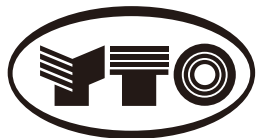


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第一拖拉机股份有限公司
FIRST TRACTOR COMPANY LIMITED*

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

(Stock Code: 0038)

- (1) INCREASE IN WEALTH MANAGEMENT AMOUNT OF INTERNAL IDLE FUNDS;**
- (2) PROPOSED AMENDMENT TO THE ARTICLES OF ASSOCIATION;**
- (3) PROPOSED AMENDMENTS TO THE RULES OF PROCEDURES FOR GENERAL MEETINGS; AND**
- (4) PROPOSED AMENDMENTS TO THE DECISION MAKING PRINCIPLES ON INVESTMENTS**

INCREASE IN WEALTH MANAGEMENT AMOUNT OF INTERNAL IDLE FUNDS

In order to enhance capital efficiency and improve capital operating revenue, the Company proposes to reasonably use idle funds in phases to purchase the capital protected short term wealth management products issued by the financial institutions, without affecting its normal production and operation. Therefore, the Company proposes to, subject to the approval by the Shareholders at the EGM, increase the wealth management amount of internal idle funds.

PROPOSED AMENDMENT TO THE ARTICLES OF ASSOCIATION

Since the restriction on trading of 443,910,000 A shares of the Company held by YTO was relieved on 10 August 2015 which is inconsistent with the status and record on circulation of A shares held by YTO set out in the Articles of Association, the Company proposes to, subject to the approval by the Shareholders at the EGM, amend the Articles of Association.

PROPOSED AMENDMENTS TO THE RULES OF PROCEDURES FOR GENERAL MEETINGS

In order to render the Rules of Procedures for General Meetings consistent with the Articles of Association with respect to articles including the notice of general meeting and voting, the Company proposes to, subject to the approval by the Shareholders at the EGM, amend the Rules of Procedures for General Meetings.

PROPOSED AMENDMENTS TO THE DECISION MAKING PRINCIPLES ON INVESTMENTS

Following the actual operation circumstances of the Company including business expansion and functional adjustment, certain contents of the existing Decision Making Principles on Investments of the Company had to be amended and adjusted. The Company proposes to, subject to the approval by the Shareholders at the EGM, amend the Decision Making Principles on Investments.

EGM

The EGM will be held for the purposes of, among other things, seeking the Shareholders' approval on (1) the increase in wealth management amount of internal idle funds, (2) the proposed amendment to the Articles of Association, (3) the proposed amendments to the Rules of Procedures for General Meetings and (4) the proposed amendments to the Decision Making Principles on Investments. At the EGM, voting on the proposed special resolution and ordinary resolutions will be conducted by way of poll.

GENERAL

A circular containing, among other things, details of (1) the increase in wealth management amount of internal idle funds, (2) the proposed amendment to the Articles of Association, (3) the proposed amendments to the Rules of Procedures for General Meetings and (4) the proposed amendments to the Decision Making Principles on Investments 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) INCREASE IN WEALTH MANAGEMENT AMOUNT OF INTERNAL IDLE FUNDS

(A) Basic Information of Wealth Management Investments

1. *Purposes of Wealth Management Investments*

In order to enhance capital efficiency and improve capital operating revenue, the Company proposes to reasonably use idle funds in phases to purchase the capital protected short term wealth management products issued by the financial institutions, without affecting its normal production and operation.

2. *Type of Wealth Management*

The wealth management products proposed to be purchased by the Company as investments will mainly be the capital protected short term wealth management products issued by the financial institutions.

3. *Wealth Management Amount*

On the basis of the existing approved wealth management amount of idle funds of RMB800 million, the Company proposes to, subject to the approval by the Shareholders at the EGM, increase the amount of wealth management products purchased using internal funds by RMB1 billion. Upon such increase in the amount, the balance of the amount of wealth management products held by the Company shall not exceed RMB1.8 billion at any time during the effective term of such amount, which commences from the date of approval at the EGM and ends on the date of convening the 2016 annual general meeting of the Company, and such amount shall be revolving during the effective term.

