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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 13 April 2015 in respect of dividend distribution.

In accordance with the dividend distribution policy of the Articles of Association of the Company, the board (the “**Board**”) of directors (the “**Directors**”) of the Company recommended the following dividend distribution proposal for 2014: a cash dividend of RMB0.51 (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 2014. This proposal has already been approved at the 2014 annual general meeting of the Company held on 29 May 2015. Explanation in respect of the payment of dividend for the year ended 31 December 2014 to the shareholders of the Company’s H shares is as follows:

1. For holders of H shares of the Company (excluding Mainland investors who hold H shares of the Company via the Shanghai-Hong Kong Stock Connect Program)
 - (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:

Value of Dividend in RMB/Average
median price for conversion of RMB to
Conversion price of dividend = 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 30 March 2015. 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 = RMB79.177. Therefore, the dividend attributable to each H share of the Company is HK\$0.06441 (including tax).

- (2) In general, 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 4 June 2015. 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 4 June 2015.
- (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 4 June 2015. 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 13 July 2015 (being the dividend payment date of the Company's H shares) to holders of H shares listed on the register of members on 4 June 2015 at the own risks of the receivers.

2. For Mainland investors who hold H shares of the Company via the Shanghai-Hong Kong Stock Connect Program
- (1) Dividend payable to Mainland individual and enterprise investors who hold H Shares of the Company via the Shanghai-Hong Kong Stock Connect Program shall be distributed in RMB. The Company has entered into agreement with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited (“CSDC”), pursuant to which, the Shanghai Branch of CSDC, as the nominee of the holders of H shares via the Shanghai-Hong Kong Stock Connect Program, will receive all cash dividends distributed by the Company and distribute the cash dividends to the relevant investors of H shares via the Shanghai-Hong Kong Stock Connect Program through its depository and clearing system. It is expected that the Company would distribute the cash dividends to the Shanghai Branch of CSDC on 13 July 2015.
 - (2) Pursuant to the Notice on Relevant Taxation Policies Concerning the Pilot Inter-connected Mechanism for Trading on the Shanghai Stock Market and the Hong Kong Stock Market (Cai Shui [2014] No. 81) (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81號)):
 - For Mainland individual investors who invest in the H shares of the Company via the Shanghai-Hong Kong Stock Connect Program, the Company will withhold individual income tax at the rate of 20% in the distribution of dividend. Individual investors may, by producing valid tax payment proofs, apply to the competent tax authority of CSDC for tax credit relating to the withholding tax already paid abroad. For Mainland securities investment funds that invest in the H shares of the Company via the Shanghai-Hong Kong Stock Connect Program, the Company will withhold individual income tax in the distribution of dividend pursuant to the foregoing provisions; and
 - For Mainland corporate investors that invest in the H shares of the Company via the Shanghai-Hong Kong Stock Connect Program, the Company will not withhold the income tax in the distribution of dividend and the Mainland corporate investors shall file the tax returns on their own.

3. Should the holders of H shares of the Company have any queries in relation to the aforesaid arrangements, they are recommended to consult their tax advisors for relevant tax impact in Mainland China, Hong Kong and other countries (regions) on the possession and disposal of the H shares of the Company.
4. 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
19 June 2015

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*