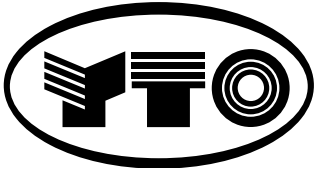


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第一拖拉机股份有限公司
FIRST TRACTOR COMPANY LIMITED*

(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:
 - (1) Dealers of agricultural machinery products under the brand name of “Dong Fanghong” (the “**Dealers**”); and
 - (2) YTO (Jiangyan) Power Machinery Company Limited* (“**YTO Jiangyan Power Machinery**”), YTO (Luoyang) Transporting Machinery Company Limited* (“**YLTM**”), YTO (Luoyang) Shentong Engineering Machinery Company Limited* (“**YTO Shentong**”), YTO (France) Agricultural Equipment Company Limited* (“**YTO France Agricultural Equipment**”) and Changtuo Agricultural Machinery Equipment Company Limited* (“**Changtuo Agricultural Machinery**”) (the above subsidiaries of the Company are collectively referred to as the “**Subsidiaries**”).

(The above Dealers and Subsidiaries are collectively referred to as the “**Guaranteed Parties**”, and the guarantees proposed to be provided by the Company for the Guaranteed Parties are referred to as the “**Proposed Guarantees**”.)

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

The total amount of the Proposed Guarantees to be provided by the Company will not be more than RMB501 million. As at 31 December 2014, the amount of guarantees actually provided by the Company for the Guaranteed Parties was RMB366.24 million. The total amount of the Proposed Guarantees includes the aforesaid amount of guarantees actually provided.

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

I. SUMMARY OF THE GUARANTEES

1. Provision of guarantees by the Company for the Dealers: the Company will enter into cooperation agreements with financial institutions to obtain financial credit. The Dealers, who are selected by the Company and the relevant financial institutions, can apply to the financial institutions for trade financing in order to make payment to the Company for purchasing the Company’s products. The Company proposes to provide guarantees for the Dealers for financing purpose and the amount of guarantees actually provided by the Company shall not exceed RMB277 million at any time during the validity period of the guarantees. The proposed guarantees will be available for use on a revolving basis.

2. Provision of guarantees by the Company for the Subsidiaries: In light of the actual capital needs for the production and operations of the Subsidiaries, the Company proposes to provide guarantees for the Subsidiaries for the financing provided by financial institutions and the amount of guarantees actually provided by the Company shall not exceed RMB224 million at any time during the validity period of the guarantees. The proposed guarantees amount will be available for use on a revolving basis. Details of the guarantees are set out below:

Currency: RMB (unless otherwise specified)

Guaranteed Parties	Guarantee amount
YTO Shentong	45 million
YLTM	14 million
YTO Jiangyan Power Machinery	30 million
YTO France Agricultural Equipment	Euro 15 million (approximately RMB120 million)
Changtuo Agricultural Machinery	15 million

3. The guarantees to be provided by the Company for the Dealers and YLTM and YTO Shentong, subsidiaries of the Company, shall be subject to the shareholders' 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 2015 annual general meeting of the Company. The validity period of the guarantees to be provided by the Company for YTO Jiangyan Power Machinery, YTO France Agricultural Equipment and Changtuo Agricultural Machinery shall commence from the date of convening the 2014 annual general meeting of the Company and end on the date of convening the 2015 annual general meeting of the Company.

II. BASIC INFORMATION OF THE GUARANTEED PARTIES

1. The Dealers are non-connected persons of the Company.
2. For basic information of the Subsidiaries, please refer to Table 1 below. For major audited financial data of the Subsidiaries for the last year, please refer to Table 2 below.

Table 1:

Guaranteed Parties	Registered Capital	Voting Rights held by the Company	Legal Representative	Principal Business
YTO Shentong	RMB53 million	100%	Yao Weidong	Manufacturing and sale of mining trucks, special vehicle and mechanical products for rural construction
YLTM	RMB55.88 million	93.39%	Yao Weidong	Manufacturing, sale and maintenance of industrial forklifts, etc. and processing of general machineries
YTO France Agricultural Equipment	Euro34.6 million	100%	Liu Yao	Research, manufacturing and sale of agricultural machinery and relevant accessories
YTO Jiangyan Power Machinery	RMB200 million	78% <i>(Note 1)</i>	Li Xibin	Manufacturing and sale of multi-cylinder diesel engines and relevant accessories
Changtuo Agricultural Machinery	RMB282 million	66.66% <i>(Note 2)</i>	Hou Zhiping	Research, manufacturing and sale of hi-powered and mid-powered wheeled tractors and relevant accessories

