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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 INCREASE IN RESULTS FOR THE HALF YEAR OF 2020

The board of directors (the “Board”) 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(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions 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 period from January to June 2020 is estimated to be RMB266,700,000 to RMB400,000,000, representing a year-on-year increase of 1,260% to 1,940%.
2. The net profit attributable to the shareholders of the Company after deducting non-recurring profit or loss for the period from January to June 2020 is estimated to be RMB239,700,000 to RMB373,000,000.

I. ESTIMATED RESULTS FOR THE PERIOD

(I) Period of estimated results

1 January 2020 to 30 June 2020.

(II) Estimated results

1. Based on the preliminary calculation of the Company, the net profit attributable to the shareholders of the Company for the period from January to June 2020 is estimated to be RMB266,700,000 to RMB400,000,000, representing a year-on-year increase of 1,260% to 1,940%.
2. The net profit attributable to the shareholders of the Company after deducting non-recurring profit or loss is estimated to be RMB239,700,000 to RMB373,000,000.

(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: RMB19,612,500. The net profit attributable to the shareholders of the Company after deducting non-recurring profit or loss: RMB-65,158,000.

(II) Earnings per share: RMB0.0199.

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

(I) Impact of principal business.

During the Reporting Period, the Company actively responded to the impact of the COVID-19 epidemic and spared no efforts to accelerate the resumption of operation and production. Through taking measures of optimizing product mix, innovating marketing model and strengthening channel management, the Company seized the market opportunities during the spring ploughing period to effectively expand the sales volume of major products. From January to June 2020, the sales volume of hi-powered and mid-powered tractors of the Company increased by approximately 23% year-on-year, the sales volume of diesel engine products increased by approximately 20% year-on-year, and the operating revenue of the Company achieved a significantly year-on-year increase.

The Company continued to improve product quality and strengthen control of costs and expenditure while improving product sales. In the first half of the year, when the price of raw materials experienced a stage-low, the Company achieved cost reduction and profit increase through centralized procurement. Meanwhile, benefited from the optimization of the Company's personnel structure and the implementation of refined production technology, related costs and expenses also declined significantly year-on-year.

(II) Impact of non-operating profit or loss.

During the reporting period, the Company recorded non-recurring profit and loss items of approximately RMB27,000,000, 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

As at the date of the disclosure of this announcement, there are no other material uncertainties in the Company that will affect the accuracy of the estimated profit contained in this announcement.

V. OTHER INFORMATION

The figures above are preliminary estimates only. Investors should refer to the interim report for 2020 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
24 July 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 Ms. Yang Minli, Ms. Wang Yuru and Mr. Edmund Sit as independent non-executive Directors.

* *For identification purposes only*