

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 REGARDING A SUBSIDIARY'S NON-REPAYMENT OF MATURED ENTRUSTED LOAN PROVIDED BY THE COMPANY

First Tractor Company Limited (hereinafter referred to as “**First Tractor**”, the “**Company**”) held the fifth meeting of the eighth session of the Board on 29 March 2019 and considered and approved the provision of entrusted loan with a total amount of up to RMB33,000,000 to Changtuo Agricultural Machinery Equipment Group Company Limited (hereinafter referred to as “**Changtuo Company**”)(For details, please refer to the announcement regarding connected transaction in relation to the provision of entrusted loan which was published by the Company on the website of The Stock Exchange of Hong Kong Limited on 29 March 2019 and the Announcement regarding Related Transaction in relation to First Tractor Company Limited’s Provision of Entrusted Loan which was published by the Company on Shanghai Securities News, China Securities Journal and the website of Shanghai Stock Exchange on 30 March 2019), which was secured by the machinery and equipment and certain buildings and land of Changtuo Company. Changtuo Company is a controlled subsidiary owned as to one third by the Company and one-third of which is owned by China National Machinery Industry Corporation* (中國機械工業集團有限公司), the ultimate controlling shareholder of the Company.

Details are as follows:

No.	Borrower	Entruster	Trustee	Balance of Entrusted Loan (RMB10,000)	Annual Interest Rate (%)	Term for Loan	Maturity Date
1	Changtuo Company	First Tractor	China First Tractor Group Finance Company Limited	540	6.1750	One year	2020-6-26
2	Changtuo Company	First Tractor	China First Tractor Group Finance Company Limited	130	5.6550	One year	2020-6-30
3	Changtuo Company	First Tractor	China First Tractor Group Finance Company Limited	130	5.6550	One year	2020-7-2
4	Changtuo Company	First Tractor	China First Tractor Group Finance Company Limited	100	5.6550	One year	2020-9-11
5	Changtuo Company	First Tractor	China First Tractor Group Finance Company Limited	1,200	5.6550	One year	2020-11-21
Total				2,100			

Up to now, Changtuo Company has not been able to repay due loan with amount of RMB8.00 million and related interest as stipulated in the contract, and based on the current status of funds of Changtuo Company, the balance of the loan is expected not being able to repay when due, either.

As Changtuo Company is a subsidiary which has been incorporated into the Company's consolidated financial statements, it is expected that Changtuo Company's being unable to repay the due loan will not materially and adversely affect the profit and loss of the Company's consolidated financial statements for the current period, nor will it affect the Company's day-do-day production and operation. The Company will actively proceed with debt recovery by exercising security rights and taking other relevant measures.

Changtuo Company has ceased its operation. The Company will actively proceed with and speed up the negotiation with related parties on matters concerning equity transfer and assets disposal, do whatever it can to safeguard the interests of the Company and the Shareholders. Investors are advised to pay attention to investment risks.

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

Luoyang, the PRC
2 July 2020

As at the date of this announcement, the Board comprises Mr. Li Xiaoyu (Chairman), Mr. Cai Jibo (vice Chairman) and Mr. Liu Jiguo as executive Directors; Mr. Li Hepeng, Mr. Xie Donggang and Mr. Zhou Honghai as non-executive Directors; and Ms. Yang Minli, Ms. Wang Yuru and Mr. Edmund Sit as independent non-executive Directors.

* *For identification purposes only*