(B) Analysis on Risk Control

The wealth management products proposed to be purchased by the Company are limited to the capital protected short term wealth management products issued by the financial institutions established under the approval of the China Banking Regulatory Commission, which guarantee the safety of the investment capital, however, there is uncertainty in investment gain due to market fluctuations.

(C) As at the date hereof, the accumulated entrusted wealth management amount of the Company using internal funds amounted to RMB2.0 billion, which did not exceed 50% of the audited net assets of the Company in 2015, and the remaining balance was RMB800 million.

(2) PROPOSED AMENDMENT TO THE ARTICLES OF ASSOCIATION

Since the restriction on trading of 443,910,000 A shares of the Company held by YTO was relieved on 10 August 2015 which is inconsistent with the status and record on circulation of A shares held by YTO set out in the Articles of Association, the Company proposes to, subject to the approval by the Shareholders at the EGM, amend the Articles of Association. The proposed amendment is as follows:

Article 25

Existing
Article 25:

Upon approval of China Securities Regulatory Commission through the “Approval Regarding Initial Public Offer of Shares of First Tractor Company Limited” (Zheng Jian Xu Ke [2012] No. 736), the Company issued domestically listed domestic shares for the first time and was listed on the Shanghai Stock Exchange on 8 August 2012. Upon completion of the issuance, the shareholding structure of the Company is as follows:

| Name of Shareholders | Nature of Shares | Number of Shares (0'000 shares) | Shareholding Ratio (%) |
|----------------------|---|------------------------------------|---------------------------|
| YTO | Restricted circulating A shares (state-owned legal person shares) | 44,391 | 44.574% |
| Holder of H shares | Listed circulating shares | 40,199 | 40.364% |
| Holder of A shares | Listed circulating shares | 15,000 | 15.062% |
| Total Share Capital | | <u>99,590</u> | <u>100.00%</u> |

Proposed and
amended
Article 25:

Upon approval of China Securities Regulatory Commission through the “Approval Regarding Initial Public Offer of Shares of First Tractor Company Limited” (Zheng Jian Xu Ke [2012] No. 736), the Company issued domestically listed domestic shares for the first time and was listed on the Shanghai Stock Exchange on 8 August 2012. After the relief of the restriction on trading of the restricted circulating A shares of the Company on 10 August 2015, the shareholding structure of the Company is as follows:

| Name of Shareholders | Nature of Shares | Number of Shares (0'000 shares) | Shareholding Ratio (%) |
|----------------------|---------------------------|------------------------------------|---------------------------|
| Holder of A shares | Listed circulating shares | 59,391 | 59.636 |
| Holder of H shares | Listed circulating shares | 40,199 | 40.364 |
| Total Share Capital | | <u>99,590</u> | <u>100.00</u> |

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

(3) PROPOSED AMENDMENTS TO THE RULES OF PROCEDURES FOR GENERAL MEETINGS

In order to render the Rules of Procedures for General Meetings consistent with the Articles of Association with respect to articles including the notice of general meeting and voting, the Company proposes to, subject to the approval by the Shareholders at the EGM, amend the Rules of Procedures for General Meetings. The proposed amendments are as follows:

Article 19

Existing Article 19: Notice of a general meeting shall:

- (1) be given by way of announcement or by any other means as provided in the Articles of Association (if necessary);
- (2) specify the venue, date and time of the meeting;
- (3) set out the matters and proposals to be considered at the meeting;
- (4) provide such information and explanation as are necessary for the shareholders to make an informed judgment on the matters to be considered. Without limiting the generality of the foregoing, where a proposal is made to amalgamate the Company with another, to repurchase shares, to reorganize the share capital, or to restructure the Company in any other way, the actual conditions and the agreement (if any) of the proposed transaction shall be provided, and the cause and effect of such proposal shall be properly explained;
- (5) disclose the nature and degree of the material interest of any Director, supervisor, general manager or other Senior Management in the matters to be discussed. In case that the impact of the matters to be considered on such Director, supervisor, general manager and other Senior Management as a shareholder is different from that on other shareholders of the same class, the difference shall be stated;

- (6) set out the full text of any special resolution proposed to be passed at the meeting;
- (7) contain a clear written statement that a shareholder eligible for attending and voting is entitled to appoint one or more proxies to attend and vote on his behalf and that such proxy need not be a shareholder;
- (8) specify the time and place for lodging proxy forms for voting at the relevant meeting;
- (9) specify the book closure date for shareholders who are entitled to attend the general meeting;
- (10) provide name and telephone number of the standing contact person for committee administration.

