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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 LOSS IN RESULTS FOR THE FIRST HALF OF 2018**

All members of the board (the “**Board**”) of directors (the “**Directors**”) of First Tractor Company Limited\* (the “**Company**”) warrant that there are no false representations, misleading statements or material omissions in this announcement, and accept several and joint responsibilities for the truthfulness, accuracy and completeness of its contents.

This announcement is made pursuant to the requirements relating to inside information under Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

### **IMPORTANT NOTICE:**

1. The net loss attributable to the shareholders of the Company for the six months ended 30 June 2018 is estimated to be RMB140 – 170 million, turning profit to loss.
2. The net loss attributable to the shareholders of the Company after deducting non-recurring profit or loss for the six months ended 30 June 2018 is estimated to be RMB230 – 260 million.

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

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

1 January 2018 to 30 June 2018.

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

1. Based on the preliminary calculation by the finance department of the Company, the net loss attributable to the shareholders of the Company for the six months ended 30 June 2018 is estimated to be RMB140 – 170 million, turning profit to loss.
2. The net loss attributable to the shareholders of the Company after deducting non-recurring profit or loss for the six months ended 30 June 2018 is estimated to be RMB230 – 260 million.

## **II. RESULTS FOR THE SAME PERIOD LAST YEAR**

(I) The net profit attributable to the shareholders of the Company: RMB32.2656 million. The net profit attributable to the shareholders of the Company after deducting non-recurring profit or loss: RMB0.9910 million.

(II) Earnings per share: RMB0.0326.

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

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

In the first half of 2018, due to a combination of adverse factors, the tractor market has shown a downward trend since last year and was still in deep adjustment. The sales volume of hi-powered and mid-powered wheeled tractors by core enterprises and the Company recorded a year-on-year drop of 22.6% and 13.4%, respectively. Meanwhile, the production cost of the Company's leading products increased as the price of raw materials such as steel kept rising, contributing to a loss in results for the first half of the year.

## **(II) Impact of changes in accounting policies.**

In March 2017, the Ministry of Finance amended and released the “Enterprise Accounting Standards No. 22–Recognition and Measurement of Financial Instruments” (hereafter referred to as the “**Financial Instruments Standards**”), requiring enterprises with dual domestic and overseas listings to implement the above accounting standards with effect from 1 January 2018.

The investments in Luoyin Financial Leasing Co., Ltd. and Bank of Luoyang Co., Ltd. previously made by the Company were recognized as financial assets available for sale. During the reporting period, the Company made judgment on the business models of the above two investments and transferred them into financial assets measured at fair value with changes in value recognized in profit or loss according to the provisions of the above accounting standards. The changes in the accounting policy resulted in an increase of approximately RMB47 million in the net profit attributable to shareholders of the Company.

## **IV. OTHER INFORMATION**

The figures above are preliminary estimates only. Investors should refer to the interim financial report for the six months ended 30 June 2018 to be formally announced by the Company for specific and accurate financial figures of the Company. Investors are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board  
**First Tractor Company Limited\***  
**YU Lina**  
*Company Secretary*

Luoyang, the PRC  
10 August 2018

*As at the date of this announcement, the Board comprises Mr. Zhao Yanshui (Chairman), Mr. Wang Erlong (vice Chairman) and Mr. Wu Yong as executive Directors; Mr. Li Hepeng, Mr. Xie Donggang, Mr. Li Kai and Mr. Yin Dongfang as non-executive Directors; and Ms. Yang Minli, Mr. Xing Min, Mr. Wu Tak Lung and Mr. Yu Zengbiao as independent non-executive Directors.*

\* *For identification purposes only*