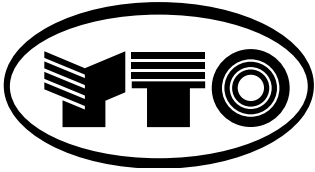


Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND THE RULES OF PROCEDURE FOR THE SUPERVISORY COMMITTEE

The board (the “**Board**”) of directors (the “**Director**”) of First Tractor Company Limited* (the “**Company**”) proposes to amend the articles of association (the “**Articles of Association**”) and the rules of procedures for the supervisory committee (the “**Rules of Procedures for the Supervisory Committee**”) of the Company. The relevant proposed amendments are subject to the approval of the shareholders (the “**Shareholder**”) of the Company at the forthcoming 2013 annual general meeting (the “**AGM**”) to be convened by the Company by way of special resolutions and the approval of the relevant government authorities of the People’s Republic of China (the “**PRC**”).

The AGM will be convened for the purposes of, among other things, seeking Shareholders’ approval for the amendments to the Articles of Association and the Rules of Procedures for the Supervisory Committee. Votes at the AGM will be taken by poll. A circular containing, among other things, details of the amendments to the Articles of Association and the Rules of Procedure for the Supervisory Committee and a notice of the AGM will be dispatched to the Shareholders as soon as practicable.

In light of 1) the issuance of relevant regulations regarding distribution of cash dividends and appointment of directors of listed companies promulgated by China Securities Regulatory Commission (the “CSRC”) since the initial public offering of A shares of the Company in 2012; 2) specific advices for amendments on the Articles of Association and definite requirements for controlling shareholders and the related parties, who shall not misappropriate funds of listed companies by abuse of their controlling status, given by Henan Bureau of the CSRC; and 3) the actual situation of the Company, the Board proposes to amend the existing Articles of Association and the Rules of Procedures for the Supervisory Committee.

Proposed amendments to the Articles of Association are set out below:

Article 32

Existing Article 32: “When the Company is to reduce its capital, it shall prepare a balance sheet and an inventory of assets.

The Company shall notify its creditors within ten (10) days of the date of the Company’s resolution for reduction of capital and shall publish an announcement in newspaper within thirty (30) days of the date of such resolution. A creditor has the right within thirty (30) days of receipt of the notice from the Company or, in the case of a creditor who does not receive such notice, within forty-five (45) days of the date of the public announcement, to require the Company to repay its debts or to provide a corresponding guarantee for such debt.

The Company’s registered capital shall not, after the capital reduction, be less than the minimum amount as prescribed by law.

Any reduction in the registered capital of the Company shall be registered with the Company’s registration authorities as stipulated by laws.”

Amended Article 32: “When the Company is to reduce its capital, it shall prepare a balance sheet and an inventory of assets.

The Company shall notify its creditors within ten (10) days of the date of the Company’s resolution for reduction of capital and shall publish an announcement in newspaper within thirty (30) days of the date of such resolution. A creditor has the right within thirty (30) days of receipt of the notice from the Company or, in the case of a creditor who does not receive such notice, within forty-five (45) days of the date of the public announcement, to require the Company to repay its debts or to provide a corresponding guarantee for such debt.

Any reduction in the registered capital of the Company shall be registered with the Company’s registration authorities as stipulated by laws.”

Article 66

Existing Article 66: “The Company’s controlling shareholders and people with de facto control may not impair the Company’s interests by virtue of their connected relationship. In the event of any loss to the Company arising from the violation of the relevant requirements, they shall be liable for compensation.

The Company’s controlling shareholders and people with de facto control owe fiduciary duties to the Company. The controlling shareholders shall strictly exercise their rights as capital contributors, and may not impair the lawful interests of the Company and shareholders of public shares by way of profit distribution, asset reorganisation, foreign investment, appropriation of capital, provision of guarantee for loans etc. They shall not impair the lawful interests of the Company and shareholders of public shares by virtue of their controlling status.”

Amended Article 66: “The controlling shareholders shall not impair the interests of the Company and public shareholders by abuse of their controlling status and by ways of connected transactions, assets restructuring, loan guarantees, etc. Misappropriation of the Company’s funds is strictly limited in the operating fund transactions of the Company with controlling shareholders and other related parties. Controlling shareholders and other related parties shall not require advancement of period expenses such as salary, welfare, insurance, advertisement, etc., to be paid by the Company; neither shall they undertake each other’s cost and other expenditures.

Once the controlling shareholders and persons with de facto control misappropriate the Company’s assets and impair interests of the Company and public shareholders, the Board shall adopt effective measures to request the controlling shareholders to cease such impairment and undertake the responsibilities for compensation.”

Article 70

Existing Article 70: “The shareholders’ general meeting shall exercise the following functions and powers:

- (1) To decide on the business policies and investment plans of the Company;
- (2) To elect and replace Directors and decide on matters concerning the remuneration of Directors;
- (3) To elect and replace the supervisors who are to be appointed from among the shareholders’ representatives and decide on matters concerning the remuneration of supervisors;
- (4) To examine and approve the Board of Directors’ reports;
- (5) To examine and approve the Board of Supervisors’ reports;

- (6) To examine and approve the Company's annual financial budget and final account proposals;
- (7) To examine and approve the Company's profit distribution plans and loss recovery plans;
- (8) To pass resolutions concerning the increase or reduction of the Company's registered capital;
- (9) To pass resolutions on matters such as the merger, division, dissolution, liquidation or restructuring of the Company;
- (10) To pass resolutions on the issuance of debentures by the Company;
- (11) To pass resolutions on the appointment, dismissal or refusal of re-appointment of accounting firms by the Company;
- (12) To amend the Articles of Association of the Company;
and
- (13) To examine proposals raised by the shareholders individually or jointly holding more than 3% of the Company's shares;
- (14) To pass resolutions on transactions in respect of any acquisition or disposal of significant assets with amounts exceeding 30% of the latest audited total assets of the Company within one year;
- (15) To pass resolutions on external guarantees which, according to the laws, regulations and the Articles of Association, shall be considered and approved by general meetings;
- (16) To consider and approve changes in the use of proceeds raised;

- (17) To consider and approve share option incentive scheme;
- (18) Other matters that laws, administrative regulations and the Company's Articles of Association require to be resolved by the general meeting."

