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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)

**OVERSEAS REGULATORY ANNOUNCEMENT
ANNOUNCEMENT IN RESPECT OF
UNUSUAL MOVEMENT IN TRADING OF A SHARES
AND RISK WARNING**

This announcement is made by First Tractor Company Limited* (the “**Company**”) pursuant to Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”).

I. DETAILS OF UNUSUAL MOVEMENT IN TRADING OF THE SHARES

The deviation value of the increase in the closing prices of the A Shares of the Company accumulated to more than 20% in three consecutive trading days, namely 2 March 2021, 3 March 2021 and 4 March 2021, which, pursuant to the relevant requirements of the Trading Rules of the Shanghai Stock Exchange, constitutes unusual movement in the trading of the Shares.

II. RELEVANT ISSUES CONCERNED AND VERIFIED BY THE COMPANY

1. Currently, the Company is in normal production and operation, and there are no major adjustments in market environment or industry policies.
2. Upon self-review of the Company and after written confirmation from the controlling shareholder and the de facto controller of the Company, the Company, the controlling shareholder and the de facto controller of the Company have no significant information which should be disclosed but have not yet been disclosed, including but not limited to material assets reorganization, acquisitions of listed companies, debt restructuring, business restructuring, asset divestment and asset investment, etc., as at the publication date of this announcement.

3. The Company did not identify any other major events that were likely to cause significant impact on the share price of the Company. None of the directors, supervisors, senior management, controlling shareholders and de facto controller of the Company has purchased or sold any Shares of the Company during the period of unusual movement in the trading of the Shares of the Company.

III. RISK WARNING

1. The deviation value of the increase in the closing prices of the A Shares of the Company accumulated to more than 20% in three consecutive trading days, which constitutes unusual movement in the trading of the Shares. The increase in the prices of the A Shares of the Company from 26 February to 4 March 2021 accumulated to 61.06%, which was relatively high in a short run. As at the publication date of this announcement, the P/E ratio of the A Shares of the Company ranged from 54.62 to 81.68 times as calculated in accordance with the data set out in the announcement on preliminary results for 2020 of the Company. Investors are advised to pay attention to the secondary market trading risks, and make rational decision and prudent investment.
2. The net profit attributable to shareholders of the Company for 2019 of the Company amounted to RMB61 million, the base of which was relatively low. In 2020, the non-recurring profit or loss items amounted to approximately RMB138 million.
3. Currently, certain loss making subsidiaries of the Company still fail to achieve fundamental turnaround, which still has a certain impact on the results of the Company in the future.

IV. DECLARATIONS AND UNDERTAKINGS OF THE BOARD

The Board of the Company confirms that the Company has no 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 also 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 has not yet been disclosed and has relatively substantial impact on the trading price of the Shares of the Company.

China Securities Journal, Shanghai Securities News, the website of Shanghai Stock Exchange (www.sse.com.cn) and the website of the Hong Kong Stock Exchange (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
4 March 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.

** For identification purposes only*