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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **First Tractor Company Limited***, you should at once hand this circular with the accompanying form(s) of proxy to the purchaser(s) or the transferee(s), or to the bank, licensed securities dealer or other agent through whom the sale or the transfer was effected for transmission to the purchaser(s) or the transferee(s).

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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)

**ADJUSTMENT TO THE ANNUAL CAP AMOUNTS OF
THE ENERGY PROCUREMENT AGREEMENT;
RE-ELECTION AND ELECTION OF DIRECTORS AND SUPERVISORS;
DIRECTORS' AND SUPERVISORS' REMUNERATIONS;
AMENDMENTS TO THE ARTICLES OF ASSOCIATION, THE RULES OF
PROCEDURES OF THE BOARD OF DIRECTORS AND
THE DECISION MAKING
PRINCIPLES ON INVESTMENTS AND OPERATION
AND
NOTICE OF EGM**

A letter from the Board is set out on pages 1 to 32 of this circular. The notice for convening the EGM of First Tractor Company Limited* to be held at 2:30 p.m. on 13 April 2022 (Wednesday) at No. 154 Jianshe Road, Luoyang, Henan Province, the PRC are set out on pages EGM 1 to EGM 4 of this circular.

A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the meeting in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon. The proxy form shall be lodged with the Company's branch share registrar in Hong Kong, Hong Kong Registrars Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, or at the registered address and principal place of business of the Company at No. 154 Jianshe Road, Luoyang, Henan Province, the PRC, as soon as possible and in any event not less than 24 hours before the time scheduled for holding the EGM (or any adjourned meetings thereof). Completion and delivery of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment if you so desire.

18 March 2022

* For identification purposes only

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DEFINITIONS

In this circular, unless the context requires otherwise, the following expressions 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
“Annual Cap(s)”	the maximum aggregate annual value(s) for the transactions contemplated under the Energy Procurement Agreement
“Articles” or “Articles of Association”	the Articles of Association of the Company
“associate(s)”	has the same meaning as ascribed to this term under the Hong Kong Listing Rule
“Board” or “Board of Directors”	the board of Directors of the Company
“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 (stock code: 0038) and the Shanghai Stock Exchange (stock code: 601038) respectively
“connected person(s)”	has the same meaning as ascribed to this term under the Hong Kong Listing Rules
“controlling shareholder”	has the same meaning as ascribed to this term under the Hong Kong Listing Rules
“Director(s)”	the director(s) of the Company, including the independent non-executive director(s)
“EGM”	the 2022 first extraordinary general meeting of the Company to be held at No. 154 Jianshe Road, Luoyang, Henan Province, the PRC on 13 April 2022 (Wednesday) at 2:30 p.m.
“Energy Procurement Agreement”	the agreement dated 25 August 2021 entered into between YTO as supplier and/or supplying agent and the Company, on behalf of the Group, as purchaser and/or purchasing agent pursuant to which YTO agreed to supply various kind of energy to the Group

DEFINITIONS

“Group”	the Company and its subsidiaries
“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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“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)
“Independent Non-executive Director(s)” or “Independent Director(s)”	the independent non-executive director(s) of the Company
“Independent Shareholder(s)”	Shareholder(s) other than YTO and its associate(s)
“Latest Practicable Date”	14 March 2022, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Notice of EGM”	the notice for convening the EGM as set out on pages EGM 1 to EGM 4 of this circular
“percentage ratios”	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 which, for the purpose of this circular, excludes Hong Kong of the PRC, the Macau Special Administrative Region of the PRC and Taiwan of the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Rules of Procedures of the Board of Directors”	the Rules of Procedures for the Board of Directors of the Company

DEFINITIONS

“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shanghai Listing Rules”	Shanghai Stock Exchange Share Listing Rules
“Share(s)”	share(s) of RMB1.00 each of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Sinomach”	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 a controlling shareholder of YTO having 87.90% equity interest in YTO
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	the supervisor(s) of the Company
“Supervisory Committee”	the supervisory committee of the Company
“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, holding approximately 48.81% equity interest in the Company
“YTO Group”	YTO and its subsidiaries
“%”	per cent

* *For identification purpose only*

LETTER FROM THE BOARD



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)

Board of Directors:

Mr. Li Xiaoyu (*Chairman*)
Mr. Liu Jiguo
Mr. Li Hepeng
Mr. Xie Donggang
Mr. Zhou Honghai
Ms. Yang Minli**
Ms. Wang Yuru**
Mr. Edmund Sit**

Registered and principal office:

No. 154 Jianshe
Road Luoyang
Henan Province
The PRC

** *Independent non-executive Director*

18 March 2022

To the Shareholders

Dear Sir or Madam,

**ADJUSTMENT TO THE ANNUAL CAP AMOUNTS OF
THE ENERGY PROCUREMENT AGREEMENT;
RE-ELECTION AND ELECTION OF DIRECTORS AND SUPERVISORS;
DIRECTORS' AND SUPERVISORS' REMUNERATIONS;
AMENDMENTS TO THE ARTICLES OF ASSOCIATION, THE RULES OF
PROCEDURES OF THE BOARD OF DIRECTORS AND
THE DECISION MAKING
PRINCIPLES ON INVESTMENTS AND OPERATION
AND
NOTICE OF EGM**

LETTER FROM THE BOARD

I. INTRODUCTION

Background

On 3 March 2022, the Company published two announcements regarding, among others, (i) Adjustment to the Annual Cap Amounts of the Energy Procurement Agreement; (ii) Re-election and Election of Directors and Supervisors; (iii) Directors' and Supervisors' Remunerations; and (iv) the Amendments to the Articles of Association, the Rules of Procedures of the Board of Directors and the Decision Making Principles on Investments and Operation.

Adjustment to the Annual Cap Amounts of the Energy Procurement Agreement

According to the Hong Kong Listing Rules, the applicable percentage ratios for the revised annual cap transaction amounts for 2022 to 2024 under the Energy Procurement Agreement are more than 0.1% but less than 5%, the provision of services under the Energy Procurement Agreement is subject to the reporting and announcement requirements but is exempt from the Independent Shareholders' approval requirement pursuant to Chapter 14A of the Hong Kong Listing Rules.

As the A Shares of the Company are listed on the Shanghai Stock Exchange, the Company is also required to comply with relevant requirements of the Shanghai Listing Rules. Pursuant to the relevant provisions of the Shanghai Listing Rules, the transactions contemplated under the Energy Procurement Agreement (including the proposed revised annual cap amounts for 2022 to 2024) are subject to the Independent Shareholders' approval at the EGM. The relevant resolution has been included as proposal no.3 of the Notice of EGM for approval by Independent Shareholders at the EGM.

Re-election and Election of Directors and Supervisors

The terms of the Eighth Session of the Board of Directors and the Supervisory Committee of the Company have expired.

The Board of Directors and the Supervisory Committee have respectively proposed the following appointments to constitute the Ninth Session of the Board of Directors and the Supervisory Committee (except for employee representative Supervisors):

- (i) Mr. Liu Jiguo as the executive Director;
- (ii) Mr. Zhang Zhiyu, Mr. Fang Xianfa and Mr. Ma Zhihui as the non-executive Directors;

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- (iii) Mr. Edmund Sit, Mr. Wang Shumao and Mr. Xu Liyou as independent non-executive Directors; and
- (iii) Mr. Yang Yu, Ms. Gu Aiqin and Mr. Xiao Bin as the non-employee representative Supervisors.

The relevant resolutions (by way of cumulative voting) for re-election and election of the Directors and Supervisors have been included as proposals nos.6 to 8 (inclusive) of the Notice of EGM for approval by Shareholders at the EGM.

Directors' and Supervisors' Remunerations

The re-election and election of Directors and Supervisors is expected to be completed upon obtaining the Shareholders' approval at the EGM. The remuneration committee under the Board has made recommendations in respect of the remunerations for the Directors of the Ninth Session of the Board of Directors and the Supervisors of the Ninth Session of the Supervisory Committee. The relevant resolution has been included as proposal no.5 of the Notice of EGM for approval by Shareholders at the EGM.

Amendments to the Articles of Association, the Rules of Procedures of the Board of Directors and the Decision Making Principles on Investments and Operations

The amendments are principally subject to the Guidelines for Articles of Association of Listed Companies amended by the China Securities Regulatory Commission in 2022 and the relevant requirements, aiming to further improve the standard operation level and decision-making efficiency of the Board of the Company. The special resolution relating to the amendments to the Articles of Association, and the ordinary resolutions relating to the amendments to the Rules of Procedure of the Board of Directors and the amendments to the Decision Making Principles on Investments and Operation of the Company have been included as proposal no.1 and nos.2 and 4 of the Notice of EGM, respectively, for approval by Shareholders at the EGM.

