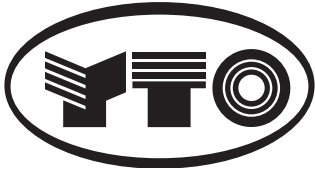


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**第一拖拉机股份有限公司**  
**FIRST TRACTOR COMPANY LIMITED**\*

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

(Stock Code: 0038)

## **ANNOUNCEMENT IN RESPECT OF DIVIDEND PAYMENT**

Reference is made to the announcement of First Tractor Company Limited (the “**Company**”) dated 11 April 2014 in respect of dividend distribution.

In accordance with the profit distribution policy of the Articles of Association of the Company, the board (the “**Board**”) of directors (the “**Directors**”) of the Company recommended the following profit distribution proposal for 2013: a cash dividend of RMB0.6 (tax inclusive) for every ten shares on the basis of the total share capital of the Company of 995,900,000 shares as at 31 December 2013. This proposal has already been approved at the 2013 annual general meeting of the Company held on 29 May 2014. Explanation in respect of the payment of dividend for the year ended 31 December 2013 to the shareholders of the Company’s H shares is as follows:

1. Distribution of dividend to the shareholders of the Company’s H shares shall be denominated in RMB, and paid in Hong Kong dollars. The formula of its calculation is as follows:

$$\text{Conversion price of dividend} = \frac{\text{Value of Dividend in RMB/Average median price for conversion of RMB to HK\$ announced by the People's Bank of China in all working days during the week prior to the dividend declaration date}}{\text{Average median price for conversion of RMB to HK\$ announced by the People's Bank of China in all working days during the week prior to the dividend declaration date}}$$

In respect of the current distribution of dividend, the Company's dividend declaration date is 27 March 2014. The average median price for conversion of RMB to HK\$ announced by the People's Bank of China in all working days during the week prior to the dividend declaration date is HK\$100 = RMB79.184. Therefore, the dividend attributable to each H share of the Company is HK\$0.07577 (including tax).

2. Pursuant to the Corporate Income Tax Law of the PRC and its implementing regulations, which came into force on 1 January 2008, and other relevant rules, the Company is required to withhold corporate income tax at the rate of 10% before distributing the dividend to non-resident enterprise (as defined in the Corporate Income Tax Law of the PRC) shareholders whose names appear on the H share register of members of the Company on 5 June 2014. Any H shares registered in the name of non-individual shareholders, including HKSCC Nominees Limited, other nominees, trustees or other groups and organizations, will be treated as being held by non-resident enterprise shareholders, thus, the Company will distribute the dividend to such non-individual shareholders after withholding the 10% corporate income tax. The individual income tax will not be withheld from the dividend payable to any natural person shareholders whose names appear on the H share register of members of the Company on 5 June 2014.
3. The Company will strictly comply with the relevant PRC tax laws and regulations to withhold for payment the 10% corporate income tax; and the dividend will only be payable to the shareholders whose names appear on the H share register of members of the Company on 5 June 2014. The Company assumes no responsibility or liability whatsoever for confirming the identity of the shareholders of the Company and for any claims arising from any delay in or inaccurate determination of the identity of shareholders of the Company or any disputes over the withholding mechanism.
4. The Company has appointed Bank of China (Hong Kong) Trustees Limited as the receiving agent for the shareholders of H shares, to receive the dividend distributed by the Company in respect of H shares on behalf of the shareholders of H shares. The receiving agent is a trustee company registered under the Trustee Ordinance (Chapter 29 of the Laws of Hong Kong). The cheques for the Company's H share dividend will be issued by the receiving agent, which are expected to be sent by ordinary mail on 11 July 2014 (being the dividend payment date of the Company's H shares) to holders of H shares listed on the register of members on 5 June 2014 at the own risks of the receivers.

The time and arrangement for distribution of dividend in respect of domestic A shares of the Company will be announced separately.

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

Luoyang, the PRC  
3 July 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 six Directors, namely, Mr. Yan Linjiao, Mr. Wu Zongyan, Mr. Wang Kejun, Mr. Guo Zhiqiang, Mr. Liu Jiguo and Mr. Wu Yong; and four independent non-executive Directors, namely, Mr. Hong Xianguo, Mr. Xing Min, Mr. Wu Tak Lung and Mr. Yu Zengbiao.*

\* *For identification purposes only*