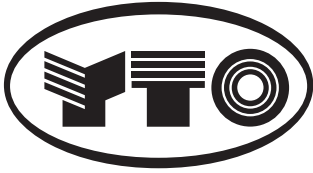


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第一拖拉机股份有限公司
FIRST TRACTOR COMPANY LIMITED*

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

(Stock Code: 0038)

**PROPOSED FINAL DIVIDEND AND
WITHHOLDING AND PAYMENT OF ENTERPRISE INCOME TAX
FOR NON-RESIDENT ENTERPRISE SHAREHOLDERS**

Reference is made to the results announcement for the year ended 31 December 2008 published by First Tractor Company Limited (the “Company”) on 20 April 2009 whereby it mentioned, among other things, that the board of directors (the “Board”) of the Company recommended the payment of a final dividend in the amount of RMB0.05 per share in respect of the year ended 31 December 2008 (the “2008 Final Dividend”). The 2008 Final Dividend is subject to the approval by the shareholders of the Company at the annual general meeting of the Company to be held on 19 June 2009.

For the distribution of dividends, dividends payable to the holders of overseas listed foreign shares (H shares) of the Company will be declared in RMB but paid in Hong Kong dollars. The exchange rate is determined by the average exchange rate announced by the People’s Bank of China of the five working days before the declaration of dividends, representing a dividend of HK\$0.0567 per H Share.

According to the Enterprise Income Tax Law of the People's Republic of China and the Detailed Rules for the Implementation of the Enterprise Income Tax Law of the People's Republic of China (collectively, the "Tax Law") which came into effect in 2008, as from 1 January 2008, any Chinese domestic enterprise which pays dividend to a non-resident enterprise shareholder in respect of accounting period beginning from 1 January 2008 shall withhold and pay enterprise income tax for such shareholder. As such, the Company as a Chinese domestic enterprise is required to withhold for payment the 10% enterprise income tax from the payment of the 2008 Final Dividend to holders of H shares of the Company who are non-resident enterprises (including but not limited to HKSCC Nominees Limited) and whose names are registered on the H shares register of members of the Company (the "H shares Register") on 20 May 2009, and the Company will distribute the dividend to the non-resident enterprises after deducting such tax.

The term "non-resident enterprise(s)" shall have the same meaning as defined under the Tax Law and its relevant rules and regulations when used in this announcement.

In order to determine the list of holders of H shares who are entitled to receive the 2008 Final Dividend, the Company's register of members of H shares will be closed from 20 May 2009 to 18 June 2009, both days inclusive, during which period no transfer of H shares will be effected. Holders of H shares of the Company who wish to receive 2008 Final Dividend must deposit the transfer documents together with the share certificates at the H share registrar of the Company, Hong Kong Registrars Limited, at or before 4:30 p.m. on 19 May 2009. The address of Hong Kong Registrars Limited is Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

No deduction or withholding of enterprise income tax will be made in respect of the 2008 Final Dividend payable to any natural person shareholders listed on the H shares Register on 20 May 2009. Any natural person investor whose H shares are registered under the name of any non-resident enterprises and who does not wish to have the enterprise income tax to be withheld and paid by the Company, may consider transferring the legal title of the relevant H shares into his or her name and duly lodge all transfer documents together with the relevant H share certificates with the H share registrar of the Company for registration, at or before 4:30 p.m. on 19 May 2009.

Investors should read this announcement carefully. The Company has no obligation and will not be responsible for confirming the identities of any shareholders and the Company will withhold for payment the enterprise income tax according to the Tax Law and its relevant rules and regulations.

The Company assumes no liability in respect of and will not deal with any claim arising from the inaccurate determination of the status of shareholders or any dispute over the mechanism of enterprise income tax withholding.

By order of the Board

Liu Dagong

Chairman

Luoyang, the PRC

23 April 2009

As at the date of this announcement, the Board comprises ten executive Directors, namely Mr. Liu Dagong, Mr. Zhao Yanshui, Mr. Liu Wenying, 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*