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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)

OVERSEAS REGULATORY ANNOUNCEMENT

This announcement is made pursuant to Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

An announcement in Chinese version by First Tractor Company Limited has been published on the website of the Shanghai Stock Exchange (www.sse.com.cn) and the English translation of such announcement is hereby set out for references only.

By Order of the Board

FIRST TRACTOR COMPANY LIMITED*

Yu Lina

Company Secretary

Luoyang, the PRC

26 December 2023

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

* *For identification purposes only*

Stock Code : 601038.SH/00038.HK

Stock Short Name : 一拖股份/First Tractor



第一拖拉机股份有限公司
FIRST TRACTOR COMPANY LIMITED

(Registered address: No. 154 Jianshe Road, Luoyang, Henan Province, the PRC)

Proposal of Material Asset Disposal

December 2023

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DEFINITIONS

In this Proposal, the following terms and expressions (unless the context otherwise requires) shall have the following respective meanings:

“Proposal”	Proposal of Material Asset Disposal of First Tractor Company Limited
“Restructuring Report”	the material asset disposal report of First Tractor Company Limited
“First Tractor” or “Company” or “Listed Company”	First Tractor Company Limited* (第一拖拉機股份有限公司) (Stock Code: 601038.SH/00038.HK)
“Shares”	A Share(s) (Stock Code: 601038.SH) and H Share(s) (Stock Code: 00038.HK) of First Tractor
“SINOMACH” or “de facto controller”	China National Machinery Industry Corporation* (中國機械工業集團有限公司)
“YTO” or “Controlling Shareholder”	YTO Group Corporation (中國一拖集團有限公司)
“YTO Machinery Company”	China First Tractor Engineering Machinery Group Co., Ltd.* (中國第一拖拉機工程機械集團公司), the former YTO
“Luoyang State-owned Assets Company”	Luoyang State-owned Assets Operation Company Limited* (洛陽市國資國有資產經營有限公司)
“YTO Diesel Engine”	YTO (Luoyang) Diesel Engine Company Limited* (一拖(洛陽)柴油機有限公司), a controlling subsidiary of First Tractor
“Subject Company” or “Zhongyuan Bank”	Zhongyuan Bank Co., Ltd.* (中原銀行股份有限公司) (Stock Code: 01216.HK)
“Underlying Asset” or “Asset to be Disposed of”	322,622,716 shares of Zhongyuan Bank held by YTO Diesel Engine, representing a shareholding ratio of 0.8827%
“Luoyin Leasing”	Luoyin Financial Leasing Co., Ltd.* (洛銀金融租賃股份有限公司)
“Transaction” or “Material Asset Disposal” or “Material Asset Restructuring” or “Restructuring”	the behaviour by First Tractor’s controlling subsidiary, YTO Diesel Engine which intends to list publicly on the Beijing Equity Exchange the transfer of the 0.8827% equity interest of Zhongyuan Bank it held
“Company Law”	the Company Law of the People's Republic of China (《中華

	人民共和國公司法》)
“Securities Law”	the Securities Law of the People's Republic of China (《中華人民共和國證券法》)
“Administrative Measures for Restructuring”	the Administrative Measures for the Material Asset Restructuring of Listed Companies (《上市公司重大資產重組管理辦法》)
“Listing Rules”	the Listing Rules of the Shanghai Stock Exchange (《上海證券交易所股票上市規則》)
“Administrative Measures for Information Disclosure”	the Measures for the Administration of Information Disclosure of Listed Companies (《上市公司信息披露管理辦法》)
“Order No. 32”	the Measures for the Supervision and Administration of the Transactions of State-Owned Assets of Enterprises (《企業國有資產交易監督管理辦法》)
“Order No. 36”	the Measures for the Supervision and Administration of State-owned Equities of Listed Companies (《上市公司國有股權監督管理辦法》)
“State Council”	The State Council of the People’s Republic of China
“SASAC”	State-owned Assets Supervision and Administration Commission of the State Council
“CSRC”	China Securities Regulatory Commission
“SASAB”	the former State-owned Assets Supervision and Administration Bureau of the People’s Republic of China
“SCRES”	the former State Commission for Restructuring the Economic System of the People’s Republic of China
“CBIRC”	the China Banking and Insurance Regulatory Commission
“CBRC”	the China Banking Regulatory Commission
“Shanghai Stock Exchange”	the Shanghai Stock Exchange
“Beijing Equity Exchange”	The China Beijing Equity Exchange Limited* (北京產權交易所)
“Stock Exchange”/“Hong Kong Stock Exchange”	the Hong Kong Stock Exchange
“China Enterprise Appraisals”	China Enterprise Appraisals Co., Ltd* (北京中企華資產評估有限責任公司)
“China Appraisal Associates”	China Appraisal Associates* (北京中天華資產評估有限責任公司)

“Articles of Association”	the Articles of Association of First Tractor Company Limited
“Asset Appraisal Report”	Asset Appraisal Report on Equity Appraisal Item under the Proposed Transfer of the 0.8827% Equity interest of Zhongyuan Bank Co., Ltd. Held by YTO (Luoyang) Diesel Engine Company Limited (Ping Bao Zi (2023) No. 1525 of China Enterprise Appraisals)
“Valuation Benchmark Date”	31 May 2023
“Henan Investment Group”	Henan Investment Group Co., Ltd.* (河南投資集團有限公司)
“Yongcheng Coal and Electricity”	Yongcheng Coal and Electricity Holding Group Co., Ltd.* (永城煤電控股集團有限公司)
“Bank of Luoyang”	Bank of Luoyang Co., Ltd.* (洛陽銀行股份有限公司)
“RMB”, “RMB’0,000”, “RMB100 million”	Renminbi 1 Yuan, Renminbi 10,000 Yuan and Renminbi 100 million Yuan

Any discrepancies between certain total shown and the direct sum of the amounts in this Proposal are due to rounding.

*For identification purpose only

Statements

1. Statement of the Listed Company

The Company and all Directors, supervisors and senior management undertake to ensure the truth, accuracy and completeness of the contents of this Proposal and its summary, and shall be liable, individually or jointly, for any false entries, misleading statements or material omissions in this Proposal and its summary.

The person in charge of the Company and the person in charge of the accounting work, and the person in charge of the accounting organization certify that the financial accounting information in this Proposal and its summary are true, accurate and complete.

The matters set out in this Proposal do not represent any substantive judgement, confirmation or approval by the CSRC or the Shanghai Stock Exchange of the matters relating to the asset re-organization. Any decision or opinion made by the approving authority on matters relating to the Transaction does not represent its substantive judgement or guarantee of the value of Shares of the Company or investors' returns.

After the completion of the Transaction, the Company shall be solely responsible for any changes in its operations and earnings; investors shall be solely responsible for any investment risks arising from the Transaction. When evaluating the Transaction of the Listed Company, investors should consciously consider the risk factors disclosed herein in addition to the contents of this Proposal and the relevant documents disclosed at the same time.

Investors should consult their own stockbroker, solicitor, professional accountant or other professional adviser if they are in any doubt about the Proposal.

2. Statement of the Counterparty

First Tractor's controlling subsidiary YTO Diesel Engine, intends to dispose of 0.8827% equity interest in Zhongyuan Bank it held, by way of public listing and transfer on Beijing Equity Exchange. The confirmation of the final counterparty of the Transaction will be based on the result of the open listing, so the counterparty of this transaction is still uncertain. After the final confirmation of the counterparty, the Company will request it to issue a written

commitment and statement in accordance with relevant regulations and disclose in the Restructuring Report.

Reminder of Important Notice

1. Proposal of the Transaction

(1) Summary of the Transaction proposal

YTO Diesel Engine intends to dispose of the 0.8827% equity interest in Zhongyuan Bank it held, by way of public listing and transfer on Beijing Equity Exchange. The counterparty for the Transaction will be determined in accordance with the results of the public listing, and the counterparty will pay the consideration for the Transaction in cash. If the public listing fails to solicit qualified counterparties or fails to conclude the transaction, a meeting of the Board of Directors of the Company will be reconvened to consider the subsequent disposal of the Underlying Asset.

(2) Underlying Asset

The asset to be disposed of in the Transaction is 322,622,716 shares of Zhongyuan Bank held by YTO Diesel Engine, with a corresponding shareholding ratio of 0.8827%.

(3) Counterparty

The final counterparty of the Transaction will be determined based on the results of the public listing.

(4) Way of transaction

YTO Diesel Engine intends to dispose of the Underlying Asset of the Transaction through Beijing Equity Exchange by way of public listing, and the final counterparty will settle the payment of the Transaction in cash. Payment shall be made in a lump sum, please refer to the public listing and transfer documents of the Underlying Assets on the Beijing Equity Exchange for details.

(5) Appraisal and pricing of Underlying Asset

According to the Asset Appraisal Report issued by China Enterprise Appraisals, with 31 May 2023 as the Valuation Benchmark Date, the carrying value of the 0.8827% equity interest in Zhongyuan Bank held by YTO Diesel Engine was RMB554.10 million, and the value of the

aforesaid equity interest assessed in accordance with the market approach was RMB546.6285 million, representing an impairment of RMB7.4715 million, with an impairment rate of 1.35%, from the carrying value .The details are as follows:

Unit: RMB0'000

Underlying Asset	Valuation Benchmark Date	Evaluation method	Carrying value	Appraised value
322,622,716 shares of Zhongyuan Bank held by YTO Diesel Engine (shareholding ratio 0.8827%)	31 May 2023	Market approach	55,410	54,662.85

The transfer price of Material Asset Disposal shall comply with both Order No. 32 and Order No. 36. Article 17 of Order No. 32 stipulates that "the transfer price of the initial official disclosure of an asset transfer item shall not be lower than the appraisal result of the approved or filed transfer target." Article 23 of Order No. 36 stipulates that "the price at which a state-owned shareholder publicly solicits the transfer of shares of a Listed Company shall not be lower than the higher of: (1) the arithmetic average of the daily weighted average price for the 30 trading days immediately preceding the date of the indicative announcement; and (2) the audited net asset value per share of the Listed Company for the most recent accounting year."

Pursuant to the aforesaid provisions, the transfer price for the public listing of the Underlying Asset was determined by multiplying the number of shares of Zhongyuan Bank transferred by YTO Diesel Engine by the audited net asset value per share of Zhongyuan Bank in the most recent accounting year(i.e. the audited net asset per share of RMB2.07 per share in 2022) to be RMB667.83 million, and the final transaction price is based on the de-listing price.

2. Nature of the Transaction

(1) It is uncertain whether the Transaction constitutes a connected transaction.

The Transaction is intended to be carried out by the way of public listing on Beijing Equity Exchange, the confirmation of the final counterparty is based on the public listing results, therefore the counterparty of the Transaction is uncertain. Whether the Transaction

constitutes a related transaction is also uncertain, the Company will perform relevant decision-making, approval procedures in accordance with the law, if it involves a related transaction, during the consideration of the relevant resolutions, the related Directors and related shareholders will abstain from voting.

(2) The Transaction constitutes a material asset restructuring

Based on the audited financial data of First Tractor and Zhongyuan Bank for the year 2022, the relevant financial ratios are calculated as follows:

Unit: RMB0'000

Financial indicators	Zhongyuan Bank	Disposal ratio	Financial indicators by shareholding ratio	First Tractor	Percentage of financial indicators
Total assets	132,673,648.20	0.8827%	1,171,110.29	1,298,614.23	90.18%
Net assets	8,922,843.80	0.8827%	78,761.94	595,808.50	13.22%
Operation income	2,561,119.70	0.8827%	22,607.00	1,256,378.03	1.80%

Based on the calculation on the above table, the proportion of the total assets of Subject Company calculated according to the shareholding ratio at the end of 2022 to the total assets at the end of the audited consolidated financial accounting report of First Tractor of the most recent accounting year reaches more than 50%. Pursuant to the relevant provisions of Article 12 of the Administrative Measures for Restructuring, the Transaction constitutes a material asset restructure of the Listed Company.

On 27 October 2023, the Company convened the fifteenth meeting of the Ninth Session of the Board of Directors to consider and approve the "Proposal on the Transfer of Equity Interests Held by the Company in Luoyin Financial Leasing Co., Ltd.", and on 15 December, the Company conducted a public listing and transfer of 6.875% of equity interests in Luoyin Leasing through the Beijing Equity Exchange. The aforesaid transaction is not required to be submitted to the shareholders' general meeting of the Company for consideration and does

not constitute a major asset restructuring as stipulated in the Administrative Measures for Restructuring. Luoyin Leasing is a controlling subsidiary of Zhongyuan Bank, and according to Article 14 of the Administrative Measures for Restructuring, the 6.875% equity interest in Luoyin Leasing held by the listed company and the 0.8827% equity interest in Zhongyuan Bank held by YTO Diesel Engine are same or related assets, and the cumulative total of which should be used to calculate the corresponding amount of the major asset restructuring. Since the sale of 0.8827% equity interest in Zhongyuan Bank by YTO Diesel Engine has separately constituted the act of major asset restructuring, the cumulative amount of the two transactions and the financial ratio are no longer calculated.

(3) The Transaction does not constitute a restructuring of listing

The Transaction is a material asset disposal of the Listed Company, which does not involve the issuance of Shares and will not lead to changes in the shareholding structure of the Listed Company. Before and after the Transaction, the controlling shareholder of the Company is YTO, and its de facto controller is SINOMACH. The Transaction did not lead to the change of control of the Listed Company, and did not constitute a transaction under Article 13 of the Administrative Measures for Restructuring, and did not constitute a restructuring of listing.

3. Mode of Payment of the Transaction and Arrangements for Raising Supporting Funds

The final counterparty of the Transaction shall settle the payment of the Transaction in cash, and it shall be paid in a lump sum, the specific requirements of which are detailed in the public listing and transfer documents of the Underlying Assets on the Beijing Equity Exchange, and it does not involve the raise of Supporting funds by the Listed Company.

4. Appraisal and Pricing of the Underlying Asset

According to the Asset Appraisal Report issued by China Enterprise Appraisals, with 31 May 2023 as the Valuation Benchmark Date, the carrying value of the 0.8827% equity interest in Zhongyuan Bank held by YTO Diesel Engine was RMB554.10 million, and the value of the aforesaid equity interest assessed in accordance with the market approach was RMB546.6285 million, representing an impairment of RMB7.4715 million, with an impairment rate of 1.35%,

from the carrying value. The details are as follows:

Unit: RMB0'000

Underlying Asset	Valuation Benchmark Date	Evaluation method	Carrying value	Appraised value
322,622,716 shares of Zhongyuan Bank held by YTO Diesel Engine (shareholding ratio 0.8827%)	31 May 2023	Market approach	55,410	54,662.85

The transfer price of Material Asset Disposal shall comply with both Order No. 32 and Order No. 36. Article 17 of Order No. 32 stipulates that "the transfer price of the initial official disclosure of an asset transfer item shall not be lower than the appraisal result of the approved or filed transfer target." Article 23 of Order No. 36 stipulates that "the price at which a state-owned shareholder publicly solicits the transfer of shares of a Listed Company shall not be lower than the higher of: (1) the arithmetic average of the daily weighted average price for the 30 trading days immediately preceding the date of the indicative announcement; and (2) the audited net asset value per share of the Listed Company for the most recent accounting year."

Pursuant to the aforesaid provisions, the transfer price for the public listing of the Underlying Asset was determined by multiplying the number of shares of Zhongyuan Bank transferred by YTO Diesel Engine by the audited net asset value per share of Zhongyuan Bank in the most recent accounting year (i.e. the audited net asset per share of RMB2.07 per share in 2022) to be RMB667.83 million, and the final transaction price is subject to the delisting price.

5. Effects of the Transaction on the Listed Company

(1) Effects of the Transaction on the Listed Company's main business

First Tractor's main businesses include R&D, manufacturing and sales of agricultural machinery, power machinery and related spare parts. The Company is committed in becoming an "outstanding agricultural equipment manufacturing service provider", focusing on the

manufacturing of advanced agricultural machinery and equipment, and insisting on the technological upgrading of industrial chain and structural optimisation of products, and providing continuous and high level of agricultural mechanization insurance for China's agricultural development.

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

(2) Effects of the Transaction on the Listed Company's equity structure

The Transaction is a material asset disposal, which does not involve the issuance of Shares and does not affect the shareholding structure of the Company.

(3) Effects of the Transaction on the Listed Company's primary financial indicators

In the event the Transaction is implemented, the Listed Company will divest itself of assets with a low degree of relevance to the Company's main business, which is beneficial to the Company's further focus on its main business, optimise the Company's asset structure. It is expected to have no material impact on the primary financial indicators of the Company.

(4) Effects of the Transaction on the Listed Company's connected transactions

1.It is uncertain whether the Transaction constitutes a connected transaction.

The Company intends to determine the transferee of the Underlying Assets by the way of public listing, the confirmation of the final counterparty is based on the public listing results, therefore the counterparty of the Transaction is uncertain. Whether the Transaction constitutes a related transaction is also uncertain, the Company will perform relevant decision-making, approval procedures in accordance with the law, if it involves a related

transaction, during the consideration of the relevant resolutions, the related Directors and related shareholders will abstain from voting.

2. Effects of the Transaction on the connected transaction of the Listed Company

Prior to the Transaction, YTO Diesel Engine held 0.8827% equity interest in Zhongyuan Bank, which was accounted for as trading financial assets and non-operating assets, and Zhongyuan Bank did not constitute a connected party of the Company, and there was no connected transaction between the two parties. The Transaction will not have any impact on the original connected transactions of the Listed Company.

