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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 ON UTILIZATION OF INTERNAL IDLE FUNDS FOR PURCHASING DEPOSIT FINANCIAL PRODUCTS**

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 NOTICE:**

- **Type of Investment:** The Company will use its internal idle funds to purchase deposit financial products issued by bank(s), mainly including structured deposits and certificates of large amount deposits.
- **Investment Cap:** The total balance of structured deposits and certificates of large amount deposit products held by the Company at any time shall be no more than RMB6.5 billion, which can be utilized on a revolving basis during the authorization effective period of the cap.
- **Authorization Effective Period of the Cap:** No more than 12 months from the date of consideration and approval by the Board.

- **Approval Procedures to be Performed:** The matter has been considered and approved at the Nineteenth Meeting of the Ninth Session of the Board of the Company and is not required to be submitted to the general meeting for consideration in accordance with the Listing Rules of Shanghai Stock Exchange. However, 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 THE UTILIZATION OF INTERNAL IDLE FUNDS FOR PURCHASING STRUCTURED DEPOSITS**

### **(I) Purpose of Utilization of Internal Idle Funds for Cash Management**

For the purposes of enhancing capital usage efficiency and improving capital operating revenue, the Company proposes to reasonably use seasonal idle funds to purchase low-risk principal-guaranteed deposit financial products issued by bank(s), mainly including structured deposits and certificates of large amount deposits, without affecting its normal production and operation.

### **(II) Sources and Cap of Funds for Investment**

The Company uses its internal idle funds to purchase structured deposits, and the balance at any time shall not exceed RMB1.9 billion. The balance for purchasing certificates of large amount deposits at any time shall not exceed RMB4.6 billion.

### **(III) Investment Method**

1. **Investment Products:** Limited to purchase of structured deposits and certificates of large amount deposits issued by bank(s).

2. Product Maturity: Single structured deposit with a maturity of up to one year (inclusive). The term of certificates of large amount deposits will be matched in a timely manner according to the Company's capital situation. The term includes but not limited to three years, two years, etc. Without special circumstances, in principle, they will be held until maturity.

#### **(IV) Authorization Effective Period of the Cap**

No more than 12 months from the date of approval by the Board.

## **II. CONSIDERATION PROCEDURE**

At the Nineteenth Meeting of the Ninth Session of the Board of the Company, the "Resolution on the Purchase of Deposit Financial Products with the Company's Internal Idle Funds for 2024" was considered and approved by 8 votes in favor, 0 votes against and 0 abstentions.

## **III. INVESTMENT RISK AND RISK CONTROL**

Structured deposits are capital-guaranteed and floating-profit financial products, which can ensure the security of principal used for investment. However, investment return remains uncertain due to movements in the market. Certificates of large amount deposits is a product with guaranteed capital and fixed income. The contract clearly stipulates elements such as capital guaranteed, rate of return, and term. The level of product income is fixed and will not fluctuate. The Company, in compliance with the principles of prudent investment, will strictly choose issuers and appropriate products by performing investment decision making procedures strictly in accordance with their security, term and return. The relevant departments of the Company have formed a professional team to analyse and track product movements in a timely manner and will take corresponding measures in a timely manner when risk factors are identified, and the Company will fulfil its information disclosure obligations in accordance with relevant regulations.

#### **IV. IMPACT ON THE COMPANY**

The Company's purchase of the low-risk principal-guaranteed deposit financial products issued by bank(s) with its internal idle funds is conditional upon ensuring security of daily operation and funds of the Company. It will not affect operation of normal businesses and daily capital flow of the Company, and is conducive to enhance the Company's capital utilization efficiency and income, thus creating higher investment return for the Company and the Shareholders. The Company will make timely and accurate accounting treatment in accordance with the relevant provisions of the Accounting Standards for Business Enterprises.

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

Luoyang, the PRC  
27 March 2024

*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*