Amended Article 70:

"The shareholders' general meeting shall exercise the following functions and powers:

- (1) To decide on the business policies and investment plans of the Company;
- (2) To elect and replace Directors and decide on matters concerning the remuneration of Directors;
- (3) To elect and replace the supervisors who are not appointed from employee representatives and decide on matters concerning the remuneration of supervisors;
- (4) To examine and approve the Board of Directors' reports;
- (5) To examine and approve reports from the Supervisory Committee;
- (6) To examine and approve the Company's annual financial budget and final account proposals;
- (7) To examine and approve the Company's profit distribution plans and loss recovery plans;
- (8) To pass resolutions concerning the increase or reduction of the Company's registered capital;
- (9) To pass resolutions on matters such as the merger, division, dissolution, liquidation or restructuring of the Company;
- (10) To pass resolutions on the issuance of debentures by the Company;

- (11) To pass resolutions on the appointment, dismissal or refusal of re-appointment of accounting firms by the Company;
- (12) To amend the Articles of Association; and
- (13) To examine proposals raised by the shareholders individually or jointly holding more than 3% of the Company's shares;
- (14) To pass resolutions on transactions in respect of any acquisition or disposal of significant assets with amounts exceeding 30% of the latest audited total assets of the Company within one year;
- (15) To pass resolutions on external guarantees which, according to the laws, administrative regulations, the listing rules of the stock exchanges where the Company's shares are listed and the Articles of Association, shall be considered and approved by general meetings;
- (16) To consider and approve changes in the use of proceeds raised;
- (17) To consider and approve share option incentive scheme;
- (18) Other matters that the laws, administrative regulations, the listing rules of the stock exchanges where the Company's shares are listed and the Articles of Association require to be resolved by the general meeting.”

Article 71

Existing Article 71: “The provision of external guarantee by the Company shall be considered and approved by the Board. The following guarantees shall be considered by the Board and submitted to general meeting for consideration and approval:

- (1) Any provision of guarantee when the aggregate amount of the guarantees provided by the Company and its controlling subsidiaries reaches or exceeds 50% of the latest audited net assets of the Company;
- (2) The provision of guarantee to a debtor whose asset to liability ratio exceeds 70%;
- (3) The amount of any single guarantee exceeds 10% of the latest audited net assets of the Company;
- (4) The guarantee provided to shareholders, de facto controller and their associates;
- (5) Any provision of guarantee when the aggregate amount of the external guarantees provided by the Company reaches or exceeds 30% of the latest audited total assets of the Company;
- (6) Other guarantees that shall be submitted to a general meeting for consideration and approval under the laws, regulations and the Articles of Association.

If the Directors, general managers and other Senior Management violate the provisions of the laws, administrative regulations or the Articles of Association governing the scope of authorization and the approval procedures for providing external guarantee, and such violation causes damage to the Company, they shall be liable for compensation. The Company may also bring an action against them pursuant to the laws.”

Amended Article 71:

“The provision of external guarantee by the Company shall be considered and approved by the Board. The following guarantees shall be considered by the Board and submitted to general meeting for consideration and approval:

- (1) Any provision of guarantee when the aggregate amount of the guarantees provided by the Company and its controlling subsidiaries exceeds 50% of the latest audited net assets of the Company;
- (2) The provision of guarantee to a debtor whose asset to liability ratio exceeds 70%;
- (3) The amount of any single guarantee exceeds 10% of the latest audited net assets of the Company;
- (4) The amount of the external guarantees exceeds 30% of the latest audited total assets of the Company according to the accumulative principle within twelve (12) consecutive months;
- (5) The amount of any guarantees exceeds 50% of the latest audited net assets of the Company according to the accumulative principle within twelve (12) consecutive months;
- (6) Other guarantees that shall be submitted to a general meeting for consideration and approval under the laws, regulations, listing rules of relevant stock exchanges and the Articles of Association.

The guarantees set out at paragraph (4) above shall be approved by more than two thirds of the voting rights held by the shareholders present in the meetings.

The Company and its controlling subsidiaries shall not provide guarantees to its shareholders, persons with de facto control and their related parties.

If the Directors, general managers and other Senior Management violate the provisions of the laws, administrative regulations or the Articles of Association governing the scope of authorization and the approval procedures for providing external guarantee, and such violation causes damage to the Company, they shall be liable for compensation. The Company may also bring an action against them pursuant to the laws.”

Article 83

Existing Article 83: “The notice of a general meeting shall meet the following requirements:

- (1) The notice shall be issued by means of a public announcement or other means (if necessary) as prescribed in the Articles of Association of the Company;
- (2) It shall specify the place, date and time of the meeting;
- (3) Set out the matters and proposals to be considered at the meeting;
- (4) It shall provide to the shareholders the information and explanation necessary for them to make a sensible decision on the matters to be discussed. This principle shall apply (but not limit) when the Company proposes a merger, repurchasing of shares, reorganization of share capital or other restructuring, it shall provide the specific conditions and contract (if any) of the transaction under discussions and earnestly explain the cause and result of the transaction;

- (5) Where any Director, supervisor, general manager or other senior officers have a material interest in respect of the matter to be discussed, then the nature and extent of that interest shall be disclosed; where the impact of the matters to be discussed on such Director, supervisor, manager or other senior officers who are shareholders is different from the impact on other shareholders of the same type, then that difference shall be illustrated;
- (6) It shall contain the full text of any special resolution proposed to be adopted at the meeting;
- (7) It shall contain a conspicuous statement that shareholders entitled to attend and vote have the right to entrust one or more proxies to attend and vote on their behalf and that such proxy need not be a shareholder; and
- (8) It shall state the time and place for the delivery of the meeting's proxy's forms;
- (9) Specify the book closure date for shareholders who are entitled to attend the general meeting;
- (10) Provide name and telephone number of the contact person.”