Purpose of this circular

The purpose of this circular is to provide you with details of the matters set out above to enable you to make an informed decision on whether to vote for or against or abstain from voting on the proposed resolution(s) at the EGM.

LETTER FROM THE BOARD

II. ADJUSTMENT TO THE ANNUAL CAP AMOUNTS OF THE ENERGY PROCUREMENT AGREEMENT

Background

Reference is made to the announcement and the circular on the continuing connected transactions of the Company dated 25 August 2021 and 12 October 2021, respectively, in relation to, among other things, the Energy Procurement Agreement. The Energy Procurement Agreement and the transactions (including the annual caps) contemplated thereunder were approved by the Shareholders at an extraordinary general meeting held on 2 November 2021.

Affected by rising coal prices and other factors, the prices such as natural gas and steam have risen to varying degrees. Meanwhile, in accordance with the spirit of the Notice of National Development and Reform Commission on Further Deepening the Marketization Reform of On-grid Price of Coal-fired Power Generation (Fa Gai Jia Ge [2021] No. 1439) (《國家發展改革委關於進一步深化燃煤發電上網電價市場化改革的通知》(發改價格[2021]1439 號)), Henan Province has made adjustment to the price of electricity. The costs of energy products that the Company procures have increased correspondingly. Therefore, the cap amounts of the continuing connected transactions for the year 2022 to 2024 contemplated under the Energy Procurement Agreement shall be increased.

Energy Procurement Agreement

Details of the principal terms of the Energy Procurement Agreement and the proposed revised annual cap amounts are set out below:

Date	:	25 August 2021
Parties	:	<ul style="list-style-type: none">• YTO as supplier and/or supplying agent; and• The Company, on behalf of the Group, as purchaser and/or purchasing agent.
Energy to be provided	:	Energy to be used in the production of the Group, including but not limited to electricity, natural gas, oxygen, water, compressed air, steam and nitrogen.
Term	:	From 1 January 2022 to 31 December 2024.
Payment terms	:	Shall be settled monthly and fully paid by the end of the following month. Subject to negotiation between the parties, prepayments by purchaser of no more than six months are acceptable.

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Pricing Standards of the Transaction contemplated under the Energy Procurement Agreement

Under the Energy Procurement Agreement, the price of the energies to be provided will be determined based on:

1. the market price;
2. if the above is not applicable, the transaction price between YTO and an independent third party; or
3. if none of the above is applicable, costs plus a percentage mark-up (tax-inclusive), which is not more than 16% (i.e. price = cost x (1 + percentage mark-up)).

YTO undertakes that the applicable price of the energy offered to the Group shall not be less favourable than that offered to independent third party customers of YTO for the same energy.

When adopting the above pricing standards, the Company's:

1. procurement department, in relation to price determination based on market price of independent third party (i.e. pricing standard No. (1)), shall make reference to one to two price(s) of the same or similar goods or services quoted through market enquiry. Such quotations shall be obtained by procurement department;
2. finance department in relation to price determination based on transaction price between the suppliers and an independent third party (i.e. pricing standard No.(2)), shall make reference to one to two signed agreement(s) entered between the suppliers and an independent third party in relation to the procurement of the same or similar goods. The finance department shall obtain the cost analysis of goods (including cost breakdown and gross profit margin) from the suppliers to ensure that the transaction price under the Energy Procurement Agreement is fair and reasonable and not higher than the price of the same or similar goods offered by the supplier to independent third party; and
3. finance department, in relation to price determination based on costs plus a percentage mark-up (i.e. pricing standard No. (3)), shall obtain cost analysis of services from the suppliers and finalise the price in accordance with the cost analysis and the percentage mark-up. The finance department shall also perform quarterly update and review on the average gross profit margin of listed companies engaged in the related industry and the gross profit margin of the historical transactions.

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Historical Figures, the existing Annual Cap Amounts and the Proposed Revised Annual Cap Amounts for the Transactions under the Energy Procurement Agreement

The following table sets out the historical transaction amounts for the years ended 31 December 2019 and 2020 and for the six months ended 30 June 2021, the Annual Cap amounts for the years ended 31 December 2019, 2020 and 2021, the existing Annual Cap Amounts and the proposed Revised Annual Cap amounts for each of the three years ending 31 December 2022, 2023 and 2024 under the Energy Procurement Agreement:

	Historical transaction amounts			Annual Cap amounts		
	(Note)			(Note)		
	For six			For the year ended		
	For the year ended	months ended		31 December		
31 December	30 June		2019	2020	2021	
2019	2020	2021	2019	2020	2021	
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Energy Procurement Agreement	133,680	174,690	80,770	205,000	220,000	235,000

	For the year ending 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Existing annual cap amount	190,000	190,000	200,000
Proposed revised annual cap amount	240,000	240,000	260,000

Note: Due to clerical error, the periods to which these figures related, as stated in the announcement published by the Company on 3 March 2022, were erroneously presented. Please refer to the table below for the correct period and the figures.

Basis for the Proposed Revised Annual Cap Amounts under the Energy Procurement Agreement

The proposed revised Annual Cap amounts for the energies to be provided under the Energy Procurement Agreement are determined with reference to:

- (1) with reference to actual amount of historical transactions; and
- (2) with the significant improvement in environmental protection and energy saving and emission reduction of production enterprises, the growth rate of energy consumption will slow down in the future. Meanwhile, the amount of energy purchase transactions is expected to increase slightly in the next three years with taking into account the possible increase in the energy price.

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Reasons for Adjustment to the Annual Cap Amounts

Affected by rising coal prices and other factors, the prices such as natural gas and steam have risen to varying degrees. Meanwhile, in accordance with the spirit of the Notice of National Development and Reform Commission on Further Deepening the Marketization Reform of On-grid Price of Coal-fired Power Generation (Fa Gai Jia Ge [2021] No. 1439) (《國家發展改革委關於進一步深化燃煤發電上網電價市場化改革的通知》(發改價格[2021]1439 號)), Henan Province has made adjustment to the price of electricity. The prices of energy products that the Company procures have increased correspondingly. Therefore, the cap amounts of the continuing connected transactions for the year 2022 to 2024 contemplated under the Energy Procurement Agreement shall be increased.

Measure of Internal Control

In order to ensure the continuing connected transactions are in compliance with the pricing terms agreed in the Energy Procurement Agreement and will not exceed the estimated annual cap amounts, the Company has formulated the following internal control measures, and the Finance Department, the Office of the Board and the Audit and Legal Affairs Department of the Company shall be responsible for the implementation and supervision thereof:

- (I) The Company has formulated measures for decision on and daily administration of connected transactions, which clearly require all business units to comply with the pricing principles and other terms in continuing connected transaction agreements when entering into contracts in accordance with daily connected transaction framework agreement.
- (II) The Office of the Board, the Finance Department and the Legal Affairs Department of the Company shall be responsible for performing examination on whether the principal terms of the agreements and the pricing principles for the continuing connected transactions have been determined on ordinary commercial terms, whether they are fair and reasonable and are in accordance with relevant laws and regulations.
- (III) The Office of the Board and the Finance Department of the Company shall run regular statistics on and review of the ratio of actual amount of the connected transaction agreements to the approved cap therefor and the estimation for the whole year, and timely remind all the business units pay attention to the utilization limit of the cap for the transactions, and fulfill corresponding examination and approval procedures in accordance with requirements to ensure the connected transactions are performed in a compliant manner if the increase in transaction cap amount is really needed due to the reason of actual business.

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- (IV) The internal audit department of the Company shall perform regular supervision assessment of the internal control for the operation of the connected transactions of the Company.
- (V) The auditor of the Company shall perform annual review on the pricing and annual cap amount for the continuing connected transactions according to the requirements.

The Directors are of the view that the above internal control measures can ensure that the transactions under the Energy Procurement Agreement will be conducted on normal commercial terms and will not be prejudicial to the interests of the Company and the Shareholders.

Impact of the Adjustment on the Company

The increase in the annual cap amounts of the continuing connected transactions under the Energy Procurement Agreement is in line with the production and operation needs of the Company and the market oriented principles for transactions, which can ensure the daily compliant operation of the Company, and will not have a significant adverse impact on the Company, nor will it affect the independence of the Company.

