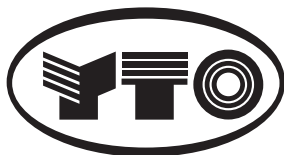


*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance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

- (1) RE-ELECTION OF DIRECTORS AND SUPERVISORS;**
- (2) DIRECTORS' AND SUPERVISORS' REMUNERATIONS;**
- (3) DIRECTORS LIABILITY INSURANCE;**
- (4) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION;**
- AND**
- (5) PROPOSED AMENDMENTS TO THE RULES OF PROCEDURES OF BOARD MEETINGS**

## **RE-ELECTION OF DIRECTORS AND SUPERVISORS**

The terms of office of the current Sixth Board and Sixth Supervisory Committee will expire, the Company proposes to re-elect its Directors and Supervisors to the Seventh Board and Seventh Supervisory Committee respectively.

## **DIRECTORS' AND SUPERVISORS' REMUNERATIONS**

The re-election of Directors and Supervisors is expected to be completed upon obtaining the related approval at the EGM. The remuneration committee under the Board has made recommendations in respect of the remunerations for the Directors of the Seventh Board and Supervisors of the Seventh Supervisory Committee.

## **DIRECTORS LIABILITY INSURANCE**

The Company's current directors liability insurance will expire on 20 December 2015. The Company proposes to renew or purchase a new directors liability insurance, with an insurance coverage of RMB30,000,000.

## **PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

The Company proposes to, subject to the approval by the Shareholders at the EGM, amend the Articles of Association to further enhance the shareholders' rights.

## **PROPOSED AMENDMENTS TO THE RULES OF PROCEDURES OF BOARD MEETINGS**

In order to avoid conflicts with the Articles of Association, which was proposed to be amended, the Company intends to amend the Rules of Procedures of Board Meetings, subject to the approval by the Shareholders at the EGM.

## **EGM**

The EGM will be held for the purposes of, among other things, seeking the Shareholders' approval on (1) the appointment of the proposed Directors and Supervisors, (2) the Directors' and Supervisors' remunerations, (3) the purchase of directors liability insurance and authorization to the Board to decide its details, (4) the proposed amendments to the Articles of Association, and (5) the proposed amendments to the Rules of Procedures of Board Meetings. At the EGM, voting on the proposed ordinary resolutions and special resolution will be conducted by way of poll.

## **GENERAL**

A circular containing, among other things, details of (1) the re-election of Directors to the Seventh Board and Supervisors to the Seventh Supervisory Committee, (2) the Directors' and Supervisors' remunerations, (3) the directors liability insurance, (4) the proposed amendments to the Articles of Association, and (5) the proposed amendments to the Rules of Procedures of Board Meetings will be despatched to the Shareholders as soon as practicable. The notice of the EGM will also be despatched to the Shareholders as soon as practicable.

### **(1) RE-ELECTION OF DIRECTORS AND SUPERVISORS**

The terms of office of the current Sixth Board and Sixth Supervisory Committee will expire, the Company proposes to re-elect its Directors and Supervisors to the Seventh Board and Seventh Supervisory Committee respectively. According to the relevant requirements under the PRC Company Law, the current Directors and Supervisors should hold their respective office until the formation of the Seventh Board and Seventh Supervisory Committee.

The Company would like to propose the re-election of the Directors and Supervisors to the Seventh Board and Seventh Supervisory Committee respectively, with a term of office of three years from the date of the approval at the EGM.

## NOMINATION OF DIRECTORS

The Sixth Board of the Company, has nominated the following persons to be the Directors of the Seventh Board:

### **Directors:**

1. Mr. Zhao Yanshui;
2. Mr. Wang Erlong;
3. Mr. Wu Yong;
4. Mr. Li Hepeng;
5. Mr. Xie Donggang;
6. Mr. Li Kai; and
7. Mr. Yin Dongfang.

### ***Independent Non-executive Directors:***

1. Ms. Yang Minli;
2. Mr. Xing Min;
3. Mr. Wu Tak Lung; and
4. Mr. Yu Zengbiao.

Details of the above proposed Directors are set out below:

**Mr. Zhao Yanshui**, aged 52, a senior engineer with professorship. He is currently the chairman of the Company, the chairman of the strategy and investment committee under the Board, the member of the nomination committee under the Board, and the chairman and general manager of YTO. Mr. Zhao joined YTO in 1983, and had served as the deputy factory manager of first assembly factory, deputy general manager, general manager and vice chairman of the Company, and the deputy chief engineer, director and chairman of YTO. Mr. Zhao studied at Technical Institute of Jiangsu and Jiangsu University, and was awarded a doctorate degree in engineering. In 1994 and 2001, he studied at Hokkaido University and Kyoto University respectively as a visiting scholar. Mr. Zhao has extensive experience in the fields of corporate management, strategic planning, product development and design, and technology management.