Amended Article 83:

“The notice of a general meeting shall meet the following requirements:

- (1) The notice shall be issued by means of a public announcement or other means (if necessary) as prescribed in the Articles of Association;
- (2) It shall specify the place, date and time of the meeting;
- (3) Set out the matters and proposals to be considered at the meeting;

- (4) It shall provide to the shareholders the information and explanation necessary for them to make a sensible decision on the matters to be discussed. This principle shall apply (but not limit) when the Company proposes a merger, repurchasing of shares, reorganization of share capital or other restructuring, it shall provide the specific conditions and contract (if any) of the transaction under discussions and earnestly explain the cause and result of the transaction;
- (5) Where any Director, supervisor, general manager or other senior officers have a material interest in respect of the matter to be discussed, then the nature and extent of that interest shall be disclosed; where the impact of the matters to be discussed on such Director, supervisor, manager or other senior officers who are shareholders is different from the impact on other shareholders of the same type, then that difference shall be illustrated;
- (6) It shall contain the full text of any special resolution proposed to be adopted at the meeting;
- (7) It shall contain a conspicuous statement that shareholders entitled to attend and vote have the right to entrust one or more proxies to attend and vote on their behalf and that such proxy need not be a shareholder; and
- (8) It shall state the time and place for the delivery of the meeting's proxy's forms;
- (9) Specify the book closure date for shareholders who are entitled to attend the general meeting;
- (10) Provide name and telephone number of the contact person;
- (11) Where a general meeting is held online or by other such means, the notice shall expressly state the time and the procedures of the voting online or by other such means.”

Article 84

Existing Article 84: “Notice of general meetings shall be served on each shareholder (no matter how such shareholder is entitled to vote at the meeting) by public announcement, personal delivery or prepaid mail to the address of the shareholder as shown in the register of members.

The notice of a general meeting to holders of domestic shares shall be published on one (1) or more national newspapers designated by the securities authority of the State Council within forty-five (45) days to fifty (50) days before the date of the meeting; after the publication of such notice, the holders of domestic shares shall be deemed to have received the notice of the relevant general meeting.

The notice of a general meeting to holders of foreign-invested shares shall be published on the Company’s website and/or the website of the stock exchange where the overseas-listed foreign-invested shares are listed within forty-five (45) days to sixty (60) days before the date of the meeting. In case that the laws and regulations and the Listing Rules where shares of the Company are listed are complied with, the holders of foreign-invested shares shall be deemed to have received the notice of the relevant general meeting after the publication of such notice.”

Amended Article 84: “Notice of general meetings shall be served on each shareholder (no matter how such shareholder is entitled to vote at the meeting) by public announcement, personal delivery or prepaid mail to the address of the shareholder as shown in the register of members.

The notice of a general meeting to holders of domestic shares shall be published on one (1) or more national newspapers designated by the securities authority of the State Council or via other means permitted by the securities authority of the State Council from time to time within forty-five (45) days to sixty (60) days before the date of the meeting; after the publication or issue of such notice, the holders of domestic shares shall be deemed to have received the notice of the relevant general meeting.

The notice of a general meeting to holders of foreign-invested shares shall be published on the Company’s website and/or the website of the stock exchange where the overseas-listed foreign-invested shares are listed within forty-five (45) days to sixty (60) days before the date of the meeting. In case that the laws and regulations and the Listing Rules where shares of the Company are listed are complied with, the holders of foreign-invested shares shall be deemed to have received the notice of the relevant general meeting after the publication of such notice.”

Article 90

Existing Article 90:

“Individual shareholders attending the general meeting in person shall produce their identity cards, or valid certificates or certifications or stock account cards which can prove their capacities; while proxies shall produce their identity cards and power of attorney.

A corporate shareholder shall be represented by its legal representative or a proxy appointed by the legal representative at the meeting. Legal representatives shall present their identity cards and valid proofs of their legal representative identity when they attend the meeting. In the case that a proxy is appointed, the proxy shall present his own identity card and the power of attorney in writing issued by the legal representative of the corporate shareholder as stipulated by laws.”

Amended Article 90:

“Individual shareholders attending the general meeting in person shall produce their identity cards, or valid certificates or certifications or stock account cards which can prove their capacities; while proxies shall produce their identity cards and power of attorney.

A corporate shareholder shall be represented by its legal representative or a proxy appointed by the legal representative at the meeting. Legal representatives shall present their identity cards and valid proofs of their legal representative identity when they attend the meeting. In the case that a proxy is appointed, the proxy shall present his own identity card and the valid power of attorney in writing issued by the corporate shareholder.”

Article 93

Existing Article 93: “Any proxy form issued by the Board of Directors of the Company to the shareholders for the appointment of proxies shall give the shareholders free choice to instruct their proxies to cast an affirmative or negative vote and enable the shareholders to give separate instructions on each matter to be voted during discussions at the meeting. The proxy form shall specify that in the absence of instructions from the shareholder, the proxy may vote as he thinks fit.”

Amended Article 93: “Any proxy form issued by the Board of Directors of the Company to the shareholders for the appointment of proxies shall give the shareholders free choice to instruct their proxies to cast affirmative or negative votes or abstain from voting and enable the shareholders to give separate instructions on each matter to be voted during discussions at the meeting. The proxy form shall specify that in the absence of instructions from the shareholder, the proxy may vote as he thinks fit.”

Article 97

Existing Article 97: “Resolutions of the general meeting can be ordinary resolutions or special resolutions.

Ordinary resolutions of the general meeting shall be passed by more than half of the voting rights held by the shareholders (including proxies) present at the meeting.

Special resolutions of the general meeting shall be passed by more than two-thirds of the voting rights held by the shareholders (including proxies) present at the meeting.”

Amended Article 97: “Resolutions of the general meeting can be ordinary resolutions or special resolutions.

Ordinary resolutions of the general meeting shall be passed by more than half of the voting rights held by the shareholders (including proxies) present at the meeting.