Information of the Group and YTO

The Group is principally engaged in the production and sales of agricultural machineries and power machineries. The principal products include tractors of hi- powered, mid-powered and low-powered, diesel engines and other accessories of tractors.

As at the date of this announcement, YTO is a direct 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 is the controlling shareholder of YTO, having 87.90% shareholding interest in YTO. The remaining 12.1% shareholding interest in YTO is held by Luoyang Guozi State-Owned Assets Management Co., Ltd.* (洛陽市國資國有資產經營有限公司), which in turn is indirectly wholly owned by Luoyang Stateowned Assets Supervision and Administration Commission (洛陽市人民政府國有資產監督管理委員會).

YTO Group is principally engaged in the production and sales of tractors and other agricultural machineries, automobiles, engineering machineries, diesel engines, generators, forklifts, bicycles, fuel injection pumps and spare parts of the above products; manufacturing of coal mining machineries, tank trucks, moulds, machine tools, forging castings, clip aids and non-standard equipment; industrial gas (forbidden as chemical raw materials for non-fuel use, which can be operated by branches only); production and sale of oxygen (compressed), oxygen (liquefied), nitrogen (compressed), nitrogen (liquefied), air (compressed) (the above five items are permitted to be operated by branches only under license); road transportation of general cargo and dangerous goods (item 3 under class II, class III, which are operated under license); import and export

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(according to qualification certificate); contracting overseas mechanical and electrical engineering and domestic and international bidding project; export of equipment and materials required for the above-mentioned overseas projects; dispatch of labour required for the implementation of the above-mentioned projects.

Hong Kong Listing Rules Implications

As at the date of this announcement, YTO beneficially owned approximately 48.81% of the issued share capital of the Company and is the controlling shareholder of the Company. Accordingly, the transactions contemplated under the Energy Procurement Agreement entered into between the Company and YTO constitute continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

As the applicable percentage ratios for the revised annual cap amounts for 2022 to 2024 under the Energy Procurement Agreement are more than 0.1% but less than 5%, the provision of services under the Energy Procurement Agreement is subject to the reporting and announcement requirements but is exempt from the Independent Shareholders' approval requirement pursuant to Chapter 14A of the Listing Rules.

The Resolution on Increasing the Cap Amounts for 2022 to 2024 under the Energy Procurement Agreement between the Company and YTO was considered and approved at the thirty-fifth meeting of the eighth session of the Board of the Company held on 3 March 2022. Li Xiaoyu, Liu Jiguo, Li Hepeng, Xie Donggang and Zhou Honghai, all being Directors of the Company, have abstained from voting at the Board meeting, as they are connected to YTO and are regarded as being unqualified to make any independent recommendation to the Board.

The terms of the Energy Procurement Agreement (including the proposed revised annual cap amounts for 2022 to 2024) were determined after arm's length negotiations between the parties thereto. The Directors (including the independent non-executive Directors) consider that the terms of the Energy Procurement Agreement (including the proposed revised annual cap amounts for 2022 to 2024) are on normal commercial terms and in the ordinary and usual course of business of the Group, and are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

LETTER FROM THE BOARD

Shanghai Listing Rules Implications

As the A Shares of the Company are listed on the Shanghai Stock Exchange, the Company is also required to comply with relevant requirements of the Shanghai Listing Rules. Pursuant to the relevant provisions of the Shanghai Listing Rules, the transactions contemplated under the Energy Procurement Agreement (including the proposed revised annual cap amounts for 2022 to 2024) are subject to the Independent Shareholders' approval at the EGM.

The Company will submit the proposal regarding the increase in the cap amount of the Energy Procurement Agreement for 2022 to 2024 between the Company and YTO as an ordinary resolution (being proposal no.3 of the Notice of EGM) for approval by Independent Shareholders at the EGM.

III. RE-ELECTION AND ELECTION OF DIRECTORS AND SUPERVISORS

The terms of the Eighth Session of the Board of Directors and the Supervisory Committee of the Company have expired. The Company has been informed that, among the members of the Eighth Session of Board of Directors, Mr. Li Xiaoyu (executive Director), Mr. Li Hepeng (non-executive Director), Mr. Xie Donggang (non-executive Director), Mr. Zhou Honghai (non-executive Director), Ms. Yang Minli (independent non-executive Director) and Ms. Wang Yuru (independent non-executive Director) will retire and will not stand for election as candidate Directors of the Ninth Session of the Board of Directors. Among the members of the Eighth Session of Supervisory Committee (save for the Staff Representative Supervisors), Mr. Tian Peng and Mr. Zhang Bin will retire and will not stand for election as candidate Supervisors of the Ninth Session of the Supervisory Committee. The other Directors and Supervisors of the Eighth Session of the Board of Directors and the Supervisory Committee (save for the Staff Representative Supervisors) have confirmed that they will offer themselves for re-election at the EGM of the Company.

Appointment of New Directors and Supervisors

In addition to the proposed re-election of Directors and Supervisors, the Board of Directors and the Supervisory Committee have respectively proposed the following new appointments to constitute the Ninth Session of the Board of Directors and the Supervisory Committee:

- (i) Mr. Zhang Zhiyu, Mr. Fang Xianfa and Mr. Ma Zhihui as the non-executive Directors;
- (ii) Mr. Wang Shumao and Mr. Xu Liyou as independent non-executive Director; and
- (iii) Ms. Gu Ai Qin and Mr. Xiao Bin as the Supervisors.

LETTER FROM THE BOARD

BIOGRAPHIES OF THE DIRECTORS PROPOSED TO BE RE-ELECTED AND APPOINTED AT THE EGM

Directors

Executive Director

Mr. Liu Jiguo, aged 58, is a professor-level senior engineer and currently serves as the executive Director, member of the Strategy, Investment and Sustainable Development Committee, General Manager of the Company, and Party Secretary, Deputy Party Secretary of YTO. Mr. Liu joined YTO in 1987, and served as the assistant to general manager, deputy general manager and Safety Director of YTO, and General Manager and Director of the Company. Mr. Liu graduated from Northeast Heavy Machinery College and Jiangsu University with a bachelor's degree in engineering and a master's degree in engineering. Mr. Liu has extensive experience in corporate management, production operation and financial operation.

Non-executive Directors

Mr. Zhang Zhiyu, aged 66, is a professor-level senior engineer and senior international business engineer, currently serves as the director of YTO, China Machinery Engineering Corporation and China Foma (Group) Co., Ltd. Mr. Zhang served as a deputy chief economist of China Jiangsu Machinery Equipment Import & Export Group Corporation* (中設江蘇機械設備進出口集團公司), the manager of Import and Export Branch and the general manager of SUMEC Trading Company* (江蘇蘇美達貿易公司), a deputy general manager of China Jiangsu Machinery Equipment Import & Export Group Corporation* (中設江蘇機械設備進出口集團公司), the director of Sinomach Automobile Co., Ltd.* (國機汽車股份有限公司) (600335.SH) and China Hi-Tech Group Corporation* (中國恒天集團有限公司). Mr. Zhang studied at Hebei Institute of Mechano-Electric Engineering with a bachelor's degree in engineering. Mr. Zhang has extensive experience in machinery manufacturing, international trade and corporate management.

Mr. Fang Xianfa, aged 59, is the chief expert of Chinese Academy of Agricultural Mechanization Sciences* (中國農業機械化科學研究院) and received a special government allowance from the State Council. He is currently the vice president, chief engineer, researcher and doctoral tutor of Chinese Academy of Agricultural Mechanization Sciences* (中國農業機械化科學研究院) and the director of YTO. Mr. Fang served as the deputy chief engineer of Chinese Academy of Agricultural Mechanization Sciences* (中國農業機械化科學研究院). Mr. Fang studied at Beijing Institute of Agricultural Machinery and China Agricultural University with a doctorate degree in engineering. Mr. Fang has extensive experience in agricultural machinery, agricultural engineering and corporate management.

