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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)

DISCLOSEABLE TRANSACTION SUBSCRIPTION OF FINANCIAL PRODUCTS

SUBSCRIPTION OF FINANCIAL PRODUCTS

As at the date of this announcement, the Company has subscribed for certain financial products provided by ICBC with a total investment of RMB600,000,000.

As at the date of this announcement, the Directors confirm that (i) except for the Financial Products that remain outstanding, all other financial products subscribed with ICBC have been fully redeemed in accordance with their respective terms; (ii) it is believed that reasonable interests in connection with the Financial Products would be earned; and (iii) the Financial Products would not have any adverse impact on the financial position of the Company.

LISTING RULES IMPLICATIONS

Prior to the subscription of the Fourth Financial Product, all applicable percentage ratios calculated under Rule 14.07 of the Listing Rules for the First Financial Product, the Second Financial Product and the Third Financial Product (either individually or on a combined basis) were less than 5%, the subscription of the First Financial Product, the Second Financial Product and the Third Financial Product do not constitute a notifiable transaction under Chapter 14 of the Listing Rules.

However, following the subscription of the Fourth Financial Product, as more than one applicable percentage ratios calculated on a combined basis under Rule 14.07 of the Listing Rules in respect of the subscription of the Financial Products exceed 5% but all applicable percentage ratios are less than 25%, the subscription of Financial Products constitutes a disclosable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification and announcement requirements set out in Rule 14.34 of the Listing Rules.

SUBSCRIPTION OF FINANCIAL PRODUCTS

The Board hereby announces that, as at the date of this announcement, the Company has subscribed for certain financial products provided by ICBC with a total investment of RMB600,000,000.

As at the date of this announcement, the Directors confirm that (i) except for the Financial Products that remain outstanding, all other financial products subscribed with ICBC have been redeemed in full in accordance with their respective terms; (ii) it is believed that reasonable interests in connection with the Financial Products would be earned; and (iii) the Financial Products would not have any adverse impact on the financial position of the Company.

A summary of the Financial Products subscribed by the Company from ICBC, which remain outstanding as at the date of this announcement, is set out below:

(i) First Financial Product

Agreement date	3 August 2022
Parties	(1) the Company (2) ICBC
Product	the exchange rate linked and cumulative RMB-denominated structured deposit product with investment principal of RMB100,000,000
Expected annualized rate of return (%)	1.05% - 3.40%
Maturity date	7 September 2022
Interest expected to be received on the maturity date (<i>RMB</i>)	RMB94,900 - RMB307,400

(ii) Second Financial Product

Agreement date	15 August 2022
Parties	(1) the Company (2) ICBC
Product	the exchange rate linked and cumulative RMB-denominated structured deposit product with investment principal of RMB200,000,000
Expected annualized rate of return (%)	1.05% - 3.40%
Maturity date	19 September 2022
Interest expected to be received on the maturity date (<i>RMB</i>)	RMB189,900 - RMB614,800

(iii) Third Financial Product

Agreement date	22 August 2022
Parties	(1) the Company (2) ICBC
Product	the exchange rate linked and cumulative RMB-denominated structured deposit product with investment principal of RMB100,000,000
Expected annualized rate of return (%)	1.05% - 3.40%
Maturity date	26 September 2022

Interest expected to be received on the maturity date (*RMB*) RMB94,900 - RMB307,400

(iv) Fourth Financial Product

Agreement date 26 August 2022

Parties (1) the Company
(2) ICBC

Product the exchange rate linked and cumulative RMB-denominated structured deposit product with investment principal of RMB200,000,000

Expected annualized rate of return (%) 1.05% - 3.42%

Maturity date 11 October 2022

Interest expected to be received on the maturity date (*RMB*) RMB241,600 - RMB787,100

CURRENT SITUATION

As at the date of this announcement, the Directors confirm that (i) except for the Financial Products that remain outstanding, all other financial products subscribed with ICBC have been redeemed in full in accordance with their respective terms; (ii) it is believed that reasonable interests in connection with the Financial Products would be earned; and (iii) the Financial Products would not have any adverse impact on the financial position of the Company.

REASONS FOR AND BENEFITS OF SUBSCRIPTION OF FINANCIAL PRODUCTS

Since the agricultural machinery industry has the characteristics of strong seasonal production and operation, in order to maximize the use of the surplus cash balance in the capital account without affecting the operating liquidity of the Company, the Company uses its own bank balances to subscribe for the Financial Products offered by ICBC in order to achieve certain interest income while maintaining high liquidity and low risk exposure.

