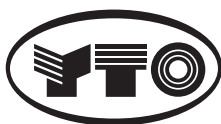

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **First Tractor Company Limited***, you should at once hand this circular with the accompanying form(s) of proxy to the purchaser(s) or the transferee(s), or to the bank, licensed securities dealer or other agent through whom the sale or the transfer was effected for transmission to the purchaser(s) or the transferee(s).

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, 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 circular.

This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of First Tractor Company Limited*.



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)

- (1) MAKING OF PROVISIONS FOR TERMINATION BENEFITS BY THE COMPANY**
- (2) MAKING OF PROVISIONS FOR IMPAIRMENT OF ASSETS BY THE COMPANY**
- (3) PURCHASE OF WEALTH MANAGEMENT PRODUCTS BY THE COMPANY WITH IDLE FUNDS**
- (4) PROVISION OF GUARANTEES BY THE COMPANY FOR DEALERS AND**
- (5) PROVISION OF GUARANTEES BY THE COMPANY FOR ITS SUBSIDIARIES**

A letter from the Board is set out on pages 1 to 13 of this circular.

The notices for convening the 2018 annual general meeting (the “**AGM**”) of First Tractor Company Limited* (the “**Company**”) to be held at 2:15 p.m. on 11 June 2019 (Tuesday) at No. 154 Jianshe Road, Luoyang, Henan Province, the People's Republic of China (the “**PRC**”), are set out on pages 14 to 17 of this circular.

A form of proxy for use at the AGM is enclosed. Whether or not you are able to attend the meeting in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon. The proxy form shall be lodged with the Company's branch share registrar in Hong Kong, Hong Kong Registrars Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, or at the registered address and principal place of business of the Company at No. 154 Jianshe Road, Luoyang, Henan Province, the PRC, as soon as possible and in any event not less than 24 hours before the time scheduled for holding the AGM (or any adjourned meetings thereof). Completion and delivery of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment if you so desire.

25 April 2019

* For identification purposes only

CONTENTS

	<i>Page</i>
DEFINITIONS	ii
LETTER FROM THE BOARD	1
INTRODUCTION.....	1
MAKING OF PROVISIONS FOR TERMINATION BENEFITS BY THE COMPANY	2
MAKING OF PROVISIONS FOR IMPAIRMENT OF ASSETS BY THE COMPANY.....	4
PURCHASE OF WEALTH MANAGEMENT PRODUCTS BY THE COMPANY WITH IDLE FUNDS.....	6
PROVISION OF GUARANTEES BY THE COMPANY FOR DEALERS.....	8
PROVISION OF GUARANTEES BY THE COMPANY FOR ITS SUBSIDIARIES.....	10
THE AGM	13
RECOMMENDATION	13
RESPONSIBILITY STATEMENT	13
NOTICE OF AGM	14

DEFINITIONS

In this circular, unless the context requires otherwise, the following expressions shall have the following meanings:

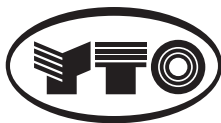
“AGM”	the 2018 annual general meeting of the Company to be held at No. 154 Jianshe Road, Luoyang, Henan Province, the PRC on 11 June 2019 (Tuesday) at 2:15 p.m.
“Board”	the board of Directors of the Company
“Company”	First Tractor Company Limited* (第一拖拉機股份有限公司), a joint stock company with limited liability incorporated in the PRC, the H Shares and A Shares of which are listed on the main board of the Stock Exchange (stock code: 0038) and the Shanghai Stock Exchange (stock code: 601038) respectively
“Director(s)”	the directors of the Company, including the independent non-executive directors
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	17 April 2019, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	share(s) of RMB1.00 each of the Company

DEFINITIONS

“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

* *For identification purpose only*

LETTER FROM THE BOARD



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)

Board of Directors:

Mr. Li Xiaoyu (*Chairman*)
Mr. Cai Jibo (*Vice Chairman*)
Mr. Wu Yong
Mr. Liu Jiguo
Mr. Li Hepeng
Mr. Xie Donggang
Mr. Zhou Honghai
Mr. Yu Zengbiao**
Ms. Yang Minli**
Ms. Wang Yuru**
Mr. Edmund Sit**

