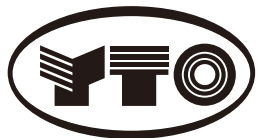


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第一拖拉机股份有限公司
FIRST TRACTOR COMPANY LIMITED*

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

(Stock Code: 0038)

CONNECTED TRANSACTION

Reference is made to the announcements of the Company dated 18 January 2016 and 28 January 2016 respectively.

As disclosed in the Company's announcement dated 18 January 2016, on 29 December 2015, SINOMACH-HI Building Co. listed the YTO Finance Equity Interest for public sale at the Beijing Equity Exchange with a quoted price of RMB42,738,012. The Board has resolved to acquire such YTO Finance Equity Interest by way of tendering. On 28 January 2016, the Company received the qualified transferee confirmation that the Company has become the successful bidder for the YTO Finance Equity Interest, as disclosed in the Company's announcement dated 28 January 2016.

On 12 April 2016, the Company and SINOMACH-HI Building Co. entered into the Equity Transfer Agreement in respect of the transfer of YTO Finance Equity Interest.

SINOMACH-HI Building Co. is an indirect subsidiary of Sinomach, the ultimate controlling shareholder of the Company. Pursuant to the Listing Rules, SINOMACH-HI Building Co. is a connected person of the Company and therefore, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Since the applicable percentage ratios are more than 0.1% but less than 5%, the Acquisition is subject to the reporting and announcement requirements only but is exempt from the independent shareholders' approval requirement pursuant to Chapter 14A of the Listing Rules.

Reference is made to the announcements of the Company dated 18 January 2016 and 28 January 2016 respectively.

As disclosed in the Company's announcement dated 18 January 2016, on 29 December 2015, SINOMACH-HI Building Co. listed the YTO Finance Equity Interest for public sale at the Beijing Equity Exchange with a quoted price of RMB42,738,012. The Board has resolved to acquire such YTO Finance Equity Interest by way of tendering. On 28 January 2016, the Company received the qualified transferee confirmation that the Company has become the successful bidder for the YTO Finance Equity Interest, as disclosed in the Company's announcement dated 28 January 2016.

The Board is pleased to announce that the Company and SINOMACH-HI Building Co. entered into the Equity Transfer Agreement in respect of the Acquisition on 12 April 2016.

Set out below is a brief summary of the principal terms of the Equity Transfer Agreement:

THE EQUITY TRANSFER AGREEMENT

(1) Date

12 April 2016

(2) Parties

- (a) The Company, as the purchaser (the successful bidder at the listing-for-sale);
and
- (b) SINOMACH-HI Building Co., as the vendor

(3) Equity interest to be acquired

Pursuant to the Equity Transfer Agreement, the Company has agreed to purchase and SINOMACH-HI Building Co. has agreed to sell the YTO Finance Equity Interest, i.e. 6% equity interest in YTO Finance owned by SINOMACH-HI Building Co..

(4) Consideration

SINOMACH-HI Building Co. has set the lowest bidding price for the listing-for-sale of the YTO Finance Equity Interest, being the appraised value of the YTO Finance Equity Interest as at 31 December 2014 of RMB42,738,012 (equivalent to approximately HK50,430,854). The above appraisal was conducted by China United Assets Appraisal Group* (中聯資產評估集團有限公司), an independent professional valuer in the PRC, by using the asset based valuation approach (資產基礎法).

According to the results of the listing-for-sale of the YTO Finance Equity Interest, the consideration for the YTO Finance Equity Interest was RMB42,738,012 (equivalent to approximately HK50,430,854), being the bidding price offered by the Company. Such bidding price is the same as the above lowest bidding price. On 1 February 2016, the Company transferred the deposit in the sum of RMB12,821,400 to the settlement account designated by the Beijing Equity Exchange. Balance of the consideration after deducting the paid deposit for the YTO Finance Equity Interest shall be paid by the Company in one lump sum to the settlement account designated by the Beijing Equity Exchange within five days after the effective date of the Equity Transfer Agreement. Such amount will be transferred to SINOMACH-HI Building Co. within three Business Days after the date of issuance of the equity transfer certificate by the Beijing Equity Exchange. The consideration for the YTO Finance Equity Interest shall be financed by the Group's internal resources.

Further, since the consideration for the YTO Finance Equity Interest was based on the appraised value of the YTO Finance Equity Interest as at 31 December 2014 and SINOMACH-HI Building Co. received dividends in the sum of RMB1,500,000 from YTO Finance on 22 May 2015, SINOMACH-HI Building Co. shall repay RMB1,500,000 to the Company.

(5) Completion

Within twenty Business Days after the date of issuance of the equity transfer certificate by the Beijing Equity Exchange, SINOMACH-HI Building Co. shall procure YTO Finance to complete the necessary registration procedures for the change of shareholding with the relevant authorities in the PRC.

INFORMATION OF YTO FINANCE

As at the date of this announcement, YTO Finance is a subsidiary of the Company, owned as to 88.6% by the Company and as to 6% by SINOMACH-HI Building Co.. The original acquisition cost of the YTO Finance Equity Interest to SINOMACH-HI Building Co. was approximately RMB30,000,000.