(5) Effects of the Transaction on peer competition of the Listed Company

The core business of the Listed Company is the research and development, manufacture and sale of agricultural machinery, power machinery and related spare parts. After the completion of the Transaction, the Listed Company will no longer own the equity interest of Zhongyuan Bank, and will put more focus on the Company's main business, and the Transaction will not lead to the Listed Company's new peer competition.

(6) Effects of the Transaction on the governing policy of the Listed Company

Prior to the Transaction, the Listed Company has set up organizational structures such as the general meeting, the Board of Directors and the supervisory committee in accordance with relevant laws, regulations and regulatory documents, and formulated corresponding rules of procedure, and has a sound organizational structure and a complete corporate governance structure. After the completion of the Transaction, there will be no changes in the corporate governance structure of the Listed Company, which will still maintain a sound and effective corporate governance structure.

6. Decision-making and Approval Procedures Involved in the Transaction

(1) Decision-making and approval procedures that have been carried out in respect of the Transaction

1、SINOMACH and YTO carried out the consideration procedures and agreed to the sale of 0.8827% equity interest in Zhongyuan Bank held by First Tractor's controlling subsidiary,

YTO Diesel Engine;

2. The appraisal results of the Underlying Asset involved in the Transaction have been filed with SINOMACH according to the relevant regulations on the administration of state-owned assets;

3. First Tractor convened the seventeenth meeting of the ninth session of the Board of Directors and the tenth meeting of the ninth session of the Board of Supervisors to consider and approve the proposal and relevant resolutions on the matter of the public listing by YTO Diesel Engine of the 0.8827% equity interest in Zhongyuan Bank it held.

4. YTO Diesel Engine convened the twentieth meeting of the eighth session of the Board of Directors to consider and approve the sale of 0.8827% equity interest in Zhongyuan Bank by way of public listing.

(2) Decision-making and approval procedures yet to be carried out in respect of the Transaction

1. YTO Diesel Engine officially listed the 0.8827% equity interest in Zhongyuan Bank it held on Beijing Equity Exchange to determine the transferee and the Transaction price;

2. First Tractor convened a Board meeting to consider and approve the formal programme of Restructuring and related resolutions;

3. First Tractor convened a general meeting to consider and approve the formal programme of Restructuring and related resolutions;

4. Other procedures required to be carried out by the Shanghai Stock Exchange or other regulatory authorities (if necessary).

The final counterparty of the Transaction shall settle the payment of the Transaction in cash and it does not involve the issuance of Shares. Pursuant to the Administrative Measures for Restructuring, Material Asset Restructuring is not required to be registered with the CSRC.

The Listed Company shall not implement the Transaction until all approvals or verifications have been obtained. There are uncertainties as to whether such approvals or

verifications will be obtained for the Transaction and the timing of the eventual obtaining of the relevant approvals or verifications, and investors are reminded of the investment risks.

7. Material Commitments by the Relevant Parties of the Transaction

In order to fully protect the interests of the Listed Company and investors, the material commitments of the relevant parties of the Transaction are as follows:

(1) Material commitments of Listed Company and its Directors, supervisors and senior management

Commitments	Committed party	Primary content
Commitment to provide information and to disclose information that is true, accurate and complete	Listed Company	<p>1. The Company has provided the intermediary organizations providing professional services for the Restructuring with relevant information and documents of the Company in relation to the Restructuring (including but not limited to original written materials, copies of materials or oral testimonies, etc.), and has complied with its statutory disclosure and reporting obligations, and there is no contract, agreement, arrangement or other matter which should have been disclosed but has not been disclosed.</p> <p>2. The Company guarantees that the copies, scans or photocopies of the documents provided are identical to the originals and that the signatures and seals of the documents are genuine and that the signatories to the documents are legally authorised to sign the documents.</p> <p>3. The Company guarantees the truthfulness, accuracy and completeness of the information and documents provided, as well as the statements and confirmations made, and that there are no false entries, misleading statements or material omissions and assumes legal responsibility for their truthfulness, accuracy and completeness.</p> <p>4. The Company guarantees that the documents issued by the Company and the relevant contents of the documents quoted by the intermediaries providing professional services for the Restructuring in the Restructuring application documents have been reviewed by the Company, and confirms that the Restructuring application</p>

Commitments	Committed party	Primary content
		<p>documents do not contain any false entries, misleading statements or material omissions as a result of the aforesaid contents.</p> <p>5. During the Restructuring period, the Company will, in accordance with the relevant laws, rules, regulations and the relevant requirements of the China Securities Regulatory Commission and the stock exchange, provide and disclose Restructuring related information and documents in a timely manner to the intermediary organizations providing professional services for the Restructuring, and guarantee the truthfulness, accuracy and completeness of the documents and information provided, and will be held responsible to compensate investors for any loss caused by any false entries, misleading statement or material omission of the information provided in accordance with the law.</p>
	Directors, supervisors and senior management	<p>1. I have provided the intermediary organization providing professional services for the Restructuring with relevant information and documents (including but not limited to original written materials, copies of materials or oral testimonies, etc.) relating to Restructuring, and I have fulfilled my statutory disclosure and reporting obligations, and there is no contract, agreement, arrangement or other matter which should have been disclosed but has not been disclosed.</p> <p>2. I guarantee that the copies, scans or photocopies of the documents provided are identical to the originals and that the signatures and seals of the documents are genuine and that the signatories to the documents are legally authorised to sign the documents.</p> <p>3. I guarantee the truthfulness, accuracy and completeness of the information and documents provided, as well as the statements and confirmations made, and that there are no false entries, misleading statements or material omissions and assumes legal responsibility for their truthfulness, accuracy and completeness.</p> <p>4. I guarantee that the documents I have issued and the relevant contents of the documents quoted by the intermediaries providing professional services</p>

Commitments	Committed party	Primary content
		<p>for the Restructuring in the Restructuring application documents have been reviewed by myself, and confirms that the Restructuring application documents do not contain any false entries, misleading statements or material omissions as a result of the aforesaid contents.</p> <p>5. If I have been filed for investigation by a judiciary authority or the CSRC due to false representations, misleading statements or material omissions in information provided or disclosed in relation to the Restructuring, I undertake to not transfer any shares of Listed Company I directly or indirectly owned (if any), until the investigation forms a conclusion. A written application for the suspension of shares transfer and stock accounts will be submitted to the Board of Directors within two trading days after receiving notification from the judiciary for initiating investigation. The Board of Director will make an application to the stock exchange and Securities Depository and Clearing Corporation for the lock-up on behalf of myself. If I have not submitted the lock-up application within two trading days, the Board of Directors shall have the right to submit my identity and account information to the stock exchange and Securities Depository and Clearing Corporation directly and apply for the lockup. If the Board of Directors fails to submit my identity and account information to the stock exchange and Securities Depository and Clearing Corporation, the stock exchange and Securities Depository and Clearing Corporation have the right to lock up the relevant shares directly. If any findings of illegal circumstances were to be found in the conclusion of the investigation, I undertake to voluntarily apply the locked-up shares to compensate investors</p> <p>6. If any loss is caused to the Listed Company or investors as a result of any false entries, misleading statements or material omissions in the explanations and confirmations issued and information and materials provided by myself in relation to the Restructuring, I shall be liable to pay compensation in accordance with the law.</p>

Commitments	Committed party	Primary content
Commitment of integrity and no non-compliance with laws and regulations	Listed Company and Directors, supervisors and senior management	<p>1. The Company and its current Directors, supervisors and senior management are not under investigation by the judicial authorities for suspected crimes or suspected of having violated any laws or regulations and being investigated by the CSRC, and have not been subjected to any criminal penalties or administrative penalties relating to the securities market within the last three years, nor have they been publicly reprimanded by the stock exchange.</p> <p>2. The Company and its current Directors, supervisors and senior management have been in good standing in terms of integrity in the last three years, and there has been no material breach of trust, failure to repay large amount of debts on time, failure to honour commitments, administrative supervisory measures taken by the CSRC or disciplinary actions taken by the stock exchange, nor other situations.</p> <p>3. The Company and its current Directors, supervisors and senior management guarantee that the description of the above matters is true, accurate and complete and that there are no false entries, misleading statements or material omissions. In the event of any breach of the above commitments, the Company and its current Directors, supervisors and senior management will bear the corresponding legal liabilities.</p>
Commitment of no insider trading	Listed Company and Directors, supervisors and senior management	<p>1. The Company and its current Directors, supervisors and senior management have not disclosed any insider information of the Transaction and used any insider information of the Transaction to conduct securities transactions.</p> <p>2. The Company and its current Directors, supervisors and senior management are not involved in any situation in which they have been investigated or filed for investigation by the CSRC or judicial authorities for insider trading and have not yet formed a conclusive opinion, or in which they have been subjected to administrative penalties imposed by the CSRC or criminal liabilities investigated by judicial authorities in accordance with the law for insider trading within the last 36 months.</p>

Commitments	Committed party	Primary content
		<p>3. The Company and its current Directors, supervisors and senior management are not prohibited from participating in any material asset restructuring of a Listed Company as referred to in Article 12 of the "Supervision Guide No. 7 on Listed Companies – Unusual Trading in Stocks relating to Major Asset Restructuring of Listed Companies".</p> <p>4. The Company and its current Directors, supervisors and senior management guarantee that the description of the above matters is true, accurate and complete and that there are no false entries, misleading statements or material omissions. In the event of any breach of the above commitments, the Company and its current Directors, supervisors and senior management will bear the corresponding legal liabilities.</p>
Commitment of no reduction plan	Directors, supervisors and senior management	<p>1. My shareholding in the Listed Company will not be reduced in any way (if any) or have any share reduction plan during the period from the date of Restructuring's initial disclosure to the completion of its implementation.</p> <p>2. In the event that I implement a share reduction in the future, I will fulfil my information disclosure obligations in a timely manner in strict accordance with the "Certain Provisions Governing the Sell-down of Shares by Shareholders, Directors, Supervisors and Senior Management of Listed Companies" as well as the requirements of the relevant provisions on information disclosure of the Shanghai Stock Exchange.</p> <p>3. In the event of any breach of the above commitments, which may cause losses to the Listed Company or other investors, I undertake to be liable to compensate the Listed Company or other investors in accordance with the law.</p>
Commitment of ensuring the immediate returns remedial measures on dilution of Restructuring will be implemented	Directors, supervisors and senior management	<p>1. I undertake to fulfil my duties faithfully and diligently, to safeguard the lawful rights and interests of the Company and all shareholders.</p> <p>2. I undertake not to transfer benefits to other entities or individuals without compensation or on unfair terms, and not to use other means to harm the interests of the Company.</p> <p>3. I undertake to exercise restraint in my official</p>

Commitments	Committed party	Primary content
		<p>spending.</p> <p>4. I undertake not to use the Company's assets to engage in investment or consumption activities unrelated to the performance of my duties.</p> <p>5. I undertake to link the remuneration system formulated by the Board of Directors or the Remuneration Committee to the implementation of the Company's returns remedial measures.</p> <p>6. When the Company subsequently introduces its corporate equity incentive policy, I undertake to procure, within the scope of my legal authority, that the exercise conditions of the equity incentives to be announced be linked to the implementation of the Listed Company's returns remedial measures.</p> <p>7. If, after the date of this commitment and prior to the completion of the Company's Restructuring, the CSRC imposes other new regulatory requirements in relation to returns remedial measures and its commitments and the above commitments do not satisfy such requirements of the CSRC, I undertake to issue a supplemental commitment in accordance with the CSRC's latest requirements at that time;</p> <p>8. I undertake to fulfil in good faith the returns remedial measures set out by the Company and any commitments made in respect of such returns remedial measures, and if any breach of such undertakings results in losses to the Company or the investors, I shall be liable to compensate the Company or the investors in accordance with the law.</p> <p>9. As one of the responsible subjects for the returns remedial measures, in the event I breach the above commitments or refuse to fulfil the above commitments, I agree to be subject to relevant penalties or management measures in accordance with the relevant provisions and rules formulated or issued by the CSRC, the Shanghai Stock Exchange and other securities regulators.</p>

(2) Material commitments of controlling shareholder, de facto controller

Commitments	Committed party	Primary content
Commitment to provide materials and information that is true, accurate and complete	controlling shareholder 、 de facto controller	<p>1. The Company has provided the intermediary organizations providing professional services for the Restructuring with relevant information and documents of the Company in relation to the Restructuring (including but not limited to original written materials, copies of materials or oral testimonies, etc.), and has complied with its statutory disclosure and reporting obligations, and there is no contract, agreement, arrangement or other matter which should have been disclosed but has not been disclosed.</p> <p>2. The Company guarantees that the copies, scans or photocopies of the documents provided are identical to the originals and that the signatures and seals of the documents are genuine and that the signatories to the documents are legally authorised to sign the documents.</p> <p>3. The Company guarantees the truthfulness, accuracy and completeness of the information and documents provided, as well as the statements and confirmations made, and that there are no false entries, misleading statements or material omissions and assumes legal responsibility for their truthfulness, accuracy and completeness.</p> <p>4. The Company guarantees that the documents issued by the Company and the relevant contents of the documents quoted by the intermediaries providing professional services for the Restructuring in the Restructuring application documents have been reviewed by the Company, and confirms that the Restructuring application documents do not contain any false entries, misleading statements or material omissions as a result of the aforesaid contents.</p> <p>5. If the Company has been filed for investigation by a judiciary authority or the CSRC due to false representations, misleading statements or material omissions in information provided or disclosed in relation to the Restructuring, the Company undertakes to not transfer any shares of Listed Company it directly or indirectly owned, until the investigation forms a conclusion. A written</p>

Commitments	Committed party	Primary content
		<p>application for the suspension of shares transfer and stock accounts will be submitted to the Board of Directors within two trading days after receiving notification from the judiciary for initiating investigation. The Board of Director will make an application to the stock exchange and Securities Depository and Clearing Corporation for the lock-up on behalf of the Company. If the Company has not submitted the lock-up application within two trading days, the Board of Directors shall have the right to submit the Company's identity and account information to the stock exchange and Securities Depository and Clearing Corporation directly and apply for the lockup. If the Board of Directors fails to submit the Company's identity and account information to the stock exchange and Securities Depository and Clearing Corporation, the stock exchange and Securities Depository and Clearing Corporation have the right to lock up the relevant shares directly. If any findings of illegal circumstances were to be found in the conclusion of the investigation, the Company undertakes to voluntarily apply the locked-up shares to compensate investors</p> <p>6. If any loss is caused to the Listed Company or investors as a result of any false entries, misleading statements or material omissions in the explanations and confirmations issued and information and materials provided by the Company in relation to the Restructuring, the Company shall be liable to pay compensation in accordance with the law.</p>
Commitment of no insider trading	controlling shareholder 、 de facto controller	<p>1. The Company and the controlled corporation of the Company have not disclosed any insider information of the Transaction and used any insider information of the Transaction to conduct securities transactions.</p> <p>2. The Company and the controlled corporation of the Company are not involved in any situation in which they have been investigated or filed for investigation by the CSRC or judicial authorities for insider trading and have not yet formed a conclusive opinion, or in which they have been subjected to administrative penalties imposed by</p>

Commitments	Committed party	Primary content
		<p>the CSRC or criminal liabilities investigated by judicial authorities in accordance with the law for insider trading within the last 36 months.</p> <p>3. The Company and the controlled corporation of the Company are not prohibited from participating in any material asset restructuring of a Listed Company as referred to in Article 12 of the "Supervision Guide No. 7 on Listed Companies – Unusual Trading in Stocks relating to Major Asset Restructuring of Listed Companies".</p> <p>4. The Company guarantees that the description of the above matters is true, accurate and complete and that there are no false entries, misleading statements or material omissions. In the event of any breach of the above commitments, the Company will bear the corresponding legal liabilities.</p>
Commitment of integrity and no non-compliance with laws and regulations	controlling shareholder 、 de facto controller	<p>1. The Company is not under investigation by the judicial authorities for suspected crimes or suspected of having violated any laws or regulations and being investigated by the CSRC, and have not been subjected to any criminal penalties or administrative penalties relating to the securities market within the last three years, nor have they been publicly reprimanded by the stock exchange.</p> <p>2. The Company has been in good standing in terms of integrity in the last three years, and there has been no material breach of trust, failure to repay large amount of debts on time, failure to honour commitments, administrative supervisory measures taken by the CSRC or disciplinary actions taken by the stock exchange, nor other situations.</p> <p>3. The Company guarantees that the description of the above matters is true, accurate and complete and that there are no false entries, misleading statements or material omissions. In the event of any breach of the above commitments, the Company will bear the corresponding legal liabilities.</p>
Commitment of no reduction plan	controlling shareholder 、 de facto controller	1. Save for the proposed capital reduction by YTO to repurchase all the equity interest in YTO held by Luoyang State-owned Assets Company, YTO transferred A shares of the Listed Company to