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Mr. Ma Zhihui, aged 37, is an economist. He is currently serves as the secretary of the Party general branch, Chairman and General Manager of Luoyang State-owned Assets Management Co., Ltd. (洛陽市國資國有資產經營有限公司), and is also the director of YTO, the director and member of the Strategy Committee of the Board of Directors of Sinosteel Luonai Technology Company Limited* (中鋼洛耐科技股份有限公司) (a company to be listed on the Shanghai Stock Exchange's STAR Market), and the director of China Luoyang Float Glass Group Company Limited. Mr. Ma was formerly the head of Henan Senyuan Heavy Industry Co., Ltd. (河南森源重工有限公司) and the head of Corporate Management Department of Luoyang Guohong Investment Group Co., Ltd. (洛陽國宏投資集團有限公司). Mr. Ma studied at Zhengzhou University with a bachelor's degree in engineering and management. Mr. Ma has extensive experience in corporate restructuring and reorganization and corporate management.

Independent Non-executive Directors

Mr. Edmund Sit, aged 59, is a fellow of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants in the United Kingdom. In addition, Mr. Sit is also a member of Association of International Certified Financial Consultants, an associate member of Society of Chinese Accountants & Auditors and a member of Hong Kong Business Accountants Association. He currently serves as the independent non-executive Director, Chairman of the Audit Committee and the Remuneration Committee under the Board of the Company, the independent non-executive director of Baic Motor Corporation Limited* (1958.HK), the director of Alpcorp Ltd and Alpcorp Trading Services Ltd, the general manager of Chuanghui Consulting Co., Ltd. (創慧顧問諮詢公司) and Chuanghui Traditional Chinese Medicine Clinic (創慧中醫診所), and Principal Lecturer of the Association of International Certified Financial Consultants (特許金融策略師協會). He has over 30 years' experience in auditing, finance, management accounting, personnel management, corporate finance, company secretary and listing. He has over 30 years' experience in auditing, finance, management accounting, personnel management, corporate finance, company secretary and listing. Mr. Sit graduated from Hong Kong Baptist University and holds a bachelor's degree (merit) and master's degree of business administration. He has worked as senior management for KPMG, Ernst & Young, System Pro Uarco Business Forms Ltd, Logo S. A., Xiang Lu Industries Ltd, Chubb Hong Kong Ltd, Johnson Controls Hong Kong Ltd, C & C Joint Printing Co., (HK) Ltd and Sino Fame International Group (譽中國際集團). Mr. Sit had also worked for the following listed companies: Tianneng Power International Limited (819.HK), Beijing Media Corporation Limited (1000.HK), SMI Holdings Group Limited (198.HK), Wong's International Holdings Limited (99.HK) and Beijing Gas Blue Sky Holdings Limited (6828.HK and SGX UQ7).

LETTER FROM THE BOARD

Mr. Wang Shumao, aged 63, a professor and doctoral tutor of China Agricultural University. Mr. Wang is currently a director of Chinese Society for Agricultural Machinery, an expert of the Advisory Expert Group on Agricultural Mechanization Technology Innovation Strategy of the Ministry of Agriculture, an honorary director of Chinese Society for Agricultural Machinery Basic Technology Branch, a director of the Beijing Agricultural Engineering Association, a member of the Agricultural Machinery Appraisal and Testing Branch of Chinese Society for Agricultural Machinery, senior member of CMES and CIS, the member of American Society of Agricultural and Biological Engineers, Editorial Board Member of Foreign Electronic Measurement Technology (《國外電子測量技術》), etc. Mr. Wang studied in Beijing Agricultural Mechanization College and Beijing Agricultural Engineering University successively, and obtained a master's degree in engineering. He has been engaged in teaching and research in the field of intelligent agricultural equipment for over forty years. He has presided over a number of national scientific and technological support and key research and development projects, and won the title of "Top Ten Agricultural Machinery Teachers in China".

Mr. Xu Liyou, aged 48, is a professor and a doctoral tutor of Henan University of Science and Technology, and an excellent expert in Luoyang City. He is currently the dean of the School of Vehicle and Traffic Engineering of Henan University of Science and Technology and the director of the Research Center of Engineering Technology for Low-speed Electric Vehicles in Henan Province. Mr. Xu is also a director of Chinese Society for Automotive Engineering, vice director of Henan Society for Automotive Engineering, deputy chairman of Chinese Society for Agricultural Machinery Tractor Branch, deputy chairman of Chinese Society for Agricultural Machinery Ground Machine System Branch, member of China Machinery Industry Education Association Vehicle Engineering Teaching Committee, Member of the Teaching Committee of Vehicle Engineering Discipline of Chinese Society for Agricultural Machinery, Chinese Society for Agricultural Machinery Material Processing Branch, and Youth Working Committee of Chinese Society for Agricultural Machinery. Mr. Xu graduated from Xi'an University of Technology with a doctorate degree in engineering. He is mainly engaged in the research and teaching of new vehicle transmission theory and control technology, vehicle performance analysis method and simulation technology, and low-speed electric vehicle transmission technology. He is an expert in the field of vehicle engineering, a high-level talent in Henan Province, and an academic and technical leader of the Education Department of Henan Province. He has won 1 first prize of Henan Province Science and Technology Progress Award, 4 second prizes of Henan Province Science and Technology Progress Award, 1 first prize of China Machinery Industry Science and Technology Award, and 1 second prize of China Machinery Industry Science and Technology Award.

Save as disclosed above, each of the above proposed Directors does not hold any position in the Company or any other members of the Company, nor did he hold any directorship in any other listed companies.

LETTER FROM THE BOARD

Length of service and emolument

If each of the above proposed Directors is appointed as a Director of the Company, he will enter into a service agreement with the Company for a term of office of three years from the date of the Shareholders' approval at the EGM and he will receive a remuneration in accordance with a remuneration proposal (please see below for details), which will be determined with reference to his duties and responsibilities with the Company and will be subject to the Shareholders' approval at the EGM.

Relationships

Save as disclosed above, each of the above proposed Directors has no relationship with any Directors, Supervisors or senior management of the Company or with any substantial Shareholders or controlling Shareholders of the Company.

Interests in Shares

Each of the above proposed Directors does not have any interest in the shares of the Company (within the meaning of Part XV of the SFO).

Matters that need to be brought to the attention of the Shareholders

In relation to the appointment of each of the above proposed Directors, there is no information which is disclosable nor is/was he involved in any of the matters required to be disclosed pursuant to any of the requirements of the provisions under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Hong Kong Listing Rules, and there is no matter which needs to be brought to the attention of the Shareholders.

BIOGRAPHIES OF THE SUPERVISORS PROPOSED TO BE RE-ELECTED AND APPOINTED (SAVE FOR THE STAFF REPRESENTATIVE SUPERVISORS) AT THE EGM

Supervisors

Mr. Yang Yu, aged 46, is a senior engineer, currently serves as the chairman of the Supervisory Committee, a member of the Standing Committee of Party Committee of and the secretary of the Discipline Inspection Commission of YTO. Mr. Yang joined YTO in September 2021. He once served as the assistant to general manager and a member of the Discipline Inspection Commission of China National Electric Apparatus Research Institute Co., Ltd (688128.SH); and the secretary of the Discipline Inspection Commission and a member of the Party Committee of Guilin Electrical Equipment Scientific Research Institute Co., Ltd.. Mr. Yang once studied at Zhejiang University and holds a bachelor's degree in engineering. Mr. Yang has extensive experience in the fields such as corporate management, scientific research, discipline inspection and supervision, etc.

LETTER FROM THE BOARD

Ms. Gu Aiqin, aged 43, is a senior political engineer, currently serves as the Director of the Work Department of the Party Committee and the vice chairman of the trade union of YTO. Ms. Gu joined YTO in 2003 and has served as the Secretary of the Youth League Committee of YTO, a member of the 17th Central Committee of the Communist Youth League, the secretary of the Party Committee, secretary of the Disciplinary Committee, chairman of the trade union and the deputy general manager of YTO (Luoyang) Flag Auto-Body Company Limited (一拖(洛陽)福萊格車身有限公司), and chief of the human resources department of YTO. Ms. Gu studied at Henan University and holds a bachelor's degree in literature. Ms. Gu has extensive experience in press and publicity, corporate management and human resources management.

Mr. Xiao Bin, aged 53, is a senior engineer, currently serves as the head of the production and operation department of the Company. Mr. Xiao joined YTO in 1989 and served as the deputy head and head of the production and operation department and the deputy head of the safety production and environmental protection department of the Company. Mr. Xiao studied at Henan University of Science and Technology. Mr. Xiao has extensive experience in production and procurement management.

Save as disclosed above, each of the above Supervisors does not hold any position in the Company or any other members of the Company, nor did he hold any directorship in any other listed companies in the last three years.

