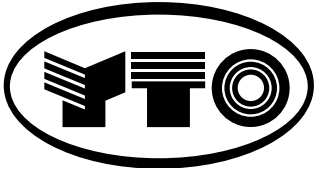


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第一拖拉机股份有限公司*
FIRST TRACTOR COMPANY LIMITED

(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 INFORMATION

- Name of the guaranteed parties: Customers who purchase mining truck products of the Company under the finance lease and buyer’s credit businesses (the “**Customers of Mining Trucks**”)

(The guarantees proposed to be provided by the Company for the Customers of Mining Trucks are referred to as the “**Proposed Guarantees**”.)

- Total amount of the Proposed Guarantees and the amount of guarantees already provided:

The total amount of the Proposed Guarantees to be provided by the Company will not be more than RMB10 million. As at 31 March 2014, the amount of guarantees actually provided by the Company for the Customers of Mining Trucks was RMB6.18 million.

- Provision of counter-guarantees: all external guarantees provided by the Company shall be counter-guaranteed by the Customers of Mining Trucks.
- Aggregated amount of overdue external guarantees of the Company: Nil

I. SUMMARY OF THE GUARANTEES

YTO (Luoyang) Shentong Engineering Machinery Company Limited*, the Company's wholly-owned subsidiary, plans to conduct mining truck products sale through the finance lease and buyer's credit businesses, whereby financial institutions will provide funds to the Customers of Mining Trucks with the Company providing guarantees for the Customers of Mining Trucks, who will repay the loans to the financial institutions by installment. The Company is planning to provide guarantees with a total amount of not more than RMB10 million for the Customers of Mining Trucks. The proposed guarantees amount will be available for use on a revolving basis.

The guarantees to be provided by the Company for the Customers of Mining Trucks shall be subject to the approval at the general meeting of the Company (the "**General Meeting**"). The validity period of the aforesaid guarantees shall commence from the date of approval at the General Meeting and end on the date of convening the 2014 annual general meeting of the Company.

II. BASIC INFORMATION OF THE GUARANTEED PARTIES

The Customers of Mining Trucks are those customers who purchase mining truck products through the finance lease and buyer's credit businesses. They are all non-connected persons of the Company and are selected after conducting comprehensive assessment by the Company and financial institutions on their creditworthiness, loan repayment abilities and sales capacity.

III. MAIN CONTENTS OF THE GUARANTEE AGREEMENTS

Methods of guarantees include, but not limited to, guarantee of joint and several liability and repurchase guarantee.

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 guarantee amount.

IV. OPINION OF THE BOARD

On 28 April 2014, the eleventh meeting of the sixth Board of the Company considered and approved "the Resolution in relation to Provision of Guarantees by the Company to the Customers of Mining Trucks" with 10 affirmative votes, 0 negative vote and 0 abstaining vote.

The Company has established a specific management department, which will conduct assessment on the creditworthiness and loan repayment abilities of the Customers of Mining Trucks through the "System on Pre-loan Investigation and Creditworthiness Assessment" before commencing the business in accordance with the "Management Measures on Finance Lease and Buyer's Credit Businesses", and decide whether to commence the finance sale businesses. Under the finance lease and buyer's credit businesses of mining truck products, the Customers of Mining Trucks shall first be required to pay deposit and guarantee amount with an amount of not less than a certain percentage of the total consideration of the mining trucks and the loan amount. The Company shall provide guarantee for the Customers of Mining Trucks, and the Customers of Mining Trucks shall provide valid counter-guarantees such as assets pledges which could cover whole risks.

The Company shall formulate and strictly implement the relevant management systems and procedures of the finance lease and buyer's credit businesses and adopt the corresponding protection measures against risks to control the risks on provision of guarantees by the Company for the Customers of Mining Trucks.

The Directors (including the independent non-executive Directors) consider that the terms of the Proposed Guarantees are on normal commercial terms, fair and reasonable and in the interest of the Company and the shareholders of the Company as a whole.

In light of the above, the Board recommends the shareholders of the Company to vote for the ordinary resolutions in respect of the abovementioned guarantees to be proposed at the General Meeting.

V. THE ACCUMULATED AMOUNT OF EXTERNAL GUARANTEES AND THE ACCUMULATED AMOUNT OF OVERDUE GUARANTEES PROVIDED BY THE COMPANY

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

As at the date of this announcement, the accumulated amount of external guarantees provided by the Company and its subsidiaries was RMB498.54 million, representing 11.14% of the audited net assets of the Company for the latest period.

VI. GENERAL INFORMATION

The Proposed Guarantees are subject to the approval at the General Meeting.

If the abovementioned individual external guarantee is required to be disclosed or obtain approval from the shareholders of the Company 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.

VII. GENERAL MEETING

The Company will convene the General Meeting for the purpose of, among other things, seeking the Company's shareholders' approval for the above guarantees. At the General Meeting, voting for the proposed ordinary resolutions shall be taken by way of poll. A notice of the General Meeting will be dispatched to the shareholders as soon as possible.

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

Luoyang, the PRC
28 April 2014

As at the date of this announcement, Mr. Zhao Yanshui is the Chairman of the Company and Mr. Wang Erlong is the vice Chairman of the Company. Other members of the Board are four Directors, namely, Mr. Yan Linjiao, Mr. Guo Zhiqiang, 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*