**Mr. Wang Erlong**, aged 50, is a senior accountant, a certified management accountant of the U.S.A. and an auditor. Mr. Wang is currently the vice chairman of the Company, and the secretary to party committee and financial controller of YTO. Mr. Wang had worked in the Auditing Bureau of National Audit Office of the PRC in the Ministry of Machine Building\* (審計署駐機械工業部審計局) for many years, and had served as the financial controller of China Automotive Industry International Corporation and China National Automotive Industry International Corporation, and the financial controller and deputy general manager of China National Automotive Industry Import and Export Corporation. Mr. Wang joined YTO in October 2012. Mr. Wang studied at Luoyang Institute of Technology, Renmin University of China and Xiamen University, and obtained a degree of EMBA. He has extensive experience in areas including financial management, corporate internal audit and international trade.

**Mr. Wu Yong**, aged 50, a senior economist. He is currently the Director, general manager and member of the remuneration committee under the Board of the Company. Mr. Wu joined YTO in 1987, and had served as the general manager of YTO (Luoyang) Flag Auto-Body Company Limited, head of the party work department and vice chairman of the labour union and deputy general manager of YTO. Mr. Wu studied at University of Henan and Henan Institute of Finance and Economics and has extensive experience in the fields of corporate operational management.

**Mr. Li Hepeng**, aged 61, a senior engineer, currently served as the director of China Machinery Industry International Cooperation Company Limited and YTO. Mr. Li had served as the deputy director and director of Tianjin Research Institute of Mechanical Engineering\* (天津工程機械研究所), the dean and the secretary to party committee of Tianjin Research Institute of Construction Machinery (天津工程機械研究院), the general manager and the secretary to party committee of China Mechanical Engineering Company\* (中國工程機械總公司), the secretary to party committee and vice chairman of China Sinomach Heavy Industry Corporation and the director of Zhengzhou Research Institute for Abrasives & Grinding Company Limited. Mr. Li studied at Tianjin Open University, business administration graduate class of the Tianjin University, and has extensive experience in areas including enterprise management, research management and hydraulic transmission.

**Mr. Xie Donggang**, aged 58, a senior engineer with professorship. He is currently the chairman and the deputy secretary to party committee of China National Heavy Machinery Research Institute Company and the director of YTO. Mr. Xie had served as the deputy director, director and the secretary to party committee of Xian Heavy Machinery Research Institute, the dean and the secretary to party committee of China National Heavy Machinery Research Institute, the chairman, secretary to party committee and general manager of China National Heavy Machinery Research Institute Company Limited. Mr. Xie studied at Dongbei Heavy Machinery Institute\* (東北重型機械學院), Chongqing University, and was awarded a master degree in engineering. Mr. Xie has extensive experience in areas including enterprise management, design in metallurgical machineries.

**Mr. Li Kai**, aged 60, a senior engineer with professorship, and currently served as the director of YTO. Mr. Li had served as the deputy dean of the SIPPR Engineering Group\* (機械工業部第六設計研究院), the director and standing deputy general manager of the SIPPR Engineering Group Company Limited. Mr. Li studied at Dongbei Heavy Machinery Institute\* (東北重型機械學院), and was awarded a bachelor of engineering. Mr. Li has extensive experience in areas including engineering design, engineering project management and forging and stamping technology.

**Mr. Yin Dongfang**, aged 54, a qualified Grade 3 lawyer (三級律師). Mr. Yin is currently the general manager of Luoyang State-owned Assets Operation Company Limited and the director of YTO. Mr. Yin had served as the standing vice president of the Luoyang Lawyers Association. Mr. Yin studied at Zhengzhou University, with extensive experience in areas including laws and investment.

