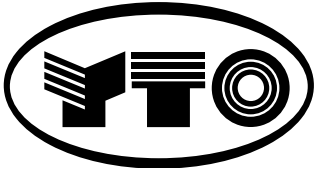


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第一拖拉机股份有限公司*
FIRST TRACTOR COMPANY LIMITED

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

(Stock Code: 0038)

ADOPTION OF THE RELEVANT NEW PRC ACCOUNTING STANDARDS ISSUED IN 2014

The Company's adoption of the relevant new PRC accounting standards issued by the Ministry of Finance in 2014 has no material impact on either the total assets and net assets of the Company as at the year end of 2013 and the quarter end of the third quarter of 2014, or the net profit for the year ended 2013 and the reporting period of the third quarter of 2014.

This announcement is made pursuant to Part XIVA of the Securities and Futures Ordinance and the disclosure obligation under the Rules 13.09(2)(a) and 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

First Tractor Company Limited (the "**Company**") and all the members of the board (the "**Board**") of directors (the "**Directors**") of the Company hereby warrant the truthfulness, accuracy and completeness of the contents of this announcement, and accept joint and several responsibilities for any false information, misleading statements or material omission in this announcement.

I. OVERVIEW OF ADOPTION OF THE RELEVANT NEW PRC ACCOUNTING STANDARDS ISSUED BY THE MINISTRY OF FINANCE IN 2014

Pursuant to the specific requirements set out in the “Accounting Standards for Business Enterprises No.2 — Long-term Equity Investments”, “Accounting Standards for Business Enterprises No.9 — Employee’s Remuneration”, “Accounting Standards for Business Enterprises No.30 — Presentation of Financial Statement” and “Accounting Standards for Business Enterprises No.33 — Consolidated Financial Statement” revised, and the “Accounting Standards for Business Enterprises No.39 — Fair Value Measurement”, “Accounting Standards for Business Enterprises No.40 — Joint Venture Arrangements” and “Accounting Standards for Business Enterprises No.41 — Disclosure of Interests in Other Entities” issued by the Ministry of Finance of the PRC (the “**Ministry of Finance**”) in 2014, the Company has adopted the above PRC Accounting Standards for Business Enterprises since 1 July 2014 and corresponding adjustments have been made on items and amounts related to opening balance in the financial report.

II. SPECIFIC IMPACT OF ADOPTION OF NEW PRC ACCOUNTING STANDARDS ON THE COMPANY

- (I) Pursuant to the “Accounting Standards for Business Enterprises No.2 — Long-term Equity Investments”, an equity investment held by the Company for which the Company has no control, joint control or material impact and its fair value cannot be reliably measured, shall be measured as a financial asset available for sale calculated at costs rather than a long-term equity investment, and relevant adjustment will be applied to it retrospectively. The specific adjustments are as follows:

Unit: RMB0'000

Investee	30 September 2014		31 December 2013	
	Long-term equity investments	Financial assets available for sale	Long-term equity investments	Financial assets available for sale
Bank of LuoYang Co., Ltd.	-7,813	7,813	-7,813	7,813
Nanyang Xiangrui Agricultural Machinery Co., Ltd.	-140	140	-140	140
Yituo (Luoyang) Dongfanghong Tyre Company Limited	-80	80	-80	80
Shenyin & Wanguo Securities Co., Ltd.	-50	50	-50	50
Baoding Investment Co., Ltd.* (寶鼎投資股份有限公司)	-1	1	-1	1
Marine Biotechnology Co., Ltd.* (海洋生物科技有限公司)	—	—	—	—
Beijing Zhongnongwang Technology Co., Ltd.* (北京中農網科技有限公司)	—	—	—	—
Luoyang Bofeng Bearing Co., Ltd.* (洛陽博豐軸承有限公司)	—	—	—	—
Total	-8,084	8,084	-8,084	8,084

Note: The investment costs of Marine Biotechnology Co., Ltd.* (海洋生物科技有限公司), Beijing Zhongnongwang Technology Co., Ltd.* (北京中農網科技有限公司) and Luoyang Bofeng Bearing Co., Ltd.* (洛陽博豐軸承有限公司) were RMB2.13 million, RMB2.12 million and RMB4.8 million respectively. The Company has made provision for impairment on the full investment amounts of the above-mentioned three companies based on their operating conditions.

The adoption of the above PRC accounting standards only has impact on the amounts under the items of financial assets available for sale and long-term equity investments in the statements. It has no impact on the total assets, total liabilities, net assets and net profit for the year ended 2013 and the reporting period of the third quarter of 2014 of the Company.

- (II) The adoption of “Accounting Standards for Business Enterprises No.9 — Employee’s Remuneration”, “Accounting Standards for Business Enterprises No.30 — Presentation of Financial Statement”, “Accounting Standards for Business Enterprises No.33 — Consolidated Financial Statement”, “Accounting Standards for Business Enterprises No.39 — Fair Value Measurement”, “Accounting Standards for Business Enterprises No.40 — Joint Venture Arrangements” and “Accounting Standards for Business Enterprises No.41 — Disclosure of Interests in Other Entities” has no material impact on the amounts of items in the financial statements set out in the annual report of 2013 and 2014 third quarterly report of the Company.

III. OPINIONS OF THE INDEPENDENT DIRECTORS AND THE SUPERVISORY COMMITTEE OF THE COMPANY ON ADOPTION OF RELEVANT NEW PRC ACCOUNTING STANDARDS ISSUED IN 2014 BY THE COMPANY

(I) Opinions of the independent Directors

The adoption of the new PRC accounting standards are reasonable adjustments as specifically required by the revised PRC accounting standards issued by the Ministry of Finance. The adoption of new PRC accounting standards can reflect the financial condition and operating results of the Company in an objective and fair manner. Meanwhile, the relevant decision-making procedures of the Company complied with relevant laws and regulations and the Articles of Association of the Company without prejudice to the interest of the Company and its shareholders.

(II) Opinions of the supervisory committee

It is reasonable to adopt the relevant new PRC Accounting Standards for Business Enterprises issued in 2014 and make adjustments on the items and amounts related to opening balance in the financial report of the Company as required by the “Accounting Standards for Business Enterprises No.2 — Long-term Equity Investments” as it can reflect the financial condition and operating results of the Company in an objective and fair manner. The decision-making procedures complied with relevant laws and regulations and the Articles of Association of the Company without prejudice to the interest of the Company and its shareholders.

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

Luoyang, the PRC
28 October 2014

As at the date of this announcement, Mr. Zhao Yanshui is the Chairman of the Company and Mr. Wang Erlong is the vice Chairman of the Company. Other members of the Board are six Directors, namely, Mr. Yan Linjiao, Mr. Wu Zongyan, Mr. Wang Kejun, Mr. Guo Zhiqiang, Mr. Liu Jiguo and Mr. Wu Yong; and four independent non-executive Directors, namely, Mr. Hong Xianguo, Mr. Xing Min, Mr. Wu Tak Lung and Mr. Yu Zengbiao.

* *For identification purposes only*