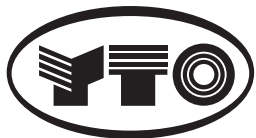


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第一拖拉机股份有限公司
FIRST TRACTOR COMPANY LIMITED*

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

(Stock Code: 0038)

ANNOUNCEMENT ON ESTIMATED LOSS IN ANNUAL RESULTS FOR THE YEAR 2018

The board (the “**Board**”) of directors (the “**Directors**”) of First Tractor Company Limited* (the “**Company**”) and all Directors warrant that there are no false representations or misleading statements contained in, or material omissions from, this announcement, and accept several and joint responsibility for the truthfulness, accuracy and completeness of the contents herein.

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

IMPORTANT NOTICE:

The net loss attributable to the shareholders of the Company for the year 2018 is estimated to be RMB1,100 million to RMB1,400 million, and the net loss attributable to the shareholders of the Company after deducting non-recurring profit or loss for the year 2018 is estimated to be RMB1,250 million to RMB1,550 million.

I. ESTIMATED RESULTS FOR THE PERIOD

(I) Period of estimated results

1 January 2018 to 31 December 2018.

(II) Estimated results

1. Based on its preliminary calculation, it is estimated that the Company will record a net loss of RMB1,100 million to RMB1,400 million attributable to shareholders of the Company for the year 2018, representing a turn from profit to loss as compared with the corresponding period last year.
2. The net loss attributable to the shareholders of the Company after deducting non-recurring profit or loss for the year 2018 is estimated to be RMB1,250 million to RMB1,550 million.

II. RESULTS FOR THE CORRESPONDING PERIOD LAST YEAR

- (I) The net profit attributable to the shareholders of the Company: RMB56,514,200. The net loss attributable to the shareholders of the Company after deducting non-recurring profit or loss: RMB123,062,400.
- (II) Earnings per share: RMB0.0572.

III. MAIN FACTORS AFFECTING THE RESULTS FOR THE CURRENT PERIOD

(I) Impact of principal business

During the reporting period, the sales volume of hi-powered and mid-powered wheeled tractors of the Company recorded a year-on-year decrease of 21.81% due to the combined effect of various factors, such as increase in the market inventory of tractors, decrease in operating income of users, prolonged investment payback period, and rising horsepower of products and reduction in total demand. The Company has taken relevant promotional measures in response to the gloomy market condition, and the sales price of leading products has seen a year-on-year decrease, resulting in a drop of 21.3% in revenue as compared to the corresponding period last year. Further, the gross profit of the Company declined noticeably due to the prices of major raw materials lingering at high levels. During the reporting period, in order to mitigate the impact of the general downturn of the market on its operating results, the Company proactively disposed of low-efficient and inefficient assets, and cut loss-making operations by streamlining organisational structure and downsizing workforce, which resulted in a year-on-year increase in the provision for termination benefits.

(II) Impact of non-operating profit or loss

During the reporting period, the Company's government grants included in the current profit or loss and investment income from disposal of subsidiaries decreased by approximately RMB130 million as compared to the corresponding period last year.

(III) Impact of changes in accounting policies

In March 2017, the Ministry of Finance of the PRC amended and released the "Enterprise Accounting Standards No. 22 – Recognition and Measurement of Financial Instruments", requiring enterprises with dual domestic and overseas listings to implement the above accounting standards with effect from 1 January 2018. For the reporting period, the Company's investments in Luoyin Financial Leasing Co., Ltd. and Bank of Luoyang Co., Ltd. are classified as financial assets at fair value through profit or loss, which is expected to have a positive impact on the Company's results for the period.

IV. OTHER INFORMATION

The figures above are preliminary estimates only. Investors should refer to the audited annual report for 2018 to be formally announced by the Company for specific and accurate financial figures of the Company. Investors are advised to exercise caution and be aware of the investment risks involved.

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

Luoyang, the PRC
29 January 2019

As at the date of this announcement, the Board comprises Mr. Zhao Yanshui (Chairman), Mr. Wu Yong (vice Chairman) and Mr. Zhu Weijiang as executive Directors; Mr. Li Hepeng, Mr. Xie Donggang, Mr. Li Kai and Mr. Zhou Honghai as non-executive Directors; and Mr. Yu Zengbiao, Ms. Yang Minli, Ms. Wang Yuru and Mr. Edmund Sit as independent non-executive Directors.

* *For identification purposes only*