Proposed and
amended
Article 19:

Notice of a general meeting shall:

- (1) be given by way of announcement or by any other means as provided in the Articles of Association (if necessary);
- (2) specify the venue, date and time of the meeting;
- (3) set out the matters and proposals to be considered at the meeting;
- (4) provide such information and explanation as are necessary for the shareholders to make an informed judgment on the matters to be considered. Without limiting the generality of the foregoing, where a proposal is made to amalgamate the Company with another, to repurchase shares, to reorganize the share capital, or to restructure the Company in any other way, the actual conditions and the agreement (if any) of the proposed transaction shall be provided, and the cause and effect of such proposal shall be properly explained;

- (5) disclose the nature and degree of the material interest of any Director, supervisor, general manager or other Senior Management in the matters to be considered. In case that the impact of the matters to be considered on such Director, supervisor, general manager and other Senior Management as a shareholder is different from that on other shareholders of the same class, the difference shall be stated;
- (6) set out the full text of any special resolution proposed to be passed at the meeting;
- (7) contain a clear written statement that a shareholder eligible for attending and voting is entitled to appoint one or more proxies to attend and vote on his behalf and that such proxy need not be a shareholder of the Company;
- (8) specify the time and place for lodging proxy forms for voting at the meeting;
- (9) specify the record date for shareholders who are entitled to attend the general meeting;
- (10) provide name and telephone number of the standing contact person of the meeting and
- (11) set out clearly the time and procedure for voting online or by other means where a general meeting is held online or by other means.

Insert a new article as Article 47

Existing Article 47: (Proposed to be re-numbered as Article 48.)

Proposed new Article 47: Subject to maintaining the legitimacy and effectiveness of the general meeting, the Company shall enhance convenience for shareholders to attend the general meetings through various means and ways, including provision of modern information technologies such as online voting platform.

Voting in general meetings through online voting or other means shall not commence earlier than 3:00pm on the day preceding the date of the on-site general meeting nor later than 9:30 am on the date of the on-site general meeting. Voting shall not end earlier than 3:00pm on the date of the on-site general meeting.

Article 49

Existing Article 49: Except for accumulative voting system, all the proposals shall be voted item by item at the general meeting, and different proposals concerning the same matter shall be voted in chronological order of their respective dates of submission. Unless a general meeting is suspended or no resolution can be adopted due to force majeure or other special reasons, no proposal shall be set aside or rejected for voting at the general meeting.

Proposed,
amended and
re-numbered
Article 50: Except for accumulative voting system, all the proposals shall be voted item by item at the general meeting, and different proposals concerning the same matter shall be voted in chronological order of their respective dates of submission. Unless a general meeting is suspended or no resolution can be adopted due to force majeure or other special reasons, no proposal shall be set aside or rejected for voting at the general meeting.

The same voting right shall only be exercised by one of the voting means including on-site, online voting or other means. In the event that the same voting right has been repeatedly exercised, the results of the first voting shall prevail.

Article 51

Existing Article 51: Before a resolution is put to vote at a general meeting, two shareholders shall be nominated as representatives to participate in vote counting and scrutinizing. If a shareholder is connected with the matter under consideration, such shareholder or his proxy shall not participate in vote counting or scrutinizing.

Where the shareholders are voting on the proposals, lawyers, shareholder representatives, supervisor representatives and the person(s) specified by the stock exchange(s) on which the Company's shares are listed (or the listing rules thereof) shall count and scrutinize the votes jointly.

Proposed,
amended and
re-numbered
Article 52:

Before a resolution is put to vote at a general meeting, two shareholders shall be nominated as representatives to participate in vote counting and scrutinizing. If a shareholder has connected relationship in relation to the matters considered, such shareholder or his proxy shall not participate in vote counting or scrutinizing.

When the shareholders are voting on the proposals, lawyers, shareholder representatives, supervisor representatives and the person(s) specified by the stock exchange(s) on which the Company's shares are listed (or the listing rules thereof) shall count and scrutinize the votes jointly.

