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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 in Relation to Provision of External Guarantees by the Company

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

IMPORTANT NOTICE

- Name of the guaranteed parties:

The lessees/borrowers which purchase mining trucks from the Company under finance lease and buyer's credit.

- Total amount of the proposed guarantees and the amount of guarantees already provided:

The total amount of the proposed guarantees (the “**Proposed Guarantees**”) to be provided by the Company for the lessees/borrowers who purchase mining trucks from the Company under finance lease and buyer’s credit will not be more than RMB230 million. As at the end of February 2013, the amount of guarantees actually provided by the Company for the lessees/borrowers who purchased the mining trucks was RMB165.66 million.

- Provision of counter-guarantees: Counter-guarantees will be provided.
- Aggregated amount of overdue external guarantees of the Company: Nil.

I. SUMMARY OF THE GUARANTEES

(I) Basic information of the Proposed Guarantees

YTO (Luoyang) Shentong Construction Machinery Co., Ltd* (一拖(洛陽)神通工程機械有限公司), a subsidiary of the Company, has been rapidly developing its main product of mining trucks in recent years, and the market share was expanding. As the unit price of mining trucks is relatively high, the Company intends to promote sales by utilising finance lease and buyer’s credit, whereby financial institutions will provide funds to the lessees/borrowers with the Company acting as a guarantor to guarantee their repayment by installment. The Company is planning to provide guarantees with a total amount of not more than RMB230 million for the lessees/borrowers under the finance lease and buyer’s credit businesses for purchasing mining trucks.

The Company’s provision of guarantees for lessees/borrowers shall be subject to approval by the 2012 annual general meeting (“**AGM**”) of the Company. The amount of guarantees will be valid from the date of approval by the AGM until the date of the 2013 annual general meeting of the Company, and such amount can be re-utilized during such validity period.

(II) Proposed Guarantees considered by the Board

On 27 March 2013, the second meeting of the sixth Board of the Company considered and approved “the Resolution in Relation to Provision of Guarantees by the Company for the Lessees/Borrowers which Purchase Mining Trucks from the Company under Finance Lease and Buyer’s Credit”.

II. BASIC INFORMATION OF THE GUARANTEED PARTIES

Lessees/borrowers which purchase mining trucks from the Company under finance lease and buyer’s credit are all non-connected persons of Company, who are selected by the Company and the relevant financial institutions after making comprehensive assessment of their creditworthiness, loan repayment abilities and sales capacity.

III. MAIN CONTENTS OF THE GUARANTEE AGREEMENTS

(I) Type of the guarantee:

Joint liabilities.

(II) Main contents of the guarantee agreements:

The Company will enter into specific guarantee agreements with financial institutions according to the actual business needs of the Company within the limit of the guarantees amount.

(III) Counter-guarantees:

Counter-guarantees will be provided for the guaranteed party by third party with the capacity to provide guarantee.

IV. RISK CONTROL MEASURES OF THE COMPANY IN RESPECT OF THE GUARANTEES

For sales of mining trucks made under finance lease and buyer's credit, the lessees/borrowers shall first pay down payment/guarantee deposit with an amount of not less than a certain percentage of the total purchasing price of the mining truck/borrowed amount. They shall also purchase related insurances such as engineering machinery equipment insurances for the mining trucks.

The Company has set up a dedicated management department, and has built up a sound "investigation and credit rating system for truck purchasers" and other risks control system in accordance with the "Administrative Measures for Finance Lease and Buyer's Credit Businesses". Through information verification and pre-deal investigation, the Company will screen customers under strict standards after it has objectively evaluated the user qualification and project profitability. The credit records of the guaranteed parties shall be kept by the financial institutions undertaking the relevant businesses in the credit system of The People's Bank of China.

V. OPINION OF THE BOARD

Along with economic growth, especially the development of the resources exploitation industry like coal mining, demand for mining truck products will be increasing, which indicates a strong sustainable development momentum. Mining trucks produced by the Company are of reliable quality and high public reputation, and the market share is expected to grow steadily. As the unit price of mining truck products is relatively high, the Company has cooperated with financial institutions to commence finance lease and buyer's credit services which can effectively help alleviating customers' capital pressure and expanding the Company's sales volume. The Company has also applied risks control measures such as purchaser credit assessment, guarantee deposits payment and provision of counter guarantees by third parties. The overall risks of provision of the guarantees are controllable and the provision of the guarantees is in the interests of the Company and its shareholders as a whole.

In view of the above, the Board recommends the shareholders of the Company to vote in favour of the relevant ordinary resolutions in respect of the Proposed Guarantees to be proposed at the AGM.

VI. THE ACCUMULATED AMOUNT OF EXTERNAL GUARANTEES AND THE AMOUNT OF OVERDUE GUARANTEES

As at the end of February 2013, the accumulated amount of external guarantees provided by the Company and its subsidiaries was RMB707.32 million. If the Proposed Guarantees were implemented, the accumulated guarantees amount will increase to RMB937.32 million, representing 21.4% of the audited net assets of the Company for the latest report period.

As at the date of this announcement, the Company have no overdue guarantees.

VII. GENERAL INFORMATION

The Proposed Guarantees are subject to the approval at the AGM. If the Proposed Guarantees require disclosure in accordance with the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), the Company shall follow the relevant procedures as required by the Listing Rules in a timely manner.

VIII. AGM

The Company will convene the AGM for the purposes of, among other things, seeking the Company’s shareholders’ approval for the Proposed Guarantees. At the AGM, voting for the proposed ordinary resolutions shall be taken by way of poll. A notice of the AGM will be dispatched to the shareholders of the Company as soon as possible.

By Order of the Board
FIRST TRACTOR COMPANY LIMITED
YU Lina
Company Secretary

Luoyang, the PRC
27 March 2013

As at the date of this announcement, Mr. Zhao Yanshui is the Chairman of the Company and Mr. Su Weike is the vice Chairman of the Company. Other members of the Board are six Directors, namely, Mr. Yan Linjiao, Mr. Guo Zhiqiang, Ms. Dong Jianhong, Mr. Qu Dawei, Mr. Liu Jiguo and Mr. Wu Yong; and four independent non-executive Directors, namely, Mr. Hong Xianguo, Mr. Zhang Qiusheng, Mr. Xing Min and Mr. Wu Tak Lung.

* *For identification purposes only*