Commitments	Committed party	Primary content
		<p>Luoyang State-owned Assets Company as payment consideration for YTO's repurchase of all the shareholdings in YTO held by Luoyang State-owned Assets Company, the YTO's shareholding in the Listed Company will not be reduced in any way or have any share reduction plan during the period from the date of Restructuring's initial disclosure to the completion of its implementation.</p> <p>2. In the event that the YTO implements a share reduction in the future, it will fulfil its information disclosure obligations in a timely manner in strict accordance with the "Certain Provisions Governing the Sell-down of Shares by Shareholders, Directors, Supervisors and Senior Management of Listed Companies" as well as the requirements of the relevant provisions on information disclosure of the Shanghai Stock Exchange.</p>
<p>Commitment of ensuring the immediate returns remedial measures on dilution of Restructuring will be implemented</p>	<p>controlling shareholder 、 de facto controller</p>	<p>1. Not to intervene in the operation and management activities of the Listed Company.</p> <p>2. Not to misappropriate the interests of the Listed Company.</p> <p>3. In the event that the CSRC or the Shanghai Stock Exchange has different requirements for the Company's commitments in relation to ensuring that the returns remedial measures on dilution of the immediate return realised by the Transaction are effectively fulfilled, the Company will voluntarily and unconditionally comply with the CSRC's or the Shanghai Stock Exchange's requirements in respect of such commitments.</p> <p>4. As one of the responsible subjects for the returns remedial measures, the Company strictly fulfils the above commitments to ensure that the Listed Company's returns remedial measures can be practically fulfilled. In the event the Company breaches the above commitments or refuse to fulfil the above commitments, the Company agrees to be subject to relevant penalties or management measures in accordance with the relevant provisions and rules formulated or issued by the CSRC, the Shanghai Stock Exchange and other securities regulators.</p>

(3) Material commitments of YTO Diesel Engine

Commitments	Committed party	Primary content
Property rights declaration and commitment related to the Asset to be Disposed of	YTO Diesel Engine	<p>1. The Company legally holds the subject equity interest, and the Company is a subject with full civil capacity, and there are no circumstances that require it to be terminated in accordance with the provisions of the laws, regulations, regulatory documents and the Articles of Association of the Company. The Company is qualified to act as the transferor of the subject equity interest in the Transaction, and is legally qualified to sign the relevant agreements with the final transferee in respect of the Transaction and to perform the rights and obligations under such agreements.</p> <p>2. The Company has fulfilled its capital contribution obligations to the Subject Company in accordance with the law, and there has not been any false capital contribution, evasion of capital contribution or any other violation of the Company's obligations and liabilities as a shareholder, nor has there been any other situation that may affect the legal existence of the Subject Company.</p> <p>3. The Company has full ownership of the subject equity interest, the ownership of the subject shares is clear, there are no actual or potential ownership disputes or potential disputes, there are no entrusted shareholdings, trust shareholdings or similar arrangements, and there are no pledges, judicial freezes or other matters that impede the transfer of ownership.</p> <p>4. The Company confirms that there are no outstanding or foreseeable material litigations, arbitrations and disputes which may affect the change of ownership of the subject equity interest held by the Company or hinder the transfer of the subject equity interest to the final transferee. The Company guarantees that no pledge and other restrictive rights which may hinder the transfer of the subject equity interest to the final transferee will be created in respect of the subject equity interest prior to the completion of the Transaction.</p> <p>5. The transfer of the subject equity interest by way of public listing is in compliance with the relevant laws and regulations and the relevant internal regulations of the Company and there are no legal impediments.</p>

		6. If, after the signing of this letter of commitment, anything occurs to the Company that may affect the ownership of the subject equity interest or impede the transfer of the subject equity interest, the Company will immediately notify the relevant intended transferee(s).
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(4) Material commitments of the Subject Company

Commitments	Committed party	Primary content
Commitment to provide materials and information that is true, accurate and complete	Subject Company	<p>1. The Company guarantees that the copies, scans or photocopies of the documents provided for the Reorganization are identical to the originals and that the signatures and seals of the documents are genuine and that the signatories to the documents are legally authorised to sign the documents.</p> <p>2. The Company guarantees the truthfulness, accuracy and completeness of the information and documents provided, as well as the statements and confirmations made for the Reorganization, and that there are no false entries, misleading statements or material omissions and assumes legal responsibility for their truthfulness, accuracy and completeness.</p> <p>3. The Company guarantees that the documents provided to the intermediaries involved in providing professional services for the Reorganization are true, accurate and complete, and that there are no false records, misleading statements or material omissions.</p> <p>4. During the Restructuring period, the Company will, in accordance with relevant laws, regulations and rules, and the relevant requirements of the CSRC and the stock exchange, provide and disclose information and documents related to the Restructuring to the Listed Company and the intermediary organizations which provide professional services in relation to the Restructuring in a timely manner, and guarantee the truthfulness, accuracy and completeness of the documents and information provided.</p>

8. Principle opinions on restructuring from the controlling shareholder and de facto

controller of the Listed Company

Controlling shareholder of the Listed Company, YTO, de facto controller and SINOMACH has agreed in principle to the Material Asset Disposal programme.

9. Arrangements for Protecting the Rights and Interests of Minority Investors of the Restructuring

In accordance with the “Opinions of the General Office of the State Council on Further Strengthening the Work for Protection of Legitimate Rights and Interests of Minority Investors in the Capital Markets” (Guo Ban Fa [2013] No. 110) and the relevant provisions of the Administrative Measures for Restructuring, the Company has made appropriate arrangements for the protection of the rights and interests of the investors in the Transaction, as set out below:

(1) Strict fulfilment of the information disclosure obligations of the Listed Company

Material Asset Disposal constitutes a material asset restructuring of the Listed Company, and the Company has complied with the relevant laws and regulations such as the Company Law, the Securities Law, the Administrative Measures for Restructuring, the Measures for the Administration of Information Disclosure of Listed Companies, the Supervision Guide No. 7 on Listed Companies - Unusual Trading in Stocks relating to Major Asset Restructuring of Listed Companies, and the Guidelines for Self-Regulation of Listed Companies of Shanghai Stock Exchange No. 6 - Material Asset Restructuring (Revised in 2023), and has adopted strict confidentiality measures in relation to the Transaction Proposal, fulfilled its information disclosure obligations in good faith and fairly disclosed to all investors the material events that may have a great impact on the transaction price of the Shares of the Listed Company.

(2) Strict fulfilment of consideration and voting procedures for the Listed Company

The Company has strictly complied with the requirements of the Company Law the Administrative Measures for Restructuring and other relevant laws and regulations in the course of the Transaction, and has fulfilled the statutory procedures for voting and disclosure, and the Independent Directors have expressed their independent opinions on the Transaction.

This Proposal has been considered and approved by the Board of Directors of the Company and the Transaction will be subsequently further submitted to the Board of Directors of the Company and the general meeting for consideration according to the solicitation of transferees under public listing and transfer.

(3) Provision of online voting platform for general meetings

Pursuant to the relevant provisions of the Administrative Measures for Restructuring, the formal proposal of the Transaction shall be resolved at a general meeting of the Listed Company and must be approved by more than two thirds of the votes of the shareholders present at the meeting. Pursuant to the "the Guidelines for Self-Regulation of Listed Companies of Shanghai Stock Exchange No. 1 - Regulated Operation" and other relevant provisions, in order to provide convenience to the shareholders participating in the general meeting, the Company will provide an internet voting platform for the voting of the Restructuring Proposal, whereby the shareholders may participate in voting in person or vote directly through the internet. Except for the Directors, supervisors, senior management of the Listed Company and shareholders who individually or collectively hold more than 5% of the shares of the Listed Company, the votes of other shareholders will be separately counted and disclosed.

(4) Ensure fair and equitable pricing of the Transaction

In respect of the Transaction, the Listed Company has engaged an asset appraisal institution with qualifications in securities and futures related business to conduct a special appraisal of the Underlying Asset, and has determined the Transaction price in strict accordance with the provisions of Order No. 32 and Order No. 36, so as to ensure that the pricing of the Underlying Assets is equitable, fair and reasonable. The Independent Directors of the Listed Company have expressed their independent views on the fairness of the pricing of the Underlying Asset.

10. Other Significant Events

(1) This Proposal contains special explanations on the risk factors of Restructuring based on the current progress and the uncertainties that may be faced. Investors are advised to read

the reminder of risks disclosed herein carefully and pay attention to the investment risks.

(2) Material Asset Disposal will be publicly listed on the Beijing Equity Exchange to solicit transferees, and investors are advised to follow the progress of this public listing.

Reminder of Significant Risks

Investors should also give particular and careful consideration to the following risk factors when evaluating the Company's Material Asset Disposal.

1. Risks Relating to The Transaction

(1) Risk relating to the Transaction being suspended, terminated or cancelled

The Listed Company has formulated a strict "Management System for Registration of Persons Informed of Insider Information", and in the process of planning and confirming the Transaction, it has narrowed the scope of persons informed of insider information and reduced the dissemination of insider information with its best effort, but it still does not rule out the possibility that the relevant organizations and individuals may utilize the insider information of the Transaction to carry out insider trading, which may lead to the risk of the suspension, termination or cancellation of the Transaction due to the suspicion of insider trading.

After the disclosure of the Restructuring Proposal by the Listed Company, in the event that Underlying Asset is involved in material litigation or arbitration, Underlying Asset's valuation results are subject to material changes due to industry, trade and market factors, or any other circumstances which may have a great impact on the Restructuring, the trading conditions of the Transaction may be affected. In addition, the audit requirements of the regulatory authorities may also have an impact on the transaction proposal. Any of the foregoing factors may result in the suspension, termination or cancellation of the Transaction, and investors are advised to pay attention to the relevant risks.

(2) Risk relating to no approval obtained for the Transaction

The Transaction is subject to a number of approval procedures, including but not limited to the approval of the formal proposal of the Transaction from the Board of Directors and

general meeting of the Listed Company. There is uncertainty as to whether the Transaction will be able to obtain such approvals and ultimately be successfully implemented, and there is a risk that the Transaction may not be able to pass the approvals and the Transaction may be unsuccessful.

(3) Risk relating to the Transaction not being able to solicit a qualified counterparty through a public listing.

The counterparty for the Transaction will be finalised based on the results of the public listing, and the transfer price is subject to the requirements of Orders No. 32 and Order No. 36, and there is a possibility that eligible counterparties will not be solicited or that the transaction will not be concluded. If the public listing fails to solicit a qualified counterparty or ultimately fails to conclude the transaction, the Board of Directors of the Company will reconvene a meeting to consider the subsequent disposal of the Underlying Asset, which in turn may have an impact on the implementation or progress of the Transaction, and we would like to draw the attention of investors to the related risks.

(4) Risk relating to payment of the Transaction price

The intended transferee of this listing, after confirmation of its eligibility for transfer, shall pay the transaction security deposit within the prescribed time in accordance with the requirements. After the intended transferee is confirmed as the transferee, the deposit shall be automatically converted into the transaction price in accordance with the relevant provisions, and the remaining portion shall be paid in a lump sum, by the transferee in accordance with the provisions of the transaction contract. In the event that after the signing of the transaction contract between YTO Diesel Engine and the counterparty, the counterparty fails to pay the agreed price, it may lead to the risk of the Transaction not being able to be realised.

(5) Risk relating to the appraisal of the Underlying Asset

In the Transaction, the Listed Company has engaged an asset appraisal organization in compliance with the Securities Law to conduct an appraisal of the Underlying Asset and to issue the Asset Appraisal Report. The analyses, judgements and conclusions contained in the

Asset Appraisal Report are subject to relevant assumptions and limited conditions, which are affected by factors such as fluctuations in the macro economy, changes in national laws and regulations and industry policies, and changes in the competitive market environment, and the level of information provided by the subject company, which may lead to a risk that the appraisal results of the Underlying Asset may be fluctuated.

2. Risks faced by the Listed Company after the Transaction

(1) Risk relating to adjustment to subsidy policy of purchasing agricultural machinery

Since the promulgation of the Law on the Promotion of Agricultural Mechanization (《農業機械化促進法》) in 2004, the central government, the State and local governments have implemented a series of subsidy policies that are related to the Company's products. With the increasing policy support and financial investment of the State for agricultural machineries and equipment, the enthusiasm of farmers to purchase agricultural machinery has gradually increased, and the market demand for agricultural machinery equipment has continued to rise. If the government's policy support for the agricultural machinery industry is weakened in the future, the subsidy policy for agricultural machinery purchase is cancelled, the amount of subsidy is significantly reduced, the subsidy limit of single agricultural machinery products is lowered or the subsidy form is changed, Company's operating performance will be affected.

(2) Risk relating to rising raw material prices and labour cost

Since the second half of 2020, due to the influence of the factors such as market demand recovery, easing liquidity, and short-term supply shortages, the bulk commodity market price and energy price have risen significantly as a whole. As steel and rubber account for a relatively high proportion of the Company's procurement of raw material and parts, the rise of prices of raw material and energy will affect the Company's profitability. In addition, with the improvement of people's living standards, the salary level of the Company's employees is likely to continue to rise in the future, thus accelerating the rise of labour costs of the Company, which affects the profitability of the Company.

(3) Risk relating to the Company's product technology upgrade falling short of expectations

At present, users of agricultural machinery products put higher requirements on the products' suitability, comfort, energy-saving, environmental protection, the future of the agricultural machinery industry's technological progress and product replacement will be accelerated. China has carried out the off-road diesel engine emission standards National IV switch in December 2022, and continuously accelerated the pace of the off-road diesel engine emission standards National V switch, products that fail to adapt to the national environmental emission standards upgrade requirements will not survive in the market, which puts forward higher requirements for the Company's diesel engine product technology upgrades, diesel engine and tractor product matching. In the event the Company's products upgrade are not as expected, user experience of the Company's products will be affected, which in turn will affect the Company's revenue and profit growth.

(4) Risk relating to Company's operations in overseas market

At present, regional conflicts, trade frictions and other constraints are emerging globally. Risks such as disruptions in the supply chain of the global industrial chain, rising commodity prices, tight energy supply and monetary policy adjustments in major economies are intertwined, and the overseas sales for the Company's products may be affected to a certain extent, which may in turn affect the Company's results of operations.

The above risks are all risks faced by the Company in its normal operation and development, and are not brought about by the disposal transaction.

3. Other Risks**(1) Risk relating to equity price volatility**

In addition to being dependent on the profitability and development prospects of the Listed Company, the price of the Shares of the Listed Company is also affected by market supply and demand, relevant national policies, interest rates, investors' psychological expectations and various unpredictable factors, which may cause the price of the Shares of

the Listed Company to deviate from its value. The Transaction requires a certain period of time to complete, during which the price of the Shares of the Company may fluctuate, thereby creating a certain degree of risk for investors.

(2) Risk relating to force majeure

Political, economic, natural disasters and other uncontrollable factors may cause damage to the Underlying Asset, the Company's property and personnel, and may affect the progress of the Transaction and the normal production and operation of the Company, investors are advised to be aware of the risks of force majeure as mentioned above.

Chapter One Overview of The Transaction

1. Background and Objective of the Transaction

In order to implement the SASAC's relevant requirements of focusing on the main responsibilities and business, according to the relevant provisions of state-owned assets transactions, the Company's controlling subsidiary, YTO Diesel Engine intends to transfer the 0.8827% equity interest of Zhongyuan Bank it held by way of public listing on Beijing Equity Exchange. The Company's main businesses include R&D, manufacturing and sales of agricultural machinery, power machinery and related spare parts. The Company is committed in becoming an "outstanding agricultural equipment manufacturing service provider". After the completion of the transfer of the equity interest, the Company will divest assets with low relevance to its main business, further optimise its asset structure, improve its asset operation efficiency, focus its advantageous resources on agricultural machinery and equipment manufacturing, and provide a higher level of mechanisation insurance for the modernisation of China's agriculture development.

2. Proposal of the Transaction

(1) Overview of the Transaction Proposal

YTO Diesel Engine intends to dispose of the 0.8827% equity interest in Zhongyuan Bank it held, by way of public listing and transfer on Beijing Equity Exchange. The counterparty of the Transaction will be determined on the basis of the results of the public listing, and the counterparty shall pay the consideration for the Transaction in cash. If the public listing fails to solicit a qualified counterparty or fails to conclude the Transaction, a meeting of the Board of Directors of the Company will be reconvened to consider the subsequent disposal of the Underlying Asset.

(2) Underlying Asset

The assets to be disposed of in the Transaction are 322,622,716 shares of Zhongyuan Bank held by YTO Diesel Engine, with a corresponding shareholding ratio of 0.8827%.

(3) Transaction counterparty

The final counterparty of the Transaction will be determined based on the results of the public listing.

(4) Transaction method

YTO Diesel Engine intends to dispose the Underlying Asset of the Transaction through Beijing Equity Exchange by way of public listing, and the final counterparty shall pay the transaction price in cash, it shall be paid in a lump sum, for details of the specific requirements, please refer to the public listing and transfer documents of the Underlying Assets on the Beijing Equity Exchange.

(5) Appraisal and pricing of the Underlying Asset

According to the Asset Appraisal Report issued by China Enterprise Appraisals, with 31 May 2023 as the Valuation Benchmark Date, the carrying value of the 0.8827% equity interest in Zhongyuan Bank held by YTO Diesel Engine was RMB554.10 million, and the value of the aforesaid equity interest assessed in accordance with the market approach was RMB546.6285 million, representing an impairment of RMB7.4715 million, with an impairment rate of 1.35%, from the carrying value. The details are as follows:

Unit: RMB0'000

Underlying Asset	Valuation Benchmark Date	Evaluation method	Carrying value	Appraised value
322,622,716 shares of Zhongyuan Bank held by YTO Diesel Engine (shareholding ratio 0.8827%)	31 May 2023	Market approach	55,410	54,662.85

The transfer price of Material Asset Disposal shall comply with both Order No. 32 and Order No. 36. Article 17 of Order No. 32 stipulates that "the transfer price of the initial official disclosure of an asset transfer item shall not be lower than the appraisal result of the approved or filed transfer target." Article 23 of Order No. 36 stipulates that "the price at which a state-owned shareholder publicly solicits the transfer of shares of a Listed Company shall not be lower than the higher of: (1) the arithmetic average of the daily weighted average price for

the 30 trading days immediately preceding the date of the indicative announcement; and (2) the audited net asset value per share of the Listed Company for the most recent accounting year."

