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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 2021**

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 First Tractor Company Limited\* (hereinafter referred to as the “**Company**”) for the year 2021 is estimated to be RMB400 million to RMB460 million, representing an increase of RMB120 million to RMB180 million as compared with the corresponding period last year, or a year-on-year increase of 42.86% to 64.29%.
2. The net profit attributable to the shareholders of the Company after deducting non-recurring profit or loss for the year 2021 is estimated to be RMB317 million to RMB377 million, representing an increase of RMB171 million to RMB231 million as compared with the corresponding period last year.

## **I. ESTIMATED RESULTS FOR THE PERIOD**

### **(I) Period of estimated results**

1 January 2021 to 31 December 2021.

### **(II) Estimated results**

1. Based on the preliminary calculation of the Company, it is estimated that the Company will record a net profit of RMB400 million to RMB460 million attributable to shareholders of the Company for the year 2021, representing an increase of RMB120 million to RMB180 million as compared with the corresponding period last year, or a year-on-year increase of 42.86% to 64.29%.
2. The net profit attributable to the shareholders of the Company after deducting non-recurring profit or loss is to be RMB317 million to RMB377 million, representing an increase of RMB171 million to RMB231 million as compared with the corresponding period last year.

**(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 2020: RMB280 million. The net profit attributable to the shareholders of the Company after deducting non-recurring profit or loss: RMB146 million.

(II) Earnings per share: RMB0.2842.

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

### **(I) Impact of principal business**

In 2021, benefiting from the implementation of the national food security strategy, rural revitalization strategy and other policies and measures, the domestic agricultural production in regions continued to be active. The domestic agricultural machinery industry maintained a momentum of growth. Meanwhile, the adjustment of a new round of subsidy policies for the purchase of agricultural machinery and the increase in raw material prices also brought many challenges to the operation of the enterprises.

In the face of the complex external market environment, the Company insisted on the strategic development idea of “innovation-driven, optimize the structure, penetrate the market and seize the high-end”, actively and effectively seized the domestic and overseas markets, with the sales volume of hi-powered and mid-powered tractor products of the Company increasing by approximately 30% year-on-year, and the sales volume of diesel engine products increasing by approximately 19% year-on-year. The Company took measures to reduce costs and increase efficiency by locking prices and establishing reserves of raw materials, promoting cost management of full value chain and implementing lean production, which suppressed the impact of the significant increase in raw material prices on the Company’s profitability to the extent, resulting in a significant year-on-year improvement in the operating results of the Company.

## **(II) Impact of non-operating profit or loss**

During the reporting period, the Company recorded non-recurring profit and loss items of approximately RMB83 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 2021 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  
26 January 2022

*As at the date of this announcement, the Board comprises Mr. Li Xiaoyu (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*