**Ms. Yang Minli**, aged 49, is currently a professor and a doctoral supervisor in the College of Engineering of the China Agricultural University. Ms. Yang is also a part-time professor of the Northwest A&F University, a Councilor of the Centre for Sustainable Agricultural Mechanization under the United Nations, a standing councilor of the Chinese Society for Agricultural Machinery, under which, she is the managing councilor and the secretary general of the Farm Mechanization Disciplinary Committee. Ms. Yang also serves as a councilor of the Chinese Society of Agricultural Engineering, and the standing councilor of the Agricultural Equipment and Engineering Technology Sub-committee\* (農業裝備與工程技術分會) under the China Agro-technological Extension Association. Ms. Yang holds membership in the American Society of Agricultural and Biological Engineers, Overseas Agricultural and Engineering Association\* (海外農業與工程協會) and serves as an expert member in the Cane Machinery Sub-committee under the National Agricultural Technology Standardization Committee\* (全國農業標準化技術委員會甘蔗機械委員會) and the expert committee of the Promotion (Supervision and Management) Terminal\* (農業部農機推廣(監理)總站專家委員會) of Agricultural Machineries under the Ministry of Agriculture of the PRC. Ms. Yang is familiar with the field of agricultural machineries.

**Mr. Xing Min**, aged 61, a senior engineer with professorship. He is currently the independent non executive Director, member of the strategy and investment committee, nomination committee and remuneration committee under the Board of the Company, the deputy president and secretary-general of China Internal Combustion Engine Industry Association. Mr. Xing also served as independent director of Jiangsu Yunyi Electric Company Limited, Wuxi Weifu High-technology Company Limited and Hunan Tyen Machinery Company Limited. Mr. Xing studied at the Northeastern University of Technology, the Party School of the Central Committee of C.P.C and the Hunan University. He is familiar with internal combustion engine, machine tool, heavy machinery and agricultural machinery industry, etc.

**Mr. Wu Tak Lung**, aged 50, is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. He is also the senior fellow member of the Hong Kong Securities and Investment Institute, the Taxation Institute of Hong Kong and the Hong Kong Institute of Chartered Secretaries. He is currently the independent non executive Director of the Company, member of the remuneration committee under the Board and the chairman of the audit committee under the Board. He is concurrently serving as an independent non-executive director of Beijing Media Corporation Limited, Aupu Group Holding Company Limited, China Machinery Engineering Corporation and Sinomax Group Limited, which are all listed on the Stock Exchange. Mr. Wu studied at Hong Kong Baptist University, University of Manchester and University of Wales, and was awarded a master degree in business administration. Mr. Wu is familiar with finance and investment management business.

**Mr. Yu Zengbiao**, aged 59, is a certified public accountant of the PRC. He is currently the independent non executive Director of the Company and a member of the audit committee under the Board, a professor and a doctoral supervisor in Tsinghua University . He is also serving as the independent director of Bank of Kunlun Company Limited and Zhencai Stationery Company Limited\* (真彩文具股份有限公司). Mr. Yu studied at Hebei University, Xiamen University and University of Illinois, where he was awarded a doctoral degree. Mr. Yu is similar with the areas including financial accounting.

Save as disclosed above, each of the above proposed Directors does not hold any position in the Company or any other members of the Company, nor did he hold any directorship in any other listed companies in the last three years.

#### ***Length of service and emolument***

If each of the above proposed Directors is appointed as a Director of the Company, he will enter into a service agreement with the Company for a term of office of three years from the date of the approval at the EGM and he will receive a remuneration in accordance with a remuneration proposal (please see below for details), which will be determined with reference to his duties and responsibilities with the Company and will be subject to the Shareholders' approval at the EGM.

#### ***Relationships***

Save as disclosed above, each of the above proposed Directors has no relationship with any Directors, Supervisors or senior management of the Company or with any substantial Shareholders or controlling Shareholders of the Company.

### *Interests in Shares*

So far as the Directors are aware as at the date hereof, the proposed independent non-executive Director, Mr. Wu Tak Lung, beneficially owns 10,000 shares in the Company, representing 0.001% of the total issued shares of the Company. Save for the above, each of the above proposed Directors does not have any interest in the shares of the Company (within the meaning of Part XV of the SFO).

### *Matters that need to be brought to the attention of the Shareholders*

In relation to the appointment of each of the above proposed Directors, there is no information which is discloseable nor is/was he involved in any of the matters required to be disclosed pursuant to any of the requirements of the provisions under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, and there is no matter which needs to be brought to the attention of the Shareholders.