Pursuant to the aforesaid provisions, the transfer price for the public listing of the Underlying Asset was determined by multiplying the number of shares of Zhongyuan Bank transferred by YTO Diesel Engine by the audited net asset value per share of Zhongyuan Bank in the most recent accounting year (i.e. the audited net asset per share of RMB2.07 per share in 2022) to be RMB667.83 million, and the final transaction price is based on the de-listing price.

3. Nature of the Transaction

(1) It is uncertain whether the Transaction constitutes a connected transaction.

The Transaction is intended to be carried out by way of public listing on Beijing Equity Exchange, the confirmation of the final counterparty is based on the public listing results, therefore the counterparty of the Transaction is uncertain. Whether the Transaction constitutes a related transaction is also uncertain, the Company will perform relevant decision-making, approval procedures in accordance with the law, if it involves a related transaction, during the consideration of the relevant resolutions, the related Directors and related shareholders will abstain from voting.

(2) The Transaction constitutes a material asset restructuring

Based on the audited financial data of First Tractor and Zhongyuan Bank for the year 2022, the relevant financial ratios are calculated as follows:

Unit: RMB0'000

Financial indicators	Zhongyuan Bank	Disposal ratio	Financial indicators by shareholding ratio	First Tractor	Percentage of financial indicators
Total assets	132,673,648.20	0.8827%	1,171,110.29	1,298,614.23	90.18%

Net assets	8,922,843.80	0.8827%	78,761.94	595,808.50	13.22%
Operation income	2,561,119.70	0.8827%	22,607.00	1,256,378.03	1.80%

Based on the calculation on the above table, the proportion of the total assets of Subject Company calculated according to the shareholding ratio at the end of 2022 to the total assets at the end of the audited consolidated financial report of First Tractor of the most recent accounting year reaches more than 50%. Pursuant to the relevant provisions of Article 12 of the Administrative Measures for Restructuring, the Transaction constitutes a material asset restructure of the Listed Company.

On 27 October 2023, the Company convened the fifteenth meeting of the Ninth Session of the Board of Directors to consider and approve the "Proposal on the Transfer of Equity Interests Held by the Company in Luoyin Financial Leasing Co., Ltd.", and on 15 December, the Company conducted a public listing and transfer of 6.875% of equity interests in Luoyin Leasing through the Beijing Equity Exchange. The aforesaid transaction is not required to be submitted to the shareholders' general meeting of the Company for consideration and does not constitute a major asset restructuring as stipulated in the Administrative Measures for Restructuring. Luoyin Leasing is a controlling subsidiary of Zhongyuan Bank, and according to Article 14 of the Administrative Measures for Restructuring, the 6.875% equity interest in Luoyin Leasing held by the listed company and the 0.8827% equity interest in Zhongyuan Bank held by YTO Diesel Engine are same or related assets, and the cumulative total of which should be used to calculate the corresponding amount of the major asset restructuring. Since the sale of 0.8827% equity interest in Zhongyuan Bank by YTO Diesel Engine has separately constituted the act of major asset restructuring, the cumulative amount of the two transactions and the financial ratio are no longer calculated.

(3) The Transaction does not constitute a restructuring of listing

The Transaction is a material asset disposal of the Listed Company, which does not involve the issuance of Shares and will not lead to changes in the shareholding structure of the Listed

Company. Before and after the Transaction, the controlling shareholder of the Company is YTO, and its de facto controller is SINOMACH. The Transaction did not lead to the change of control of the Listed Company, and did not constitute a transaction under Article 13 of the Administrative Measures for Restructuring, and did not constitute a restructuring of listing.

4. Decision-making and Approval Procedures Involved in the Transaction

(1) Decision-making and approval procedures that have been carried out in respect of the Transaction

1. SINOMACH and YTO carried out the consideration procedures and agreed to the sale of 0.8827% equity interest in Zhongyuan Bank held by First Tractor's controlling subsidiary, YTO Diesel Engine;

2. The appraisal results of the Underlying Asset involved in the Transaction have been filed with SINOMACH according to the relevant regulations on the administration of state-owned assets;

3. First Tractor convened the seventeenth meeting of the ninth session of the Board of Directors and the tenth meeting of the ninth session of the Board of Supervisors to consider and approve the proposal and relevant resolutions on the matter of the public listing by YTO Diesel Engine of the 0.8827% equity interest in Zhongyuan Bank it held.

4. YTO Diesel Engine convened the twentieth meeting of the eighth session of the Board of Directors to consider and approve the sale of 0.8827% equity interest in Zhongyuan Bank by way of public listing.

(2) Decision-making and approval procedures yet to be carried out in respect of the Transaction

1. YTO Diesel Engine officially listed the 0.8827% equity interest in Zhongyuan Bank it held on Beijing Equity Exchange to determine the transferee and the Transaction price;

2. First Tractor convened a Board meeting to consider and approve the formal programme of Restructuring and related resolutions;

3. First Tractor convened a general meeting to consider and approve the formal programme of Restructuring and related resolutions;

4. Other procedures required to be carried out by the Shanghai Stock Exchange or other regulatory authorities (if necessary).

The final counterparty of the Transaction shall settle the payment of the Transaction in cash and it does not involve the issuance of Shares. Pursuant to the Administrative Measures for Restructuring, Material Asset Restructuring is not required to be registered with the CSRC.

The Listed Company shall not implement the Transaction until all approvals or verifications have been obtained. There are uncertainties as to whether such approvals or verifications will be obtained for the Transaction and the timing of the eventual obtaining of the relevant approvals or verifications, and investors are reminded of the investment risks.

Chapter Two Basic Information of The Listed Company

1. Introduction to the Company's Basic Information

Company name	First Tractor Company Limited (第一拖拉機股份有限公司)
Listing location	Shanghai Stock Exchange/Hong Kong Stock Exchange
Stock short name	一拖股份/First Tractor
Stock code	601038.SH/00038.HK
Date of establishment	28 December 1998
Legal representative	Liu Jiguo
Registered capital	RMB1,123,645,275
Registered address	No. 154 Jianshe Road, Luoyang, Henan Province, the PRC
Principal office address	No. 154 Jianshe Road, Luoyang, Henan Province, the PRC
Company type	Joint stock limited company (listed Taiwan/Hong Kong/Macao – Mainland China joint venture)
Unified social credit code	91410000170005381W
Main business scope	General items: manufacturing of tractors; sales of agricultural machinery; manufacturing of agricultural machinery; sales of machinery and equipment; research and development of machinery and equipment; manufacturing of general equipment (excluding manufacturing of special equipment); manufacturing of electric generators and electric generating sets; sales of electric generators and electric generating sets; sales of special equipment; casting of

	ferrous metals; sales of high-quality special steel materials; manufacturing of forgings and powder metallurgy products; sales of forgings and powder metallurgy products; manufacturing of machinery parts for agriculture, forestry, animal husbandry and fishery; sales of machinery parts for agriculture, forestry, animal husbandry and fishery; technical services, technology development, technical consultation, technology exchanges, technology transfer and technology promotion; manufacturing of navigational, surveying and mapping, meteorological and marine special instruments; sales of navigational, surveying and mapping, meteorological and marine special instruments; software development; information systems integration services (except for items that require approval in accordance with the law, business activities are carried out independently with business licenses in accordance with the law). Licensed items: manufacturing of special equipment; import and export of goods; import and export of technology (for projects subject to approval according to law, business activities can only be carried out after the approval of the relevant departments. The specific business projects are subject to the approval documents or licenses of the relevant departments)
Business term	28 December 1998 to no fixed term

2. Company Establishment, Capital Structure and Previous Equity Changes

(1) Company Establishment in 1997 and Restructuring

First Tractor is a joint stock limited company established with the approval of the Securities Commission of the State Council, the SASAB and the SCRES, with YTO Machinery Company as the sole promoter with its tractor business-related assets and liabilities.

On 31 December 1996, the Securities Committee of the State Council issued the "Notice on Determining First Tractor Engineering Machinery Co. as a Pre-selected Company for Overseas Listing" (Zhengweifa [1996] No. 97) (《關於確定第一拖拉機工程機械集團公司為境外上市預選企業的通知》(證委發[1996]97號)), confirming that YTO Machinery Company was a pre-selected company for overseas listing.

According to the "First Tractor Company Limited Assets Valuation Report" (Zhongji Zi

Pingzi [1997] No. 02) (《第一拖拉機股份有限公司資產評估報告書》(中機資評字[1997]第 02 號)) issued by Beijing Zhongji Audit Firm* (北京中機審計事務所) on 20 March 1997 and the "Confirmation and Approval of the Asset Valuation Results of First Tractor Engineering Machinery Co.'s Project to Establish a Joint Stock Company and Issue H Listed Stocks" issued by the SASAB on 21 April 1997 (State-owned Assets Review (1997) No. 363) (《對中國第一拖拉機工程機械公司組建股份有限公司並發行 H 種上市股票項目資產評估結果的確認批覆》(國資評(1997)363 號)), the estimated net asset value of the assets that YTO Machinery Company intended to use for investment is RMB632,215,500.

On April 23, 1997, the SASAB issued the "Reply on the Management of State-owned Equity Issues of First Tractor Company Limited (Preparatory)" (State-owned Assets Enterprise Development [1997] No. 56) (《關於第一拖拉機股份有限公司(籌)國有股權管理問題的批覆》(國資企發[1997]56 號)), agreeing with YTO Machinery Company to include assets and liabilities related to its tractor production and sales business into the scope of share reform, and convert 71.18% of the estimated net assets value of RMB632,215,500 into share capital, totalling 450,000,000 shares, and include the remaining RMB182,215,500 in the capital reserve fund. Ernst & Young Hua Ming LLP issued a "Capital Verification Report" on 23 April 1997, verifying that YTO Machinery Company's capital contribution has been fully received.

On 4 May 1997, the SCRES issued the "Approval for the Establishment of First Tractor Company Limited" (Ti Gaisheng [1997] No. 60) (《關於同意設立第一拖拉機股份有限公司的批覆》(體改生[1997]60 號)), agreeing to the establishment of the Company by YTO Machinery Company as the sole promoter. On 8 May 1997, the Company held a founding meeting, reviewed and approved the Articles of Association, and elected directors and supervisors. On the same day, the Company obtained the "Enterprise Legal Person Business License" (registration number: Henan Industrial and Commercial Enterprise No. 17000538) (《企業法人營業執照》(註冊號:豫工商企 17000538 號)) issued by the Henan Provincial Industrial and Commercial Bureau. When the Company was established, the registered capital was RMB450 million, and the enterprise type was joint-stock company. The share capital

situation of the Company at the time of establishment was as follows:

Name of shareholder	Nature of equity	Number of shares (shares)	Percentage of shareholding
YTO Machinery Company	State-owned legal person shares	450,000,000	100%

(2) The issuance of overseas listed foreign shares and the change of name the controlling shareholder in 1997

In 1997, YTO Machinery Company was restructured into YTO with the approval of the Luoyang Municipal People's Government and the Henan Provincial Economic and Trade Commission. The enterprise type was limited liability company (solely state-owned). The investor was the Luoyang Municipal People's Government, and the registered capital was RMB1.043 billion.

According to the "Reply on Approval of the Transformation of First Tractor Company Limited into an Overseas Fundraising Company" (Ti Gaisheng [1997] No. 69) (《關於同意第一拖拉機股份有限公司轉為境外募集公司的批覆》(體改生[1997]69號)) issued by the SCRES on 12 May 1997 and The "Reply on Approval of First Tractor Company Limited's Issuance of Overseas Listed Foreign Shares" (Zhengweifa [1997] No. 34) (《關於同意第一拖拉機股份有限公司發行境外上市外資股的批覆》(證委發[1997]34號)) issued by the Securities Committee of the State Council on 19 May 1997, the Company issued 335,000,000 H shares overseas on 23 June 1997 and was listed on the main board of the Hong Kong Stock Exchange (Stock short name: First Tractor; stock code: 00038.HK). Asiapac CPA & Company issued the "Capital Verification Report" (97 Asiapac Accreditation Verification No. 002) (《驗資報告》(97亞會證驗字第002號)) on 28 October 1997. After the issuance, the Company's registered capital increased to RMB785,000,000, and the share capital situation was as follows:

Name of shareholder	Nature of equity	Number of shares (shares)	Percentage of shareholding
YTO	State-owned legal person shares	450,000,000	57.32%
H share public shareholders	Overseas listed foreign shares	335,000,000	42.68%
Total		785,000,000	100.00%

(3) Additional issuance of Overseas listed foreign shares in 2007

On 10 October 2007, according to the "Reply on the Approval of the Additional Issuance of Overseas Listed Foreign Shares by First Tractor Company Limited" (Zheng Jian Guo He Zi [2007] No. 27) 《關於同意第一拖拉機股份有限公司增發境外上市外資股的批覆》(證監國合字[2007]27 號) issued by the CSRC on 24 August 2007, the Company placed 60,900,000 H shares overseas and those shares were listed on the Hong Kong Stock Exchange. At the same time, according to the "Reply on Issues Related to the Share Transfer of First Tractor Company Limited" (《關於第一拖拉機股份有限公司股份劃轉有關問題的批覆》) issued by the SASAC on 29 April 2007 and the "Letter on Entrusting the Sale of State Shares of First Tractor Company Limited Held by the National Council for Social Security Fund" issued by the National Social Security Fund on 18 May 2007, YTO converted 6,090,000 domestic shares of the Company held by it into overseas listed foreign shares for sale, and the proceeds were turned over to the National Social Security Fund.

Asia Pacific (Group) CPAs issued a "Capital Verification Report" (Yahui Yanzi [2007] No. 16) (《驗資報告》(亞會驗字[2007]16 號)) on 13 December 2007. On 25 February 2008, the Ministry of Commerce issued the "Reply on the Approval of the Name Change and Capital Increase of Investors of First Tractor Company Limited" (Shangzi Approval [2008] No. 206) (《關於同意第一拖拉機股份有限公司投資者更名及增資的批覆》(商資批[2008]206 號)), approving the Company's registered capital to increase to RMB845,900,000.

After the completion of the additional issuance, the Company's share capital was as follows:

Name of shareholder	Nature of equity	Number of shares (shares)	Percentage of shareholding
YTO	State-owned legal person shares	443,910,000	52.48%
H share public shareholders	Overseas listed foreign shares	401,990,000	47.52%
Total		845,900,000	100.00%

(4) The first issuance of domestically listed domestic shares in 2012

On 8 August 2012, according to the "Reply on the Approval of the Initial Public Offering of Stocks of First Tractor Company Limited" (CSRC Permit [2012] No. 736) (《關於同意第一拖拉機股份有限公司首次公開發行股票的批覆》(證監許可[2012]736號)) issued by the CSRC on 28 May 2012, the Company issued 150,000,000 A shares for the first time and those shares were listed on the main board of the Shanghai Stock Exchange (stock short name: 一拖股份; stock code: 601038.SH). The issue price was RMB5.40 per share, and the net raised funds after deducting issuance expenses were RMB773,733,129, including an increase in share capital of RMB150,000,000 and an increase in capital reserve of RMB623,733,129. The Company's total share capital increased from 845,900,000 shares to 995,900,000 shares, and its registered capital increased to RMB995,900,000.

Baker Tilly China Certified Public Accountants issued the "Capital Verification Report" (Baker Tilly Jing QJ[2012]T25) (《驗資報告》(天職京 QJ[2012]T25號)). On 18 September 2012, the Henan Provincial Department of Commerce issued the "Reply on the Approval of the Increase of Registered Capital of First Tractor Company Limited" (Yushang Asset Management [2012] No. 66) (《關於同意第一拖拉機股份有限公司增加註冊資本的批覆》(豫商資管[2012]66號)), approving the Company's registered capital to increase to

RMB995,900,000. Upon completion of the issuance, the Company's share capital was as follows:

Name of shareholder	Nature of equity	Number of shares (shares)	Percentage of shareholding
YTO	State-owned legal person shares	443,910,000	44.57%
H share public shareholders	Overseas listed foreign shares	401,990,000	40.37%
A share public shareholders	Domestic listed domestic shares	150,000,000	15.06%
Total		995,900,000	100.00%

(5) Repurchase and cancellation of H shares in 2016

On 27 May 2016, the Company held the 2015 annual general meeting, the first A-share class meeting in 2016 and the first H-share class meeting in 2016 and reviewed and approved the "Resolution on the General Mandate to Repurchase Part of the H Shares". According to the mandate of the resolution, the Company began to carry out H share repurchase from 19 July 2016. As of 25 July 2017, the Company had repurchased and cancelled a total of 10,050,000 H shares, reducing the registered capital by RMB10,050,000. After reducing the registered capital, the total number of shares of the Company was 985,850,000 shares, and the registered capital was RMB985,850,000. The Company's share capital was as follows:

Name of shareholder	Nature of equity	Number of shares (shares)	Percentage of shareholding
YTO	State-owned legal person shares	410,690,578	41.66%
H share public shareholders	Overseas listed foreign shares	391,940,000	39.76%
A share public shareholders	Domestic listed domestic shares	183,219,422	18.58%
Total		985,850,000	100.00%

(6) Non-public issuance of A shares in 2021

On 25 January 2021, according to the "Reply on the Approval of the Non-public Issuance of Shares by First Tractor Company Limited" (CSRC Permit [2020] No. 3379) (《關於核准第一拖拉機股份有限公司非公開發行股票的批覆》(證監許可〔2020〕3379號)) issued by the CSRC on 14 December 2020, the Company non-publicly issued 137,795,275 A shares. The issue price was RMB5.08 per share, and the net raised funds after deducting issuance expenses are RMB694,178,644.67, of which the share capital was increased by RMB137,795,275.00 and the capital reserve was increased by RMB556,383,369.67. The Company's total share capital increased from 985,850,000 shares to 1,123,645,275 shares, and the registered capital increased to RMB1,123,645,275. Asia Pacific (Group) CPAs (Special General Partnership) issued the "Capital Verification Report" (Yahui Yanzi (2021) No. 01210002) (《驗資報告》(亞會驗字(2021)第 01210002 號)) on 26 January 2021. Upon completion of the issuance, the Company's share capital was as follows:

Name of shareholder	Nature of equity	Number of shares (shares)	Percentage of shareholding
YTO	State-owned legal person shares	548,485,853	48.81%
H share public shareholders	Overseas listed foreign shares	391,940,000	34.88%
A share public shareholders	Domestic listed domestic shares	183,219,422	16.31%
Total		1,123,645,275	100.00%

3. Changes in Control in the Past Three Years

The de facto controller of the Listed Company has been SINOMACH in the past three years, and the control rights have not changed.