Registered and principal office:

No. 154 Jianshe Road
Luoyang, Henan Province
The PRC

** *Independent non-executive Director*

25 April 2019

To the Shareholders

Dear Sir or Madam,

- (1) MAKING OF PROVISIONS FOR TERMINATION BENEFITS BY THE
COMPANY**
- (2) MAKING OF PROVISIONS FOR IMPAIRMENT OF ASSETS BY THE
COMPANY**
- (3) PURCHASE OF WEALTH MANAGEMENT PRODUCTS BY THE COMPANY
WITH IDLE FUNDS**
- (4) PROVISION OF GUARANTEES BY THE COMPANY FOR DEALERS
AND**
- (5) PROVISION OF GUARANTEES BY THE COMPANY FOR ITS
SUBSIDIARIES**

LETTER FROM THE BOARD

INTRODUCTION

Reference is made to the notice of the AGM of the Company dated 25 April 2019. The purpose of this circular is to provide you with details of the captioned matters to enable you to make an informed decision on whether to vote for or against or abstain from voting on the proposed resolution(s) at the AGM.

I. MAKING OF PROVISIONS FOR TERMINATION BENEFITS BY THE COMPANY

Reference is made to the announcement of the Company dated 29 March 2019.

In order to improve business performance, the Company implemented the simplification of organization structure and workforce downsizing in 2018, and made relevant provisions for termination benefits according to the PRC Accounting Standards for Business Enterprises and the accounting policy of the Company. The Resolution in relation to Provisions for Termination Benefits by the Company was considered and approved at the fifth meeting of the eighth session of the Board of the Company and is subject to consideration and approval at the AGM.

(I) REASONS FOR AND BASIS OF THE PROVISIONS

During the reporting period, the headquarters of the Company and the subordinate units, based on their respective actual production and operation, terminated labour contracts with certain redundant employees after negotiation, and implemented policy-based placement for employees whose labour contracts were unable to be terminated after negotiation but who are unable to participate in the future actual production of the Company.

Pursuant to the PRC Accounting Standards for Business Enterprises and relevant requirements under the Company's accounting policy, termination benefits are compensations provided by the Company to employees for early termination of the labour relationship with the employees prior to expiry of their labour contracts, or to encourage employees to voluntarily accept lay-offs. In relation to the internal retirement scheme implemented by the enterprise, although such employees have not terminated their labour contracts with the Company, they will no longer provide services to the Company and will not be able to generate economic benefits for the enterprise. Where the Company has undertaken to provide economic compensation which substantively bear the nature of termination benefits, such cases will be handled in accordance with such termination benefits prior to the respective dates of formal retirement of the relevant employees.

LETTER FROM THE BOARD

Where any provision of termination benefits is made by the Company to employees, employee remuneration liabilities arising from such termination benefits shall be recognized and accounted for in the profit and loss for the current period based on the provision of termination benefits due to the scheme for the termination of labour relationships or lay-off proposal which cannot be unilaterally withdrawn by the Company, or the Company's payment of relevant restructuring costs or expenses relating to the termination benefits, whichever is earlier.

For termination schemes where the termination benefits are expected not to be able to be fully paid off within twelve months after the end of the reporting period, and substantial termination work is completed within one year but compensation payables are paid over a period exceeding one year, the Company shall select appropriate discounted rates, and account for such provisions of discounted amounts in the profit and loss for the current period.

(II) PROVISIONS MADE FOR THE TERMINATION BENEFITS

During the reporting period, the Company terminated labour contracts with 513 employees through negotiation, implemented policy-based placements for 1,741 employees and made provisions for termination benefits of RMB201,431,500. In addition, YTO (France) SAS made provisions of RMB47,083,800 for employee severance pay due to its adjustment of strategic positioning. As such, aggregate provisions of RMB248,515,300 were made.

