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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 IN RESPECT OF UNUSUAL MOVEMENT IN THE TRADING OF THE A SHARES OF THE COMPANY

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

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 deviation value of the increase in the closing prices of the A Shares of the Company accumulated more than 20% in three consecutive trading days
- Upon self-inspection and verification with the controlling shareholder and the de facto controller made by the Company, as at the disclosure date of this announcement, other than the matters pertaining to the non-public issuance of A shares which are being implemented by the Company, there was no significant matter about the Company which should be disclosed but have not yet been disclosed

I. DETAILS OF UNUSUAL MOVEMENT IN THE TRADING OF THE A SHARES

The deviation value of the increase in the closing prices of the A Shares of the Company accumulated more than 20% in three consecutive trading days namely, 7 May 2020, 8 May 2020 and 11 May 2020. According to the relevant requirements of Trading Rules of the Shanghai Stock Exchange, this situation constitutes unusual movement in the trading of the Shares.

II. RELATED ISSUES CONCERNED AND CONFIRMED BY THE COMPANY

(I) Production and operation

At present, the production and operation of the Company is underway as usual, and there has been no material change in the daily operations of the Company.

(II) Significant events

Upon self-inspection, the resolution on the non-public issuance of A shares by the Company was considered and approved at the 17th meeting of the eighth session of the Board of the Company on 23 April 2020. China National Machinery Industry Corporation (中國機械工業集團有限公司) (“**China Machinery**”), the de facto controller of the Company, issued the Reply on Issues Concerning the non-public issuance of A shares by First Tractor 《關於一拖股份非公開發行A股股票有關問題的批覆》(Guo Ji Zhan Tou [2020] No.142) on 7 May 2020, gave in-principle approval to the proposal on the non-public issuance of A shares by the Company, and agreed that YTO Group Corporation (the “**YTO Group**”) will subscribe for all the shares of this issuance by cash of RMB700 million. For details of the above-mentioned matters, please refer to the relevant announcements of the Company published on Shanghai Securities News and the website of the Shanghai Stock Exchange (<http://www.sse.com.cn>) on 24 April 2020 and 9 May 2020, respectively.

After checking with YTO Group, the controlling shareholder of the Company, and China Machinery, the de facto controller of the Company, save for the above-mentioned matters, the Company confirmed that there was no significant matter about the Company which should be disclosed but have not yet been disclosed, including but not limited to material assets reorganization, acquisitions by listed companies, debt restructuring, asset stripping and asset investment, etc.

(III) Upon self-review and verification, the Company did not identify any other major events that were likely to cause significant impact on the share price of the Company.

III. DECLARATIONS AND UNDERTAKINGS OF THE BOARD

Save for the matters disclosed in the above-mentioned Part II, the Board of the Company confirms that the Company has no other significant event or relevant planning and intention of such significant event which should be disclosed pursuant to the relevant rules including the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange but has not yet been disclosed. The Board is not aware of any information, which should be disclosed pursuant to the relevant rules including the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange but have not yet been disclosed and has relatively substantial impact on the trading price of the Shares of the Company.

IV. RISK WARNING

1. The PE ratio of the Company was 99.35 (the total market capitalisation of the Company/the audited net profit attributable to the equity holders of the parent company of the Company for the year 2019 as at the disclosure date of this announcement). As the share price of the Company increased significantly recently, investors are advised to make rational investments and pay attention to investment risks.
2. The non-public issuance of A shares by the Company shall be subject to (1) the approval at the general meeting of the Company; (2) the approval by the CSRC; (3) the whitewash waiver granted by SFC (such waiver not being revoked before the completion of the non-public issuance of A Shares). Therefore, there are still some uncertainties in this matter.
3. China Securities Journal, Shanghai Securities News, the website of Shanghai Stock Exchange (www.sse.com.cn) and the website of the Stock Exchange of Hong Kong Limited (www.hkexnews.hk) are the designated media for information disclosure of the Company, information published by the Company on such media shall prevail and be official.

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

Luoyang, the PRC
11 May 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