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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 THE ENTERING INTO THE TRIPARTITE CUSTODY AGREEMENT RELATING TO THE DESIGNATED ACCOUNTS FOR RAISED FUNDS

References are made to (i) the announcements of First Tractor Company Limited* (the “**Company**”) dated 24 April 2020, 8 May 2020, 14 May 2020, 28 May 2020, 12 June 2020, 7 July 2020, respectively; (ii) the circular of the Company dated 8 July 2020 (the “**Circular**”); (iii) the poll results announcement of the Company dated 26 July 2020; and (iv) the announcements of the Company dated 27 August 2020, 10 September 2020, 23 November 2020 and 17 December 2020, in relation to, among other things, the Proposed A Share Issue, the A Shares Subscription Agreement and the transactions contemplated thereunder, the Specific Mandate and the Whitewash Waiver. Unless otherwise specified, capitalized terms used herein have the same meanings as ascribed to them in the Circular.

I. BASIC INFORMATION ON THE RAISED FUNDS

As approved by the China Securities Regulatory Commission (“**CSRC**”) in the “Approval in relation to the Non-public Issuance of Shares by First Tractor Company Limited (Zheng Jian Xu Ke [2020] No. 3379) (《關於核准第一拖拉机股份有限公司非公开发行股票的批覆》(證監許可[2020] 3379號))”, the Company will non-publicly issue 137,795,275 A Shares at an issue price of RMB5.08 per A Share. The total raised funds amounted to RMB699,999,997. After deducting various issuance expenses, the actual net funds raised amounted to RMB694,178,644.67. On 25 January 2021, such funds raised were fully transferred to the designated capital account of the Company. Asia Pacific (Group) Certified Public Accountants LLP (Special General Partnership) (亞太(集團)會計師事務所(特殊普通合伙)) has issued the Capital Verification Report (Ya Kuai Yan Zi (2021) No. 01210002) (亞會驗字(2021)第01210002號) in relation to the receipt of the funds raised from the Proposed A Share Issue.

II. INFORMATION ON THE ENTERING INTO THE “TRIPARTITE CUSTODY AGREEMENT RELATING TO THE RAISED FUNDS” FOR THE PROPOSED A SHARE ISSUE AND THE SETTING UP OF DESIGNATED ACCOUNT FOR RAISED FUNDS

In order to regulate the management and use of the raised funds of the Company, and to protect the legitimate interests of the investors, in accordance with the requirements under the No.2 Regulatory Guidance on Listed Companies – Regulatory Requirements for Management and Use of Raised Funds of Listed Companies (《上市公司監管指引第2號-上市公司募集資金管理和使用的監管要求》), the Administrative Measures for Funds Raised by Companies Listed on the Shanghai Stock Exchange (Revised in 2013) (《上海證券交易所上市公司募集資金管理辦法(2013年修訂)》), the Management System for the Use of Raised Funds (《募集資金使用管理制度》) of the Company and other relevant documents, on 26 January 2021, the Company (as Party A), CITIC Securities Co., Ltd. (being the sponsor to the Proposed A Share Issue, as Party C) and China Everbright Bank Company Limited Zhengzhou Branch (as Party B) entered into a tripartite custody agreement relating to raised funds (the “**Agreement**”). There was no material discrepancy between the contents of the Agreement and the “Tripartite Custody Agreement relating to the Designated Accounts for Raised Funds (Template)” formulated by the Shanghai Stock Exchange.

The information in relation to the setting up of and the deposit of raised funds of the Company in the designated account of bank is as follows:

Bank name	Account name	Bank account No.	Deposit amount (RMB)
China Everbright Bank Company Limited Luoyang Xiyuan Road Branch	First Tractor Company Limited	53760188000042559	697,999,997

Note: The deposit amount in the designated account for the raised funds is more than net raised funds, because such deposit amount is the balance of the total raised funds of RMB699,999,997 after deducting the underwriting and sponsor fees, and other issuance expenses have not yet been allocated.