### **NOMINATION OF SUPERVISORS**

The Supervisory Committee of the Company has nominated the following persons to be the Supervisors (non staff representative Supervisors) of the Seventh Supervisory Committee:

1. Mr. Li Pingan;
2. Mr. Xu Weilin;
3. Mr. Wang Yong; and
4. Mr. Huang Ping.

Details of the above proposed Supervisors are set out below:

**Mr. Li Pingan**, aged 51, is a senior economist. He is currently the chairman of the Supervisory Committee of the Company, the chief legal advisor and the head of the legal affairs department of YTO. Mr. Li joined YTO in 1987, and had served as the director of the legal affairs center and the head of the legal affairs department of YTO. Mr. Li studied at Zhengzhou University and possesses a lawyer qualification. Mr. Li has vast experience in the aspect of comprehensive risk management of enterprises.

**Mr. Xu Weilin**, aged 53, is an economist. He is currently the Supervisor of the Company and the deputy secretary to the disciplinary committee of YTO. Mr. Xu joined YTO in 1982, had served as the secretary to party committee and the factory manager of the first assembly factory and the staff representative supervisor of the Company. Mr. Xu studied at Zhengzhou University, Jiangsu Polytechnic University and Henan University of Science and Technology. He has vast experience in audit supervision and enterprise management.

**Mr. Wang Yong**, aged 46, holds a master degree in economic law and a doctorate degree in civil and commercial law. He is currently the Supervisor of the Company and the director of the research institute, the professor and the doctoral supervisor of the School of Civil, Commercial and Economic Laws of China University of Political Science and Law. Mr. Wang is also a part-time professor of the China National School of Administration, the councilor in the China Commercial Law Society\* (中國商法學會) and the China Securities Law Society\* (中國證券法學會). Mr. Wang also serves as a lawyer at Beijing Longan Law Firm, and as an independent director of SG Micro Corporation, Zhejiang Xingxing Firststar Panel Technology Company Limited, Thunder Software Technology Company Limited and Beijing Xinwei Telecom Technology Company Limited. Mr. Wang has extensive experience in areas including civil law, company law, securities law and corporate governance.

**Mr. Huang Ping**, aged 46, a certified public accountant in the PRC. He is currently the Supervisor of the Company and partner of Zhonglian Accountants Company Limited of the Zhonglian Holdings\* (中聯控股集團中聯會計師事務所). Mr. Huang is concurrently serving as an independent non-executive director of Luoyang Glass Company Limited and an independent director of Zhuhai Zhongfu Enterprise Company Limited. Mr. Huang studied at Luoyang Institute of Science and Technology and has extensive experience in the fields of financial audit, corporate reform, debt-to-equity swap, investment and financing, mergers and acquisitions as well as bankruptcy and liquidation.

Save as disclosed above, each of the above Supervisors does not hold any position in the Company or any other members of the Company, nor did he hold any directorship in any other listed companies in the last three years.

#### ***Length of service and emolument***

If each of the above proposed Supervisors is appointed as a Supervisor of the Company, he will enter into a service agreement with the Company for a term of office of three years from the date of the approval at the EGM and he will receive a remuneration in accordance with a remuneration proposal (please see below for details), which will be determined with reference to his duties and responsibilities with the Company, and will be subject to the Shareholders' approval at the EGM.



### ***Relationships***

Save as disclosed above, each of the above proposed Supervisors has no relationship with any Directors, Supervisors or senior management of the Company or with any substantial Shareholders or controlling Shareholders of the Company.

### ***Interests in Shares***

So far as the Directors are aware as at the date hereof, each of the above proposed Supervisors does not have any interest in the shares of the Company (within the meaning of Part XV of the SFO).

### ***Matters that need to be brought to the attention of the Shareholders***

In relation to the appointment of each of the above proposed Supervisors, there is no information which is discloseable nor is/was he involved in any of the matters required to be disclosed pursuant to any of the requirements of the provisions under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, and there is no matter which needs to be brought to the attention of the Shareholders.

The appointment of the above proposed Directors and Supervisors is subject to the approval by the Shareholders by adopting cumulative voting at the EGM. Ordinary resolutions in relation to the above proposed appointment of Mr. Zhao Yanshui, Mr. Wang Erlong, Mr. Wu Yong, Mr. Li Hepeng, Mr. Xie Donggang, Mr. Li Kai, and Mr. Yin Dongfang as Directors; Ms. Yang Minli, Mr. Xing Min, Mr. Wu Tak Lung and Mr. Yu Zengbiao as independent non-executive Directors; and Mr. Li Pingan, Mr. Xu Weilin, Mr. Wang Yong and Mr. Huang Ping as non staff representative Supervisors will be proposed to be approved by the Shareholders at the EGM.