Length of service and emolument

If each of the above proposed Supervisors is appointed as a Supervisor of the Company, he will enter into a service agreement with the Company for a term of office of three years from the date of the Shareholders' approval at the EGM and he will receive a remuneration in accordance with a remuneration proposal (please see below for details), which will be determined with reference to his duties and responsibilities with the Company, and will be subject to the Shareholders' approval at the EGM.

Relationships

Save as disclosed above, each of the above proposed Supervisors has no relationship with any Directors, Supervisors or senior management of the Company or with any substantial Shareholders or controlling Shareholders of the Company.

LETTER FROM THE BOARD

Interests in Shares

So far as the Directors are aware as at the date hereof, each of the above proposed Supervisors does not have any interest in the shares of the Company (within the meaning of Part XV of the SFO).

Matters that need to be brought to the attention of the Shareholders

In relation to the appointment of each of the above proposed Supervisors, there is no information which is disclosable nor is/was he involved in any of the matters required to be disclosed pursuant to any of the requirements of the provisions under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Hong Kong Listing Rules, and there is no matter which needs to be brought to the attention of the Shareholders.

The appointment of the above proposed Directors and Supervisors is subject to the approval by the Shareholders by adopting cumulative voting at the EGM. Ordinary resolutions in relation to the above proposed re-election of Mr. Liu Jiguo as executive Director; the election and appointment of Mr. Zhang Zhiyu, Mr. Fang Xianfa and Mr. Ma Zhihui as non-executive Directors; Mr. Wang Shumao and Mr. Xu Liyou as independent non-executive Directors; the re-election of Mr. Edmund Sit as independent non-executive Director; the election of the re-election of Mr. Yang Yu as non staff representative Supervisors, and the election of Ms. Gu Aiqin and Mr. Xiao Bin as non staff representative Supervisors will be proposed to be approved by the Shareholders at the EGM.

Retirement of Directors and Supervisors

Upon approval of the above proposed appointment of Directors at the EGM, Mr. Li Xiaoyu (executive Director), Mr. Li Hepeng (non-executive Director), Mr. Xie Donggang (non-executive Director), Mr. Zhou Honghai (non-executive Director), Ms. Yang Minli (independent non-executive Director) and Ms. Wang Yuru (independent non-executive Director) will retire from the positions of Directors, effective from the date of the EGM.

Upon approval of the above proposed appointments of Supervisors at the EGM, Mr. Tian Peng and Mr. Zhang Bin will retire from the positions of Supervisors, effective from the date of the EGM.

To the best knowledge and belief of the Board and the Supervisory Committee, having made all reasonable inquiries regarding the retirement of Directors and Supervisors, the above retiring Directors and Supervisors have no disagreement with the Board and the Supervisory Committee and there is no matter that needs to be brought to the attention of the Shareholders.

The Company will submit the relevant proposals (by way of cumulative voting) for re-election and election of the Directors and Supervisors as ordinary resolutions (being proposal nos.6 to 8 (inclusive) of the Notice of EGM) for approval by Shareholders at the EGM.

LETTER FROM THE BOARD

IV. DIRECTORS' AND SUPERVISORS' REMUNERATIONS

The re-election and election of Directors and Supervisors is expected to be completed upon obtaining the Shareholders' approval at the EGM. The remuneration committee under the Board has made recommendations in respect of the remunerations for the Directors of the Ninth Session of the Board of Directors and the Supervisors of the Ninth Session of the Supervisory Committee.

Remunerations for the Directors of the Ninth Session of the Board of Directors and the Supervisors of the Ninth Session of the Supervisory Committee

Directors' Remunerations

Upon consideration by the Board, the proposed remunerations for the Directors of the Ninth Session of the Board of Directors are as follows:

- a. The remuneration for the executive Directors will be paid according to the relevant performance and remuneration management system for senior management of the Company. Their social insurances such as pension insurance, unemployment insurance and medical insurance as well as housing accumulation fund will be managed according to the relevant national regulations. In accordance with the rules of state-owned enterprises regarding the appointment and collection of remuneration of managements, Directors who hold positions in other units and receive remuneration will no longer receive remuneration from the Company;
- b. Non-executive Directors of the Company will not receive remuneration from the Company;
- c. The standard of remuneration for independent non-executive Directors is RMB80,000 per person for each year (before tax), which shall be paid on an average quarterly basis.
- d. Meeting allowances
 - i. non-executive Directors (including independent non-executive Directors) will be paid a meeting allowance of RMB2,000 for each time when they attend Board meetings in person;
 - ii. non-executive Directors (including independent non-executive Directors) will be paid a meeting allowance of RMB1,000 for each time when they attend Board special committee meetings and general meetings of the Company in person; and
 - iii. The above allowances are tax-deducted, among which, the involved personal income tax will be paid by the Company on its behalf in a uniform manner.

LETTER FROM THE BOARD

Supervisors' Remunerations

Upon consideration by the Board, the proposed remunerations for the Supervisors of the Ninth Session of the Supervisory Committee are as follows:

- a. The remuneration for the Supervisors working in the Company, will be paid according to their management position (whichever is higher) in the Company and will receive remuneration according to the relevant remuneration management system of the Company; and
- b. Supervisors employed by corporate shareholders will not receive remuneration from the Company.

The Company will submit the proposal regarding the remuneration plan for the Directors of the Ninth Session of the Board of Directors and the Supervisors of the Ninth Session of the Supervisory Committee of the Company as an ordinary resolution (being proposal no.5 of the Notice of EGM) for approval by Shareholders at the EGM.

V. AMENDMENTS TO THE ARTICLES OF ASSOCIATION, THE RULES OF PROCEDURES OF THE BOARD OF DIRECTORS AND THE DECISION MAKING PRINCIPLES ON INVESTMENTS AND OPERATION

The amendments are principally subject to the Guidelines for Articles of Association of Listed Companies amended by the China Securities Regulatory Commission in 2022 and the relevant requirements, aiming to further improve the standard operation level and decision-making efficiency of the Board of the Company.

LETTER FROM THE BOARD

THE AMENDMENTS TO THE ARTICLES OF ASSOCIATION ARE AS FOLLOWS:

Before the Amendment	After the Amendment
<p>Article 1 First Tractor Company Limited (hereafter as “this Company” or “the Company”) is a joint stock limited company incorporated in accordance with the Company Law of the People’s Republic of China(hereafter as the “Company Law”), the Special Provisions of the State Council concerning the Flotation and Listing Abroad of Shares by Joint Stock Company with Limited Liability(國務院關於股份有限公司境外募集股份及上市的特別規定) (hereafter the “Special Provisions”) and other relevant laws and administrative regulations of the People’s Republic of China (hereafter as the “PRC”). In order to comply with the Company Law, Special Provisions and Guidelines on Articles of Association of Listed Companies (as amended in 2019) (《上市公司章程指引》(2019年修訂)), the Company convened an extraordinary general meeting on 8 May 1997, an extraordinary general meeting on 18 November 2002, a general meeting on 28 October 2004, a Board meeting on 31 October 2007 (as authorized by the annual general</p>	<p>Article 1 First Tractor Company Limited (hereafter as “this Company” or “the Company”) is a joint stock limited company incorporated in accordance with the Company Law of the People’s Republic of China(hereafter as the “Company Law”), the Special Provisions of the State Council concerning the Flotation and Listing Abroad of Shares by Joint Stock Company with Limited Liability(國務院關於股份有限公司境外募集股份及上市的特別規定) (hereafter the “Special Provisions”) and other relevant laws and administrative regulations of the People’s Republic of China (hereafter as the “PRC”). In order to comply with the Company Law, Special Provisions and Guidelines on Articles of Association of Listed Companies (as amended in <u>2022</u>) (《上市公司章程指引》(<u>2022</u>年修訂)), the Company convened an extraordinary general meeting on 8 May 1997, an extraordinary general meeting on 18 November 2002, a general meeting on 28 October 2004, a Board meeting on 31 October 2007 (as authorized by the annual general</p>

