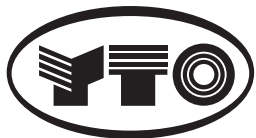


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第一拖拉机股份有限公司
FIRST TRACTOR COMPANY LIMITED*

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

(Stock Code: 0038)

ANNOUNCEMENT ON ESTIMATED PROFIT IN ANNUAL RESULTS FOR THE YEAR 2019

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:

1. The net profit attributable to the shareholders of the Company for the year 2019 is estimated to be RMB45,000,000 to RMB67,000,000, representing a turn from loss to profit.
2. The net profit attributable to the shareholders of the Company after deducting non-recurring profit or loss for the year 2019 is estimated to be RMB-254,000,000 to RMB-232,000,000.

I. ESTIMATED RESULTS FOR THE PERIOD

(I) Period of estimated results

1 January 2019 to 31 December 2019.

(II) Estimated results

1. Based on the preliminary calculation of the Company, it is estimated that the Company will record a net profit of RMB45,000,000 to RMB67,000,000 attributable to shareholders of the Company for the year 2019, representing a turn from loss to profit as compared with the corresponding period last year.
2. The net profit attributable to the shareholders of the Company after deducting non-recurring profit or loss for the year 2019 is estimated to be RMB-254,000,000 to RMB-232,000,000.

(III) The estimated results have not been audited by certified accountants.

II. RESULTS FOR THE CORRESPONDING PERIOD LAST YEAR

(I) The net profit attributable to the shareholders of the Company: RMB-1,300,108,700. The net profit attributable to the shareholders of the Company after deducting non-recurring profit or loss: RMB-1,389,633,300.

(II) Earnings per share: RMB-1.3188.

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

(I) Impact of principal business

During the reporting period, facing the continued downward trend of the agricultural machinery market, the Company made more efforts in its market development and enhanced the effectiveness of its marketing strategy. The sales volume of the Company's major products achieved an increase, with a year-on-year rise in operating revenue. Besides, due to the continuous control of the Company's total number of personnel, the persistent optimization of its structure, and the vigorous implementation of comprehensive measures of the Company such as costs reduction in procurement, product process optimization, quality improvement and reinforcing of internal management, the profitability of the Company's products improved significantly. Besides, expenses during the period were effectively controlled and the Company's results greatly improved.

(II) Impact of non-operating profit or loss

During the reporting period, the Company recorded non-recurring profit and loss items of approximately RMB300,000,000, including government grants included in the current profit or loss, investment income from disposal of subsidiaries and changes in fair value of financial assets held.

IV. RISK WARNING

The fair value of the equity held by the Company in Luoyin Financial Leasing Co., Ltd. and Bank of Luoyang Co., Ltd. is still uncertain, which may affect the profit margin changes of the Company and is expected not to affect the Company turning losses to profits as a whole. Save for the above-mentioned matters, there are no other material uncertainties in the Company that will affect the accuracy of the estimated profit.

V. OTHER INFORMATION

- (I) The figures above are preliminary estimates only. Investors should refer to the audited annual report for 2019 to be formally announced by the Company for specific and accurate financial figures of the Company.
- (II) Due to the loss in the 2018 annual results of the Company, if the audited net profit of the Company is negative for the year 2019, the Company's shares may be implemented delisting risk warning according to the relevant requirements of the Shanghai Stock Exchange Listing Rules. 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
21 January 2020

As at the date of this announcement, the Board comprises Mr. Li Xiaoyu (Chairman), Mr. Cai Jibo (vice Chairman) and Mr. Liu Jiguo as executive Directors; Mr. Li Hepeng, Mr. Xie Donggang 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*