(III) IMPACT OF THE PROVISIONS ON THE OPERATING RESULTS OF THE COMPANY

The provisions for termination benefits resulted in a decrease of RMB248,515,300 in the total profit in the consolidated financial statements of the Company for 2018.

(IV) OPINIONS OF INDEPENDENT DIRECTORS

The independent directors of the Company opine that the provisions for termination benefits comply with the requirements of the PRC Accounting Standards for Business Enterprises and the Company's accounting policy, and are in line with the current production and operation actualities of the Company without prejudice to the interests of the Company and its shareholders. Therefore, the independent directors of the Company agree with the provisions for termination benefits of the Company.

LETTER FROM THE BOARD

(V) OPINIONS OF THE BOARD OF SUPERVISORS

The board of supervisors of the Company opines that the provisions for termination benefits by the Company are in line with the PRC Accounting Standards for Business Enterprises and the relevant accounting policy of the Company, and that the Company has performed the corresponding decision-making procedures without prejudice to the interests of the Company and the shareholders as a whole. Therefore, the board of supervisors of the Company agrees with the provisions for termination benefits.

II. MAKING OF PROVISIONS FOR IMPAIRMENT OF ASSETS BY THE COMPANY

Reference is made to the announcement of the Company dated 29 March 2019.

The Resolution on Making Provisions for Impairment of Assets of the Company has been considered and approved at the fifth meeting of the eighth session of the Board of the Company and is subject to consideration and approval at the AGM. Details of the making of provisions for impairment of assets are announced as follows:

(I) MAKING PROVISIONS FOR IMPAIRMENT OF ASSETS

In accordance with the Accounting Standards for Business Enterprises and the accounting policies of the Company, following the principle of prudence, the Company conducted impairment test for the accounts receivables, inventories, fixed assets with signs of impairment, construction in progress and other assets of the Company and its subsidiaries in 2018, performed analysis for the expected credit losses of receivables, net realizable value of various inventories, recoverable amount of fixed assets, etc. and made provisions for impairment for the assets with impairment. The Company made provisions for impairment of various assets in an amount of RMB231.85 million in 2018. Details are as follows:

1. As the debtors of Guo Yu Logistics bonds held by the Company had no executable properties, the Company made provisions for impairment of debt investments in an amount of RMB37.48 million based on the expected losses. Provisions for impairment of trade receivables and other receivables were made in an amount of RMB21.97 million based on the expected credit losses.
2. As certain inventories had signs of impairment, the Company made provisions for impairment of inventories in an aggregate amount of RMB123.65 million based on the difference between the book value and net realizable value.

LETTER FROM THE BOARD

3. The Company conducted impairment test on long-term assets with signs of impairment at the end of the year. As the recoverable amount of certain assets is lower than their book value, the Company made provisions for impairment of fixed assets and the construction in progress in an amount of RMB21.03 million and RMB9.62 million, respectively. The Company made provisions for impairment of intangible assets in an amount of RMB1.11 million based on the difference between the abovementioned book value and recoverable amount.
4. The Company made provisions for impairment of certain other current assets, which are expected to bring no inflow of economic benefits for the Company in the future, in an amount of RMB12.41 million. The Company made provisions for impairment of certain advances to suppliers which are likely to be unrecoverable in an amount of RMB4.58 million.

(II) IMPACT OF PROVISIONS FOR IMPAIRMENT OF ASSETS ON THE COMPANY'S FINANCIAL POSITION

The impact of the provisions for impairment of assets reduced the total profit in the 2018 consolidated statements of the Company by RMB231.85 million.

(III) OPINIONS OF THE BOARD

The making of provisions for impairment of assets by the Company is in compliance with the provisions of the Accounting Standards for Business Enterprises and relevant accounting policies of the Company and is beneficial for reflecting the financial position and operating situation of the Company in 2018 in a more objective and fairer way. Therefore, the Board agrees with the making of provisions for impairment of assets.