### ***Retirement of Directors***

Upon approval of the above proposed appointment of Directors at the EGM, Mr. Yan Linjiao, Mr. Wu Zongyan, Mr. Wang Kejun, Mr. Guo Zhiqiang, Mr. Liu Jiguo and Mr. Hong Xianguo will retire from the positions of Directors, effective from the date of the EGM. The above retiring Directors have confirmed that they have no disagreement with the Board and there is no matter with respect to their retirement that needs to be brought to the attention of the Shareholders.

## (2) DIRECTORS' AND SUPERVISORS' REMUNERATIONS

The re-election of Directors and Supervisors is expected to be completed upon obtaining the related approval at the EGM. The remuneration committee under the Board has made recommendations in respect of the remunerations for the Directors of the Seventh Board and Supervisors of the Seventh Supervisory Committee.

### **Remunerations for the Directors of the Seventh Board and Supervisors of the Seventh Supervisory Committee**

#### *Directors' Remunerations*

Upon consideration by the Board, the proposed remunerations for the Directors of the Seventh Board are as follows:

- (1) The remuneration for the executive Directors will be paid according to the relevant performance and remuneration management system for senior management of the Company. Their social insurances such as pension insurance, unemployment insurance and medical insurance as well as housing accumulation fund will be managed according to the relevant national regulations;
- (2) Non-executive Directors of the Company will not get remuneration from the Company; and
- (3) The remuneration for independent non-executive Directors will adopt allowance system:
  - i. the allowance for independent non-executive Directors is RMB60,000 per person per year and will be paid quarterly;
  - ii. non-executive Directors will be paid meeting allowance of RMB2,000 for each time when they attend the Board meeting in person; and
  - iii. non-executive Directors will be paid meeting allowance of RMB1,000 for each time when they attend Board special committee meeting and general meeting of the Company in person.

### ***Supervisors' Remunerations***

Upon consideration by the Board, the proposed remunerations for the Supervisors of the Seventh Supervisory Committee are as follows:

- (1) The remuneration for the Supervisors working in the Company, will be paid according to their management position (whichever is higher) in the Company and the relevant remuneration management system of the Company;
- (2) Supervisors not working in the Company will not get remuneration from the Company; and
- (3) The remuneration for independent Supervisors (referring to those who are independent from the Shareholders of the Company and do not hold internal positions in the Company) will adopt allowance system:
  - i. the allowance for independent Supervisors is RMB50,000 per person per year and will be paid quarterly;
  - ii. independent Supervisors will be paid meeting allowance of RMB2,000 for each time when they attend the Supervisory Committee meeting in person ; and
  - iii. independent Supervisors will be paid meeting allowance of RMB1,000 for each time when they attend general meeting of the Company in person.

### **(3) DIRECTORS LIABILITY INSURANCE**

In order to fulfill the requirements of the Listing Rules, provide incentive for the Directors, Supervisors and senior management officers to work hard and fulfill their respective duties, avoid the litigation risk arising from the performance of the duties of Directors, Supervisors and senior management officers, and protect the Company against liability risk, the Company proposes to purchase directors liability insurance for its Directors, Supervisors and senior management officers.

The Company's current directors liability insurance will expire on 20 December 2015. The Company proposes to renew or purchase a new directors liability insurance, with an insurance coverage of RMB30,000,000.

According to the requirements of the Rules on Corporate Governance of Listed Companies issued by China Securities Regulatory Commission, the proposed purchase of new directors liability insurance is subject to the approval by the Shareholders at the EGM. The Company proposes the Shareholders to authorize the Board to decide the details in relation to the purchase of the above directors liability insurance at the EGM.

#### **(4) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

The Company proposes to, subject to the approval by the Shareholders at the EGM, amend the Articles of Association to further enhance shareholders' rights. The proposed amendments are as follows:

##### **Article 60**

Original Article 60: If a resolution of the Company's general meeting or Board meeting violates the laws or administrative regulations, the shareholders shall have the right to submit a petition to the People's Court to hold the same as invalid.