Special resolutions of the general meeting shall be passed by more than two thirds of the voting rights held by the shareholders (including proxies) present at the meeting.”

Article 99

Existing Article 99: “When a poll is adopted, shareholders (including proxies) having the right to two or more votes need not cast all of their voting rights in the same way.”

Amended Article 99: “When a poll is adopted, shareholders (including proxies) having the right to two or more votes need not cast all of their voting rights for affirmative or negative votes or abstention of votes.”

Article 109

Existing Article 109: “The following matters shall be resolved by way of a special resolution of the general meeting:

- (1) Increase or reduction of the Company share capital and issuance of any class of shares, warrants or other similar securities;
- (2) Issuance of Company’s debentures;
- (3) Division, merger, dissolution and liquidation of the Company;
- (4) Amendment to the Articles of Association of the Company; and

- (5) The Company's acquisition and disposal of major assets or provision of guarantees within one year with an amount exceeding 30% of the latest audited total assets of the Company;
- (6) Share incentive schemes; and
- (7) Other matters that, as resolved by way of an ordinary resolution of the general meeting, may have a significant impact on the Company and require adoption by way of a special resolution."

Amended Article 109:

"The following matters shall be resolved by way of a special resolution of the general meeting:

- (1) Increase or reduction of the Company share capital and issuance of any class of shares, warrants or other similar securities;
- (2) Issuance of Company's debentures;
- (3) Division, merger, dissolution and liquidation of the Company;
- (4) Amendment to the Articles of Association;
- (5) The Company's acquisition and disposal of major assets or provision of guarantees within one year with an amount exceeding 30% of the latest audited total assets of the Company;
- (6) Share incentive schemes; and

- (7) Other matters which, according to the laws, administrative regulations, the listing rules of the stock exchanges where the Company's shares are listed and the Articles of Association and resolved by way of an ordinary resolution of the general meeting which may have a significant impact on the Company, shall be approved by way of a special resolution.”

Article 113

Existing Article 113: “If the chairman of the meeting has any doubts as to the result of a resolution put to the vote, he may count the number of votes cast. If the chairman of the meeting fails to count the votes, a shareholder or proxy attending the meeting who challenges the result announced by the chairman of the meeting may, immediately after the declaration of the result, demand that the votes be counted and the chairman of the meeting shall immediately count the votes.”

Amended Article 113: “If the chairman of the meeting has any doubts as to the result of a resolution put to the vote, he may count the votes. If the chairman of the meeting fails to count the votes, a shareholder or proxy attending the meeting who challenges the result announced by the chairman of the meeting may, immediately after the declaration of the result, demand that the votes be counted and the chairman of the meeting shall immediately count the votes.”

Article 130

Existing Article 130: “The Directors may be elected at the general meeting by way of cumulative voting. Where election of more than two Directors by way of cumulative voting, the number of votes held by each shareholder shall equal to the product of the number of his votes held multiplied by the number of Directors he is entitled to elect. Each shareholder has the right to cast all his votes to one, two or more Director candidates, or to all Director candidates at his discretion. The candidate(s) with the most votes shall be elected as Director(s).”

Amended Article 130: “Where the shareholding of the controlling shareholders in the Company exceeds 30%, cumulative voting shall be adopted at the general meetings of the Company for election of Directors (including independent Directors) and supervisors (non-employee representative supervisors).

In the cumulative voting, each share carries a number of voting rights equivalent to the number of Directors or supervisors to be elected. A shareholder may freely allocate his votes among the nominated Directors and supervisors, either to allocate to a number of persons, or to vote all in favour of one person. According to the number of votes that the nominated Directors and supervisors have got and the number of directors or supervisors proposed to be elected, those who have got more votes shall be appointed.”

Article 138

Existing Article 138: “(1) If the Board of Directors has specified the time and place of the board meeting in advance, no service of notice is required; If the time and location of Board meetings have not been specified by the Board in advance, the Chairman shall order the secretary to the Board to notify the all Directors and supervisors the meeting time and venue by way of telex, telegraph, fax, courier, registered mail, email or in person no less than 14 days and no more than 30 days prior to such meeting.

(2) When convening an extraordinary Board meeting in emergency, the Chairman shall authorize the secretary to the Board to notify all Directors and supervisors the meeting time, venue and means by way of telex, telegraph, email or in person no less than 2 days and no more than 10 days prior to such meeting.

(3) The notice shall be written in Chinese, if necessary, the English version can be attached. The agenda and topics of the meeting shall be included.

- (4) Where a Director, who is present at the meeting, has not raised any objection that he/she has not been notified of the meeting before or at the meeting, such Director shall be deemed to have notified of the meeting.”

Amended Article 138:

- “(1) If the Board of Directors has specified the time and place of the board meeting in advance, no service of notice is required; If the time and location of Board meetings have not been specified by the Board in advance, the Chairman shall order the secretary to the Board to notify all Directors and supervisors the time and venue of regular meetings by way of fax, courier, registered mail, email or in person no less than 14 days and no more than 30 days prior to such meeting.
- (2) When convening an extraordinary Board meeting in emergency, the Chairman shall authorize the secretary of the Board (the company secretary) to notify all Directors and supervisors the meeting time, venue and means by way of email or in person no less than 2 days and no more than 10 days prior to such meeting.
- (3) The notice shall be written in Chinese, if necessary, the English version can be attached. The agenda and topics of the meeting shall be included.
- (4) Where a Director, who is present at the meeting, has not raised any objection that he/she has not been notified of the meeting before or at the meeting, such Director shall be deemed to have notified of the meeting.”