(IV) OPINIONS OF INDEPENDENT DIRECTORS

The making of provisions for impairment of assets by the Company is in compliance with the provisions of the Accounting Standards for Business Enterprises and relevant accounting policies of the Company and will reflect the assets and operating results of the Company in a fair way. Besides, the Company has performed the corresponding decision-making procedures for the making of provisions for impairment of assets without prejudice to the interests of the Company and the shareholders. Therefore, the independent directors agree with the making of provisions for impairment of assets by the Company.

LETTER FROM THE BOARD

(V) OPINIONS OF THE BOARD OF SUPERVISORS

The making of provisions for impairment of assets by the Company is in compliance with the provisions of the Accounting Standards for Business Enterprises and relevant accounting policies of the Company and reflects the actual conditions of relevant assets and the financial position of the Company. Therefore, the Board of Supervisors agrees with the making of provisions for impairment of assets by the Company.

III. PURCHASE OF WEALTH MANAGEMENT PRODUCTS BY THE COMPANY WITH IDLE FUNDS

Reference is made to the announcement of the Company dated 29 March 2019.

IMPORTANT INFORMATION

- Entrusted Party for Entrusted Wealth Management: Financial Institutions
- Entrusted Wealth Management Amount: (1) the balance of wealth management products purchased by using internal idle funds and held by the Company at any time shall be no more than RMB800 million; and (2) the balance of wealth management products purchased from a financial institution and held by the Company at any time shall be no more than RMB300 million. Such caps of purchase of wealth management products are revolvable during the Effective Term (as defined hereinafter)
- Type of Entrusted Wealth Management Investment: Short-term principal guaranteed wealth management products
- Term of Entrusted Wealth Management: From the date of approval at the AGM to the date of convening the 2019 annual general meeting of the Company

(I) BASIC INFORMATION ON PURCHASE OF WEALTH MANAGEMENT PRODUCTS WITH INTERNAL IDLE FUNDS

1. Purposes of Purchase of Wealth Management Products with Internal Idle Funds

Due to the relatively significant seasonal production and operation in the agricultural machinery industry and for the purposes of enhancing capital usage efficiency and improving capital operating revenue, the Company proposes to reasonably use internal idle funds in phases to purchase short-term principal-guaranteed wealth management products issued by financial institutions, without affecting its normal production and operation.

LETTER FROM THE BOARD

2. Type of Wealth Management Products

The wealth management products proposed to be purchased by the Company with internal idle funds will mainly be short-term principal-guaranteed wealth management products issued by financial institutions.

3. Caps of Purchase of Wealth Management Products

- (a) It is proposed to approve that the balance of wealth management products purchased by using internal idle funds and held by the Company at any time shall be no more than RMB800 million (the “**Purchase Cap**”).
- (b) It is also proposed to approve that the balance of wealth management products purchased from a financial institution with the Purchase Cap and held by the Company at any time shall be no more than RMB300 million (the “**Financial Institution Caps**”).
- (c) The effective term of the Purchase Cap and the Financial Institution Caps is from the date of approval at the AGM to the date of convening the 2019 annual general meeting of the Company (the “**Effective Term**”). The Purchase Cap and the Financial Institution Caps are revolvable, and therefore, the Company has the flexibility to purchase and sell wealth management products purchased with its internal idle funds at any time, provided that the balance of wealth management products held by the Company at any time shall not exceed the Purchase Cap nor the Financial Institution Caps.
- (d) The Purchase Cap and the Financial Institution Caps are subject to approval by the shareholders of the Company (the “**Shareholders**”) at the AGM.

(II) SENSITIVITY ANALYSIS

The purchase of the low-risk short-term principal-guaranteed wealth management products by the Company with its internal idle funds is conditional upon ensuring security of daily operation and fund of the Company. It will not affect capital demand for operation of principal businesses and daily capital flow of the Company, but will increase return for the Company, and thus creating higher investment return for the Company and the Shareholders.

LETTER FROM THE BOARD

(III) ANALYSIS ON RISK CONTROL

The wealth management products that the Company proposes to purchase are limited to short-term and principal-guaranteed nature wealth management products, which are issued by financial institutions and can ensure the security of principal used for investment. However, investment income remains uncertain due to movements in the market. As such, the Company, in compliance with the principles of prudent investment, strictly chooses issuers and appropriate wealth management products by performing decision making procedures in accordance with their security, term and income. The related departments of the Company timely analyze and trace the changing conditions of such products so as to identify risk factors and respond with corresponding measures. In addition, the Company will perform its information disclosure obligations in accordance with relevant requirements.

