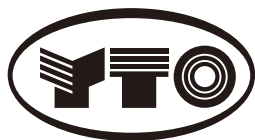


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第一拖拉机股份有限公司
FIRST TRACTOR COMPANY LIMITED*

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

(Stock Code: 0038)

**CONNECTED TRANSACTION
ANNOUNCEMENT IN RELATION TO LETTER OF
ACCEPTANCE IN RESPECT OF THE PAINTING LINE
PROJECT**

References are made to the announcements of First Tractor Company Limited* (the “**Company**”) dated 4 January 2017 and 3 March 2017, and the circular of the Company (the “**Circular**”) dated 15 February 2017, in relation to a connected transaction of the Company. Capitalized terms used in this announcement shall have the same meanings as those defined in the Circular, unless the context requires otherwise.

As disclosed in the Circular, the Company has already entrusted Weixin Tender Company to conduct an open tender for the Painting Line Project. The Board is pleased to announce that the Company has already issued a letter of acceptance to China Automotive on 18 April 2017, confirming that China Automotive becomes the successful bidder for the general contracting of the Painting Line Project, the consideration of which is the bidding price offered by China Automotive at the open tender for the Painting Line Project, which is RMB71,500,000 (equivalent to approximately HK\$80,795,000). The Company will enter into the Second General Contracting Agreement with China Automotive to engage it as the general contractor for the Painting Line Project.

China Automotive is wholly-owned by Sinomach, which is the ultimate controlling shareholder of the Company. Therefore, it is regarded as a connected person of the Company. Pursuant to Chapter 14A of the Listing Rules, the transaction contemplated under the proposed Second General Contracting Agreement constitutes a connected transaction of the Company. Pursuant to Rule 14A.81 of the Listing Rules, the transaction contemplated under the proposed Second General Contracting Agreement should be aggregated with the transaction contemplated under the First General Contracting Agreement. Since the applicable percentage ratios (after aggregation) are expected to be more than 5%, the transaction contemplated under the proposed Second General Contracting Agreement is subject to the reporting, announcement

and Independent Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules. The Company has obtained the Independent Shareholders' approval for the proposed Second General Contracting Agreement and the transaction contemplated thereunder at the EGM held on 3 March 2017.

Upon signing of the Second General Contracting Agreement, the Company will make further announcement in this regard as and when appropriate in accordance with the Listing Rules.

*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
18 April 2017

As at the date of this announcement, the board of directors of the Company 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*