Article 141

- Existing Article 141:
- “(1) Meetings of Board of Directors shall be attended by the Directors in person. If a Director cannot attend a meeting for any reason, he may entrust in writing another Director with attending the meeting on his behalf and the letter of entrustment shall specify the scope of authorization.
 - (2) A Director shall be deemed to have failed to perform his duties if he fails to attend the Board meetings in person twice consecutively nor appointed other Directors to attend the meetings on his behalf. The Board shall make recommendations to general meetings to replace such Director.
 - (3) A Director who attends a meeting on behalf of another Director shall exercise the rights of a Director within the scope of authority granted. If a Director fails to attend a meeting of the Board of Directors and has not appointed a representative to attend on his behalf, he shall be deemed to have waived his voting rights in respect of that meeting.
 - (4) The appointed representative must be a Director. When the quorum of attendants to the meeting of the Board of Directors is counted, the representative shall be calculated separately for himself and for the Director being on behalf of. He does not have to use all of his voting rights to cast affirmative or negative votes at the same time. Directors shall also inform the Company of the termination of the appointment of the representatives.”
- Amended Article 141:
- “(1) Meetings of Board of Directors shall be attended by the Directors in person. If a Director cannot attend a meeting for any reason, he may entrust in writing another Director with attending the meeting on his behalf and the letter of entrustment shall specify the scope of authorization.

- (2) A Director shall be deemed to have failed to perform his duties if he fails to attend the Board meetings in person twice consecutively nor appointed other Directors to attend the meetings on his behalf. The Board shall make recommendations to general meetings to replace such Director.
- (3) A Director who attends a meeting on behalf of another Director shall exercise the rights of a Director within the scope of authority granted. If a Director fails to attend a meeting of the Board of Directors and has not appointed a representative to attend on his behalf, he shall be deemed to have waived his voting rights in respect of that meeting.
- (4) The appointed representative must be a Director. When the quorum of attendants to the meeting of the Board of Directors is counted, the representative shall be calculated separately for himself and for the Director being on behalf of. He does not have to use all of his voting rights to cast affirmative or negative votes or abstention of votes at the same time. Directors shall also inform the Company of the termination of the appointment of the representatives.”

Article 146

Existing Article 146:

“Written resolutions signed and agreed by all Directors shall be deemed as effective as the resolutions approved at a lawfully convened meeting of the Board of Directors. Such resolution in writing may be composed by multiple copies of a document, each of which is signed by one or more Directors. For the purposes of this Article, a resolution signed by the Director(s) and sent to the Company by means of telegraph, telex, mail, fax or personal delivery shall be deemed as a document signed by him (them).”

Amended Article 146: “Written resolutions signed and agreed by all Directors shall be deemed as effective as the resolutions approved at a lawfully convened meeting of the Board of Directors. Such resolution in writing may be composed by multiple copies of a document, each of which is signed by one or more Directors. For the purposes of this Article, a resolution signed by the Director(s) and sent to the Company by means of mail, fax or personal delivery shall be deemed as a document signed by him (them).”

Article 161

Existing Article 161: “The Board of Supervisors shall be composed of 6 supervisors, one of whom shall be the chairman of the Board of Supervisors. The terms of office of a supervisor shall be 3 years. The election or removal of the chairman of the Board of Supervisors shall be determined by the affirmative votes of two-thirds or more of the members of the Board of Supervisors.”

Amended Article 161: “The supervisory committee shall be composed of 6 supervisors, one of whom shall be the chairman of the supervisory committee. The terms of office of a supervisor shall be 3 years. The election, appointment or removal of the chairman of the supervisory committee shall be determined by the affirmative votes of two thirds or more of all the supervisors.”

Article 164

Existing Article 164:

“Meetings of the supervisory committee shall be held at least once every six months and shall be convened and presided over by the chairman of the supervisory committee. Where the chairman of the supervisory committee cannot or fails to perform his duties, a majority of the supervisors may jointly designate a supervisor to convene and preside over the meeting of the supervisory committee. Notice of a meeting of the supervisory committee shall be delivered to all supervisors 10 days prior to the meeting. The notice of meeting of the supervisory committee shall include the following contents:

- (1) The date, venue and duration of the meeting;
- (2) The reasons for and the agenda of the meeting;
- (3) The date of dispatching the notice.”

Amended Article 164:

“Meetings of the supervisory committee shall include regular meetings and extraordinary meetings. Regular meetings of the supervisory committee shall be held at least once every six months. Supervisors can propose to convene an extraordinary meeting of the supervisory committee as the case may require. Meetings of the supervisory committee shall be convened and presided over by the chairman of the supervisory committee. Where the chairman of the supervisory committee cannot or fails to perform his duties, a majority of the supervisors may jointly designate a supervisor to convene and preside over the meeting of the supervisory committee.”

New Article 165: “Notice of regular meetings of the supervisory committee shall be delivered to all supervisors ten (10) days prior to the meeting in writing or by email, etc. In case of emergency, an extraordinary meeting of the supervisory committee shall be convened by giving a notice by email, fax or telephone to all supervisors not less than 2 days and not more than 10 days before the date of the meeting, which shall specify the time, location and method of the meeting. The notice of meeting of the supervisory committee shall include the following contents:

- (1) The date, venue and duration of the meeting;
- (2) The reasons for and the agenda of the meeting;
- (3) Contact person and contact information;
- (4) The date of dispatching the notice.”

New Article 166: “The meetings of the supervisory committee may be convened by way of conference, teleconference or combination of both means.”

Article 166

Existing Article 166: “The supervisory committee shall be accountable to the shareholders’ general meeting and exercise the following functions and powers according to law:

- (1) To review the Company’s financial position;
- (2) To exercise supervision over the performance by the Directors and senior officers of their official duties and to propose the dismissal of any Director, general manager, or senior officer who is in violation of laws, administrative regulations, the Articles of Association of the Company, or resolutions of the shareholders’ meeting;

- (3) To require a Director, the general manager or other senior officers of the Company to correct an act of such act is harmful to the Company's interests;
- (4) To verify financial information such as financial reports, business reports, profit distribution plans, etc that the board of Directors intends to submit to the shareholders' general meeting and, if in doubt, to be able to appoint, in the name of the Company, a registered accountant or practicing auditor to assist in reviewing such information;
- (5) To propose extraordinary shareholders' general meetings, and to convene and preside over a shareholders' general meeting when the Board of Directors fails to perform its duty to convene and preside over a shareholders' general meeting as prescribed in there Articles of Association;
- (6) To submit proposals to the shareholder's general meeting;
- (7) To initiate legal proceedings against any Director, general manager or senior officer in accordance with the provisions of Article 152 of the "Company Law"; and
- (8) Other functions and powers as specified in the Articles of Association of the Company.

