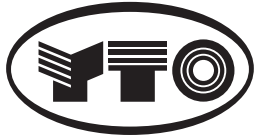


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第一拖拉机股份有限公司
FIRST TRACTOR COMPANY LIMITED*

(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 that purchase agricultural machinery products from the Company under “Dong Fanghong” commercial loan business (the “**Dealers**”); and
 - (2) Luoyang Changxing Agricultural Machinery Company Limited (“**Changxing Agricultural Machinery**”), Yangdong Co., Ltd (“**Yangdong Company**”), YTO (Xinjiang) Dongfanghong Equipment Machinery Company Limited (“**Xinjiang Company**”) and YTO International Economy and Trade Company Limited (“**YTO International Trade**”) (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 be not more than RMB1,538 million. As at the end of February 2019, the amount of guarantees actually provided by the Company for the Guaranteed Parties was RMB718,194,900. The total amount of the Proposed Guarantees includes the aforesaid amount of guarantees actually provided.

- Provision of counter-guarantees for the Proposed Guarantee: all external guarantees provided by the Company shall be counter-guaranteed by the Guaranteed Parties.

I. SUMMARY OF THE GUARANTEES

1. Provision of guarantees by the Company for the Dealers: in order to promote the sale of agricultural machinery products of the Company, reduce accounts receivable and diversify the financing methods for the Dealers of the Company to purchase products, the Company intends to develop the “Dong Fanghong” commercial loan business and the amount of guarantees provided to the dealers under the “Dong Fanghong” commercial loan business at any time shall not exceed RMB800 million. The proposed guarantee amount 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 RMB738 million at any time during the validity period of the guarantees. The proposed guarantee amount will be available for use on a revolving basis. Details of the guarantees are set out below:

Unit: 0'000 Currency: RMB

Guaranteed Parties	Guarantee Amount
Changxing Agricultural Machinery	50,000
Yangdong Company	3,000
Xinjiang Company	800
YTO International Trade	20,000

- The guarantees to be provided by the Company for the Dealers and the subsidiaries of the Company, i.e. Changxing Agricultural Machinery and YTO International Trade, shall be subject to the shareholders' approval at the 2018 annual general meeting of the Company (the "AGM"). The validity period of the above guarantees shall commence from the date of approval at the AGM and end on the date of convening the 2019 annual general meeting of the Company; while the guarantees to be provided by the Company for the subsidiaries, i.e. Yangdong Company and Xinjiang Company are not required to obtain shareholders' approval at the general meeting of the Company. The validity period of the guarantees to be provided by the Company for Yangdong Company and Xinjiang Company shall commence from 1 April 2019 and end on 31 March 2020.

II. BASIC INFORMATION OF THE GUARANTEED PARTIES

- The Dealers are non-connected persons of the Company.
- 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:

Unit: 0'000 Currency: RMB

Guaranteed Parties	Registered Capital	Voting Rights held by the Company	Legal Representative	Principal Business
Changxing Agricultural Machinery	300	100%	Kou Haifeng	Sale of hi-powered and mid-powered wheeled tractors and other products
Yangdong Company	17,873.5	78% ^{Note 1}	Yang Yongan	Manufacturing and sale of multi-cylinder diesel engines and relevant accessories
Xinjiang Company	16,000	100%	Fan Chongxiang	Manufacturing and sale of agricultural machineries equipment and parts
YTO International Trade	6,600	100%	Liu Pei	International sale of agricultural machineries

Note:

- The Company directly holds 38% equity interest in Yangdong Company and indirectly holds 40% equity interest in Yangdong Company through YTO (Luoyang) Diesel Engine Company Limited, its subsidiary.

Table 2:*Unit: 0'000 Currency: RMB*

Guaranteed Parties	At the end of 2018		Net Assets	For the year ended 31 December 2018	
	Total Assets	Total Liabilities		Operating Revenue	Net Profit
Changxing Agricultural Machinery	57,603.66	93,735.59	-36,131.93	291,094.93	-1,448.80
Yangdong Company	37,465.41	19,667.99	17,797.42	6,562.95	-1,564.89
Xinjiang Company	15,147.80	408.65	14,739.15	8,971.56	-265.01
YTO International Trade	65,507.79	60,634.97	4,872.82	59,060.15	547.41

III. MAIN CONTENTS OF THE GUARANTEE AGREEMENTS

The guarantees are provided by way of undertaking joint and several liability. The Company will enter into specific guarantee agreements according to the actual business situations within the limit of the guarantee amount.

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

In respect of provision of guarantees for the Dealers, the Company has established and refined a credit examination and assessment system for such Dealers. Through the selection of the Dealers, tracking and supervision on the products by technological means, it will implement and perfect the counter-guarantee measures, and send advent reminders to the Dealers to urge repayment, in order to further strengthen risk alarm and risk response.

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 control measures to ensure the overall safety of the Company's capital and the overall controllability of the guarantee risks.

V. OPINION OF THE BOARD

On 29 March 2019, the fifth meeting of the eighth session of Board of the Company considered and approved “the Resolution in Relation to Provision of Guarantees for ‘Dong Fanghong’ Commercial Loan Business” and “the Resolution in Relation to Provision of Entrusted Loans and Guarantees for Subsidiaries”.

The Company intends to develop “Dong Fanghong” commercial loan business, which will expand the financing channels of the product distributors, and in turns help to promote the sales of the Company’s products and relieve the pressure of the Company in relation to collection of accounts receivable.

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

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 to Yangdong Company and Xinjiang Company) to be proposed at the AGM.

VI. THE ACCUMULATED AMOUNT OF EXTERNAL GUARANTEES PROVIDED BY THE COMPANY

As at the end of February 2019, the accumulated amount of external guarantees provided by the Company and its subsidiaries was approximately RMB718,194,900, representing approximately 15.42% of the audited net assets of the Company for the latest period.

VII. GENERAL INFORMATION

The Proposed Guarantees (except for the guarantees to be provided to Yangdong Company and Xinjiang Company) are subject to the shareholders’ approval at the AGM.

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.

VIII. AGM

The Company will convene the AGM for the purpose of, among other things, seeking approval from shareholders of the Company for the Proposed Guarantees (except for the guarantees to be provided by the Company for Yangdong Company and Xinjiang Company). 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 as soon as possible.

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

Luoyang, the PRC
29 March 2019

As at the date of this announcement, the Board comprises Mr. Wu Yong (vice Chairman) as executive Director; Mr. Li Hepeng, Mr. Xie Donggang, Mr. Li Kai and Mr. Zhou Honghai as non-executive Directors; and Mr. Yu Zengbiao, Ms. Yang Minli, Ms. Wang Yuru and Mr. Edmund Sit as independent non-executive Directors.

* *For identification purposes only*