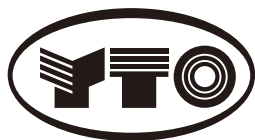


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第一拖拉机股份有限公司
FIRST TRACTOR COMPANY LIMITED*

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

(Stock Code: 0038)

ANNOUNCEMENT ON ESTIMATED INCREASE IN ANNUAL RESULTS FOR THE YEAR OF 2016

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.

This announcement is made pursuant to the requirements relating to inside information under Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

1. ESTIMATED RESULTS DURING THE PERIOD

(1) Period of estimated results

1 January 2016 to 31 December 2016.

(2) Estimated results

Based on the preliminary calculations by the finance department of the Company, it was estimated that the net profit attributable to the shareholders of the Company for the year ended 31 December 2016 would increase by 40% to 70% as compared with that for the same period last year.

(3) The estimated results were preliminarily calculated based on the Company's business situation and have not been audited by certified accountants.

2. RESULTS FOR THE SAME PERIOD LAST YEAR

- (1) Net profit attributable to the shareholders of the Company: RMB135,322,811.53.
- (2) Earnings per share: RMB0.1359.

3. MAIN REASONS FOR THE ESTIMATED INCREASE IN RESULTS DURING THE PERIOD

- (1) The Company has actively prevented the fluctuation risk of exchange rate by adopting measures of locking exchange rate, controlling foreign debt scale, etc., so as to reduce the impact of fluctuation of exchange rate on the Company's results. During the reporting period, the exchange loss of the Company has substantially decreased as compared to that for the same period last year.
- (2) In recent years, the Company has continuously strengthened the control of account receivables and effectively reduced the risk of account receivables. The bad debt reserves provided for the year of 2016 has decreased largely as compared to that of last year.
- (3) According to the preliminary settlement result of income tax of the Company for the year of 2016, it was estimated that the income tax expense of the Company for the year of 2016 would decrease as compared to that for the year of 2015.

4. OTHER INFORMATION

The figures above are preliminary estimations only. Investors should refer to the audited annual report for the year ended 31 December 2016 to be formally announced by the Company for specific and accurate financial figures of the Company. Investors are advised to exercise caution when dealing in the shares of the Company.

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

Luoyang, the PRC
22 February 2017

As at the date of this announcement, the board of directors of the Company comprises Mr. Zhao Yanshui (Chairman), Mr. Wang Erlong (vice Chairman) and Mr. Wu Yong as executive Directors; Mr. Li Hepeng, Mr. Xie Donggang, Mr. Li Kai and Mr. Yin Dongfang as non-executive Directors; and Ms. Yang Minli, Mr. Xing Min, Mr. Wu Tak Lung and Mr. Yu Zengbiao as independent non-executive Directors.

* For identification purposes only