(IV) OPINION OF THE BOARD

Subject to guarantee on liquidity and capital security, the Company invests part of the internal idle funds in the low-risk short-term wealth management products, without affecting development of operation and business of the Company. It will enhance capital usage efficiency and increase investment return of the Company, and is in the interest of the Company and its Shareholders as a whole.

In light of the above, the Board considers that the purchase of wealth management products by the Company with its internal idle funds is fair and reasonable and in the interest of the Company and its Shareholders as a whole. Therefore, the Board recommends the Shareholders to vote in favour of the ordinary resolution in respect of the Purchase Cap and the Financial Institution Caps to be proposed at the AGM.

IV. PROVISION OF GUARANTEES BY THE COMPANY FOR DEALERS

Reference is made to the announcement of the Company dated 29 March 2019.

(I) Name of the Guaranteed Parties

Dealers that purchase agricultural machinery products from the Company under “Dong Fanghong” commercial loan business (the “Dealers”).

Provision of counter-guarantees for the proposed guarantees: all external guarantees provided by the Company shall be counter-guaranteed by the guaranteed parties.

LETTER FROM THE BOARD

(II) 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.

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

The Dealers are non-connected persons of the Company.

(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 the 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.

(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”.

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.

LETTER FROM THE BOARD

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 resolution in respect of the proposed guarantees to be proposed at the AGM.

V. PROVISION OF GUARANTEES BY THE COMPANY FOR ITS SUBSIDIARIES

Reference is made to the announcement of the Company dated 29 March 2019.

(I) Name of the Guaranteed Parties

Luoyang Changxing Agricultural Machinery Company Limited (“Changxing Agricultural Machinery”) and YTO International Economy and Trade Company Limited (“YTO International Trade”) (the above subsidiaries of the Company are collectively referred to as the “Guaranteed Subsidiaries”).

Provision of counter-guarantees for the proposed guarantees: all external guarantees provided by the Company shall be counter-guaranteed by the guaranteed parties.

(II) Provision of Guarantees by the Company for Its Subsidiaries

Provision of guarantees by the Company for the Guaranteed Subsidiaries: in light of the actual capital needs for the production and operations of the Guaranteed Subsidiaries, the Company proposes to provide guarantees for the Guaranteed Subsidiaries for the financing provided by financial institutions and the amount of guarantees actually provided by the Company shall not exceed RMB700 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 guarantee amounts are set out below:

Changxing Agricultural Machinery: RMB500 million

YTO International Trade: RMB200 million

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.

LETTER FROM THE BOARD

For basic information of the Guaranteed Subsidiaries, please refer to Table 1 below. For major audited financial data of the Guaranteed 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
YTO International Trade	6,600	100%	Liu Pei	International sale of agricultural machineries

Table 2:

Unit: 0'000 Currency: RMB

Guaranteed Parties	At the end of 2018		For the year ended 31 December 2018		
	Total Assets	Total Liabilities	Net Assets	Operating Revenue	Net Profit
Changxing Agricultural Machinery	57,603.66	93,735.59	-36,131.93	291,094.93	-1,448.80
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.

LETTER FROM THE BOARD

(IV) Risk Control Measures of the Company in Respect of the Guarantees

The Guaranteed Subsidiaries are wholly-owned 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 Guaranteed Subsidiaries, the Company can keep abreast of the capital use of the Guaranteed 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 Entrusted Loans and Guarantees for Subsidiaries".

Provision of guarantees by the Company to the Guaranteed Subsidiaries mainly aims to satisfy the actual capital needs for the production and operation of the Guaranteed 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 resolution in respect of the proposed guarantees to be proposed at the AGM.

LETTER FROM THE BOARD

THE AGM

The AGM will be held at 2:15 p.m. on 11 June 2019 (Tuesday) at No. 154 Jianshe Road, Luoyang, Henan Province, the PRC.