If the procedures for convening a meeting of, or the method of voting at, a general meeting or Board meeting violate the laws, administrative regulations or the Articles of Association, or the content of a resolution violates the Articles of Association, shareholders shall be entitled to submit a petition to the People's Court to rescind such resolutions within 60 days from the date on which such resolution is adopted.

Amended Article 60: If a resolution of the Company's general meeting or Board meeting violates the laws or administrative regulations, the shareholders shall have the right to submit a petition to the People's Court to hold the same as invalid.

If the procedures for convening a meeting of, or the method of voting at, a general meeting or Board meeting violate the laws, administrative regulations or the Articles of Association, or the content of a resolution violates the Articles of Association, shareholders shall be entitled to submit a petition to the People's Court to rescind such resolutions within 60 days from the date on which such resolution is adopted.

The controlling shareholders, actual controllers shall not restrict or obstruct medium and small investors from exercising their lawful rights to vote and shall not harm the legitimate interest of the Company and that of medium and small investors.

### **Article 73**

**Original Article 73:** General meetings shall include annual general meetings and extraordinary general meetings. Annual general meetings shall be convened once a year and shall be held within six months following the end of preceding fiscal year.

The Company shall convene general meetings either at its domicile or at such other venue as specified by the Board. General meetings will set meeting venue and be convened by way of on-site meetings. Facilities may be provided to allow shareholders to attend the meeting through the internet or other channels as and when necessary. Shareholders who attend a meeting by the said means are deemed to be present at such meeting.

**Amended Article 73:** General meetings shall include annual general meetings and extraordinary general meetings. Annual general meetings shall be convened once a year and shall be held within six months following the end of preceding fiscal year.

The Company shall convene general meetings either at its domicile or at such other venue as specified by the Board. General meetings will set meeting venue and be convened by way of on-site meetings, and set a secure, economical and convenient web network or other ways to facilitate shareholders to participate in general meetings in accordance with the laws, administrative regulations and regulations by the China Securities Regulatory Commission and the Articles of Association. Shareholders who attend a meeting by the said means are deemed to be present at such meeting.

## Article 96

Original Article 96: The Board, Independent Directors and those shareholders who have met the relevant requirements (to be determined by the standards promulgated by the competent regulatory authorities from time to time) may collect their voting rights at the general meeting from the Company's shareholders. If the collector openly collects the voting rights of the Company's shareholders, the collector shall comply with the requirements of the relevant regulatory authorities and the stock exchange(s) on which the Company's shares are listed.

Amended Article 96: The Board, Independent Directors and those shareholders who have met the relevant requirements (to be determined by the standards promulgated by the competent regulatory authorities from time to time) may openly collect their voting rights at the general meeting from the Company's shareholders. If the collector openly collects the voting rights of the Company's shareholders, the collector shall comply with the requirements of the relevant regulatory authorities and the stock exchange(s) on which the Company's shares are listed.

Shareholders' voting rights shall be solicited with sufficient disclosure of the concrete voting intention to the owner of the voting rights. Consideration or defacto consideration for soliciting shareholders' voting rights is prohibited. The Company shall not set a minimum shareholding ratio threshold for soliciting the voting rights.

## **Article 98**

Original Article 98: When the shareholders (including proxies) vote at a general meeting, they shall exercise their voting rights based on the number of shares with voting rights held by them. Save for the provisions of Article 130 in the Articles of Association concerning the adoption of a cumulative voting system for election of the Directors, each share carries one vote. The shares held by the Company itself do not attach any voting right, and such shares shall not be counted as part of the total shares with voting rights of those shareholders who attend the meeting.

However, during the voting, any privileges or restrictions attached to the voting rights of any class of shares shall be complied with.

Where any shareholder is required to abstain from voting on a particular matter or subject to only vote for or against, the shareholder shall abstain from voting or to vote in accordance with the provisions specified in accordance with the Hong Kong Stock Exchange Listing Rules; Any violation of relevant regulations or restrictions on a shareholder vote or on behalf of the relevant shareholder vote, will not be counted in the result of the vote. Where any shareholder is, under the Listing Rules, required to abstain from voting on a particular resolution in a class meeting or restricted to voting only in favor of or against any particular resolution in a class meeting, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

Amended Article 98: When the shareholders (including proxies) vote at a general meeting, they shall exercise their voting rights based on the number of shares with voting rights held by them. Save for the provisions of Article 130 in the Articles of Association concerning the adoption of a cumulative voting system for election of the Directors, each share carries one vote. The shares held by the Company itself do not attach any voting right, and such shares shall not be counted as part of the total shares with voting rights of those shareholders who attend the meeting.