The supervisors may attend meetings of the Board of Directors as non-voting attendees and make inquiries or suggestions about matters on which the Board of Directors has passed resolutions.”

- Amended Article 168: “The supervisory committee shall be accountable to the shareholders’ general meeting and exercise the following functions and powers according to law:
- (1) To review the Company’s financial position and the Company’s regular reports and provide opinions thereon in writing;
 - (2) To exercise supervision over the performance by the Directors and senior officers of their official duties, to assess the performance of duties by Directors and to propose the dismissal of any Director, general manager, or senior officer who is in violation of laws, administrative regulations, the Articles of Association, or resolutions of the shareholders’ meeting;
 - (3) To require a Director, the general manager or other senior officers of the Company to correct an act of such act is harmful to the Company’s interests;
 - (4) To verify financial information such as financial reports, business reports, profit distribution plans, etc that the board of Directors intends to submit to the shareholders’ general meeting and, if in doubt, to be able to appoint, in the name of the Company, a registered accountant or practicing auditor to assist in reviewing such information;
 - (5) To propose extraordinary shareholders’ general meetings, and to convene and preside over a shareholders’ general meeting when the Board of Directors fails to perform its duty to convene and preside over a shareholders’ general meeting as prescribed in the Articles of Association;
 - (6) To submit proposals to the shareholder’s general meeting;
 - (7) To initiate legal proceedings against any Director, general manager or senior officer in accordance with the provisions of Article 152 of the “Company Law”;

- (8) To supervise and evaluate the implementation of the information disclosure and the investor relations management of the Company; and
- (9) Other functions and powers as specified in the Articles of Association.

The supervisors may attend meetings of the Board of Directors as non-voting attendees and make inquiries or suggestions about matters on which the Board of Directors has passed resolutions.”

Article 211

Existing Article 211: “The Company’s profit distribution policy is as follows:

- (1) The Company adopts consistent and stable profit distribution policy, which should emphasize on investors’ reasonable investment return while ensuring the Company’s continuous development;
- (2) The Company may distribute dividends by way of cash, bonus shares or a combination of both;
- (3) When the condition allows, subject to the authorization at the general meeting, the Board may distribute interim dividends or bonus;
- (4) The annual profits distributed by the Company by way of cash shall not be less than 25% of the profit available for distribution for the year (the lower of those in the financial statements under the PRC accounting standards and the international accounting standards), provided that the capital needs for the Company’s normal production and operation are satisfied and there is no such events as material investment plan or material cash expense;

- (5) If the net profit of the Company for the year increases by 20% from last year, the Board of the Company may propose the profit distribution plan for distributing bonus shares.”

Amended Article 213:

“The Company’s profit distribution policy is as follows:

- (1) The Company adopts consistent and stable profit distribution policy, which should emphasize on investors’ reasonable investment return while ensuring the Company’s continuous development;
- (2) The Company may distribute dividends by way of cash, bonus shares or a combination of both, and cash dividends are preferred by the Company in profit distribution;
- (3) When the condition allows, subject to the authorization at the general meeting, the Board may distribute interim dividends or bonus;
- (4) The annual profits distributed by the Company by way of cash shall not be less than 25% of the profit available for distribution for the year (the lower of those in the financial statements under the PRC accounting standards and the international accounting standards), provided that the capital needs for the Company’s normal production and operation are satisfied and there is no such events as material investment plan or material cash expense;
- (5) If the net profit of the Company for the year increases by 20% from last year, the Board of the Company may propose the profit distribution plan for distributing bonus shares.”

Article 212

Existing Article 212: “The procedures for the Company’s profit distribution decisions and execution are as follows:

- (1) After thoroughly analyzing various factors such as the industry development trend, the Company’s production and operation, the future investment plan and external financing environment, and fully considering the requirements and intentions of shareholders as well as the opinions of independent directors and the supervisory committee, the Board shall formulate the Company’s annual profit distribution plan and propose the same to the general meeting for approval within three months from the close of each financial year in accordance with the profit distribution policy set out in the Article 211 of the Articles of Association.
- (2) The profit distribution plan can only be implemented upon being considered and approved at the general meeting.
- (3) After the resolution on profit distribution plan was passed at the general meeting, the Board shall finish the distribution of dividends (or bonus shares) within two months after convening the general meeting.”

Amended Article 214: “The procedures for the Company’s profit distribution decisions and execution are as follows:

- (1) After thoroughly analyzing various factors such as the industry development trend, the Company’s production and operation, the future investment plan and external financing environment, and fully considering the requirements and intentions of shareholders as well as the opinions of independent directors and the supervisory committee, the Board shall formulate the Company’s annual profit distribution plan and propose the same to the general meeting for approval within three months from the close of each financial year in accordance with the profit distribution policy set out in the Article 213 of the Articles of Association.
- (2) The Company shall announce the advices of the independent Directors while publishing announcement on Board resolutions or notice of the relevant general meetings. When the profit distribution plan is being considered at the general meetings, various means shall be adopted to communicate and exchange ideas with the shareholders, especially the minority shareholders, and their opinions and demands shall be fully listened to.
- (3) The profit distribution plans can only be implemented upon being considered and approved at the general meetings of the Company.
- (4) After the resolution on profit distribution plan was passed at the general meeting, the Board shall finish the distribution of dividends (or bonus shares) within two months after convening the general meeting.”

Article 213

Existing Article 213: “If the Company needs to adjust the profit distribution policy due to material changes in external operating environment or its own operating conditions, the adjusted profit distribution policy shall not breach any regulations of the CSRC and the stock exchanges. The independent non-executive directors and external supervisors of the Company shall independently issue written opinions and the relevant proposals on the adjustment of profit distribution policy, upon being considered by the Board, shall be proposed to the general meeting for consideration.

