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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 ANNUAL RESULTS FOR THE YEAR 2020

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 of First Tractor Company Limited* (hereinafter referred to as the “**Company**”) for the year 2020 is estimated to be RMB222 million to RMB332 million, representing an increase of RMB161 million to RMB271 million as compared with the corresponding period last year, or a year-on-year increase of 261.12% to 440.05%.
2. The net profit attributable to the shareholders of the Company after deducting non-recurring profit or loss for the year 2020 is estimated to be RMB84 million to RMB194 million, representing an increase of RMB335 million to RMB445 million as compared with the corresponding period last year.

I. ESTIMATED RESULTS FOR THE PERIOD

(I) Period of estimated results

1 January 2020 to 31 December 2020.

(II) Estimated results

1. Based on the preliminary calculation of the Company, it is estimated that the Company will record a net profit of RMB222 million to RMB332 million attributable to shareholders of the Company for the year 2020, representing an increase of RMB161 million to RMB271 million as compared with the corresponding period last year (statutory disclosure), or a year-on-year increase of 261.12% to 440.05%.
2. The net profit attributable to the shareholders of the Company after deducting non-recurring profit or loss is to be RMB84 million to RMB194 million, representing an increase of RMB335 million to RMB445 million as compared with the corresponding period last year (statutory disclosure).

(III) The estimated results were preliminary calculation of the Company in accordance with the operating conditions, and 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 in 2019: RMB61 million. The net profit attributable to the shareholders of the Company after deducting non-recurring profit or loss: RMB-251 million.

(II) Earnings per share: RMB0.0624.

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

(I) Impact of principal business

In 2020, the domestic agricultural machinery market showed a good situation of stabilizing growth. The Company overcame the impact of the pandemic, made all efforts to accelerate the resumption of operation and production and actively explored the market, and the sales volume of the major products achieved a significant increase. During the reporting period, the sales volume of hi-powered and mid-powered tractors of the Company increased by approximately 28% year-on-year, the sales volume of diesel engine products increased by approximately 29% year-on-year, and the operating revenue of

the Company achieved a significantly year-on-year increase. Meanwhile, the Company continued to intensify the control of expenses, and explored the internal potential from various aspects such as procurement, lean production, labor and employment, etc. The Company took various measures to reduce costs and increase efficiency, which further improved the profitability of products.

(II) Impact of non-operating profit or loss

During the reporting period, the Company recorded non-recurring profit and loss items of approximately RMB138 million, including government grants included in the current profit or loss and changes in fair value of financial assets held.

IV. RISK WARNING

The estimated figures of the results have taken into consideration the impact of asset impairment on the Company's results. The figures above are preliminary estimates only. Investors should refer to the annual report for 2020 to be formally announced by the Company for specific and accurate figures of the Company. There are no other material uncertainties in the Company that will affect the accuracy of the estimated profit. 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 2021

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.