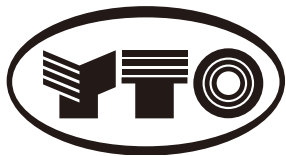


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第一拖拉机股份有限公司*
FIRST TRACTOR COMPANY LIMITED

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

(Stock Code: 0038)

CONNECTED TRANSACTION SALES OF SPARE PARTS

On 28 December 2016, YTO International Trade, a wholly-owned subsidiary of the Company, and YTO entered into the Sales of Spare Parts Agreement, pursuant to which YTO International Trade agreed to sell, and YTO agreed to purchase, the Spare Parts for a total consideration of RMB36,990,435 (equivalent to approximately HK\$41,799,192).

YTO beneficially owns approximately 41.24% equity interest in the Company and is the immediate controlling shareholder of the Company. Therefore, YTO is a connected person of the Company. Accordingly, the transaction contemplated under the Sales of Spare Parts Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios are more than 0.1% but less than 5%, the transaction contemplated under the Sales of Spare Parts Agreement is subject to the reporting and announcement requirements only but exempt from the independent shareholders' approval requirement pursuant to Chapter 14A of the Listing Rules.

The Board hereby announces that on 28 December 2016, YTO International Trade, a wholly-owned subsidiary of the Company, and YTO entered into the Sales of Spare Parts Agreement, pursuant to which YTO International Trade agreed to sell, and YTO agreed to purchase, the Spare Parts for a total consideration of RMB36,990,435 (equivalent to approximately HK\$41,799,192).

THE SALES OF SPARE PARTS AGREEMENT

Set out below is a brief summary of the principal terms of the Sales of Spare Parts Agreement:

Date

28 December 2016

Parties

- (a) YTO International Trade, as the seller; and
- (b) YTO, as the purchaser.

Consideration

Pursuant to the Sales of Spare Parts Agreement, YTO International Trade agreed to sell, and YTO agreed to purchase, the Spare Parts for a total consideration of RMB36,990,435 (equivalent to approximately HK\$41,799,192), which was determined by costs of the Spare Parts plus a percentage mark-up.

Payment terms

Settle with the bill within 45 days after delivery of the Spare Parts.

INFORMATION OF THE SPARE PARTS

The Spare Parts include spare parts of wheeled tractors with model nos. YTO-X954, YTO-X1204 and YTO-X1804. Sales of the Spare Parts are in the ordinary course of business of the Group. As the consideration of the Sales of Spare Parts Agreement was determined by costs of the Spare Parts plus a percentage mark-up, it is expected that profit margin of the sales of the Spare Parts will be no more than 20%. The proceeds from sales of the Spare Parts will be the operating revenue of the Group.

REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE SALES OF SPARE PARTS AGREEMENT

YTO has qualification and business for engineering project contracting outside the PRC, and purchase of the Spare Parts is mainly for its export sales. The sales of the Spare Parts are part of the ordinary and usual course of business of the Group, which can at the same time expand sales area of the Company in relation to export products and promote development of the Company in export business. The Directors (including the independent non-executive Directors) consider that the terms of the Sales of Spare Parts Agreement are on normal commercial terms and in the ordinary and usual course of business of the Group, fair and reasonable and in the interests of the Group and the Shareholders as a whole.

INFORMATION OF YTO INTERNATIONAL TRADE AND YTO

YTO International Trade is a wholly-owned subsidiary of the Company, which is principally engaged in the business of import and export of products of the Company including agricultural machineries.

As at the date of this announcement, YTO is the immediate controlling shareholder of the Company, holding 410,690,578 A Shares of the Company. YTO is principally engaged in the production and sales of transporting machineries, vehicle products, industrial equipment and components.

LISTING RULES IMPLICATIONS

YTO beneficially owns approximately 41.24% equity interest in the Company and is the immediate controlling shareholder of the Company. Therefore, YTO is a connected person of the Company. Accordingly, the transaction contemplated under the Sales of Spare Parts Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios are more than 0.1% but less than 5%, the transaction contemplated under the Sales of Spare Parts Agreement is subject to the reporting and announcement requirements only but exempt from the independent shareholders' approval requirement pursuant to Chapter 14A of the Listing Rules.

Zhao Yanshui, Wang Erlong, Li Hepeng, Xie Donggang, Li Kai and Yin Dongfang, the Directors of the Company, have abstained from voting to approve the Sales of Spare Parts Agreement in the Board meeting due to the fact that they are also directors of YTO and are regarded not independent to make any recommendation to the Board.

DEFINITIONS

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

“Board”	the board of Directors
“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
“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
“Sales of Spare Parts Agreement”	the sales of spare parts agreement dated 28 December 2016 entered into between YTO International Trade and YTO, pursuant to which YTO International Trade agreed to sell, and YTO agreed to purchase, the Spare Parts

“Shareholder(s)”	registered holder(s) of the Shares
“Shares”	share(s) of RMB1.00 each of the Company
“Spare Parts”	spare parts of wheeled tractors with model nos. YTO-X954, YTO-X1204 and YTO-X1804
“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 immediate controlling shareholder of the Company, holding approximately 41.24% equity interest in the Company
“YTO International Trade”	YTO International Economy and Trade Company Limited (一拖國際經濟貿易有限公司), a limited liability company incorporated in the PRC and a wholly-owned subsidiary of the Company
“%”	per cent

*For the purpose of this announcement, the following exchange rate is used:
RMB1.00 = HK\$1.13*

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

Luoyang, the PRC
28 December 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*