The notice of the AGM is set out on pages 1 to 13 of this circular. The form of proxy for use at the AGM is enclosed. Whether or not you are able to attend the meetings in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon. The proxy form shall be lodged with the Company's branch share registrar in Hong Kong, Hong Kong Registrars Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, or at the registered address and principal place of business of the Company at No. 154 Jianshe Road, Luoyang, Henan Province, the PRC, as soon as possible and in any event not less than 24 hours before the time scheduled for holding the AGM (or any adjourned meetings thereof). Completion and delivery of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment if you so desire.

No Shareholders are required to abstain from voting in respect of all the proposed resolutions at the AGM. At the AGM, votes will be taken by poll.

RECOMMENDATION

The Directors consider that the proposed resolutions set out in the notice of the AGM are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of all the resolutions at the AGM.

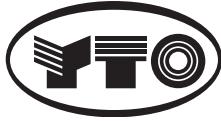
RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omissions of which would make any statement herein or this circular misleading.

Yours faithfully,
On behalf of the Board
First Tractor Company Limited*
Yu Lina
Company Secretary

* *For identification purposes only*

NOTICE OF AGM



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)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 2018 annual general meeting (the “**AGM**”) of First Tractor Company Limited (the “**Company**”) will be held at 2:15 p.m. on 11 June 2019 (Tuesday) at No. 154 Jianshe Road, Luoyang, Henan Province, The People’s Republic of China (the “**PRC**”) for the purpose of considering and, if thought fit, passing the following resolutions:

ORDINARY RESOLUTIONS

1. To consider and approve the report of the board (the “**Board**”) of directors (the “**Directors**”) of the Company for the year 2018.
2. To consider and approve the report of the supervisory committee of the Company for the year 2018.
3. To consider and approve the resolution for making of provisions for termination benefits by the Company in an amount of RMB248.5153 million.
4. To consider and approve the resolution for making of provisions for impairment of assets by the Company in an amount of RMB231.85 million.
5. To consider and approve the audited financial report of the Company for the year 2018.
6. To consider and approve the dividend distribution proposal (ie nil dividends) of the Company for the year ended 31 December 2018.

As the Company recorded loss in audited net profit for the year ended 31 December 2018, pursuant to the Articles of Association of the Company, the Board recommends not to declare or pay any dividends for the year ended 31 December 2018.

NOTICE OF AGM

7. To consider and approve the resolution in relation to purchase of wealth management products by the Company with internal idle funds.

(Provided that the relevant requirements of the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, relevant requirements of the Listing Rules on The Stock Exchange of Hong Kong Limited (including but not limited to Chapters 14 and 14A) and other relevant requirements are complied with, the Company be hereby approved that the balance of the wealth management products purchased by using internal idle funds and held by the Company at any time shall be no more than RMB800 million and the balance of wealth management products purchased from a financial institution and held by the Company at any time shall be no more than RMB300 million. Such caps will be revolving in nature; the management of the Company be hereby authorised to determine the approval of specific proposal in respect of the purchase of wealth management products within the approved cap; and the general manager be hereby authorised to sign relevant contracts and documents. The validity period of the aforesaid caps of purchase of wealth management products is from 11 June 2019 to the date of convening the 2019 annual general meeting of the Company.)

8. To consider and approve the resolution in relation to provision of guarantees by the Company for dealers that purchase agricultural machinery products from the Company under “Dong Fanghong” commercial loan business.

(Provided that the relevant requirements of the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, relevant requirements of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) (including but not limited to Chapters 14 and 14A) and other relevant requirements are complied with, the Company be hereby approved to provide guarantees for dealers which purchase agricultural machinery products from the Company under the “Dong Fanghong” commercial loan business and the amount of guarantees actually provided by the Company to the dealers under the “Dong Fanghong” commercial loan business shall not at any time exceed RMB800 million. The proposed guarantees will be available for use on a revolving basis, and the general manager of the Company be hereby authorised to determine the guarantee proposal(s) and to sign relevant documents. The validity period of the aforesaid guarantees is from 11 June 2019 to the date of convening the 2019 annual general meeting of the Company.)