4. Major Asset Restructuring in the Past Three Years

There has been no major asset restructuring of the Listed Company in the past three years.

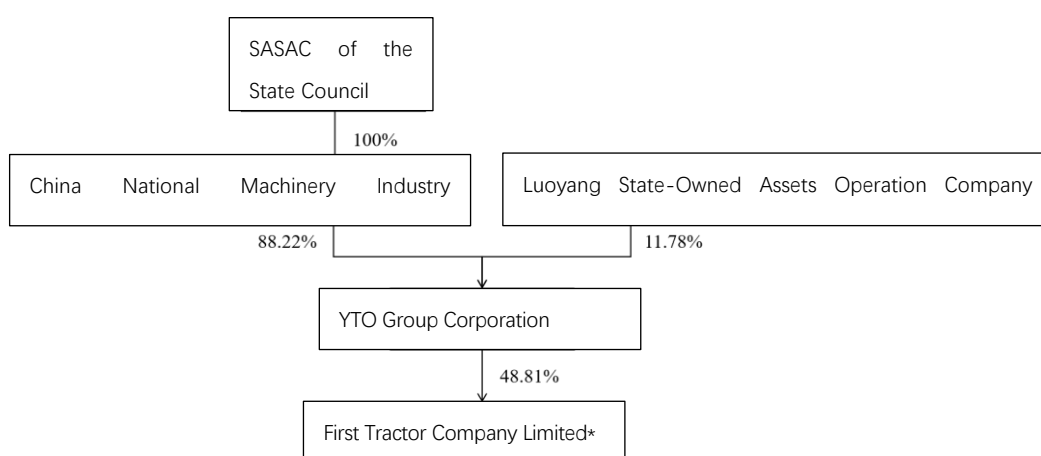
5. Controlling Shareholder and De Facto Controller

As of the signing date of this proposal, the Company's controlling shareholder is YTO, and its de facto controller is SINOMACH.

(1) Equity control relationship

The controlling shareholder of the Company is YTO, which directly holds 48.81% of the shares of the Listed Company. The de facto controller of the Company is SINOMACH, which directly holds 88.22% of the equity of YTO.

As of the signing date of this proposal, the equity and control structure of the Listed Company is as follows:



(2) Basic information of the controlling shareholder and the de facto controller

The specific information of YTO is as follows:

Company name	中國一拖集團有限公司 YTO Group Corporation
Date of Establishment	6 May 1997
Legal representative	Liu Jiguo
Registered capital	RMB3,106,193,800
Registered address	No. 154 Jianshe Road, Luoyang, Henan Province, the PRC
Principal office address	No. 154 Jianshe Road, Luoyang, Henan Province, the PRC
Company type	Other limited liability companies
Unified social credit code	91410000169958054B
Main business scope	<p>General items: manufacturing of tractors; sales of agricultural machinery; manufacturing of agricultural machinery; sales of machinery and equipment; research and development of machinery and equipment; manufacturing of general equipment (excluding manufacturing of special equipment); manufacturing of electric generators and electric generating sets; sales of electric generators and electric generating sets; sales of special equipment; casting of ferrous metals; sales of high-quality special steel materials; manufacturing of forgings and powder metallurgy products; sales of forgings and powder metallurgy products; manufacturing of machinery parts for agriculture, forestry, animal husbandry and fishery; sales of machinery parts for agriculture, forestry, animal husbandry and fishery; technical services, technology development, technical consultation, technology exchanges, technology transfer and technology promotion; manufacturing of navigational, surveying and mapping, meteorological and marine special instruments; sales of navigational, surveying and mapping, meteorological and marine special instruments; software development; information systems integration services (except for items that require approval in accordance with the law, business activities are carried out independently with business licenses in accordance with the law).</p> <p>Licensed items: manufacturing of special equipment; import and export of goods; import and export of technology (for projects subject to approval according to law, business activities can only be carried out after the approval of the relevant departments. The specific business projects are subject to the approval documents or licenses of the relevant departments)</p>
Business term	6 May 1997 to 5 May 2047

The specific information of SINOMACH is as follows:

Company name	China National Machinery Industry Corporation* (中國機械工業集團有限公司)
Date of Establishment	21 May 1988
Legal representative	Zhang Xiaolun (張曉倫)
Registered capital	RMB26,000,000,000
Registered address	No. 3 Danling Street, Haidian District, Beijing
Principal office address	No. 3 Danling Street, Haidian District, Beijing
Company type	Limited liability company (solely state-owned)
Unified social credit code	911100001000080343
Main business scope	External dispatch of contract workers required by overseas projects; domestic and foreign contracting of large equipment and projects, organization of the research and development of major technology and equipment in the industry, and the production and sales of scientific research products; sales of motor vehicles, cars and auto parts; contracting of overseas projects and domestic international bidding projects; import and export business; holding economic and trade exhibitions overseas and organization of domestic enterprises to participate or hold exhibitions overseas; holding exhibition and show activities; convention services. (Market entity is allowed to choose the business to be engaged in and carry out such business activities pursuant to laws. For business items for which approvals are required under the laws, they can be carried out after obtaining approval from relevant authorities. No business activities which are prohibited and restricted by the industrial policies of the PRC and the municipality shall be carried out.)
Business term	21 May 1988 to no fixed term

6. Development of Main Business

The Company's principal businesses include R&D, manufacturing and sales of agricultural machinery, power machinery and related spare parts. The main products include wheeled tractors, crawler tractors, off-road diesel engine, and castings and forgings, gears, gearboxes and coverings for agricultural machinery products, as well as cylinder blocks, crankshafts, oil injection pumps and oil injection nozzles for power machinery products. The Company focuses on the manufacturing of advanced agricultural machinery and equipment and insisting on the

technological upgrading and structural optimisation of industrial chain and is committed to becoming an “outstanding agricultural equipment manufacturing service provider” to continuously provide a higher level of mechanization guarantee for the PRC’s agricultural modernization development.

The Company possesses leading industrial technology R&D and independent innovation capacities in the domestic agricultural machinery industry to provide strong support for product upgrades; stable and reliable product quality to provide effective guarantee for improving product competitiveness; continuously improving intelligent manufacturing systems and core manufacturing capabilities to create a leading domestic advanced manufacturing base for agricultural machinery equipment; and complete marketing and after-sales service system to ensure rapid response to market demand.

7. Main Financial Data for the Last Three Years

Unit: RMB0,000

Items	January- September 2023/2023.0 9.30	2022/2022.1 2.31	2021/2021.1 2.31	2020/2020.1 2.31
Total operating revenue	1,025,180.63	1,256,378.03	933,380.89	758,247.68
Total profit	116,018.85	61,189.79	46,029.19	30,733.44
Net profit	109,232.40	64,195.81	43,334.32	28,096.23
Net profit attributable to shareholders of parent company	108,519.49	68,105.10	43,820.92	28,015.07
Net profit attributable to shareholders of the Company after deduction of non-recurring profit or loss	104,592.90	77,142.24	33,516.56	14,600.08
Total assets	1,474,270.50	1,298,614.23	1,233,959.46	1,234,260.89
Equity attributable to shareholders of the parent company	679,144.88	595,808.50	540,207.89	433,817.91

Weighted ROE	16.99%	11.99%	8.49%	6.66%
ROE after deduction of non-recurring profit or loss (diluted)	15.40%	12.95%	6.20%	3.37%
Asset-liability ratio	50.27%	49.97%	51.52%	59.69%
Asset turnover rate (times)	0.74	0.99	0.76	0.63
EPS (basic)	0.97	0.61	0.39	0.28
EPS (diluted)	0.97	0.61	0.39	0.28

Note: The Company's financial data from 2020 to 2022 has been audited, and the financial data from January to September 2023 has not been audited.

8. The status of the Listed Company being investigated by judicial authorities for suspected crimes or investigated by the CSRC for suspected violations of laws and regulations and having received criminal penalties and administrative penalties in the past three years.

In the past three years, the Listed Company has not been investigated by judicial authorities for suspected crimes or investigated by the CSRC for suspected violations of laws and regulations and has not been subject to criminal penalties or administrative penalties that have a significant impact on the Company's production and operations.

9. Integrity of the Listed Company and its controlling shareholder and de facto controller

The Listed Company and its controlling shareholder and de facto controller have not been subject to administrative penalties from the CSRC or public condemnation from stock exchanges or other national securities trading organisations approved by the State Council in the past twelve months, and there have been no other major breaches of trust.

Chapter Three Basic Information of The Counterparty

This transaction will be publicly listed on Beijing Equity Exchange in accordance with the relevant regulations on state-owned asset transaction and management and state-owned equity transfer of listed companies. The final counterparty of this transaction will be determined based on the public listing results.

As of the signing date of this proposal, the counterparty of this transaction has not yet been determined, and the counterparty information will be disclosed in the Restructuring Report.

Chapter Four Basic Information on The Subject Assets

1. Basic information

Company name	Zhongyuan Bank Co., Ltd.
Date of Establishment	2014-12-23
Legal representative	Guo Hao (郭浩)
Registered capital	RMB20,075,000,000
Registered address	Zhongke Golden Tower, No. 23 Shangwu Waihuan Road, Zhengdong New District CBD, Zhengzhou, Henan Province
Principal office address	Zhongke Golden Tower, No. 23 Shangwu Waihuan Road, Zhengdong New District CBD, Zhengzhou, Henan Province
Company type	Other joint stock limited company (listed)
Unified social credit code	9141000031741675X6
Financial license institution code	B0615H241010001
Main business scope	receiving deposits from the public; offering short-term, medium-term and long-term loans, handling domestic and foreign settlement; bill acceptance and discounting; issuing financial bonds; acting as an agent for issuance, redemption and underwriting of governmental bonds; trading in governmental bonds and financial bonds, inter-bank lending; trading and proxy trading of foreign currency; bank card business; provision of letter of credit and guarantee; agency for receipt and payment and agency for insurance business; provision of safe deposit boxes; sales of funds; and other business as approved by the then China Banking Regulatory Commission.

Note: On 26 May 2022, the CBIRC approved the change of the registered capital of Zhongyuan Bank from RMB20,075,000,000 to RMB36,549,823,322. As of the signing date of this proposal, the registration of the relevant industrial and commercial change is still in process.

2. Equity Structure and Controlling Relationship

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

No.	Name of shareholder	Nature of shares	Nature of shareholders	Number of shares held (0,000 shares)	Percentage of shareholding
1	HKSCC Nominees Limited	H shares	Others	694,426.9900	19.00%
2	Henan Investment Group Co., Ltd.* (河南投資集團有限公司)	Domestic shares	State-owned legal person shares	226,439.6518	6.20%
3	Luoyang Municipal Finance Bureau	Domestic shares	State Shares	136,157.1120	3.73%
4	China Tourism Group Corporation Limited (中國旅遊集團有限公司)	Domestic shares	State-owned legal person shares	106,152.1911	2.90%
5	Zhongyuan Trust Co., Ltd. (中原信託有限公司)	Domestic shares	State-owned legal person shares	79,113.1350	2.16%
6	Henan Zhaoteng Investment Group Co., Ltd. (河南省兆騰投資集團有限公司)	Domestic shares	Privately-owned legal person shares	68,325.2415	1.87%
7	Zhengzhou Kangqiao Real Estate Development Co., Ltd. (鄭州康橋房地產開發有限責任公司)	Domestic shares	Privately-owned legal person shares	55,310.9303	1.51%
8	Henan Guangcai Group Development Co., Ltd. (河南光彩集團發展有限公司)	Domestic shares	Privately-owned legal person shares	53,534.2105	1.46%

9	Henan Machinery Investment Group Co., Ltd. (河南機械裝備投資集團有限公司)	Domestic shares	State-owned legal person shares	50,675.1425	1.39%
10	Luoyang Urban and Rural Construction Investment Group Co., Ltd. (洛陽城鄉建設投資集團有限公司)	Domestic shares	State-owned legal person shares	50,443.5685	1.38%
Total				1,520,578.1732	41.60%

YTO Diesel Engine, a controlled subsidiary of First Tractor, holds 322,622,716 non-overseas listed domestic shares of Zhongyuan Bank, with a shareholding percentage of 0.8827%.

3. History

(1) In 2014, Zhongyuan Bank was established

On 23 December 2014, Zhongyuan Bank was formed as a joint-stock commercial bank through the consolidation of the Thirteen City Commercial Banks, which were promoted and authorized by Henan Government and the CBRC, and supported by the PBoC pursuant to the Guidance Opinions of the State Council on Supporting Henan Province to Expedite the Development of Central Plains Economic Zone (Guofa [2011] 32) (《國務院關於支持河南省加快建設中原經濟區的指導意見》國發[2011]32 號) and the registered capital was RMB15,420,540,741.

The equity structure of Zhongyuan Bank at establishment was as follows:

No.	Name of shareholder	Number of shares held (0,000 shares)	Percentage of shareholding
1	Former shareholders of Xinxiang Bank	144,111.2290	9.35%
2	Former shareholders of Sanmenxia Bank	121,250.6285	7.86%
3	Former shareholders of Xinyang Bank	109,750.4033	7.12%
4	Former shareholders of Xuchang Bank	109,374.4046	7.09%
5	Former shareholders of Zhumadian Bank	108,762.3633	7.05%
6	Former shareholders of Kaifeng Commercial Bank	102,783.7476	6.67%
7	Former shareholders of Shangqiu Bank	88,659.1267	5.75%
8	Former shareholders of Zhoukou Bank	75,129.8721	4.87%
9	Former shareholders of Luohe Bank	74,065.8621	4.80%
10	Former shareholders of Anyang Bank	62,433.6899	4.05%
11	Former shareholders of Puyang Bank	62,083.6000	4.03%
12	Former shareholders of Hebi Bank	54,479.2567	3.53%
13	Former shareholders of Nanyang Bank	49,603.2113	3.22%
14	Henan Investment Group	121,330.9796	7.87%
15	Yongcheng Coal and Electricity	115,735.6994	7.51%
16	Henan Shengrun Holdings Group Co., Ltd. (河南盛潤控股集團有限公司)	50,000.0000	3.24%
17	Zhengzhou Kangqiao Real Estate Development Co., Ltd. (鄭州康橋房地產開發有限責任公司)	25,000.0000	1.62%
18	Henan Zongheng Gas Pipeline Co., Ltd. (河南縱橫燃氣管道有限公司)	20,000.0000	1.30%
19	Henan Guangcai Group Development Co., Ltd. (河南光彩集團發展有限公司)	15,000.0000	0.97%

No.	Name of shareholder	Number of shares held (0,000 shares)	Percentage of shareholding
20	Shanghai Kimberlite Jewelry Development Co., Ltd. (上海金伯利珠寶發展有限公司)	10,000.0000	0.65%
21	Zhengzhou Yongwei Property Co., Ltd. (鄭州市永威置業有限公司)	10,000.0000	0.65%
22	Henan Hanfeng Culture Development Co., Ltd. (河南漢風文化發展有限公司)	5,000.0000	0.32%
23	Henan Hengchang Trading Co., Ltd. (河南省恒昌商貿有限公司)	3,500.0000	0.23%
24	Henan Haihong Industrial Co., Ltd. (河南海宏實業有限公司)	2,000.0000	0.13%
25	Zhumadian Hengsheng Pharmacy Chain Co., Ltd. (駐馬店恒升大藥房連鎖有限公司)	1,000.0000	0.06%
26	Zhumadian Yongxin Electric Appliance Co., Ltd. (駐馬店永鑫家電有限公司)	1,000.0000	0.06%
Total		1,542,054.0741	100.00%

(2) Changes in the registered capital in 2015

On 31 December 2015, the registered capital of Zhongyuan Bank was increased to RMB16,625,000,000 by way of issuing 1,204,459,259 domestic shares with a nominal value of RMB1.00 each.

