

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 STRUCTURED DEPOSITS 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:

- Authorization Amount: the balance of structured deposits of the Company at any time shall be no more than RMB1.2 billion, which can be utilized on a revolving basis during the effective term of the cap.
- Effective Period of the Authorization: from 1 April 2022 to 31 March 2023.
- Approval Procedures Performed: the matter has been considered and approved at the thirty-sixth meeting of the eighth session of the Board of the Company, and is not required to be submitted to the general meeting for consideration. According to the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), the purchase of structured deposits with internal idle funds will constitute a transaction under the Listing Rules, therefore, the Company will comply with all applicable reporting, disclosure and (if applicable and required) shareholders’ approval requirements under Chapter 14 of the Listing Rules.

I. OVERVIEW OF AUTHORIZED PURCHASE OF STRUCTURED DEPOSITS

(1) Purpose of Purchase of Structured Deposits

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 seasonal idle funds to purchase short-term and principal-guaranteed nature structured deposits issued by financial institutions, without affecting its normal production and operation.

(2) Sources and Cap of Funds for Purchase of Structured Deposits

The Company purchase structured deposits with internal funds, the balance of structured deposits at any time shall be no more than RMB1.2 billion, which can be utilized on a revolving basis during the effective term of the cap.

(3) Effective Period of the Authorization

From 1 April 2022 to 31 March 2023.

II. PARTICULARS OF PURCHASE OF STRUCTURED DEPOSITS UNDER THE AUTHORIZATION

(1) Investment Products

Limited to principal-guaranteed nature structured deposit products issued by financial institutions, with low risk and good liquidity. The expected return rate should be higher than the bank deposit interest rate for the same period.

(2) Investment Cap

The balance of structured deposits at any time shall be no more than RMB1.2 billion, which can be utilized on a revolving basis.

(3) Implementation of Investment

Within the cap, the Board of the Company authorizes the general manager to execute relevant contract documents, and the finance department of the Company is responsible for organizing the implementation.

(4) Investment Period

The term for a single structured deposit shall be within 6 months (inclusive).

III. IMPACT ON THE COMPANY

The purchase of the low-risk short-term and principal-guaranteed nature structured deposits by the Company with its idle funds is conditional upon ensuring security of daily operation and fund of the Company. It will not affect capital demand for operation of normal 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.

IV. ANALYSIS ON RISK CONTROL

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

V. PERFORMANCE OF DECISION MAKING PROCEDURES AND OPINION OF THE INDEPENDENT DIRECTOR

(1) Consideration Procedure

On 29 March 2022, the Resolution in relation to Purchase of Structured Deposits with Internal Idle Funds was considered and approved at the thirty-sixth meeting of the eighth session of the Board of the Company, with 8 affirmative votes, 0 dissenting vote and 0 abstaining vote, and it is not required to be submitted to the general meeting of the Company for consideration.

(2) Opinion of the Independent Director

Subject to guarantee on liquidity and capital security, the Company invests part of the idle funds in the short-term and principal-guaranteed nature structured deposits, 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. The Company was approved to purchase short-term and principal-guaranteed nature structured deposits with the idle funds within the caps and period approved by the Board.

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

Luoyang, the PRC
29 March 2022

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

* *For identification purposes only*