The reasons for adjustment of profit distribution policy and the opinions of independent non-executive directors and external supervisors shall be disclosed in the regular reports of the Company.”

Amended Article 215: “If the Company needs to adjust the profit distribution policy due to material changes in external operating environment or its own operating conditions, the Board shall propose a resolution on the adjustment of the profit distribution policy based on the actual situation, and the adjusted profit distribution policy shall not breach any regulations of the CSRC and the stock exchanges and shall be for the best interests of the shareholders. The independent non-executive directors shall issue written review opinions on the adjustment of the profit distribution policy and the relevant proposals on the adjustment of the profit distribution policy, after being considered by the Board, shall be proposed to the general meetings for consideration and approval by more than two thirds of the voting rights held by the shareholders present at the general meetings.

The reasons for adjustment of profit distribution policy and the opinions of independent non-executive directors and external supervisors shall be disclosed in the regular reports of the Company.”

Proposed amendments to the Rules of Procedures for the Supervisory Committee are set out below:

Article 4

Existing Article 4: “The Company shall have a supervisory committee. The supervisory committee shall comprise 6 supervisors, one of whom shall be the chairman of the supervisory committee. The terms of office of a supervisor shall be 3 years. The appointment or removal of the chairman of the supervisory committee shall be decided by two thirds or more of the supervisors.”

Amended Article 4: “The Company shall have a supervisory committee. The supervisory committee shall comprise 6 supervisors, one of whom shall be the chairman of the supervisory committee. The terms of office of a supervisor shall be 3 years. The election or removal of the chairman of the supervisory committee shall be decided by two thirds or more of all the supervisors.”

Article 9

Existing Article 9: “The supervisory committee shall be accountable to the shareholders’ general meeting and exercise the following functions and powers according to law:

- (1) To review the Company’s financial position;
- (2) To exercise supervision over the performance by the Directors and senior officers of their official duties and to propose the dismissal of any Director, general manager, or senior officer who is in violation of laws, administrative regulations, the Articles of Association of the Company, or resolutions of the shareholders’ meeting;
- (3) To require a Director, the general manager or other senior officers of the Company to correct an act of such act is harmful to the Company’s interests;

- (4) To verify financial information such as financial reports, business reports, profit distribution plans, etc that the board of Directors intends to submit to the shareholders' general meeting and, if in doubt, to be able to appoint, in the name of the Company, a registered accountant or practicing auditor to assist in reviewing such information;
- (5) To propose extraordinary shareholders' general meetings, and to convene and preside over a shareholders' general meeting when the Board of Directors fails to perform its duty to convene and preside over a shareholders' general meeting as prescribed in the Articles of Association;
- (6) To submit proposals to the shareholder's general meeting;
- (7) To initiate legal proceedings against any Director, general manager or senior officer in accordance with the provisions of Article 152 of the "Company Law"; and
- (8) Other functions and powers as specified in the Articles of Association of the Company.

The supervisors may attend meetings of the Board of Directors as non-voting attendees and make inquiries or suggestions about matters on which the Board of Directors has passed resolutions."

Amended Article 9:

"The supervisory committee shall be accountable to the shareholders' general meeting and exercise the following functions and powers according to law:

- (1) To review the Company's financial position and the Company's regular reports and provide opinions thereon in writing;

- (2) To exercise supervision over the performance by the Directors and senior officers of their official duties and to propose the dismissal of any Director, general manager, or senior officer who is in violation of laws, administrative regulations, the Articles of Association of the Company, or resolutions of the shareholders' meeting;
- (3) To require a Director, the general manager or other senior officers of the Company to correct an act of such act is harmful to the Company's interests;
- (4) To verify financial information such as financial reports, business reports, profit distribution plans, etc that the board of Directors intends to submit to the shareholders' general meeting and, if in doubt, to be able to appoint, in the name of the Company, a registered accountant or practicing auditor to assist in reviewing such information;
- (5) To propose extraordinary shareholders' general meetings, and to convene and preside over a shareholders' general meeting when the Board of Directors fails to perform its duty to convene and preside over a shareholders' general meeting as prescribed in the Articles of Association;
- (6) To submit proposals to the shareholder's general meeting;
- (7) To initiate legal proceedings against any Director, general manager or senior officer in accordance with the provisions of Article 152 of the "Company Law";
- (8) To supervise and evaluate the implementation of the information disclosure and the investor relations management of the Company; and
- (9) Other functions and powers as specified in the Articles of Association of the Company.

The supervisors may attend meetings of the Board of Directors as non-voting attendees and make inquiries or suggestions about matters on which the Board of Directors has passed resolutions.”

Article 14

Existing Article 14: “Meetings of the supervisory committee shall be held at least once every six (6) months and shall be convened and presided over by the chairman of the supervisory committee. Where the chairman of the supervisory committee cannot or fails to perform his duties, a majority of the supervisors may jointly designate a supervisor to convene and preside over the meeting of the supervisory committee.”

Amended Article 14: “Meetings of the supervisory committee shall include regular meetings and extraordinary meetings. Regular meetings of the supervisory committee shall be held at least once every six (6) months. The supervisors may propose to convene an extraordinary meeting of the supervisory committee as the case may require.

Meetings of the supervisory committee shall be convened and presided over by the chairman of the supervisory committee. Where the chairman of the supervisory committee cannot or fails to perform his duties, a majority of the supervisors may jointly designate a supervisor to convene and preside over the meeting of the supervisory committee.”

Article 15

Existing Article 15: “Notice of meeting of the supervisory committee shall be delivered to all the supervisors ten (10) days before the date of the meeting in writing. The notice of meeting of the supervisory committee shall include the following contents:

- (1) The date, venue and duration of the meeting;
- (2) The reasons for and the agenda of the meeting;
- (3) The date of dispatching the notice.”

Amended Article 15: “Notice of regular meeting of the supervisory committee shall be delivered to all the supervisors ten (10) days before the date of the meeting in writing or by email, etc.