NOTICE OF AGM

9. To consider and approve the resolution in relation to provision of guarantees by the Company for its subsidiaries, Luoyang Changxing Agricultural Machinery Company Limited* and YTO International Trade and Economy Company Limited*.

(Provided that the relevant requirements of the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, relevant requirements of the Listing Rules (including but not limited to Chapters 14 and 14A) and other relevant requirements are complied with, the Company be hereby approved to provide guarantees for its subsidiaries, Luoyang Changxing Agricultural Machinery Company Limited* and YTO International Economy and Trade Company Limited* and the amount of guarantees actually provided by the Company shall not exceed RMB700 million at any time during the validity period of the guarantees. The proposed guarantees will be available for use on a revolving basis. The validity period of the aforesaid guarantees is from 11 June 2019 to the date of convening the 2019 annual general meeting of the Company.)

10. To consider and approve the re-appointment of Da Hua Certified Public Accountants (Special General Partnership) as the auditor of the Company's financial report and the internal control auditor for the year 2019, and to authorize the Board of the Company to decide its remuneration with reference to the 2018 remuneration standard.

(For details of the above resolutions, please refer to the announcements of the Company dated 29 March 2019 and the circular of the Company dated 25 April 2019.

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

Luoyang, the PRC
25 April 2019

As at the date of this notice, the Board comprises Mr. Li Xiaoyu (Chairman), Mr. Cai Jibo (vice Chairman), Mr. Wu Yong and Mr. Liu Jiguo as executive Directors; Mr. Li Hepeng, Mr. Xie Donggang 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.

NOTICE OF AGM

Notes:

1. The register of members of the Company will be temporarily closed from 12 May 2019 to 10 June 2019 (both days inclusive) during which no transfer of shares of the Company (the “**Shares**”) will be registered in order to determine the list of shareholders of the Company (the “**Shareholders**”) for attending the AGM. The last lodgment for the transfer of the H Shares of the Company should be made on 10 May 2019 at Hong Kong Registrars Limited by or before 4:30 p.m. The Shareholders or their proxies being registered before the close of business on 10 May 2019 are entitled to attend the AGM by presenting their identity documents. The address of Hong Kong Registrars Limited, the H Shares registrar of the Company, is Shops 1712-1716, 17/F., Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.
2. Each Shareholder having the rights to attend and vote at the AGM is entitled to appoint one or more proxies (whether a Shareholder or not) to attend and vote on his behalf. Should more than one proxy be appointed by one Shareholder, such proxy shall only exercise his voting rights on a poll.
3. Shareholders can appoint a proxy by an instrument in writing (i.e. by using the Proxy Form enclosed). The Proxy Form shall be signed by the person appointing the proxy or an attorney authorized by such person in writing. If the Proxy Form is signed by an attorney, the power of attorney or other documents of authorization shall be notarially certified. To be valid, the Proxy Form and the notarially certified power of attorney or other documents of authorization must be delivered to the Company’s registered address at No. 154 Jianshe Road, Luoyang, Henan Province, the PRC, or the Company’s H Shares registrar, Hong Kong Registrars Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong in not less than 24 hours before the time scheduled for the holding of the AGM or any adjournment thereof.
4. Shareholders who intend to attend the AGM are requested to deliver the duly completed and signed reply slip for attendance to the Company’s registered and principal office in person, by post or by facsimile on or before 4:00 p.m., 21 May 2019.
5. Shareholders or their proxies shall present proofs of their identities upon attending the AGM.
6. The AGM is expected to last for less than one day. The Shareholders and proxies attending the AGM shall be responsible for their own travelling and accommodation expenses.
7. The Company’s registered address:

No. 154 Jianshe Road, Luoyang, Henan Province, the PRC
Postal code: 471004
Telephone: (86379) 6496 7038
Facsimile: (86379) 6496 7438
Email: msc0038@ytogroup.com

* *For identification purposes only*