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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)

## **INDICATIVE ANNOUNCEMENT ON THE RISK OF THE TRADING OF THE 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 namely, 7 May 2020, 8 May 2020 and 11 May 2020. On 12 May 2020, the share price of the A Shares of the Company reached a specific high level leading to a trading halt once again, representing an accumulated increase of 34.65% for four consecutive trading days.
- The current PE ratio of the Company is 109.13 (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). In 2019, the audited net profit attributable to shareholders of the listed company was RMB61,475,427.17, and the net profit attributable to shareholders of the listed company after deducting the non-recurring profit and loss was RMB-251,259,263.87.

- At present, there has been no material change in the daily operations of the Company, and the production and operation of the Company is underway as usual.
- There are still uncertainties in the matters pertaining to the non-public issuance of A Shares of the Company.

## **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. The Company has disclosed the Announcement in Respect of Unusual Movement in the Trading of the A Shares of the Company on 12 May 2020. For details, please refer to the announcement of the Company (Lin 2020-No.21). On 12 May 2020, the share price of the A Shares of the Company reached a specific high level leading to a trading halt once again.

## **II. THE OPERATIONAL RISKS OF THE COMPANY**

The audited gross revenue of the Company for the year 2019 was RMB5,830,175,119.64, the net profit attributable to the shareholders of the listed company was RMB61,475,427.17, and the net profit attributable to the shareholders of the listed company after deducting the non-recurring profit and loss was RMB-251,259,263.87. The audited net profit attributable to the shareholders of the listed company after deducting the non-recurring profit and loss was negative for three consecutive years, and the profitability of its principal business was relatively weak.

At present, the production and operation of the Company is underway as usual, and there has been no material change in the principal business of the Company. Major products include a full range of wheeled and crawler tractors for agricultural production, off-road diesel engines and their key components.

### **III. DECLARATIONS OF NO SIGNIFICANT MATTER ABOUT THE COMPANY WHICH SHOULD BE DISCLOSED BUT HAVE NOT YET BEEN DISCLOSED**

- (I) Save for the matters pertaining to the non-public issuance of A shares by the Company, 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.
- (II) After checking, the Company confirmed that there was no trading of the Shares of the Company conducted by the controlling shareholder or the de facto controller of the Company during the period of unusual movement in the trading of the Shares.
- (III) China Securities Journal, Shanghai Securities News, the website of Shanghai Stock Exchange ([www.sse.com.cn](http://www.sse.com.cn)) and the website of the Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) are the designated media for information disclosure of the Company, and information published by the Company on such media shall prevail and be official. Investors are advised to make rational investments and pay attention to investment risks.

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

Luoyang, the PRC  
12 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*