In case of emergency, an extraordinary meeting of the supervisory committee shall be convened by giving a notice by email, fax or telephone to all supervisors not less than 2 days and not more than 10 days before the date of the meeting, which shall specify the time, location and method of the meeting.

Amended Article 16: “The notice of meeting of the supervisory committee shall include the following contents:

- (1) The date, venue and duration of the meeting;
- (2) The reasons for and the agenda of the meeting;
- (3) Contact person and contact information.
- (4) The date of dispatching the notice.”

Article 16

Existing Article 16:

“The meetings of the supervisory committee may be convened by way of conference. Meetings of the supervisory committee shall be held only when a quorum of two thirds or more of the supervisors are present at such meetings. In case that the quorum of the supervisory committee is not satisfied by reason that the relevant supervisors rejects or neglects to attend the meetings, other supervisors shall report to the regulatory department in a timely manner.

Each supervisor shall have one (1) vote. Where a supervisor has connected relations with the proposal, he shall abstain from voting. The resolutions of the supervisory committee shall be approved by the affirmative votes of two thirds or more of the supervisors.”

Amended Article 17:

“The meetings of the supervisory committee may be convened by way of conference, teleconference or written resolutions, etc. Meetings of the supervisory committee shall be held only when a quorum of two thirds or more of the supervisors are present at such meetings. In case that the quorum of the supervisory committee is not satisfied by reason that the relevant supervisors rejects or neglects to attend the meetings, other supervisors shall report to the regulatory department in a timely manner.

Each supervisor shall have one (1) vote. Where a supervisor has connected relations with the proposal, he shall abstain from voting. The resolutions of the supervisory committee shall be approved by the affirmative votes of two thirds or more of the supervisors without connected relations.”

Article 17

Existing Article 17: “The supervisory committee may require the Directors, general manager, deputy general manager and other senior officers as well as internal and external auditor to attend the meetings to answer the questions that the supervisory committee concerns.”

Amended Article 18: “The secretary of the Board shall attend the meetings of the supervisory committee. The supervisory committee may require the Directors, general manager, deputy general manager and other senior officers as well as internal and external auditor to attend the meetings to answer the questions that the supervisory committee concerns.”

Article 18

Existing Article 18: “The supervisory committee may vote on a show of hands or on a poll and shall announce the results at the meetings.

The supervisors shall cast an affirmative or negative vote or abstain from voting. The supervisors attending the meeting shall choose one kind of the aforesaid opinions. If any supervisor who has not chosen any kind of opinions or simultaneously chosen two or more kinds of opinions, the president shall require him to make a new choice. If he refuses to do so, it shall be regarded as an abstention. If any supervisor leaves in the middle of the meeting and thus does not make a choice, it shall be regarded as an abstention.”

Amended Article 19: “The supervisory committee may vote on a show of hands or on a poll and shall announce the results at the meetings.

The supervisors shall cast an affirmative or negative vote or abstain from voting. The supervisors attending the meeting shall choose one kind of the aforesaid opinions. If any supervisor who has not chosen any kind of opinions or simultaneously chosen two or more kinds of opinions, the president shall require him to make a new choice. If he refuses to do so, it shall be regarded as an abstention. If any supervisor leaves in the middle of the meeting and thus does not make a choice, it shall be regarded as an abstention.

In the case of voting by teleconference, the supervisors shall fax or send an email attaching the scanned copies of their written opinions and signed voting intents on the resolutions to the Company.”

Article 21

Existing Article 21: “The matters of the announcement on the resolutions of the supervisory committee and other information disclosure shall be handled by the secretary of the Board in accordance with the relevant regulations.”

Amended Article 22: “The matters regarding the announcement of the resolutions of the supervisory committee and other information disclosure shall be handled by the secretary of the Board in accordance with the regulatory requirements and the relevant regulations of the jurisdictions where the Company’s shares are listed.”

Article 28

Existing Article 28: “The Rules shall be subject to consideration and approval at the general meetings and subject to the approval of CSRC for the listing of A shares of the Company and the completion of issuance of A shares. The amendments to the Rules shall be determined at the general meetings and the draft amendments shall be prepared by the supervisory committee with authorisation granted by the general meetings. The draft amendments are subject to the approval at the general meetings.”

Amended Article 29: “The Rules shall be subject to consideration and approval at the general meetings. The amendments to the Rules shall be determined at the general meetings and the draft amendments shall be prepared by the supervisory committee with authorisation granted by the general meetings. The draft amendments are subject to the approval at the general meetings.”

The existing articles will be renumbered accordingly upon the proposed amendments to the above articles of the Articles of Association and the Rules of Procedures for the Supervisory Committee.

GENERAL

The English versions of the Articles of Association and the Rules of Procedures for the Supervisory Committee are unofficial translation of the Chinese version. In the event of any inconsistency, the Chinese version shall prevail.

The proposed amendments to the Articles of Association and the Rules of Procedures for the Supervisory Committee are subject to the approval of the Shareholders at the AGM by way of special resolutions and the approval of the relevant government authorities in the PRC.

The Company intended to convene the AGM for the purpose of, among other things, seeking for the approval of the Shareholders for the amendments to the Articles of Association and the Rules of Procedures for the Supervisory Committee. Votes at the AGM will be taken by poll.

A circular containing, among other things, details of the amendments to the Articles of Association and the Rules of Procedures for the Supervisory Committee and a notice of the AGM will be dispatched to the Shareholders as soon as practicable.

By order of the Board
First Tractor Company Limited
Zhao Yanshui
Chairman

Luoyang, the PRC
27 March 2014

As at the date of this announcement, Mr. Zhao Yanshui is the Chairman of the Company and Mr. Wang Erlong is the vice Chairman of the Company. Other members of the Board are four Directors, namely, Mr. Yan Linjiao, Mr. Guo Zhiqiang, Mr. Liu Jiguo and Mr. Wu Yong; and four independent non-executive Directors, namely, Mr. Hong Xianguo, Mr. Zhang Qiusheng, Mr. Xing Min and Mr. Wu Tak Lung.

* *For identification purposes only*