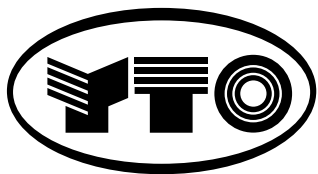


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第一拖拉机股份有限公司
FIRST TRACTOR COMPANY LIMITED*

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 0038)

DISCLOSEABLE TRANSACTION ESTABLISHMENT OF A JOINT VENTURE COMPANY

The Board is pleased to announce that the Company and CADF entered into the Investment Agreement relating to the formation of the Joint Venture Company on 15 April 2009 pursuant to which the Joint Venture Company will be established in the PRC to invest and establish assembly factories and conduct sale of agricultural machineries and construction machineries to Africa.

The entering into the Investment Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

1. THE INVESTMENT AGREEMENT RELATING TO THE JOINT VENTURE COMPANY

Date

15 April 2009

Parties

- (1) the Company. The principal activities of the Company comprise the production and sale of agricultural tractors.

- (2) 中非發展基金有限公司 (China-Africa Development Fund Company Limited*). CADF was established under the approval of the State Council of the PRC government on 28 May 2007. The initial size of CADF's fund is US\$1 billion (equivalent to approximately HK\$7.8 billion) (funded by China Development Bank) and will eventually increase to US\$5 billion (equivalent to approximately HK\$39 billion). The business scope of CADF mainly includes equity and quasi-equity investment, fund investments, investment management and consultancy services. The fund will be used to support African countries' agriculture, manufacture, energy sector, transportation, telecommunications, urban infrastructure, resource exploration and the development of Chinese enterprises in Africa.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiry, CADF and its ultimate beneficial owner is not a connected person (as defined in the Listing Rules) and is independent of, and not parties acting in concert (as defined under the Codes on Takeovers and Mergers) with, any director, chief executive or substantial shareholder or the controlling shareholder of the Company or its subsidiaries or any of its associates.

Business of the Joint Venture Company

The Joint Venture Company to be jointly established by the Parties is a limited liability company incorporated under the laws of the PRC. Its main business includes conducting investment activities in businesses including agricultural machineries, construction machineries in Africa, trading of agricultural machineries, construction machineries and mechanical parts and any other types of products (subject to the approval of relevant regulatory authorities)

Registered Capital

The registered capital of the Joint Venture Company will be RMB250,000,000 (equivalent to approximately HK\$284,091,000). The Company will contribute RMB137,500,000 (equivalent to approximately HK\$156,250,000), representing 55% of the shareholding of the Joint Venture Company. CADF will contribute RMB112,500,000 (equivalent to approximately HK\$127,850,000), representing 45% of the shareholding of the Joint Venture Company. The Parties will contribute its share of registered capital in cash in accordance with their respective shareholdings within 5 years from effective date of the Investment Agreement. The total investment of the Joint Venture Company was determined on an arm's length basis between the Company and CADF with reference to the estimated capital needs of the Joint Venture Company.

The Directors expect that the contribution by the Company to the Joint Venture Company will be satisfied by its internal resources of the Group.

After the capital contributions to be made to the Joint Venture Company by the Company and CADF, the Joint Venture Company will become a subsidiary of the Group and its account will be consolidated into the financial statements of the Group.

Board of Directors

The board of directors of the Joint Venture Company will comprise 5 directors, of which the Company shall nominate 3 directors and CADF will nominate 2 directors. The president of the board of directors of the Joint Venture Company will be appointed among the directors nominated by the Company. The president of the Joint Venture Company will not have a casting vote.

Term

The term of operation of the Joint Venture Company will be 30 years.

Financial effects

The entering into the Investment Agreement has no immediate financial effect on the Group's earnings, net assets and liabilities. The Board believes that the Joint Venture Company will help the Company to extend its business scope and market in Africa which in turn can provide a stable source of income in the foreseeable future.

2. REASONS FOR ENTERING INTO THE INVESTMENT AGREEMENT

The principal activities of the Company comprise the production and sale of agricultural tractors. Having considered the investment opportunities in Africa and the political influence of CADF in Africa, the Company decided to cooperate mutually with CADF to develop trading and manufacturing of agricultural machineries and construction machineries in Africa. As a leading manufacturer of agricultural machineries in the PRC, it is believed that the co-operation between the Company and CADF in the Joint Venture Company will expand the Company's influence and product sales in agricultural machineries market in Africa and to benefit from the continued economic developments in Africa.

The terms of the Investment Agreement are determined after arm's length negotiations between the Parties and are in the ordinary and normal course of business. The Directors (including the independent non-executive Directors) believe that the terms of the Investment Agreement are fair and reasonable and in the interests of the Shareholders as a whole.

3. GENERAL

The entering into the Investment Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

DEFINITIONS

“Board”	the board of directors of the Company
“CADF”	中非發展基金有限公司(China-Africa Development Fund Company Limited*), a limited liability company incorporated in the PRC, an independent third party and a party to the Investment Agreement
“Company”	First Tractor Company Limited, a company incorporated in the PRC with limited liability and the issued Shares of which (stock code: 0038) are listed on the Stock Exchange
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Investment Agreement”	the investment agreement dated 15 April 2009 entered into between the Company and CADF
“Joint Venture Company”	中非重工投資有限公司 (CHINA-AFRICA MACHINERY CORPORATION*), a limited liability company to be incorporated in the PRC pursuant to the terms of the Investment Agreement and is owned as to 55% by the Company and 45% by CADF

“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Parties”	the Company and CADF
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States Dollars, the lawful currency of the United States of America

For the purpose of this announcement, the exchange of HK\$1.00 = RMB0.88 and US\$1.00 = HK\$7.80.

By Order of the Board
First Tractor Company Limited
Liu Dagong
Chairman

Luoyang, the PRC
15 April 2009

As at the date of this announcement, the Board comprises ten executive Directors, namely Mr. Liu Dagong, Mr. Zhao Yanshui, Mr. Liu Wenyong, Mr. Yan Linjiao, Mr. Li Tengjiao, Mr. Shao Haichen, Mr. Li Youji, Ms. Dong Jianhong, Mr. Liu Shuangcheng and Mr. Zhao Fei and four independent non-executive Directors, namely Mr. Lu Zhongmin, Mr. Chan Sau Shan, Gary, Mr. Chen Zhi and Mr. Luo Xiwen.

* *For identification purposes only*