The PRC legal advisors of Zhongyuan Bank, King & Wood Mallesons, have confirmed that the procedures for the state-owned assets valuation and filing of valuation results relating to the above changes in Zhongyuan Bank's registered capital have been duly completed, and that Zhongyuan Bank has obtained the approvals from the relevant PRC regulatory authorities and have completed the registration procedure of the above changes with the relevant local office

of the Administration of Industry and Commerce.

Upon completion of the capital increase, the equity structure of Zhongyuan Bank was as follows:

No .	Name of shareholder	Number of shares held (0,000 shares)	Percentage of shareholding
1	Henan Investment Group	150,000.0000	9.02%
2	Yongcheng Coal and Electricity	123,296.0305	7.42%
3	Other shareholders	1,389,203.9695	83.56%
Total		1,662,500.0000	100.00%

(3) Listed on the Main Board of the Hong Kong Stock Exchange in 2017

On 19 July 2017, Zhongyuan Bank issued 3,000,000,000 H shares and converted 300,000,000 domestic shares into H shares and was listed on the main board of the Stock Exchange. In addition, Zhongyuan Bank's over-allotment option was fully exercised and a total of 495,000,000 H shares were issued, of which 450,000,000 shares were newly added share capital and 45,000,000 shares were domestic shares that were converted into H shares). The H shares were listed on the main board of the Stock Exchange on 15 August 2017.

Upon completion of the listing, the total issued share capital of Zhongyuan Bank increased to 20,075,000,000 shares, including 3,795,000,000 H shares and 16,280,000,000 domestic shares. The equity structure was as follows:

No.	Name of shareholder	Number of shares held (0,000 shares)	Percentage of shareholding
1	Henan Investment Group	140,728.5479	7.01%
2	Yongcheng Coal and Electricity	115,675.1425	5.76%
3	Other domestic shareholders	1,371,596.3096	68.32%
4	H share public shareholders	379,500.0000	18.90%
Total		2,007,500.0000	100.00%

(4) H Share Placement in 2022

On 10 May 2022, Zhongyuan Bank successfully allotted 3,150,000,000 H shares to no less than six independent places at a placement price of HK\$1.80, representing 45.36% and 13.56% of the total number of issued H shares and the total number of issued ordinary shares after the completion of the placement respectively.

Upon completion of the H-share placement, Zhongyuan Bank's registered capital increased to RMB23,225,000,000, and the total number of issued ordinary shares increased to 23,225,000,000 shares, including 16,280,000,000 domestic shares and 6,945,000,000 H shares. The equity structure was as follows:

No.	Name of shareholder	Number of shares held (0,000 shares)	Percentage of shareholding
1	Henan Investment Group	205,728.5479	8.86%
2	Other domestic shareholders	1,422,271.4521	61.24%
3	H share public shareholders	694,500.0000	29.90%
Total		2,322,500.0000	100.00%

(5) Shares Issued for Consideration in 2022

In October 2021, in accordance with the requirements of the Henan Provincial Party Committee to "optimize and strengthen local finance and create a first-class city commercial bank", Zhongyuan Bank implemented the absorption and merger of Bank of Luoyang, Bank of Pingdingshan and Bank of JZCTS. On 25 May 2022, the absorption and merger were approved by the CBIRC. Zhongyuan Bank issued 13,324,823,322 domestic shares with a par value of RMB1.00 per share to the above-mentioned bank shareholders to pay for the consideration of the absorption and merger.

Upon the completion of the issuance of shares for consideration, the equity structure of Zhongyuan Bank was as follows:

No.	Name of shareholder	Number of shares held (0,000 shares)	Percentage of shareholding
1	Henan Investment Group	226,439.6518	6.20%
2	Other domestic shareholders	2,734,042.6804	74.80%
3	H share public shareholders	694,500.0000	19.00%
Total		3,654,982.3322	100.00%

4. Information of Subsidiary Enterprises

As of the signing date of this proposal, the basic information of the subsidiaries directly controlled by Zhongyuan Bank is as follows (excluding companies that have been cancelled or have ceased operations and are pending closure):

No.	Company name	Percentage of shareholding	Date of establishment	Registered capital (RMB0,000)	Place of registration/ registered address	Main business scope
1	AB Leasing Co., Ltd. (邦銀金融租賃股份有限公司)	90%	2013-08-16	300,000	Mei Sheng Centre, no. 33 Jinshui East Road, Zhengzhou Area (Zhengdong) Pilot Free Trade Zone, Henan Province (Mei Sheng Centre, No. 33, Jinshui East Road, Zhengzhou City, Henan Province) (河南自貿試驗區鄭州片區(鄭東)金水東路33號美盛中心(河南省鄭州市金水東路33號美盛中心))	Financial leasing business, transfer and receipt of financial leasing assets, investment in fixed-income securities, acceptance of deposits from lessees, absorption of deposits from non-banking shareholders with terms of 3 months or above, interbank borrowing, borrowing from financial institutions, overseas borrowing, sale and disposal of leased items, economic consulting, and other businesses approved by the China CBRC. (Business activities of projects that require approval according to law can only be

No.	Company name	Percentage of shareholding	Date of establishment	Registered capital (RMB0,000)	Place of registration/ registered address	Main business scope
						carried out with approval by relevant departments)
2	BOL Financial Leasing Co., Ltd. (洛銀金融租賃股份有限公司)	57.5%	2014-12-18	200,000	Block A, Zhonghong Zhuoyue Centre, No. 1 Wuhuan Street, Luolong District, Luoyang City, Henan Province (河南省洛陽市洛龍區五環街1號中弘卓越中心A座)	Financial leasing business, transfer and receiving of financial leasing assets, investment in fixed-income securities, acceptance of the lessee's leasing deposits, taking of 3-month or above term deposits from non-banking shareholders, interbank lending and borrowing, borrowing from financial institutions, overseas borrowing, sale and disposal of leased items, economic consulting, and other business approved by the then CBRC. (Business activities of projects that require approval

No.	Company name	Percentage of shareholding	Date of establishment	Registered capital (RMB0,000)	Place of registration/ registered address	Main business scope
						according to law can only be carried out after approval by relevant departments)
3	Xiping Zhongyuan County Bank Co., Ltd. (西平中原村鎮銀行股份有限公司)	43.69%	2009-12-17	20,852.4259	No. 81, Middle Section of Xiping Avenue, Xiping County, Zhumadian City, Henan Province (河南省駐馬店市西平縣西平大道中段 81 號)	Receiving deposits from the public; offering short-term, medium-term and long-term loans, handling domestic and foreign settlement; bill acceptance and discounting; engage in inter-industry lending; engage in bank card business; agency issuance, agency redemption and payment, and underwriting of government bonds; agency collection and payment and agency insurance business; and other businesses approved by the banking regulatory

No.	Company name	Percentage of shareholding	Date of establishment	Registered capital (RMB0,000)	Place of registration/ registered address	Main business scope
						agency.
4	Xinxiang Zhongyuan County Bank Co., Ltd. (新鄉中原村鎮銀行股份有限公司)	78.4615%	2010-03-23	13,000	Northwest corner of the intersection of Daoqing Road and Fenghua Road, Xinxiang Development Zone (新鄉市開發區道清路和豐華路交叉口西北角)	Receiving deposits from the public; offering short-term, medium-term and long-term loans; handling domestic settlement; bill acceptance and discounting; engage in inter-industry lending; engage in bank card business; agency issuance, agency redemption and payment, and underwriting of government bonds; agency collection and payment business; other businesses approved by the banking regulatory agency. (Any business that requires administrative permission must be operated with a valid license or approval

No.	Company name	Percentage of shareholding	Date of establishment	Registered capital (RMB0,000)	Place of registration/ registered address	Main business scope
						document)
5	Xinyang Pingqiao Zhongyuan County Bank Co., Ltd. (信陽平橋中原村鎮銀行股份有限公司)	51.7267%	2010-12-13	8,994.6604	Intersection of Nanjing Road and 24th Street, Pingqiao District, Xinyang City (信陽市平橋區南京路與二十四大街交叉口)	Engage in businesses approved by the China Banking Regulatory Commission in accordance with relevant laws, administrative regulations and rules. The business scope shall be as listed in the approval documents.
6	Suiping Zhongyuan County Bank Co., Ltd. (遂平中原村鎮銀行股份有限公司)	51.024%	2012-03-12	5,615	No. 79, Jianshe Road, Suiping County (遂平縣建設路 79 號)	Receiving deposits from the public; offering short-term, medium-term and long-term loans; handling domestic settlement; bill acceptance and discounting; engage in inter-industry lending; engage in bank card business; agency issuance, agency redemption and payment, and underwriting of

No.	Company name	Percentage of shareholding	Date of establishment	Registered capital (RMB0,000)	Place of registration/ registered address	Main business scope
						government bonds; agency collection and payment business and agency insurance business; other businesses approved by the banking regulatory agency.
7	Luohe Yancheng Zhongyuan County Bank Co., Ltd. (漯河市郾城中原村镇银行有限公司)	51%	2011-07-12	30,000	No. 406, Huanghe Road, Yancheng District, Luohe City (漯河市郾城區黃河路 406 號)	Receiving deposits from the public; offering short-term, medium-term and long-term loans; handling domestic settlement; bill acceptance and discounting; engage in inter-industry lending; engage in bank card business; agency issuance, agency redemption and payment, and underwriting of government bonds; agency collection and payment business and agency

No.	Company name	Percentage of shareholding	Date of establishment	Registered capital (RMB0,000)	Place of registration/ registered address	Main business scope
						insurance business; act as an agent for financial institutions such as policy banks, commercial banks, insurance companies, and securities companies in accordance with relevant national regulations; other businesses approved by the banking regulatory agency. (Operating within the scope determined by the financial license and approval documents, no operation is allowed before approval)
8	Linzhou Zhongyuan County Bank Co., Ltd. (林州中原村鎮銀行股份有限公司)	51%	2011-09-30	7,500	No. 1 West Road, North Section of Chang'an Road, Kaiyuan District, Linzhou City (林州市開	Receiving deposits from the public; offering short-term, medium-term and long-term loans; handling domestic

No.	Company name	Percentage of shareholding	Date of establishment	Registered capital (RMB0,000)	Place of registration/ registered address	Main business scope
					元區長安路北段路西1號)	settlement; bill acceptance and discounting; engage in inter-industry lending; engage in bank card business; agency issuance, agency redemption and payment, and underwriting of government bonds; agency collection and payment business and insurance agency business; and other businesses approved by the banking regulatory agency. (The above business projects are operated with a valid financial license).
9	Xiangcheng Zhongyuan County Bank Co., Ltd. (襄城中原村鎮銀行股份	51%	2011-10-27	6,100	North of Xinxian Party Committee East Road, Yancheng Road, Dongcheng District,	Receiving deposits from the public; offering short-term, medium-term and long-term loans; handling domestic

No.	Company name	Percentage of shareholding	Date of establishment	Registered capital (RMB0,000)	Place of registration/ registered address	Main business scope
	有限公司)				Xiangcheng County (襄城縣東城區煙城路新縣委東路北)	settlement; bill acceptance and discounting; agency issuance, agency redemption and payment, and underwriting of government bonds; purchase and disposal of government bonds and financial bonds; engage in inter-bank lending; engage in debit card business; agency collection and payment business and agency insurance business; other businesses approved by the banking regulatory agency in the PRC.
10	Lushi Zhongyuan County Bank Co., Ltd. (盧氏中原村鎮銀行股份有限公司)	51%	2012-05-15	6,000	Middle section of Wenming Road, Lushi County (No. 1 Commercial and Residential	Receiving deposits from the public; offering short-term, medium-term and long-term loans; handling domestic

No.	Company name	Percentage of shareholding	Date of establishment	Registered capital (RMB0,000)	Place of registration/ registered address	Main business scope
					Building, Family Building of Environmental Protection Bureau) (盧氏縣城文明路中段 (環保局家屬樓 1 號商住樓))	settlement; bill acceptance and discounting; engage in inter-industry lending; engage in bank card business; agency issuance, agency redemption and payment, and underwriting of government bonds; agency collection and payment business; other businesses approved by the banking regulatory agency. (Any business that requires administrative permission must be operated with a valid license or approval document)
11	Puyang Zhongyuan County Bank Co., Ltd. (濮陽中原村鎮銀行股份有限公司)	51%	2012-03-16	5,875	North of the middle section of Guoqing Road, Puyang County (濮陽縣國慶路中段路)	receiving deposits from the public; offering short-term, medium-term and long-term loans; handling domestic

No.	Company name	Percentage of shareholding	Date of establishment	Registered capital (RMB0,000)	Place of registration/ registered address	Main business scope
					北)	settlement; bill acceptance and discounting; engage in inter-bank lending; engage in bank card business; agency issuance, agency redemption and payment, and underwriting of government bonds; agency collection and payment business; other businesses approved by the banking regulatory authority of the State Council. (If laws and regulations stipulate that approval is required, operations may not be carried out before approval)
12	Qixian Zhongyuan County Bank Co., Ltd. (淇縣中原村鎮銀行股份有限公司)	51%	2010-12-23	5,000	Northwest corner of the intersection of Yunmeng Avenue and Qihe Road, Qi County (淇縣雲夢	Receiving deposits from the public; offering short-term, medium-term and long-term loans; handling domestic

No.	Company name	Percentage of shareholding	Date of establishment	Registered capital (RMB0,000)	Place of registration/ registered address	Main business scope
					大道與淇河路交叉口西北角)	settlement; bill acceptance and discounting; engage in inter-industry lending; engage in bank card business; agency issuance, agency redemption and payment, and underwriting of government bonds; agency collection and payment business (no business is allowed if prohibited by laws and regulations; if laws and regulations stipulate that review and approval are required, no business is allowed until approval is obtained).
13	Jiaxian Guangtian County Bank Co., Ltd. (滎縣廣天村鎮銀行股份有限公司)	51.28%	2009-10-23	7,800	Northwest corner of Jiabao intersection, Jiaxian County (滎縣滎寶路口西北)	Receiving deposits from the public; offering short-term, medium-term and long-term loans; handling

No.	Company name	Percentage of shareholding	Date of establishment	Registered capital (RMB0,000)	Place of registration/ registered address	Main business scope
	司)				角)	domestic settlement; bill acceptance and discounting; engage in inter-industry lending; engage in bank card business; agency issuance, agency redemption and payment, and underwriting of government bonds; agency collection and payment business; other businesses approved by the banking regulatory agency.
14	Henan Luanchuan Minfeng County Bank Co., Ltd. (河南欒川民豐村鎮銀行股份有限公司)	30.33%	2008-6-12	15,240	Building 11, Fenghuangtian Street, Intersection of Binhe Avenue and Huameishan Road, Luanchuan County, Luoyang City (洛陽市欒川縣濱河大道與畫眉山路交叉口鳳凰天街 11	Receiving deposits from the public; offering short-term, medium-term and long-term loans; handling domestic settlement; bill acceptance and discounting; engage in bank card business; engage in inter-industry lending; agency

No.	Company name	Percentage of shareholding	Date of establishment	Registered capital (RMB0,000)	Place of registration/ registered address	Main business scope
					號樓)	issuance, agency redemption and payment, and underwriting of government bonds; agency collection and payment business (operating with a financial license, organization code: S0001H341030001).
15	Mengjin Minfeng County Bank Co., Ltd. (孟津民豐村鎮銀行股份有限公司)	34.58%	2011-11-23	15,000	No. 555 Guihua Avenue, Mengjin County (孟津縣桂花大道 555 號)	Receiving deposits from the public; offering short-term, medium-term and long-term loans; handling domestic settlement; bill acceptance and discounting; engage in inter-industry lending; engage in bank card business; agency issuance, agency redemption and payment, and underwriting of government

No.	Company name	Percentage of shareholding	Date of establishment	Registered capital (RMB0,000)	Place of registration/ registered address	Main business scope
						bonds; agency collection and payment business (operating with a financial license, organization code: S0039H341030001).
16	Shenzhen Nanshan Baosheng County Bank Co., Ltd. (深圳南山寶生村鎮銀行股份有限公司)	42.05%	2011-3-15	71,350	Room 101 in the lobby, 16th and 17th floors of CCIC Building, No. 006 Keji South 12th Road, High-tech Zone Community, Yuehai Street, Nanshan District, Shenzhen City (深圳市南山區粵海街道高新區社區科技南十二路 006 號中檢大廈大堂內 101、16 層、17 層)	General businesses: receiving deposits from the public; offering short-term, medium-term and long-term loans; handling domestic settlement; bill acceptance and discounting; engage in inter-industry lending; engage in bank card business; agency issuance, agency redemption and payment, and underwriting of government bonds; agency collection and payment business and agency

No.	Company name	Percentage of shareholding	Date of establishment	Registered capital (RMB0,000)	Place of registration/ registered address	Main business scope
						insurance business; other businesses approved by the banking regulatory agency.

5. Development of Main Business

Zhongyuan Bank was established on 23 December 2014. It is a provincial legal person bank with branches covering the entire Henan Province. On 19 July 2017, Zhongyuan Bank was listed on the main board of the Hong Kong Stock Exchange. Since its establishment, Zhongyuan Bank has followed the development goal of "building Zhongyuan Bank into a first-class commercial bank" proposed by the Henan Provincial Party Committee and Provincial Government, anchored the development positioning of "the party's leadership is the soul, the party committee and the government are the support, the market economy is the environment, the nature of the institution is bank, asset quality is life, and business performance is fundamental". Zhongyuan Bank adheres to the working principles of "persisting in making progress while maintaining stability, adhering to integrity and innovation, insisting on customer-centeredness, insisting on improving comprehensive competitive advantages, insisting on improving systems and mechanisms, insisting on changing work styles, and adhering to the leadership of party building " and has achieved good development results.