Shareholders or their proxies who vote online or by other means are entitled to check and inspect their voting results via the relevant voting system.

The on-site general meeting shall not end earlier than those online or other means of voting. Prior to the formal announcement of the voting results, the related parties involved in the on-site general meeting, online and other means of voting, including the listed company, vote counters, scrutineers, substantial shareholders and network service provider, shall have the duty of confidentiality regarding the voting results.

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

(4) PROPOSED AMENDMENTS TO THE DECISION MAKING PRINCIPLES ON INVESTMENTS

In September 2010, the Decision Making Principles on Investments were considered and approved at the general meeting of the Company (for details, please refer to the announcement and circular of the Company dated 20 September 2010 and 24 August 2010 respectively). In August 2012, the Company issued A shares and was listed on the Shanghai Stock Exchange, and the Decision Making Principles on Investments became effective. The implementation of the Decision Making Principles on Investments provides guarantee, in a systematic way, for formulating the internal and external investment, fixed asset disposal, financing and other decision making procedures of the Company and plays an active role in making decisions on investments and operation in a scientific, safe and efficient way.

In light of the aforementioned background and following the actual operation circumstances of the Company including business expansion and functional adjustment, the Company takes into account of the relevant regulations stipulated by the PRC regulatory authorities and the relevant documents of the Company, and proposes to, subject to the approval by the Shareholders at the EGM, amend the Decision Making Principles on Investments based on the principles of securing operation in compliance with the laws, making decision in a scientific and prudent manner with balance allocation of approval authority and enhancing decision-making efficiency. The major proposed amendments are as follows:

- (A) Insert provisions on approval authority in relation to write-off of assets and donation which completes contents of decision-making matters;
- (B) Based on the actual circumstances of the Company in respect of expansion in assets and business scale, grant appropriate approval authority to the managers on decision-making matters with relatively controllable risk in compliance with regulatory requirements, in order to enable the Board to concentrate on significant matters and enhance decision-making efficiency;
- (C) Make adjustments to decision-making methods of certain matters in light of characteristics of the business operation, and control decision-making in respect of financing, sales and purchase of financial assets and entrusted loan according to the annual overall scale;
- (D) Delete decision-making matters stipulated in other principles, such as material contract and guarantee; and
- (E) Specify in the general provisions that the relevant regulations shall be implemented when dealing with the “Three Major and One Significant (三重一大)” matters of the Company.

Full text of the revised Decision Making Principles on Investments will be set out in the circular to be despatched to the Shareholders.

EGM

The EGM will be held for the purposes of, among other things, seeking the Shareholders’ approval on (1) the increase in wealth management amount of internal idle funds, (2) the proposed amendment to the Articles of Association, (3) the proposed amendments to the Rules of Procedures for General Meetings and (4) the proposed amendments to the Decision Making Principles on Investments. At the EGM, voting on the proposed special resolution and ordinary resolutions will be conducted by way of poll.

GENERAL

A circular containing, among other things, details of (1) the increase in wealth management amount of internal idle funds, (2) the proposed amendment to the Articles of Association, (3) the proposed amendments to the Rules of Procedures for General Meetings and (4) the proposed amendments to the Decision Making Principles on Investments 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; |
| “Decision Making Principles on Investments” | Decision Making Principles on Investments and Operation of the Company, as amended from time to time; |
| “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 increase in wealth management amount of internal idle funds, (2) the proposed amendment to the Articles of Association, (3) the proposed amendments to the Rules of Procedures for General Meetings and (4) the proposed amendments to the Decision Making Principles on Investments; |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC; |

| | |
|--|---|
| “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; |
| “Rules of Procedures for General Meetings” | the Rules of Procedures for General Meetings of the Company, as amended from time to time; |
| “Shareholder(s)” | the shareholder(s) of the Company; |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited; 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
27 October 2016

As at the date of this announcement, the Board comprises Mr. Zhao Yanshui (Chairman), Mr. Wang Erlong (vice Chairman) and Mr. Wu Yong as executive Directors; Mr. Li Hepeng, Mr. Xie Donggang, Mr. Li Kai and Mr. