company incorporated in the PRC and the de facto controller of the Company
“Transaction”	the transaction under the Procurement Contract in relation to the provision of Equipment and domestic training services by CAMACO for the Project of CAMCE
“YTO”	YTO Group Corporation* (中國一拖集團有限公司), a limited liability company incorporated in the PRC and the controlling shareholder of the Company

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

Luoyang, the PRC
12 November 2024

As at the date of this announcement, the Board comprises Mr. Li Xiaoyu (Chairman) and Mr. Wei Tao as executive Directors; Mr. Fang Xianfa, Mr. Yang Jianhui and Mr. Miao Yu as non-executive Directors; and Mr. Edmund Sit, Mr. Wang Shumao and Mr. Xu Liyou as independent non-executive Directors.

* *For identification purposes only*