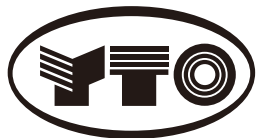


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第一拖拉机股份有限公司
FIRST TRACTOR COMPANY LIMITED*

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

(Stock Code: 0038)

POSSIBLE DISPOSAL OF SHARES BY CONTROLLING SHAREHOLDER

This announcement is made by First Tractor Company Limited (the “**Company**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the inside information provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

On 12 January 2016, the Company received written notice from its controlling shareholder, YTO Group Corporation (holding approximately 44.57% of the total issued share capital of the Company as at the date of this announcement) (“**YTO**”) that the board of directors of YTO has passed written resolutions in relation to the equity restructuring of YTO on 11 January 2016. The main contents are as follows:

The shares held by current shareholders of YTO, i.e. China Huarong Asset Management Co., Ltd. (“**China Huarong**”), China Construction Bank Henan Province Branch (“**CCB Henan Branch**”) and China Orient Asset Management Corporation (“**COAMC**”) (collectively, the “**Financial Shareholders**”) were obtained via the “bonds converted to shares” scheme implemented by YTO in 2001. In order to resolve the historical problem and according to the integration and development need of business resources of YTO, YTO proposes to reduce its registered capital and repurchase all its shares held by the Financial Shareholders (the “**Capital Reduction**”). YTO would reduce its registered capital from RMB3,174,949,000 to RMB3,023,749,600 in the Capital Reduction, among which, YTO’s shareholders, i.e. (i) China Huarong would reduce its contribution by RMB76,239,100, which accounts for approximately 2.4% of YTO’s registered capital; (ii) CCB Henan Branch would reduce its contribution by RMB42,989,000, which accounts for approximately 1.35% of YTO’s registered capital; and (iii) COAMC would reduce its contribution by RMB31,971,300, which accounts for approximately 1.01% of YTO’s registered capital.

Audit and valuation on YTO are proposed to be carried out by ShineWing Certified Public Accountants and ZhongHe Appraisal Co., Ltd. respectively with 31 December 2015 as the audit and valuation benchmark date in respect of the Capital Reduction. Consideration for the equity interest in YTO to be reduced by China Huarong, CCB Henan Branch and COAMC will be determined based on YTO's net assets valuation results and according to their respective shareholding percentages in YTO, and will be paid by transfer of A shares of the Company held by YTO through transfer agreements. Price of the Company's A shares for the payment of consideration equals to their price in the assets valuation on YTO.

According to the predicted net assets valuation on YTO, it is preliminarily estimated that the number of shares to be transferred by agreements to the Financial Shareholders will not exceed 5% of the total issued share capital of the Company (the exact transferred volume cannot be determined until the evaluation result on YTO is confirmed and is approved by the State-owned assets supervision & administration authority). After the completion of YTO's equity restructure, the Company's controlling shareholders and ultimate controllers will not change.

Since the reduction of YTO's registered capital is subject to YTO's shareholders' consideration and approval, and the proposed transfer of the Company's shares for the payment of consideration for the reduced equity interests is still subject to the approval by the State-owned assets supervision & administration authority, before their implementation, uncertainties remain. The Company will pay close attention on the development and will promptly perform the disclosure obligation according to relevant rules.

Shareholders and other investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

Luoyang, the PRC
12 January 2016

As at the date of this announcement, the Board comprises Mr. Zhao Yanshui (Chairman), Mr. Wang Erlong (vice Chairman) and Mr. Wu Yong as executive Directors; Mr. Li Hepeng, Mr. Xie Donggang, Mr. Li Kai and Mr. Yin Dongfang as non-executive Directors; and Ms. Yang Minli, Mr. Xing Min, Mr. Wu Tak Lung and Mr. Yu Zengbiao as independent non-executive Directors.

* For identification purposes only