YTO Finance is a non-banking financial institution approved and regulated by the relevant PRC regulatory authorities. Its principal activities include the provision of financial services which have been approved by the China Banking Regulatory Commission to the YTO Extended Group and members of the Group.

Set out below is the basic financial information of YTO Finance prepared under the Generally Accepted Accounting Standard of the PRC:

	<i>(Approximately RMB0'000)</i>
Book value of the net assets as at 31 December 2015 (audited)	75,995.52
Appraised net asset value as at 31 December 2014	71,230.02
Net profit before taxation for the year ended 31 December 2015 (audited)	10,586.69
Net profit after taxation for the year ended 31 December 2015 (audited)	8,091.95
Net profit before taxation for the year ended 31 December 2014 (audited)	9,087.98
Net profit after taxation for the year ended 31 December 2014 (audited)	6,317.98

REASONS FOR ENTERING INTO THE EQUITY TRANSFER AGREEMENT

Since the business of YTO Finance and the Company are relatively related and the profitability of YTO Finance is promising, the acquisition of YTO Finance Equity Interest can enhance YTO Finance's ability in providing further support and safeguard to the Company's principal business. After completion of the Acquisition, the Company will own 94.6% equity interest in YTO Finance.

The terms of the Equity Transfer Agreement were determined after arm's length negotiations between the parties thereto. The Directors (including the independent non-executive Directors) consider that the terms of the Equity Transfer Agreement are on normal commercial terms and in the ordinary and usual course of business of the Group, fair and reasonable and in the interest of the Group and the Shareholders as a whole.

INFORMATION OF THE GROUP AND SINOMACH-HI BUILDING CO.

The Group is principally engaged in the production and sale of agricultural machineries and power machineries. The principal products include tractors of hi-powered, mid-powered and low-powered, diesel engines and tractor components, forklift and mining trucks, etc.

SINOMACH-HI Building Co. is an indirect subsidiary of Sinomach, the ultimate controlling shareholder of the Company, and is principally engaged in the design, manufacture and sales of road rollers and other road construction machineries, sanitation machineries, vehicles and environmental protection equipment, and providing such after-sales services.

LISTING RULES IMPLICATIONS

As mentioned above, SINOMACH-HI Building Co. is the indirect subsidiary of Sinomach, the ultimate controlling shareholder of the Company. Pursuant to the Listing Rules, SINOMACH-HI Building Co. is a connected person of the Company and therefore, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Since the applicable percentage ratios are more than 0.1% but less than 5%, the Acquisition is subject to the reporting and announcement requirements only but is exempt from the independent shareholders' approval requirement pursuant to Chapter 14A of the Listing Rules.

The Acquisition was conducted by way of listing-for-sale and tendering in public at the Beijing Equity Exchange. None of the Directors had any material interest in the Acquisition, therefore none of them was required to abstain from voting on the relevant Board resolutions approving the Equity Transfer Agreement and the transaction contemplated thereunder.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

“Acquisition”	the acquisition by the Company of the YTO Finance Equity Interest
“Beijing Equity Exchange”	China Beijing Equity Exchange* (中國北京產權交易所)
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday or a Sunday) on which banks are open for general business in the PRC
“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
“connected person(s)”	has the same meaning as ascribed to this term under the Listing Rules
“controlling shareholder”	has the same meaning as ascribed to this term under the Listing Rules
“Directors”	the directors of the Company, including the independent non-executive directors
“Equity Transfer Agreement”	the equity transfer agreement entered into between SINOMACH-HI Building Co. and the Company on 12 April 2016 in relation to the sale and purchase of the YTO Finance Equity Interest
“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

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“percentage ratio(s)”	has the same meaning as ascribed to this term under the Listing Rules, as applicable to a transaction
“PRC”	The People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	registered holder(s) of the Shares
“Shares”	share(s) of RMB1.00 each of the Company
“Sinomach”	China National Machinery Industry Corporation* (中國機械工業集團有限公司), the ultimate controlling shareholder of the Company
“SINOMACH-HI Building Co.”	SINOMACH-HI (Luoyang) Building Machinery Co., Ltd.* (國機重工(洛陽)建築機械有限公司), a limited liability company incorporated in the PRC and an indirect subsidiary of Sinomach
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“YTO”	YTO Group Corporation* (中國一拖集團有限公司), a limited liability company incorporated in the PRC and the controlling Shareholder of the Company, holding approximately 44.57% equity interest in the Company;
“YTO Extended Group”	(i) YTO; (ii) its controlling companies or entities; (iii) non-wholly-owned subsidiaries of the Company that companies or entities in (i) and (ii) above hold 10% or more voting rights respectively or collectively; and (iv) associates of YTO
“YTO Finance”	China First Tractor Group Finance Company Limited* (中國一拖集團財務有限責任公司), a company incorporated in the PRC with limited liability and a subsidiary of the Company owned as to 88.6% by the Company before the completion of the Acquisition

“YTO Finance
Equity Interest” 6% equity interest in YTO Finance owned by SINOMACH-
HI Building Co.

“%” per cent.

*For the purpose of this announcement, the following exchange rate is used: RMB1.00
= HK\$1.18*

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

Luoyang, the PRC
12 April 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*