LETTER FROM THE BOARD

Before the Amendment	After the Amendment
<p>meeting on 15 June 2007), an extraordinary general meeting on 9 September 2008, the 2008 annual general meeting, an extraordinary general meeting on 16 August 2010, the extraordinary shareholders' general meeting held on 19 January 2012, the extraordinary shareholders' general meeting held on 6 March 2012, a Board meeting on 14 August 2012 (as authorized by the extraordinary general meeting on 15 August 2011), the 2013 annual general meeting, the extraordinary shareholders' general meeting held on 31 October 2014, the extraordinary shareholders' general meeting held on 29 October 2015, the extraordinary shareholders' general meeting held on 13 December 2016, a Board meeting on 26 May 2017 (as authorized by the annual general meeting of the Company on 27 May 2016), the extraordinary shareholders' general meeting on 28 August 2018, the extraordinary shareholders' general meeting on 29 November 2019 and the Board meeting on 1 March 2021 (as authorized by the extraordinary shareholders' general meeting on 24 July 2020) and the annual general meeting on 8 June 2021, the extraordinary shareholders' general meeting on November 2, 2021 to amend its Articles of Association.</p>	<p>meeting on 15 June 2007), an extraordinary general meeting on 9 September 2008, the 2008 annual general meeting, an extraordinary general meeting on 16 August 2010, the extraordinary shareholders' general meeting held on 19 January 2012, the extraordinary shareholders' general meeting held on 6 March 2012, a Board meeting on 14 August 2012 (as authorized by the extraordinary general meeting on 15 August 2011), the 2013 annual general meeting, the extraordinary shareholders' general meeting held on 31 October 2014, the extraordinary shareholders' general meeting held on 29 October 2015, the extraordinary shareholders' general meeting held on 13 December 2016, a Board meeting on 26 May 2017 (as authorized by the annual general meeting of the Company on 27 May 2016), the extraordinary shareholders' general meeting on 28 August 2018, the extraordinary shareholders' general meeting on 29 November 2019 and the Board meeting on 1 March 2021 (as authorized by the extraordinary shareholders' general meeting on 24 July 2020) and, the annual general meeting on 8 June 2021, the extraordinary shareholders' general meeting on November 2, 2021 <u>and the extraordinary shareholders' general meeting on 13 April 2022</u> to amend its Articles of Association.</p>

LETTER FROM THE BOARD

Before the Amendment	After the Amendment
<p>Article 47 If the Directors, supervisors, general managers, other Senior Management of the Company and shareholders of more than 5% of the Company’s shares (except shareholders of H shares) sell their shares within six months from the date of acquisition, or make further acquisition within six months from the date of sale, the profits so generated shall belong to the Company and the Board of Directors of the Company will call back the gain so generated.</p>	<p>Article 47 If the Directors, supervisors, general managers, other Senior Management of the Company and shareholders of more than 5% of the Company’s shares (except shareholders of H shares) sell their shares <u>or other securities of equity nature</u> within six months from the date of acquisition, or make further acquisition within six months from the date of sale, the profits so generated shall belong to the Company and the Board of Directors of the Company will call back the gain so generated.</p>
<p>Article 73 The shareholders’ general meeting shall exercise the following functions and powers:</p> <p>.....</p> <p>(17) To consider and approve share option incentive scheme;</p> <p>.....</p>	<p>Article 73 The shareholders’ general meeting shall exercise the following functions and powers:</p> <p>.....</p> <p>(17) To consider and approve share option incentive scheme and <u>employee stock ownership plan</u>;</p> <p>.....</p>

LETTER FROM THE BOARD

Before the Amendment	After the Amendment
<p>Article 128 The Company shall establish its Board and the Directors shall be natural persons. The Board shall comprise 9–11 Directors, with one chairman and 1 vice chairman.</p>	<p>Article 128 The Company shall establish its Board and the Directors shall be natural persons. The Board shall comprise <u>7-9</u> Directors, with one chairman and <u>there may be</u> 1 vice chairman <u>according to actual needs</u>.</p>
<p>No less than half of the members of the Board shall be the external Directors (refer to Directors who do not take any positions in the Company). The external Directors shall have sufficient time and necessary knowledge and ability to perform their duties. The external Directors shall be provided with necessary information by the Company in performing their duties. The external Directors shall include the Independent Directors of not less than one-third of the total number of the Directors, and at least one of the Independent Directors must possess appropriate professional qualifications or accounting or related financial management expertise (Independent Directors shall mean the Directors who are independent of the shareholders of the Company and do not hold any internal positions in the Company and the same shall apply to the Articles below).</p>	<p>No less than half of the members of the Board shall be the external Directors (refer to Directors who do not take any positions in the Company). The external Directors shall have sufficient time and necessary knowledge and ability to perform their duties. The external Directors shall be provided with necessary information by the Company in performing their duties. The external Directors shall include the Independent Directors of not less than one-third of the total number of the Directors, and at least one of the Independent Directors must possess appropriate professional qualifications or accounting or related financial management expertise (Independent Directors shall mean the Directors who are independent of the shareholders of the Company and do not hold any internal positions in the Company and the same shall apply to the Articles below).</p>

LETTER FROM THE BOARD

Before the Amendment	After the Amendment
<p>Article 164 The Company shall have a supervisory committee.</p> <p>The supervisory committee is responsible for supervising the Board of Directors and its members, as well as the general manager, the deputy general manager and other senior officers to prevent them from abusing their powers, or infringing the legal interests of shareholders, the Company, and employees of the Company. The supervisors shall ensure that the information disclosed by the Company is true, accurate and complete.</p>	<p>Article 164 The Company shall have a supervisory committee.</p> <p>The supervisory committee is responsible for supervising the Board of Directors and its members, as well as the general manager, the deputy general manager and other senior officers to prevent them from abusing their powers, or infringing the legal interests of shareholders, the Company, and employees of the Company. The supervisors shall ensure that the information disclosed by the Company is true, accurate and complete, <u>and sign written confirmation opinions for regular reports.</u></p>
<p>Article 211 After completion of the Company's interim financial report and annual financial report, the Company shall complete the formalities and announcements in accordance with the relevant Chinese securities laws, regulations and the provisions formulated by the Stock Exchange where the Company's shares are listed.</p> <p>Within 4 months from the date of the expiration of each fiscal year, an annual financial and accounting report shall be submitted to China Securities Regulatory Commission and the stock exchange(s) respectively. Within 2 months after the first 6 months of each fiscal year, an interim financial and accounting report shall be submitted to the agency of China Securities Regulatory Commission and the stock exchange(s) respectively. Within 1 month after the first 3 and 9 months of each fiscal year, a quarterly financial and accounting report shall be submitted to the agency of China Securities Regulatory Commission and the stock exchange(s) respectively.</p>	<p>Article 211 The Company's <u>annual reports and interim reports</u> shall <u>be prepared</u> and published in accordance with the relevant Chinese securities laws, regulations and the provisions formulated by <u>China Securities Regulatory Commission</u> and the stock exchange where the Company's shares are listed.</p> <p>Within 4 months from the date of the expiration of each fiscal year, an annual report shall be submitted to China Securities Regulatory Commission and the stock exchange(s) respectively <u>and disclosed</u>. Within 2 months after <u>the first half</u> of each fiscal year, an <u>interim</u> report shall be submitted to the agency of China Securities Regulatory Commission and the stock exchange(s) respectively <u>and disclosed</u>.</p>

LETTER FROM THE BOARD

Before the Amendment	After the Amendment
<p>Article 226 </p> <p>The Company shall appoint an independent accounting firm which is qualified under the relevant regulations of the State with “qualifications to practise in securities related business” to audit the Company’s annual reports and review the Company’s other accounting reports.</p> <p>.....</p>	<p>Article 226 </p> <p>The Company shall appoint an independent accounting firm which is <u>qualified under the regulations of the Securities Law</u> to audit the Company’s annual reports and review the Company’s other accounting reports.</p> <p>.....</p>

THE AMENDMENTS TO THE RULES OF PROCEDURE OF THE BOARD OF DIRECTORS OF THE COMPANY ARE AS FOLLOWS:

Before the Amendment	After the Amendment
<p>Article 2 The Company shall establish its Board. The Board shall comprise 9–11 Directors, with one chairman and 1 vice chairman. No less than half of the members of the Board shall be the external Directors (refer to Directors who do not take any positions in the Company). The external Directors shall have sufficient time and necessary knowledge and ability to perform their duties. The external Directors shall be provided with necessary information by the Company in performing their duties. The external Directors shall include the Independent Directors of not less than one-third of the total number of the Directors, and at least one of the Independent Directors must possess appropriate professional qualifications or accounting or related financial management expertise (Independent Directors shall mean the Directors who are independent of the shareholders of the Company and do not hold any internal positions in the Company and the same shall apply to the Articles below).</p>	<p>Article 2 The Company shall establish its Board. The Board shall comprise <u>7-9</u> Directors, with one chairman and <u>there may be 1</u> vice chairman <u>according to actual needs</u>. No less than half of the members of the Board shall be the external Directors (refer to Directors who do not take any positions in the Company). The external Directors shall have sufficient time and necessary knowledge and ability to perform their duties. The external Directors shall be provided with necessary information by the Company in performing their duties. The external Directors shall include the Independent Directors of not less than one-third of the total number of the Directors, and at least one of the Independent Directors must possess appropriate professional qualifications or accounting or related financial management expertise (Independent Directors shall mean the Directors who are independent of the shareholders of the Company and do not hold any internal positions in the Company and the same shall apply to the Articles below).</p>