Notes:

1. The Company directly holds 38% equity interest in YTO Jiangyan Power Machinery and indirectly holds 40% equity interest in YTO Jiangyan Power Machinery through its subsidiary, YTO (Luoyang) Diesel Engine Company Limited; and
2. The Company directly holds 33.33% equity interest in Changtuo Agricultural Machinery, and China National Machinery Industry Corporation* (中國機械工業集團有限公司), the ultimate controlling shareholder of the Company, holds 33.33% equity interest in Changtuo Agricultural Machinery, which is entrusted to the Company for management.

Table 2:

Unit: RMB 0'000

Guaranteed Parties	At the end of 2014 Total Assets	At the end of 2014 Total Liabilities	At the end of 2014 Net Assets	For the year 2014 Revenue	For the year 2014 Net Profit
YTO Shentong	18,300	33,353	-15,054	5,550	-10,184
YLTM	7,042	5,714	1,328	7,071	-586
YTO France Agricultural Equipment	25,967	16,652	9,316	15,111	-5,209
YTO Jiangyan Power Machinery	50,653	24,238	26,415	37,565	-980
Changtuo Agricultural Machinery	26,015	11,573	14,442	6,639	-3,499

III. MAIN CONTENTS OF THE GUARANTEE AGREEMENTS

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

The Company will enter into specific guarantee agreements according to the actual business situations within the limit of the guarantee amount.

IV. OPINION OF THE BOARD

On 30 March 2015, the nineteenth meeting of the sixth Board of the Company considered and approved “the Resolution in relation to Provisions of Guarantees by the Company to Dealers of Products under the Brand Name of “Dong Fanghong” under the Commercial Loan Business of the Company” and “the Resolution in relation to Provision of Entrusted Loans and Guarantees by the Company to Subsidiaries”. Save for the negative vote against the provision of guarantee by the Company for YTO Shentong by Mr. Guo Zhiqiang, Director, voting results of all other resolutions are 12 affirmative votes, 0 negative vote and 0 abstaining vote.

Provision of guarantees by the Company for the Dealers for financing in purchasing the agricultural machinery products under the brand name of “Dong Fanghong” can expand the financing channels of the Dealers, relieve the pressure of the Company in relation to collection of accounts receivable, and which is beneficial in promoting the sales of the Company’s products.

Provision of guarantees by the Company for the Subsidiaries is mainly to satisfy the actual capital needs for the production and operation of the Subsidiaries, which is in the interest of the operation and development of the Company.

To strengthened risk alarm and its handling of risks, the Company has established and refined a credit examination and assessment system of the Dealers, and will make decision as to whether to provide guarantees or the guarantee amount, through review of materials and pre-loan investigation.

The Subsidiaries are either wholly-owned or controlled by the Company, and the Company has de facto control on them. Through more stringent real time monitoring of the business operation, capital and financial information of the Subsidiaries, the Company can keep abreast of the capital use of the Subsidiaries and the guarantee risks. The Company will take a series of risk management measures to ensure the overall safety of the Company's capital and the overall controllability of the guarantee risks.

The Board considers 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 Proposed Guarantees (except for the guarantees to be provided for YTO Jiangyan Power Machinery, YTO France Agricultural Equipment and Changtuo Agricultural Machinery by the Company) 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 RMB397.01 million, representing 8.64% of the audited net assets of the Company for the latest period.

VI. GENERAL INFORMATION

The Proposed Guarantees (except for the guarantees to be provided for YTO Jiangyan Power Machinery, YTO France Agricultural Equipment and Changtuo Agricultural Machinery by the Company) are subject to the shareholders' 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 Proposed Guarantees (except for the guarantees to be provided for YTO Jiangyan Power Machinery, YTO France Agricultural Equipment and Changtuo Agricultural Machinery by the Company). 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
30 March 2015

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 six Directors, namely, Mr. Yan Linjiao, Mr. Wu Zongyan, Mr. Wang Kejun, Mr. Guo Zhiqiang, Mr. Liu Jiguo and Mr. Wu Yong; and four independent non-executive Directors, namely, Mr. Hong Xianguo, Mr. Xing Min, Mr. Wu Tak Lung and Mr. Yu Zengbiao.

* *For identification purposes only*