Taking into account, among other things, (i) the nature of the Financial Products is capital-guaranteed; (ii) the expected rate of return is better than normal bank deposits generally provided by commercial banks in China; and (iii) the shorter terms of maturity (i.e. maturing within 12 months), the Company is of the view that the Financial Products would provide better returns to the Company in the long run as compared to the regular deposits arranged with licensed commercial banks in the PRC. The Company abides by the prudent investment principles, strictly selects issuers and appropriate structured deposits based on safety, maturity and yield of the products, and strictly implements investment decision-making procedures. Relevant departments of the Company will analyze and track product changes in a timely manner, and will take corresponding measures in a timely manner if risk factors are identified, and the Company will perform its information disclosure obligations in accordance with relevant regulations.

As at the date of this announcement, the Company expects to earn interest on the Financial Products (interest income will be recorded on their respective maturity dates). In addition, the Financial Products are funded by the Company's surplus cash balance and are highly liquid, so investing in the Financial Products will not affect the Company's working capital or operations. Accordingly, the Directors consider that the terms of each Financial Product are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

Prior to the subscription of the Fourth Financial Product, all applicable percentage ratios calculated under Rule 14.07 of the Listing Rules for the First Financial Product, the Second Financial Product and the Third Financial Product (either individually or on a combined basis) were less than 5%, the subscription of the First Financial Product, the Second Financial Product and the Third Financial Product do not constitute a notifiable transaction under Chapter 14 of the Listing Rules.

However, following the subscription of the Fourth Financial Product, as more than one applicable percentage ratios calculated on a combined basis under Rule 14.07 of the Listing Rules in respect of the subscription of the Financial Products exceed 5% but all applicable percentage ratios are less than 25%, the subscription of Financial Products constitutes a disclosable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification and announcement requirements set out in Rule 14.34 of the Listing Rules.

INFORMATION ON THE GROUP AND ICBC

The Group is principally engaged in the production and sale of agricultural machineries and power machineries. The principal products include tractors of hi-powered, mid-powered and low-powered, diesel engines and relevant parts and components.

To the best knowledge of the Directors, ICBC is a commercial bank principally engaged in the provision of banking services, and its largest single shareholder is Central Huijin Investment Ltd. ICBC's H shares and offshore preference shares are listed on the Stock Exchange (Stock code for H shares: 1398, and stock code for USD preference shares: 4620); its A shares and domestic preference shares are listed on the Shanghai Stock Exchange (Stock code for A shares: 601398 and stock code for domestic preference shares: 360011, 360036).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, based on the publicly available information to the Company, ICBC and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Board”	the board of directors of the Company
“Company”	First Tractor Company Limited* (第一拖拉機股份有限公司), a joint stock company with limited liability incorporated in PRC, the H Shares and A Shares of which are listed on the main board of the Stock Exchange (stock code: 0038) and the Shanghai Stock Exchange (stock code: 601038) respectively
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company

“Financial Products”	collectively, the First Financial Product, the Second Financial Product, the Third Financial Product and the Fourth Financial Product
“First Financial Product”	the exchange rate linked and cumulative RMB-denominated structured deposit product with investment principal of RMB100,000,000 under the subscription agreement dated 3 August 2022 entered into between the Company and ICBC
“Fourth Financial Product”	the exchange rate linked and cumulative RMB-denominated structured deposit product with investment principal of RMB200,000,000 under the subscription agreement dated 26 August 2022 entered into between the Company and ICBC
“Group”	the Company and its subsidiaries
“ICBC”	Industrial and Commercial Bank of China Limited
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	Rules Governing the Listing of Securities on the Main Board of the Stock Exchange
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Second Financial Product”	the exchange rate linked and cumulative RMB-denominated structured deposit product with investment principal of RMB200,000,000 under the subscription agreement dated 15 August 2022 entered into between the Company and ICBC
“Shareholder(s)”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiaries”	has the meaning ascribed thereto under the Listing Rules

“Third Financial Product” the exchange rate linked and cumulative RMB-denominated structured deposit product with investment principal of RMB100,000,000 under the subscription agreement dated 22 August 2022 entered into between the Company and ICBC

“%” per cent

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

Luoyang, the PRC
26 August 2022

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

* *For identification purposes only*