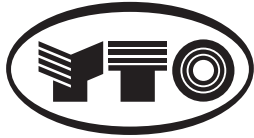


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**第一拖拉机股份有限公司**  
**FIRST TRACTOR COMPANY LIMITED**\*

*(a joint stock company incorporated in The People's Republic of China with limited liability)*

(Stock Code: 0038)

## **ANNOUNCEMENT IN RELATION TO PURCHASE OF WEALTH MANAGEMENT PRODUCTS WITH INTERNAL IDLE FUNDS**

First Tractor Company Limited\* (the “**Company**”) and all members of the board (the “**Board**”) of directors (the “**Directors**”) of the Company hereby warrant that there are no false information, misleading statements or material omissions in this announcement, and accept several and joint responsibilities for the truthfulness, accuracy and completeness of its contents.

### **IMPORTANT INFORMATION**

- Entrusted Party for Entrusted Wealth Management: Financial Institutions
- Entrusted Wealth Management Amount: (1) the balance of wealth management products purchased by using internal idle funds and held by the Company at any time shall be no more than RMB800 million; and (2) the balance of wealth management products purchased from a financial institution and held by the Company at any time shall be no more than RMB300 million. Such caps of purchase of wealth management products are revolvable during the Effective Term (as defined hereinafter)
- Type of Entrusted Wealth Management Investment: Short-term principal guaranteed wealth management products
- Term of Entrusted Wealth Management: From the date of approval at the 2018 annual general meeting of the Company to the date of convening the 2019 annual general meeting of the Company

**(I) BASIC INFORMATION ON PURCHASE OF WEALTH MANAGEMENT PRODUCTS WITH INTERNAL IDLE FUNDS**

**1. Purposes of Purchase of Wealth Management Products with Internal Idle Funds**

Due to the relatively significant seasonal production and operation in the agricultural machinery industry and for the purposes of enhancing capital usage efficiency and improving capital operating revenue, the Company proposes to reasonably use internal idle funds in phases to purchase short-term principal-guaranteed wealth management products issued by financial institutions, without affecting its normal production and operation.

**2. Type of Wealth Management Products**

The wealth management products proposed to be purchased by the Company with internal idle funds will mainly be short-term principal-guaranteed wealth management products issued by financial institutions.

**3. Caps of Purchase of Wealth Management Products**

- (a) It is proposed to approve that the balance of wealth management products purchased by using internal idle funds and held by the Company at any time shall be no more than RMB800 million (the “**Purchase Cap**”).
- (b) It is also proposed to approve that the balance of wealth management products purchased from a financial institution with the Purchase Cap and held by the Company at any time shall be no more than RMB300 million (the “**Financial Institution Caps**”).
- (c) The effective term of the Purchase Cap and the Financial Institution Caps is from the date of approval at the 2018 annual general meeting of the Company (the “**AGM**”) to the date of convening the 2019 annual general meeting of the Company (the “**Effective Term**”). The Purchase Cap and the Financial Institution Caps are revolving, and therefore, the Company has the flexibility to purchase and sell wealth management products purchased with its internal idle funds at any time, provided that the balance of wealth management products held by the Company at any time shall not exceed the Purchase Cap nor the Financial Institution Caps.
- (d) The Purchase Cap and the Financial Institution Caps are subject to approval by the shareholders of the Company (the “**Shareholders**”) at AGM.

## **(II) SENSITIVITY ANALYSIS**

The purchase of the low-risk short-term principal-guaranteed wealth management products by the Company with its internal idle funds is conditional upon ensuring security of daily operation and fund of the Company. It will not affect capital demand for operation of principal businesses and daily capital flow of the Company, but will increase return for the Company, and thus creating higher investment return for the Company and the Shareholders.

## **(III) ANALYSIS ON RISK CONTROL**

The wealth management products that the Company proposes to purchase are limited to short-term and principal-guaranteed nature wealth management products, which are issued by financial institutions and can ensure the security of principal used for investment. However, investment income remains uncertain due to movements in the market. As such, the Company, in compliance with the principles of prudent investment, strictly chooses issuers and appropriate wealth management products by performing decision making procedures in accordance with their security, term and income. The related departments of the Company timely analyze and trace the changing conditions of such products so as to identify risk factors and respond with corresponding measures. In addition, the Company will perform its information disclosure obligations in accordance with relevant requirements.

## **(IV) OPINION OF THE BOARD**

Subject to guarantee on liquidity and capital security, the Company invests part of the internal idle funds in the low-risk short-term wealth management products, without affecting development of operation and business of the Company. It will enhance capital usage efficiency and increase investment return of the Company, and is in the interest of the Company and its Shareholders as a whole.

In light of the above, the Board considers that the purchase of wealth management products by the Company with its internal idle funds is fair and reasonable and in the interest of the Company and its Shareholders as a whole. Therefore, the Board recommends the Shareholders to vote in favour of the ordinary resolution(s) in respect of the Purchase Cap and the Financial Institution Caps to be proposed at the AGM.

## (V) OTHER INFORMATION

As the A shares of the Company are also listed on the Shanghai Stock Exchange, the Company is also required to comply with relevant requirements of the Shanghai Stock Exchange Share Listing Rules. As such, the Company proposes that the Purchase Cap and the Financial Institution Caps shall be subject to approval by the Shareholders at the AGM.

If the abovementioned purchase of wealth management products is required to be disclosed or obtain approval from the Shareholders in accordance with the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), the Company shall follow the relevant procedures as required by the Listing Rules in a timely manner.

## (VI) AGM

The Company will convene the AGM for the purpose of, among other things, seeking the Shareholders’ approval for the Purchase Cap and the Financial Institution Caps. At the AGM, voting for the proposed ordinary resolution(s) shall be taken by way of poll. A notice of the AGM will be despatched to the Shareholders as soon as possible.

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

Luoyang, the PRC  
29 March 2019

*As at the date of this announcement, the Board comprises Mr. Wu Yong (vice Chairman) as executive Director; Mr. Li Hepeng, Mr. Xie Donggang, Mr. Li Kai and Mr. Zhou Honghai as non-executive Directors; and Mr. Yu Zengbiao, Ms. Yang Minli, Ms. Wang Yuru and Mr. Edmund Sit as independent non-executive Directors.*

\* *For identification purposes only*