LETTER FROM THE BOARD

Before the Amendment	After the Amendment
<p>Article 26 A Director shall attend Board meetings in person, Where a Director is unable to be present, he may appoint in writing other Director to attend the meeting on his behalf. The power of attorney shall set out:</p> <p>The Director who appoints other Directors to sign the written confirmation opinions for regular reports on his behalf shall make a special authorisation in the power of attorney.</p> <p>.....</p>	<p>Article 26 A Director shall attend Board meetings in person, Where a Director is unable to be present, he may appoint in writing other Director to attend the meeting on his behalf. The power of attorney shall set out:</p> <p><u>The directors shall sign written confirmation opinions for regular reports in accordance with law, shall not either entrust others to sign, or refuse to do so on account of having objection to the contents of the regular reports or disagreement with audit institutions.</u></p> <p>.....</p>

THE AMENDMENTS TO THE DECISION MAKING PRINCIPLES ON INVESTMENTS AND OPERATION OF THE COMPANY ARE AS FOLLOWS:

Before the Amendment	After the Amendment
<p>Article 11 Long-term equity investments refer to the investments conducted by the Company or its subsidiaries through means including injection of cash, creditor's rights, tangible assets, intangible assets (including land use rights, etc.) or through equity interests for the purpose of acquiring equity interests of target enterprises, including newly established subsidiaries and capital contribution, merger and acquisition and other investments in equity interests.</p> <p>Long-term equity disposal involves external transfer, decreasing capital of or liquidating all or part of the equity interests in the investee companies, and decreasing capital of or liquidating subsidiaries of the Company.</p>	<p>Article 11 Long-term equity investments refer to the investments conducted by the Company or its subsidiaries through means including injection of cash, creditor's rights, tangible assets, intangible assets (including land use rights, etc.) or through equity interests for the purpose of acquiring equity interests of target enterprises, including newly established subsidiaries and capital contribution, merger and acquisition and other investments in equity interests.</p> <p>Long-term equity disposal <u>refers to the disposal of equity held by a company and its affiliated enterprises, including equity transfer (including capital reductions), dissolution and liquidation, internal reorganisation (which refers to the transfer of equity and merger between companies and their affiliated enterprises for the purpose of optimising resource allocation and organisational restructuring).</u></p>

LETTER FROM THE BOARD

Before the Amendment	After the Amendment
<p>Article 13 Approval Powers and Procedures of Decision Making on Long-term Equity Disposal</p> <p>1. A single long-term equity disposal of amount less than RMB15 million (the book value or appraised value, whichever is higher; or the net assets value for liquidation of enterprises, similarly hereinafter) shall be subject to the approval of general manager office;</p> <p>2. A single long-term equity disposal of amount more than RMB15 million, with the accumulated amount for twelve consecutive months of not more than 50% of the latest audited net assets of the Company shall be submitted to the board for approval after being discussed and passed by the general manager office;</p> <p>3. Long-term equity disposal with an accumulated amount for twelve consecutive months of more than 50% of the latest audited net assets of the Company shall be submitted to the general meeting for consideration and approval after being discussed and passed by the board;</p>	<p>Article 13 Approval Powers and Procedures of Decision Making on Long-term Equity Disposal</p> <p>1. <u>Equity transfer (including capital reduction)</u></p> <p>(1) <u>A proposed single equity disposal with net asset value or expected disposal price of less than RMB50 million (if the equity transfer involves the transfer of debts together, the calculation shall be based on the sum of equity interests plus debts, the same below) shall be subject to the approval of general manager office;</u></p> <p>(2) <u>A proposed single equity disposal with net asset value or expected disposal price of over RMB50 million, with the accumulated amount for 12 consecutive months being less than 50% of the latest audited net assets of the Company, shall be submitted to the board for approval after being discussed and passed by the general manager office;</u></p> <p>(3) <u>A proposed equity disposal with the accumulated amount of net asset value or expected disposal price accounting for over 50% of the latest audited net assets for 12 consecutive months shall be submitted to the general meeting for consideration and approval after being discussed and passed by the board;</u></p>

LETTER FROM THE BOARD

Before the Amendment	After the Amendment
<p>4. Merger, separation and external investments in subsidiaries that would not result in changes of de facto control in the Company shall be subject to the approval of general manager office; external investments in subsidiaries that would result in changes of de facto control in the Company shall be submitted to the board for approval after being discussed and passed by the general manager office;</p> <p>5. Write-off of long-term equity interests shall be made in accordance with approval powers and procedures of decision making on assets write-off stated in these Principles.</p>	<p>(4) <u>If, as a result of an increase in the share capital of an investee, the Company or its subordinated enterprise does not participate in the increase in share capital, resulting in the loss of control, or if, although the equity transfer does not reach the above-mentioned amount, the Company still holds a shareholding in the investee after the transfer but loses control, the transfer shall be submitted to the board for approval after being discussed and passed by the general manager office, and submitted to the general meeting for approval in accordance with the relevant provisions of the Listing Rules if necessary.</u></p> <p><u>2. Dissolution and liquidation</u></p> <p>(1) <u>If the net value of a single asset of an enterprise to be dissolved and liquidated held by the Company and its subsidiaries is less than RMB50 million, it shall be subject to the approval of general manager office;</u></p>

LETTER FROM THE BOARD

Before the Amendment	After the Amendment
	<p data-bbox="922 263 1402 751">(2) <u>If the net value of the assets of an enterprise to be dissolved and liquidated held by the Company and its subsidiaries is more than RMB50 million, and the accumulated asset value for 12 consecutive months is not more than 50% of the latest audited net assets, it shall be submitted to the board for approval after being discussed and passed by the general manager office;</u></p> <p data-bbox="922 804 1402 1251">(3) <u>If accumulated amount of asset value for 12 consecutive months of an enterprise to be dissolved and liquidated held by the Company and its subsidiaries is more than 50% of the latest audited net assets, it shall be submitted to the general meeting for consideration and approval after being discussed and passed by the board;</u></p>

LETTER FROM THE BOARD

Before the Amendment	After the Amendment
	<p>3. <u>Internal organisation</u></p> <p>(1) <u>An organisation with net value (being the transaction value of the subject of the reorganisation to be adopted in the internal reorganisation process. Depending on the transaction method, the net value of the reorganisation may be the net book value of the owners' interest of the enterprise recognised in the latest year's audited financial report or the corresponding equity value as recognised after asset valuation, the same below) of less than RMB50 million shall be subject to the approval of general manager office;</u></p> <p>(2) <u>An organisation with net value of over RMB50 million, with the accumulated amount for 12 consecutive months being less than 50% of the latest audited net assets of the Company, shall be submitted to the board for approval after being discussed and passed by the general manager office;</u></p>

LETTER FROM THE BOARD

Before the Amendment	After the Amendment
	<p>(3) <u>An organisation with the accumulated amount of net value accounting for over 50% of the latest audited net assets for 12 consecutive months shall be submitted to the general meeting for consideration and approval after being discussed and passed by the board;</u></p> <p>4. <u>Write-off of long-term equity interests shall be made in accordance with approval powers and procedures of decision making on assets write-off stated in these Principles.</u></p>

Saved as the amendments mentioned above, other contents of the Articles of Association, the Rules of Procedure of the Board of Directors and the Decision Making Principles on Investments and Operation shall remain unchanged.

The amendments to the Articles of Association, the Rules of Procedure for Board of Directors and the Decision Making Principles on Investments and Operation are subject to the consideration and approval at the EGM. The special resolution relating to the amendments to the Articles of Association, and the ordinary resolutions relating to the amendments to the Rules of Procedure of the Board of Directors and the amendments to the Decision Making Principles on Investments and Operation of the Company have been included as proposal no.1 and nos.2 and 4 of the Notice of EGM, respectively, for approval by Shareholders at the EGM.