Zhongyuan Bank has successively won the honours of "Ten Best City Commercial Banks", "Ten Best Banks in IRONHORSE (鐵馬十佳銀行)", "Best Listed Company" and "Outstanding City Commercial Bank of the Year (年度卓越城商行)". Zhongyuan Bank ranked 145th amongst the top 1,000 banks in the world by The Banker(銀行家) (UK) in 2023, up 35 places

as compared with the previous year; ranked 475th amongst the top 500 listed companies in the PRC by the Fortune magazine and was the only financial institution in Henan Province on the list.

6. Main Financial Data for the Last Two Years

Zhongyuan Bank's main financial data in 2021, 2022 and January to June 2023 are as follows:

Unit: RMB0,000

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

Note: Zhongyuan Bank's financial data for 2021 and 2022 have been audited, while the financial data from January to June 2023 has not been audited.

Chapter Five Appraisal of The Underlying Asset

YTO Diesel Engine engaged China Enterprise Appraisals to appraise the value of YTO Diesel Engine's 0.8827% equity interest in Zhongyuan Bank by using 31 May 2023 as the benchmark date.

In respect of the valuation methodology, as the shares of Zhongyuan Bank held by YTO Diesel Engine are small equity interest, it is unable to acquire all the detailed information on each of the sections of Zhongyuan Bank, and the undisclosed information as at the benchmark date, which does not satisfy the conditions for the adoption of the asset-based method, the asset-based method is not adopted for this appraisal. At the same time, as the future profit forecast data of Zhongyuan Bank could not be obtained and Zhongyuan Bank has not yet paid dividends since the absorption and merger of Bank of Luoyang, and YTO Diesel Engine has not yet received the dividend distribution plan, this appraisal does not meet the conditions for using the income method.

As the transaction cases of equity transfer of commercial banks have been more active in the M&A and transfer market in the past two years, and the specific conditions and relevant index data affecting the transaction price can be known through the annual reports of the banks or announcements of listed companies, the conditions required to analyse the transaction price were satisfactory. As such, the market approach was finally adopted for the appraisal. Among the A-share listed companies, the number of listed companies belonging to commercial banks is relatively large, but the business mainly involved is multi-financial and the business volume varies greatly, and therefore, the transaction case comparison method was adopted instead of the Listed Company comparison method, and the value ratio indicator is being selected as the price-to-book ratio (P/B).

According to the Asset Appraisal Report issued by China Enterprise Appraisals, the book value of the 0.8827% equity interest in Zhongyuan Bank held by YTO Diesel Engine was RMB554.1 million with 31 May 2023 as the Valuation Benchmark Date, and the value of the aforesaid equity interest was valued at RMB546.6285 million, representing an impairment of RMB7.4715 million, with an impairment rate of 1.35%, from the carrying value, in

accordance with the market approach. Details are as follows:

Unit: RMB 0'000

Underlying Asset	Valuation Benchmark Date	Appraisal method	Book value	Appraised value
322,622,716 shares of Zhongyuan Bank held by YTO Diesel Engine (Shareholding proportion of 0.8827%)	31 May 2023	Market approach	55,410	54,662.85

Chapter Six Compliance Analysis of The Transaction

1. THE TRANSACTION IS IN COMPLIANCE WITH THE PROVISIONS OF ARTICLE 11 OF THE “ADMINISTRATIVE MEASURES FOR RESTRUCTURING”

(1) The Transaction is in compliance with the national industrial policy and the relevant laws and administrative regulations on environmental protection, land management, anti-monopoly, foreign investment, outbound investment, etc

The Transaction represents the disposal of the 0.8827% equity interest in Zhongyuan Bank held by YTO Diesel Engine, which does not involve any violation of the national industrial policy and the laws and administrative regulations on environmental protection, land administration, anti-monopoly, foreign investment, outbound investment, etc..

(2) The Transaction will not result in the Listed Company failing to meet the conditions for listing of shares

The Transaction does not involve any increase or decrease in the share capital of the Company. After the completion of the Transaction, there will be no change in the total amount and structure of the share capital of the Company, which will not result in the Company failing to meet the conditions for listing of its shares.

(3) The pricing of the assets involved in the Transaction is compliant and fair and there is no damage to the legitimate rights and interests of the Listed Company and the Shareholders

The appraisal institution engaged in the Transaction is independent. The premise of the appraisal assumptions is reasonable, and the appraisal methodology is relevant to the purpose of the appraisal. The appraisal conclusions of the Asset Appraisal Report issued are reasonable. The transfer price by means of public listing for the Transaction complies with the provisions of Order No. 32 and Order No. 36 while the final transaction price will be determined based on the de-listing price, and there are no circumstances that would jeopardize the legitimate rights and interests of the Listed Company and the Shareholders.

(4) The ownership of the assets involved in the Transaction is clear, there is no legal obstacle to the transfer or assignment of the assets, and the disposal of related debts and

liabilities is legal

The ownership of the 0.8827% equity interest of Zhongyuan Bank held by YTO Diesel Engine, is clear in the Transaction. There is no entrusted shareholding, trust shareholding or any other third-party shareholding, no undertaking or arrangement prohibiting or restricting the transfer of the shares. And there is no pledge, freezing, preservation of property or other restriction on the rights of the Underlying Asset or any litigation, arbitration or other form of dispute affecting the Transaction.

YTO Diesel Engine has not violated its obligations and liabilities as a shareholder of Zhongyuan Bank by making false capital contributions, deferring capital contributions, or evading capital contributions, and there are no circumstances that may affect the lawful existence of Zhongyuan Bank.

Based on the above, in the event that the relevant legal procedures and conditions precedent have been fulfilled and the relevant agreements and undertakings have been effectively performed, there is no substantial obstacle to the transfer of Underlying Asset under the Transaction to the counterparty. The Underlying Asset to be disposed of in the Transaction does not involve the transfer of debts and liabilities.

(5) The Transaction is conducive to the enhancement of the Listed Company's capability to continue operations, and there are no circumstances that may result in the Listed Company's main assets being cash or no specific business operations after the Restructuring.

The Company intends to divest assets with low relevance to the Company's main business through the asset disposal, to focus on its main responsibilities and business and to strengthen the Company's competitiveness in the relevant fields.

(6) To facilitate the Listed Company's independence from the de facto controller and its connected persons in terms of business, assets, finance, personnel and organization, etc., and to comply with the relevant provisions of the CSRC on the independence of listed

companies

Prior to the Transaction, the Listed Company has established an independently operated management system in accordance with relevant laws and regulations and the regulatory documents, and has achieved business independence, asset independence, financial independence, personnel independence and institutional independence with the de facto controller and its related party.

After the completion of the Transaction, the Listed Company will continue to be independent from de facto controller and its connected persons in terms of business, assets, finance, personnel and organization in accordance with the requirements of laws and regulations and the regulatory documents, in compliance with the CSRC's provisions relating to the independence of listed companies.

(7) The Transaction is conducive to the maintenance of a sound and effective corporate governance structure of the Listed Company

Prior to the Transaction, the Listed Company had already set up organizational bodies such as the general meeting, the Board of Directors, and the supervisory committee and formulated corresponding rules of procedure in accordance with relevant laws and regulations and the regulatory documents, with a sound organizational structure and a comprehensive corporate governance structure. After the completion of the Transaction, there will be no changes to the corporate governance structure of the Listed Company and it will continue to maintain a sound and effective corporate governance structure.

Based on the above, the Transaction is in compliance with all the requirements of Article 11 of the "Administrative Measures for Restructuring".

2. THE REQUIREMENTS OF ARTICLE 13 OF THE "ADMINISTRATIVE MEASURES FOR RESTRUCTURING" ARE NOT APPLICABLE TO THE TRANSACTION

The Transaction represents a material asset disposal and does not involve the issuance and change of shares of the Listed Company. Before and after the Transaction, the Controlling Shareholder of the Company is YTO, and the de facto controller is SINOMACH. The Transaction

has not resulted in any change of control of the Listed Company and does not constitute a transaction under Article 13 of the “Administrative Measures for Restructuring”, and does not constitute restructuring and listing.

3. PROVISIONS OF ARTICLE 43 OF THE “ADMINISTRATIVE MEASURES FOR RESTRUCTURING” ARE NOT APPLICABLE TO THE TRANSACTION

The Transaction represents a material asset disposal, does not involve the issuance of shares to purchase assets, and is not applicable to the provisions of Article 43 of the “Administrative Measures for Restructuring”.

4. OPINIONS ON THE APPLICATION OF ARTICLES 14 AND 44 OF THE “ADMINISTRATIVE MEASURES FOR THE MATERIAL ASSET RESTRUCTURING OF LISTED COMPANIES—OPINIONS NO.12 ON THE APPLICATION OF SECURITIES AND FUTURES LAWS”

The Transaction represents a material asset disposal, which does not involve the issuance of shares to purchase assets. It is not subject to the provisions of Article 44 of the “Administrative Measures for Restructuring” and the provisions relating to the issuance of shares to purchase assets of the “Opinions on the Application of Articles 14 and 44 of the Measures for the Administration of Major Asset Reorganization of Listed Companies - Opinions on the Application of Securities and Futures Laws No. 12”.

5. THE RELEVANT ENTITIES OF THE TRANSACTION ARE NOT SUBJECT TO THE REQUIREMENTS OF ARTICLE 12 OF THE “GUIDELINES NO.7 FOR THE REGULATION OF LISTED COMPANIES—REGULATION OF ABNORMAL STOCK TRADING RELATED TO THE MATERIAL ASSET RESTRUCTURINGS OF LISTED COMPANIES” IN WHICH THE PARTICIPATIONS OF MATERIAL ASSET RESTRUCTURINGS OF ANY LISTED COMPANY ARE NOT ALLOWED

The relevant entities of the Transaction (including the Listed Company and the Listed Company’s Controlling Shareholder, the de facto controller and the controlling company, the Listed Company and its Controlling Shareholder, the directors, supervisors and senior management of the de facto controller, , as well as the securities companies, securities services institutions and its responsible personnel involved during the Material Asset Restructuring to provide services for Material Asset Restructuring) are not under investigation

or under investigation for suspected insider trading related to the Material Asset Restructuring. The relevant entities have not been subject to administrative penalties by the CSRC or been held criminally responsible by judicial authorities in accordance with the law due to insider trading related to the Material Asset Restructuring over the past 36 months.

Based on the above, there are no circumstances under which the relevant entities to the Transaction are prohibited from participating in any material asset restructuring of a Listed Company pursuant to Article 12 of the “Guidelines for the Supervision of Listed Companies No. 7 - Supervision of Abnormal Trading of Stocks Related to Major Asset Reorganization of Listed Companies”.

6. THE OVERALL PROPOSAL OF THE TRANSACTION HAS COMPILED WITH THE PROVISIONS OF ARTICLE 4 OF THE “GUIDELINES NO.9 FOR THE REGULATION OF LISTED COMPANIES—REGULATORY REQUIREMENTS FOR LISTED COMPANIES’ PLANNING AND IMPLEMENTATION OF MATERIAL ASSET RESTRUCTURINGS”

1. The Underlying Asset of the Transaction represents the 0.8827% equity interest in Zhongyuan Bank held by YTO Diesel Engine, which does not involve matters relating to the approval of projects, environmental protection, industry access, land use, planning, construction and other related matters. The Transaction involves the approval by the general meeting of the Listed Company, and the procedures have already been disclosed in detail in the Proposal, and a special warning has been made of the risk that such approval may not be obtained. It has complied with paragraph 1 of Article 4 of the “Supervisory Guidelines for Listed Companies No. 9 - Supervisory Requirements for Listed Companies Planning and Implementing Material Asset Reorganization”.

2. The Transaction is a material asset disposal, which does not involve the purchase of assets or corporate equity and is not subject to the provisions of paragraphs 2 and 3 of Article 4 of the “Supervisory Guidelines for Listed Companies No. 9 - Supervisory Requirements for Listed Companies Planning and Implementing Material Asset Reorganization”.

3. In the Transaction, the Company will be able to recover its investment and further optimise the Company's asset structure, enhance the operational efficiency of its assets and focus its advantageous resources on the development of its main business, it is conducive to

strengthening the Company's ability for continuing operations. The Transaction will not lead to the emergence of inter-trade competition among listed companies. After the completion of the Transaction, the Company will continue to maintain its independence and strictly regulate its connected transactions in strict compliance with the requirements of laws and regulations. As such, the Transaction complies with the provisions of paragraph 4 of Article 4 of the "Supervisory Guidelines for Listed Companies No. 9 - Supervisory Requirements for Listed Companies Planning and Implementing Material Asset Reorganization"

In conclusion, the Transaction is in compliance with the relevant provisions of Article 4 of the "Supervisory Guidelines for Listed Companies No. 9 - Supervisory Requirements for Listed Companies in Planning and Implementing Material Asset Reorganization".

Chapter Seven Effects of the Transaction on the Listed Company

1. Effects of the Transaction on Main Business of the Listed Company

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

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

2. Effects of the Transaction on Equity Structure of the Listed Company

The Transaction represents a material asset disposal, which does not involve the issuance of Shares and does not affect the shareholding structure of the Company.

3. Effects of the Transaction on the Key Financial Indicators of the Listed Company

In the event the Transaction is implemented, the Listed Company will divest itself of assets with a low degree of relevance to the Company's main business, which is conducive for the Company to better focus on its main business, and optimise its asset structure, and it is expected to have no material impact on the key financial indicators of the Listed Company.

4. Effects of the Transaction on the Connected Transaction of the Listed Company

(1) It is uncertain whether the Transaction constitutes a connected transaction

It is intended that the transferee of the Underlying Asset of the Transaction will be determined by means of public listing, the confirmation of the final counterparty is based on the public listing results, therefore the counterparty of the Transaction is uncertain. Whether the Transaction constitutes a connected transaction is also uncertain, the Company will perform relevant decision-making, approval procedures in accordance with the law, if it involves a connected transaction, during the consideration and approval of the relevant resolutions, the related Directors and related shareholders will abstain from voting.

(2) Effects of the Transaction on the Connected Transaction of the Listed Company

Prior to the Transaction, YTO Diesel Engine held 0.8827% equity interest in Zhongyuan Bank, which was accounted for as trading financial assets and non-operating assets, and Zhongyuan Bank did not constitute a connected party of the Company, and there was no connected transaction between the two parties. The Transaction will not have any impact on the original connected transactions of the Listed Company.

5. Effects of the Transaction on Inter-trade Competitions of the Listed Company

The core businesses of the Listed Company include R&D , manufacturing and sales of agricultural machinery, power machinery and related spare parts. After the completion of the Transaction, the Listed Company will no longer own any equity interest of Zhongyuan Bank, and will put more focus on the Company's main business, and the Transaction will not lead to the Listed Company's new peer competition.

6. Effects of the Transaction on the Corporate Governance Framework of the Listed Company

Prior to the Transaction, the organisational structures such as shareholders' meetings, the Board of Directors, and the supervisory committee had already been set up by the Company in accordance with relevant laws and regulations as well as the regulatory documents. The corresponding rules of procedure had been formulated by the Company with a sound organisational structure and a comprehensive corporate governance framework. After the completion of the Transaction, the corporate governance structure of the Listed

Company will remain unchanged and it will continue to maintain a sound and effective corporate governance structure.

Chapter Eight Risk Factors

In addition, investors are advised to consider carefully the following risk factors when evaluating the Material Asset Disposal of the Company.

1. Risks Relating to the Transaction

(1) Risks of Potential Suspension, Termination or Cancellation of the Transaction

The Listed Company has strictly formulated a “Registration and Management System of Inside Information and Insiders”. During the process of planning and determining the Transaction, it has already narrowed the scope of personnel having the knowledge of insider information wherever possible to reduce the spread of insider information. However, it cannot rule out the possibility of relevant institutions or individuals using insider information of the Transaction to engage in insider trading activities. Hence, there is a potential risk of the Transaction being suspended, terminated or cancelled due to alleged insider trading.

After the Listed Company discloses the Restructuring Proposal, if the Underlying Asset is involved in any material litigation or arbitration, or if there are any significant changes in the appraisal result of the Underlying Asset due to sector, industry and market factors, or there are any other circumstances which may cause larger impact on the Restructuring, it may affect the trading conditions for the Transaction. In addition, the requirements of review from regulatory institutions may also affect the Proposal of the Transaction. Shareholders are advised to be aware of the risks relating to the potential suspension, termination or cancellation of the Transaction due to the aforementioned factors.

(2) Risks of Potential Failure to Obtain Approvals

The implementation of the Transaction is subject to a number of approval procedures, including but not limited to the approval of the formal Proposal of the Transaction at the Board of Directors and the general meeting of shareholders of the Listed Company. There are uncertainties whether the above-mentioned approvals shall be obtained for the Transaction or whether the Transaction shall be successfully implemented finally. Hence, there is a risk that the Transaction will not be implemented due to the Company failing to obtain approval.