However, during the voting, any privileges or restrictions attached to the voting rights of any class of shares shall be complied with.

Where any shareholder is required to abstain from voting on a particular matter or subject to only vote for or against, the shareholder shall abstain from voting or to vote in accordance with the provisions specified in accordance with the Hong Kong Stock Exchange Listing Rules; Any violation of relevant regulations or restrictions on a shareholder vote or on behalf of the relevant shareholder vote, will not be counted in the result of the vote. Where any shareholder is, under the Listing Rules, required to abstain from voting on a particular resolution in a class meeting or restricted to voting only in favor of or against any particular resolution in a class meeting, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

For significant matters to be decided in general meetings that would affect the interests of medium and small investors, the votes by medium and small investors shall be counted separately. The result of such separate vote counting shall be timely disclosed.



## **Article 100**

Original Article 100: Subject to ensuring the legitimacy and effectiveness of the general meeting, the Company shall provide convenience to the shareholders to attend the general meeting through various methods and ways, including modern information technologies such as providing network voting platform, etc.

Amended Article 100: Subject to ensuring the legitimacy and effectiveness of the general meeting, the Company shall provide convenience to the shareholders to attend the general meeting through various methods and ways, including modern information technologies such as providing network voting platform, etc.

If web network or other ways were adopted for general meetings, the Company shall specify clearly in the notice of general meetings the timing and procedure of voting through web network or other ways.

Voting in general meetings through web network or other ways shall not start earlier than 3:00 pm the day before the on-site meeting, nor shall it be later than 9:30 am on the day of on-site meeting and voting shall not conclude earlier than 3:00 pm on the day which the on-site meeting ends.

## **Article 126**

Original Article 126: The Company shall establish its Board and the Directors shall be natural persons. The Board shall comprise 12 Directors, with 1 chairman and 1 vice chairman.

No less than half of the members of the Board shall be the external Directors (refer to Directors who do not take any positions in the Company). The external Directors shall have sufficient time and necessary knowledge and ability to perform their duties. The external Directors shall be provided with necessary information by the Company in performing their duties. The external Directors shall include the Independent Directors of not less than one-third of the total number of the Directors, and at least one of the Independent Directors must possess appropriate professional qualifications or accounting or related financial management expertise (Independent Directors shall mean the Directors who are independent of the shareholders of the Company and do not hold any internal positions in the Company and the same shall apply to the Articles below).

Amended Article 126: The Company shall establish its Board and the Directors shall be natural persons. The Board shall comprise 11 Directors, with 1 chairman and 1 vice chairman.

No less than half of the members of the Board shall be the external Directors (refer to Directors who do not take any positions in the Company). The external Directors shall have sufficient time and necessary knowledge and ability to perform their duties. The external Directors shall be provided with necessary information by the Company in performing their duties. The external Directors shall include the Independent Directors of not less than one-third of the total number of the Directors, and at least one of the Independent Directors must possess appropriate professional qualifications or accounting or related financial management expertise (Independent Directors shall mean the Directors who are independent of the shareholders of the Company and do not hold any internal positions in the Company and the same shall apply to the Articles below).

The English version of the above articles is an unofficial translation of its Chinese version. In case of any discrepancy between the two versions, the Chinese version shall prevail.

**(5) PROPOSED AMENDMENTS TO THE RULES OF PROCEDURES OF BOARD MEETINGS**

In order to avoid conflicts with the Articles of Association, which was proposed to be amended, the Company intends to amend the Rules of Procedures of Board Meetings as follows:

**Article 2**

Original Article 2:

The Company shall establish its Board, which shall comprise 12 Directors, with 1 chairman and 1 vice chairman.

No less than half of the members of the Board shall be the external Directors (refer to Directors who do not take any positions in the Company). The external Directors shall have sufficient time and necessary knowledge and ability to perform their duties. The external Directors shall be provided with necessary information by the Company in performing their duties. The external Directors shall include the Independent Directors of not less than one-third of the total number of the Directors, and at least one of the Independent Directors must possess appropriate professional qualifications or accounting or related financial management expertise (Independent Directors shall mean the Directors who are independent of the shareholders of the Company and do not hold any internal positions in the Company and the same shall apply to the Articles below).