III. PRINCIPAL TERMS OF THE AGREEMENT

Party A: the Company (“**Party A**”)

Party B: China Everbright Bank Company Limited Zhengzhou Branch (“**Party B**”)

Party C: CITIC Securities Co., Ltd. (the sponsor) (“**Party C**”)

1. Party A has set up a designated account for the raised funds at Party B, which is only used for the deposit and use of the raised funds for replenishment of the working capital of Party A, and shall not be used for any other purpose.
2. Party A and Party B shall jointly comply with the laws, regulations and rules including the Negotiable Instruments Law of the People's Republic of China (《中華人民共和國票據法》), the Measures for Payment and Settlement (《支付結算辦法》) and the Administrative Measures for Renminbi Bank Settlement Accounts (《人民幣銀行結算賬戶管理辦法》).
3. Party C, being the sponsor of Party A, shall designate sponsor representative(s) or other personnel(s) to monitor the use of raised funds by Party A pursuant to the related provisions. Party C shall fulfil its supervision duties pursuant to the Administrative Measures for Funds Raised by Companies Listed on the Shanghai Stock Exchange (Revised in 2013) (《上海證券交易所上市公司募集資金管理辦法(2013年修訂)》) as well as the Management System on Raised Funds formulated by Party A, and may exercise its supervisory power through on-site inspections and written inquiries etc. Party A and Party B shall cooperate with Party C during the inspections and inquiries. The deposit in the designated account for raised funds shall also be inspected during the on-site inspections of Party A conducted by Party C on a half-year basis.
4. As authorized by Party A, Bao Dandan and Qiu Zhiqian, being the sponsor representatives designated by Party C, may visit Party B anytime to inquire and copy information in relation to the designated account of Party A; Party B shall provide them with the information in relation to the designated account as required in a timely, accurate and complete manner.

The sponsor representative(s) shall present his/her/their legal identity proof when inquiring Party B on the information in relation to the designated account of Party A; Other personnel(s) designated by Party C shall present his/her/their legal identity proof and unit referral letter when inquiring Party B on the information in relation to the designated account of Party A.

5. Party B shall issue account statements of the designated account to Party A and forward a copy to Party C on a monthly basis (prior to the 5th day of each month). Party B shall guarantee truthfulness, accurateness and completeness of the contents in the account statements.

6. Where Party A, once or accumulatively within 12 months, withdraws an amount of more than RMB50 million from the designated account and such amount reaches 20% of the net raised funds (being total raised funds deducted by the issuance expenses), Party A and Party B shall notify Party C by way of facsimile within 2 working days after the payment of such withdrawals and provide a list of withdrawals of the designated account in a timely manner.
7. Party C shall have the right to replace the designated sponsor representative(s) pursuant to relevant provisions. Where Party C replaces the sponsor representative(s), it shall notify Party B in writing along with the relevant documental proof, and notify in writing the contact details of the sponsor representative(s) after the replacement pursuant to the requirement of Article 14 of the Agreement. The replacement of sponsor representative(s) shall not affect the validity of the Agreement.
8. Where Party B fails to issue the account statements to Party C on three consecutive occasions or notify Party C of significant amount withdrawal from the designated account or cooperate with Party C during its inspection on the designated account, Party A shall unilaterally terminate the Agreement and close the designated account for the raised funds at the request of Party A or Party C.
9. The Agreement shall be effective from the date on which the legal representatives or its authorized representatives of Party A, Party B and Party C have signed and affixed their respective official seals or special seals for contract, and shall expire upon the complete withdrawal of the funds from and the closing of the designated account in accordance with the laws.
10. If Party C notices any failure of Party A and Party B in the performance of the Agreement, it shall report in writing to the Shanghai Stock Exchange in a timely manner after gaining knowledge of the relevant facts.
11. If any party to the Agreement violates relevant laws and regulations or any provision hereof and causes losses to other parties, the breaching party shall bear all responsibilities arising therefrom, and indemnify the observant party for all losses and expenses incurred therefrom.
12. Any dispute arising under or related to the Agreement shall first be resolved through negotiation between the parties to the dispute. If the negotiation fails, the parties to the dispute shall submit it to Luoyang Arbitration Commission located in Luoyang for final verdict in accordance with the arbitration rules in effect at the time of submission for arbitration. The arbitration shall be conducted in Chinese. The arbitral decision shall be final and binding on all parties.

The Proposed A Share Issue has not been completed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and are recommended to consult their professional adviser if they are in any doubt about their position and as to actions they should take.

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

Luoyang, the PRC
27 January 2021

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

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statements in this announcement misleading.

* *For identification purposes only*