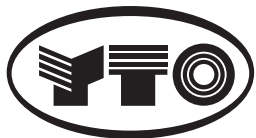


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第一拖拉机股份有限公司
FIRST TRACTOR COMPANY LIMITED*

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

(Stock Code: 0038)

ANNOUNCEMENT ON THE LIQUIDATION OF YTO (LUOYANG) HARVESTER MACHINERY CO., LTD.

All members of the board (the “**Board**”) of directors (the “**Directors**”) of First Tractor Company Limited* (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.

On 26 October 2018, the Company held the 24th meeting of the seventh session of the Board, at which the Resolution Regarding the Liquidation of YTO (Luoyang) Harvester Machinery Co., Ltd. was considered and approved, thus agreeing on the liquidation of YTO (Luoyang) Harvester Machinery Co., Ltd. (hereinafter referred to as the “**Harvester Company**”), an indirectly controlled subsidiary of the Company.

The aforesaid matter does not constitute a discloseable transaction of the Company under Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), nor a connected transaction under Chapter 14A of the Listing Rules. This announcement is made by the Company on a voluntary basis.

I. BASIC INFORMATION ON HARVESTER COMPANY

1. Company name: YTO (Luoyang) Harvester Machinery Co., Ltd.
2. Company type: Other limited liability company
3. Address: West Chuncheng Road, High-tech Development Zone, Luoyang

4. Legal representative: LIAN Guoqing
5. Registered capital: RMB49,295,000
6. Business scope: Research, development, production and sales of harvesting machinery, drying machinery and relevant agricultural machines, agricultural implements, spare parts, accessories, etc.
7. Shareholding structure: It is held as to 93.91% and 6.09% by Luoyang Changxing Agricultural Machinery Co., Ltd., a controlled subsidiary of the Company, and Henan Dongfang Heavy Industry Technology (Group) Co., Ltd. (河南東方重工科技集團有限公司), respectively.
8. Major financial data:

Unit: RMB

Item	31 December 2017 (Audited)	30 June 2018 (Unaudited)
Total assets	14,903,402.13	14,868,215.41
Net assets	-61,568,778.43	-61,583,369.13
Item	January to December 2017 (Audited)	January to June 2018 (Unaudited)
Operating revenue	0	0
Net profit	416,773.23	-14,590.70

II. REASON FOR LIQUIDATION

Harvester Company ceased the production and sales of harvesting machinery and other operations in 2010, and it has no actual operation for the time being. The liquidation of Harvester Company by the Company facilitates the disposal of low-efficient and inefficient assets, improves the asset utilization rate of the Company and reduces operating costs.

III. EFFECT OF THE LIQUIDATION OF HARVESTER COMPANY ON THE COMPANY

After the completion of the liquidation, Harvester Company will no longer be included in the scope of the Company's consolidated financial statements. As Harvester Company still has certain outstanding debts, it is expected that a loss of approximately RMB18,200,000 will be charged to the Company's consolidated financial statements as a result of the liquidation. However, the liquidation of Harvester Company will not have any material impact on the overall business development of the Company.

The Company will make timely information disclosure on the progress of the matter in compliance with the relevant disclosure and applicable requirements (if any) under the Listing Rules.

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

Luoyang, the PRC
26 October 2018

As at the date of this announcement, the Board comprises Mr. Zhao Yanshui (Chairman) and Mr. Wu Yong (vice Chairman) 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*