Amended Article 2:

The Company shall establish its Board, which shall comprise 11 Directors, with 1 chairman and 1 vice chairman.

No less than half of the members of the Board shall be the external Directors (refer to Directors who do not take any positions in the Company). The external Directors shall have sufficient time and necessary knowledge and ability to perform their duties. The external Directors shall be provided with necessary information by the Company in performing their duties. The external Directors shall include the Independent Directors of not less than one-third of the total number of the Directors, and at least one of the Independent Directors must possess appropriate professional qualifications or accounting or related financial management expertise (Independent Directors shall mean the Directors who are independent of the shareholders of the Company and do not hold any internal positions in the Company and the same shall apply to the Articles below).

### **Article 35**

#### **Original Article 35**

Unless otherwise provided for by the law or administrative regulations (including any listing rules), if any of the Director has any interest or relationship (including but not limited to any interest or relationship with any shareholding unit the Director is working for, or any shareholding unit or controller the Director will be working for after intended resignation) regarding a resolution proposed in the Board, the Director thereof shall abstain and shall not vote on the matter (including whether the Board would accept his resignation). If the number of Directors to be abstained exceeds half of the Board so that no resolution could be made in accordance to Article 112 of the Company Law, the Directors to be abstained may vote after issuing a fairness statement and that statement shall be recorded in the Board's resolution.

### Amended Article 35

Unless otherwise provided for by the law or administrative regulations (including any listing rules), if any of the Director has any interest or relationship (including but not limited to any interest or relationship with any shareholding unit the Director is working for, or any shareholding unit or controller the Director will be working for after intended resignation) regarding a resolution proposed in the Board, the Director thereof shall abstain and shall not vote on the matter (including whether the Board would accept his resignation). If the number of Directors to be abstained exceeds half of the Board so that no resolution could be made in accordance to Article 111 of the Company Law, the Directors to be abstained may vote after issuing a fairness statement and that statement shall be recorded in the Board's resolution.

The English version of the proposed amendments to the Rules of Procedures of Board Meetings is an unofficial translation of its Chinese version. In case of any discrepancy between the two versions, the Chinese version shall prevail.

The above proposed amendments to the Rules of Procedures of Board Meetings are subject to the Shareholders' approval at the EGM.

### **EGM**

The EGM will be held for the purposes of, among other things, seeking the Shareholders' approval on (1) the appointment of the proposed Directors and Supervisors, (2) the Directors' and Supervisors' remunerations, (3) the purchase of directors liability insurance and authorization to the Board to decide its details, (4) the proposed amendments to the Articles of Association, and (5) the proposed amendments to the Rules of Procedures of Board Meetings. At the EGM, voting on the proposed ordinary resolutions and special resolution will be conducted by way of poll.

## GENERAL

A circular containing, among other things, details of (1) the re-election of Directors to the Seventh Board and Supervisors to the Seventh Supervisory Committee, (2) the Directors' and Supervisors' remunerations, (3) the directors liability insurance, (4) the proposed amendments to the Articles of Association, and (5) the proposed amendments to the Rules of Procedures of Board Meetings will be despatched to the Shareholders as soon as practicable. The notice of the EGM will also be despatched to the Shareholders as soon as practicable.

## DEFINITIONS

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

“Articles of Association”	Articles of Association of the Company, as amended from time to time;
“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 Stock Exchange (Stock Code: 0038) and the Shanghai Stock Exchange (Stock Code: 601038) respectively;
“Directors”	the directors of the Company, including the independent non-executive directors;
“EGM”	the extraordinary general meeting of the Company to be convened for the purposes of considering and if thought fit, approving, among other things, (1) the appointment of the proposed Directors and Supervisors, (2) the Directors' and Supervisors' remunerations, (3) the purchase of directors liability insurance and authorization to the Board to decide its details, (4) the proposed amendments to the Articles of Association, and (5) the proposed amendments to the Rules of Procedures of Board Meetings;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“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;
“Rules of Procedures of Board Meetings”	Rules of Procedures of Board Meetings of the Company, as amended from time to time;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Shareholder(s)”	the shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Supervisors”	the supervisors of the Company;
“Supervisory Committee”	the supervisory committee of the Company; and
“YTO”	YTO Group Corporation* (中國一拖集團有限公司), a limited liability company incorporated in the PRC and the controlling shareholder of the Company, holding approximately 44.57% equity interest in the Company.

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

Luoyang, the PRC  
25 August 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 purpose*