(3) There is a risk that the Transaction will not be able to solicit a qualified counterparty through public listing

The counterparty of the Transaction will be finalised based on the result of public listing. The transfer price shall comply with the requirements of Order No.32 and Order No.36. There is the possibility of the Company failing to solicit a qualified counterparty or failing to complete the Transaction. If it fails to solicit a qualified counterparty through public listing or fails to complete ultimately, the Company will then reconvene the meeting of the Board of Directors to consider and approve the subsequent disposal of the Underlying Asset, which may in turn affect the implementation or process of the Transaction. As such, investors are advised to be aware of the relevant risks.

(4) Risks Relating to the Settlement of the Transaction

Upon the confirmation of the qualification for transfer, the intended transferee of the Transfer by means of public listing shall pay the deposit for the Transaction within the specified time in accordance with the requirements. After the intended transferee is determined as transferee, the deposit shall be automatically converted into the transaction price according to relevant agreements, and the remaining balance of the pricing shall be paid in one lump sum by the transferee in accordance with the agreement of the Transaction. After signing the agreement of the Transaction between YTO Diesel Engine and the counterparty of the Transaction, if the counterparty does not settle the payment of the Transaction as agreed, it might result in the risk of the Transaction being unable to implement.

(5) Risks Relating to the Appraisal of the Underlying Asset

The Listed Company engaged an asset appraisal agency that complies with the requirements under the Securities Law to evaluate the value of the Underlying Asset and issue an Asset Appraisal Report for the Transaction. The analysis, judgments and conclusions in the Asset Appraisal Report will be affected by relevant assumptions and specific conditions, which are subject to a number of factors such as macroeconomic changes, changes in national laws and regulations as well as administrative policies, changes in market competition environment, and the availability of information to be provided by the Subject Company, etc., and these

might lead to changes in the appraisal result of the Underlying Asset.

2. Risks of the Listed Company After the Implementation of the Transaction

(1) Risks Relating to Potential Adjustments on Agricultural Subsidy Policy

Since the promulgation of the “Promotion of Agricultural Mechanization Law” of China in 2004, the central, national and local governments have implemented a series of subsidy policies related to the products of the Company. Thanks to the State’s policy support and the increasing financial investment towards agricultural machinery and equipment, farmers’ enthusiasm for purchasing agricultural machinery has gradually increased with the market demand for agricultural machinery and equipment continue to rise. If the policy support for agricultural machinery industry by the State would be decreased in the future, resulting in the subsidy policy on the purchase of agricultural machinery being cancelled, a significant decrease in the amount of subsidies, the upper limit for single-machine subsidy for agricultural machinery products being reduced, or any changes in the provision of subsidy, it may affect the operating performance of the Company.

(2) Risks Relating to Increasing Raw Material Prices and Labour Costs

With the recovery in market demand, the loosening of liquidity, as well as short-term supply shortages, prices in commodity market and energy prices in general surged substantially since the beginning of the second half of 2020. Due to a relatively high proportion of steel and rubber as a percentage of the Company’s raw material and parts procurement, rising raw material and energy prices will affect the Company’s profitability. In addition, with the living standards gradually improving, salary of the Company’s employees is likely to continue to increase in the future, which in turn will lead to an increase in the labour costs of the Company and affect the Company’s profitability.

(3) Risks Relating to the Company’s Product Upgrade Unable to Meet Market Expectations

At present, users have higher requirements on agricultural machinery products including suitability, comfortability, energy saving and environmental protection. In the future,

technological development and product upgrade of the agricultural machinery industry are also expected to be accelerated. In December 2022, China switched to the National IV non-road diesel mobile machinery emission standards. Therefore, the process of switching to the National V non-road diesel mobile machinery emission standards has also been accelerating. Products that cannot adapt to the upgrade requirements of the national environmental protection emission standards will be difficult to survive in the market, resulting in higher requirements on technology upgrade of the diesel engine products as well as the compatibility of diesel engines and tractor products of the Company. If the technology upgrade of the Company's products fails to meet market expectations, this will affect user experience of the Company's products, thereby affecting the revenue and profit growth of the Company.

(4) Risks Relating to Overseas Markets' Operations of the Company

Currently, constraints such as regional conflicts and trade tensions are continuously emerging around the world. Risks such as chaos in the global industrial and supply chains, increasing commodity prices, tight energy supply, and adjustments to monetary policies in major economies are interconnected. The overseas sales of the Company's products may be affected to a certain extent, thereby affecting the operating performance of the Company.

All of the above risks are risks faced by the Company in its normal business development and are not brought about by the Transaction.

3. Other Risks

(1) Risks Relating to Share Prices Fluctuations

Stock prices are not only subject to the profitability and development prospects of the Listed Company, but are also affected by market supply and demand, relevant national policies, interest rates, investors' psychological expectations, and various unpredictable factors, which may affect the share prices of the Listed Company to deviate from its value. The completion of the Transaction will take time, and during this period the share prices of the Company may fluctuate, thus posing some risks to investors.

(2) Risks of Force Majeure

Political, economic, natural disasters and other uncontrollable factors may cause damage to the Underlying Asset of the Transaction, the property and personnel, etc. of the Company, and these may also affect the progress of the Transaction and the normal production and operation of the Company. Therefore, investors are advised to be aware of the aforementioned force majeure risks.

Chapter Nine Other Significant Events

1. First Disclosure of Previous Stock Price Fluctuations of the Listed Company in the Restructuring

On 27 December 2023, the Listed Company disclosed the Restructuring Proposal for the first time. The changes in stock prices of the Company relative to the broad market and industry sectors over the 20 trading days before the announcement (i.e., from 29 November 2023 to 26 December 2023) are shown in the following table:

Items	29 November 2023 (Closing Price)	26 December 2023 (Closing Price)	Changes
Closing Price of the Company's Shares (RMB/share)	13.48	13.54	0.45%
SSE Composite Index	3021.69	2898.88	-4.06%
CSRC Special Equipment Index (883132.WI)	5797.11	5459.25	-5.83%
Changes after excluding the impact of broad market factors			4.51%
Changes after excluding the impact of the factors within the same industry sector			6.27%

On 29 November 2023, the closing price of the Company's Shares was RMB13.48 per share; on 26 December 2023, the closing price of the Company's Shares was RMB13.54 per share.

The cumulative changes in the Company's stock price over the 20 trading days before the release of sensitive information about the Material Asset Disposal were 0.45%; excluding the impact of the broad market factors (SSE Composite Index), the cumulative changes in the Company's stock price within the period were 4.51%; excluding the impact of the factors within the same industry sector (CSRC Special Equipment Index), the cumulative changes in the Company's stock price within the period were 6.27%. The increase or decrease did not exceed 20% and did not constitute abnormal fluctuations.

2. Arrangements for Protecting the Rights and Interests of Minority Investors of the Restructuring

In accordance with the relevant provisions of the “Opinions of the General Office of the State Council on Further Strengthening the Work of Protection of the Legitimate Rights and Interests of Minority Investors in the Capital Markets” (GuoBanFa [2013] No. 110) and the “Administrative Measures for Restructuring”, the Company has made appropriate arrangements for protecting the rights and interests of investors in the Transaction with details as follows:

(1) Strict Compliance with the Information Disclosure Obligations of Listed Companies

The Material Asset Disposal constitutes a material asset restructuring of the Listed Company. As such, the Company has effectively adopted strict and confidentiality measures for the Transaction in compliance with the relevant laws and regulations and the provisions under the “Company Law”, the “Securities Law”, the “Administrative Measures for Restructuring”, the “Measures for the Administration of Information Disclosure by Listed Companies”, and the “Guidelines No.7 for the Regulation of Listed Companies—Regulation of Abnormal Stock Trading Related To the Material Asset Restructurings of Listed Companies”, and the “Guidelines of the Shanghai Stock Exchange on the Self-Regulation of Listed Companies No. 6—Material Asset Restructuring (2023 Revision)” to effectively perform its information disclosure obligations and disclose to all investors fairly any significant events which may affect materially the share trading price of the Listed Company.

(2) Strictly performed the procedures for consideration and approval as well as voting of the Listed Company

During the progress of the Transaction, the Company has strictly complied with the relevant laws and regulations and the requirements under the “Company Law”, and the “Administrative Measures for Restructuring” to perform the legal procedures for voting and disclosure. The Independent Directors have provided their independent opinions on the Transaction.

The Proposal has been considered and approved by the Board of Directors of the Company, and the subsequent matters of the Transaction will be submitted further to the

Board of Directors/Shareholders' meeting of the Company for consideration and approval based on the solicitation of transferee for transfer by means of public listing.

(3) Provision of an Online Voting Platform for Shareholders' Meetings

According to the relevant provisions under the "Administrative Measures for Restructuring", the formal Proposal of the Transaction is required to be resolved by the Shareholders' meeting of the Listed Company, and must be approved by more than 2/3 of the voting rights held by the Shareholders attending the meeting. In accordance with the relevant provisions of the "Guidelines No. 1 of the Shanghai Stock Exchange for the Self-Regulation of Listed Companies—Standardised Operations", in order to provide convenience for Shareholders attending the shareholders' meeting, the Company will provide an online voting platform in respect of voting on the Restructuring Proposal, and Shareholders can either choose to vote on-site or via online platform directly. Except for the Directors, Supervisors, or senior management of the Listed Company, and Shareholders who individually or collectively hold more than 5% of the Shares of the Listed Company, the voting of other shareholders will be counted separately and disclosed.

(4) To Ensure the Pricing of the Transaction is Fair and Equitable

An asset appraisal agency with securities and futures related business qualifications has already been engaged by the Listed Company for the Transaction, in order to conduct a special evaluation of the Underlying Asset. The transaction price will also be determined in strict compliance with the provisions under Order No. 32 and Order No. 36 to ensure that the pricing of the Underlying Asset shall be fair, equitable and reasonable. The Independent Directors of the Listed Company have provided their independent opinions on the fairness of the pricing of the Transaction.

3. Acquisitions and Disposals of Assets During the Twelve Months Immediately Preceding the Restructuring of the Listed Company

In order to further focus on the development of its main business and divest non-main assets and businesses, on 27 October 2023, the 15th Meeting of the Ninth Session of the Board of Directors was held by the Company to consider and approve the "Resolution Relating to the Transfer of Equity Interest in Luoyin Financial Leasing Co., Ltd. By the Company".

The Listed Company has publicly listed and transferred its 6.875% stake in Luoyin Leasing through the Beijing Equity Exchange on 15 December. The transaction does not require to be submitted to the shareholders' meeting of the Company for consideration and approval, and does not constitute a material asset restructuring as stipulated under the "Administrative Measures for Restructuring".

China Appraisal Associates was engaged by the Company to evaluate the value of its 6.875% equity interest in Luoyin Leasing using 31 May 2023 as the benchmark date. The appraisal value was RMB307 million, which had been filed with the state-owned assets competent authority. The listed transfer price was RMB325 million. Upon the completion of the transfer of equity interest, the Listed Company shall cease to hold any equity interest in Luoyin Leasing. As at the date of the Proposal, the aforesaid share transfer is being publicly listed on the Beijing Equity Exchange to solicit transferees, the transaction has not yet been completed.

Except for the above-mentioned transactions, the Listed Company did not engage in any other activities of material purchase or sale of assets over the 12 months immediately preceding the Transaction.

4. Principle Opinions on the Restructuring from the Controlling Shareholder of the Listed Company and the De Facto Controller

YTO, the controlling shareholder of the Listed Company and SINOMACH, the de facto controller, have agreed in principle the implementation of the Material Asset Disposal proposal.

5. Engagement of Honest Third Party Practitioners for the Audit of the Transaction

In respect of the Transaction, the Listed Company engaged Beijing Zhong Lun Law Firm and Haiwen & Partners as the legal advisors, and China Enterprise Appraisals as the appraisal agency for the Underlying Asset.

Apart from the above-mentioned institutions, the Listed Company did not directly or indirectly engage with any third parties for a fee.

Chapter Ten Opinions of the Independent Directors

In accordance with the relevant provisions of the “Administrative Measures for Independent Directors of Listed Companies”, the “Rules Governing the Listing of Stocks on Shanghai Stock Exchange” and the “Articles of Association of First Tractor Company Limited”, we, as the independent directors of the Company, based on the principles of independent, objective and fair judgment, we provided our independent opinions on matters relating to the Transaction as follows:

1 · The relevant resolutions involved in the Transaction were already considered and approved at the 17th Meeting of the Ninth Session of the Board of directors of the Company, and the 10th Meeting of the Ninth Session of the Supervisors Committee of the Company. The convening of the meeting of the Board of Directors, the Supervisors Committee, and the convening procedures, voting procedures and methods were complied with the provisions of relevant laws and regulations, the regulatory documents and the Articles of Association of the Company. There was no situation that might harm the interests of the Company and its shareholders, particularly minority investors.

2. The Transaction constitutes a Material Asset Restructuring under the provisions of the “Administrative Measures for the Material Asset Restructuring of Listed Companies” and the “Rules Governing the Listing of Stocks on Shanghai Stock Exchange”. In addition, the Transaction represents a Material Asset Disposal of the Company, which does not involve the issuance of shares and there will be no changes to the controlling interests of the Company. Hence, this does not constitute a transaction under the provisions of Article 13 of the “Administrative Measures for the Material Asset Restructuring of Listed Companies” and does not constitute listing through restructuring.

3 · The Transaction Proposal complies with the “Administrative Measures for the Material Asset Restructuring of Listed Companies”, the “Guidelines No.9 for the Regulation of Listed Companies—Regulatory Requirements for Listed Companies’ Planning and Implementation of Material Asset Restructurings” and other relevant laws and regulations and provisions of the relevant regulatory documents of the China Securities Regulatory Commission. The Transaction Proposal is operable.

4 · The mode of the Transaction complies with the principles of fairness, openness and

impartiality, and the pricing also complies with the provisions of laws and regulations, and the regulatory documents such as the “Administrative Measures for the Material Asset Restructuring of Listed Companies”, the “Measures for the Supervision and Administration of State-owned Equities of Listed Companies”, and the “Measures for the Supervision and Administration of Enterprise State-owned Assets Transactions” as well as the requirements for the supervision of state-owned assets, which are in line with the interests of the Company and its shareholders as a whole.

5 · The appraisal agency engaged by the Company has complied with the provisions of the Securities Law and it possesses the relevant professional and industry experience. Except for the business relationship of providing asset appraisal services for the Transaction, the appraisal agency and its responsible appraisers have no other relationship with the Company or the Subject Company. In addition, there are no actual or expected interests or conflicts that might affect the provision of services, and hence it is independent of the Company. The appraisal work has complied with the requirements of relevant national laws and regulations as well as the industry norms. The corresponding appraisal procedures were implemented during the appraisal process based on the principles of independence, objectivity, impartiality, and scientific method. Since the appraisal method being selected was reasonable, and the reference data and information were reliable, the appraisal result objectively and fairly reflected the actual situation of the appraisal subject on the Valuation Benchmark Date. As such, the appraisal price is reasonable and fair.

6 · The Restructuring is to implement the requirements of state-owned enterprises focusing on main obligations and main business promulgated by the State-owned Assets Supervision and Administration Commission of the State Council, to further optimise the asset structure, improve asset operation efficiency, and focus on competitive edges by fully utilising its resources to develop the main business of the Company, which is conducive to the Company’s long-term and sustainable development and in line with the interests of the Company and the Shareholders as a whole without jeopardizing the interests of minority shareholders.

7 · In accordance with the provisions of the relevant laws and regulations and the Articles of Association, the Company has performed the necessary legal procedures for the current

stage which are complete, legitimate and effective.

Chapter Eleven Statements and Undertakings

1. Statements of All Directors

All Directors of the Company have undertaken and confirmed that there are no false information, misleading statements or material omissions contained in the Proposal and its summary, and shall severally and jointly accept legal responsibility for the truthfulness, accuracy and completeness of the Proposal and the summary herein. The Board of Directors of the Company and all Directors have confirmed the truthfulness and reasonableness of the relevant data cited in the Proposal and its summary.

The matters mentioned in the Proposal do not represent the substantive judgement, confirmation or approval of the matters relating to the asset restructuring from the CSRC and the Shanghai Stock Exchange.

All Directors:

Liu Jiguo _____

Wei Tao _____

Zhang Zhiyu _____

Fang Xianfa _____

Zhang Bin _____

Xue Lipin _____

Wang Shumao _____

Xu Liyou _____

First Tractor Company Limited

26 December 2023

2. Statements of All Supervisors

All Supervisors of the Company have undertaken and confirmed that there are no false information, misleading statements or material omissions contained in the Proposal and its summary, and shall severally and jointly accept legal responsibility for the truthfulness, accuracy and completeness of the Proposal and the summary herein.

The matters mentioned in the Proposal do not represent the substantive judgement, confirmation or approval of the matters relating to the asset restructuring from the CSRC and the Shanghai Stock Exchange.

All Supervisors:

Yang Yu _____ Gu Ai Qin _____ Xiao Bin _____
Li Peng _____ Yang Kun _____

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3. Statements of All Senior Management

All senior management of the Company has undertaken and confirmed that there are no false information, misleading statements or material omissions contained in the Proposal and its summary, and shall severally and jointly accept legal responsibility for the truthfulness, accuracy and completeness of the Proposal and the summary.

The matters mentioned in the Proposal do not represent the substantive judgement, confirmation or approval of the matters relating to the asset restructuring from the CSRC and the Shanghai Stock Exchange.

All Senior Management:

Su Wensheng _____

Yu Lina _____

Xue Wenpu _____

Yang Guangjun _____

Kang Zhifeng _____

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First Tractor Company Limited

26 December 2023