The Company has received a written confirmation from its Hong Kong legal adviser, confirming that the proposed amendments to the Articles of Association comply with the applicable provisions under the Hong Kong Listing Rules. The Company has also received a written confirmation from its PRC legal adviser, confirming that the proposed amendments to the Articles of Association comply with the applicable laws and regulations in the PRC.

LETTER FROM THE BOARD

VI. THE EGM

The EGM will be held at 2:30 p.m. on 13 April 2022 (Wednesday) at No. 154 Jianshe Road, Luoyang, Henan Province, the PRC.

The notice of the EGM is set out on pages EGM 1 to EGM 4 of this circular. The form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the meeting in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon. The proxy form should be lodged with the Company's branch share registrar in Hong Kong, Hong Kong Registrars Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, or at the registered address and principal place of business of the Company at No. 154 Jianshe Road, Luoyang, Henan Province, the PRC, as soon as possible and in any event not less than 24 hours before the time scheduled for holding the EGM (or any adjourned meetings thereof). Completion and delivery of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment if you so desire.

In view of the interests of YTO and its associates in the adjustment of the Annual Cap Amounts of the Energy Procurement Agreement, YTO and its associates, which in aggregate held 548,485,853 A Shares, representing approximately 48.81% of the equity interest in the Company as at Latest Practicable Date, will abstain from voting on the proposal regarding the increase in the cap amounts of the Energy Procurement Agreement for 2022 to 2024 between the Company and YTO as an ordinary resolution (being proposal no.3 of the Notice of EGM) at the EGM.

Other than the above, no Shareholders are required to abstain from voting on any of the remaining proposed resolutions at the EGM. At the EGM, votes will be taken by poll and cumulative voting will be adopted in respect of resolution nos.6 to 8 (inclusive).

VII. RECOMMENDATION

The Directors consider that the resolutions proposed at the EGM are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of all the resolutions set out in the notice of the EGM at the EGM.

LETTER FROM THE BOARD

VIII. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Hong Kong Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omissions of which would make any statement herein or this circular misleading.

Yours faithfully,
On behalf of the Board
First Tractor Company Limited*
Yu Lina
Company Secretary

* *For identification purposes only*

NOTICE OF EGM



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)

NOTICE OF 2022 FIRST EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 2022 first extraordinary general meeting (the “**EGM**”) of First Tractor Company Limited (the “**Company**”) will be held at 2:30 p.m. on 13 April 2022 (Wednesday) at No. 154 Jianshe Road, Luoyang, Henan Province, the People’s Republic of China (the “**PRC**”) for the purpose of considering and, if thought fit, passing the following resolutions:

Unless otherwise indicated, capitalized terms used herein shall have the same meanings as those defined in the announcements of the Company dated 3 March 2022.

SPECIAL RESOLUTION

1. Resolution regarding the amendments to the Articles of Association

ORDINARY RESOLUTIONS

2. Resolution regarding the amendments to the Rules of Procedure of the Board Meetings
3. Resolution regarding the increase in the cap amount of the Energy Procurement Agreement for 2022 to 2024 between the Company and YTO Group Corporation Limited
4. Resolution regarding the amendments to the Decision Making Principles on Investments and Operation of the Company
5. Remuneration plan for the Directors of the ninth session of the board of Directors and Supervisors of the board of Supervisors of the Company

NOTICE OF EGM

ORDINARY RESOLUTIONS (RESOLUTIONS WITH THE ADOPTION OF CUMULATIVE VOTING)

- 6.00 Resolutions regarding the Election of non-independent Directors of the ninth session of the board of Directors of the Company (4 Directors are elected)
- 6.01 To elect Liu Jiguo as a non-independent Director of the ninth session of the board of Directors of the Company for a term of office from 13 April 2022 to 12 April 2025
- 6.02 To elect Zhang Zhiyu as a non-independent Director of the ninth session of the board of Directors of the Company for a term of office from 13 April 2022 to 12 April 2025
- 6.03 To elect Fang Xianfa as a non-independent Director of the ninth session of the board of Directors of the Company for a term of office from 13 April 2022 to 12 April 2025
- 6.04 To elect Ma Zhihui as a non-independent Director of the ninth session of the board of Directors of the Company for a term of office from 13 April 2022 to 12 April 2025
- 7.00 Resolutions regarding the election of independent Directors of the ninth session of the board of Directors of the Company (3 independent Directors are elected)
- 7.01 To elect Edmund Sit as an independent non-executive Director of the ninth session of the board of Directors of the Company for a term of office from 13 April 2022 to 12 April 2025
- 7.02 To elect Wang Shumao as an independent non-executive Director of the ninth session of the board of Directors of the Company for a term of office from 13 April 2022 to 12 April 2025
- 7.03 To elect Xu Liyou as an independent non-executive Director of the ninth session of the board of Directors of the Company for a term of office from 13 April 2022 to 12 April 2025
- 8.00 Resolution regarding the election of non-staff representative Supervisors of the ninth session of the board of Supervisors of the Company (3 Supervisors are elected)
- 8.01 To elect Yang Yu as a non-staff representative Supervisor of the ninth session of the board of Supervisors of the Company for a term of office from 13 April 2022 to 12 April 2025

NOTICE OF EGM

- 8.02 To elect Gu Aiqin as a non-staff representative Supervisor of the ninth session of the board of Supervisors of the Company for a term of office from 13 April 2022 to 12 April 2025
- 8.03 To elect Xiao Bin as a non-staff representative Supervisor of the ninth session of the board of Supervisors of the Company for a term of office from 13 April 2022 to 12 April 2025

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

Luoyang, the PRC
18 March 2022

As at the date of this notice, the Board comprises Mr. Li Xiaoyu (Chairman) and Mr. Liu Jiguo as executive Directors; Mr. Li Hepeng, Mr. Xie Donggang and Mr. Zhou Honghai as non-executive Directors; and Ms. Yang Minli, Ms. Wang Yuru and Mr. Edmund Sit as independent non-executive Directors.

Notes:

1. The register of members of the Company will be temporarily closed from 7 April 2022 to 13 April 2022 (both days inclusive) during which no transfer of shares of the Company will be registered in order to determine the list of shareholders of the Company for attending the EGM. The last lodgment for the transfer of the H Shares of the Company should be made on 6 April 2022 at Hong Kong Registrars Limited by or before 4:00 p.m. The Shareholders or their proxies being registered before the close of business on 13 April 2022 are entitled to attend the EGM by presenting their identity documents. The address of Hong Kong Registrars Limited, the H Shares registrar of the Company, is Shops 1712–1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
2. Each Shareholder having the rights to attend and vote at the EGM is entitled to appoint one or more proxies (whether a Shareholder or not) to attend and vote at the EGM on his/her behalf. Should more than one proxy be appointed by one Shareholder, such proxy shall only exercise his voting rights on a poll.
3. Shareholders can appoint a proxy by an instrument in writing (i.e. by using the Proxy Form enclosed). The Proxy Form shall be signed by the person appointing the proxy or an attorney authorized by such person in writing. If the Proxy Form is signed by an attorney, the power of attorney or other documents of authorization shall be notarially certified. To be valid, the Proxy Form and the notarially certified power of attorney or other documents of authorization must be delivered to the Company's registered address at No. 154 Jianshe Road, Luoyang, Henan Province, the PRC, or the Company's H Shares registrar, Hong Kong Registrars Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 24 hours before the time scheduled for the holding of the EGM or any adjournment thereof.

NOTICE OF EGM

4. Shareholders or their proxies shall present proofs of their identities upon attending the EGM.
5. The EGM is expected to last for less than one day. The Shareholders and proxies attending the EGM shall be responsible for their own travelling and accommodation expenses. Shareholders and proxies to be attended the EGM on site are requested to pay attention to and comply with the relevant requirements on health status declaration, quarantine and other regulations. The Company will strictly comply with the relevant requirements of the Luoyang Municipal Government for registration of relevant information and pre-meeting temperature recording, etc. Shareholders and proxies who have fever and other symptoms, do not wear face masks as required or fail to comply with the relevant requirements on pandemic prevention and control will not be allowed into the EGM.
6. The Company's registered address:

No. 154 Jianshe Road, Luoyang, Henan Province, the PRC
Postal code: 471004
Telephone: (86-379) 6496 7038, 6496 9424
Facsimile: (86-379) 6496 7438
Email: msc0038@ytogroup.com

* *For identification purposes only*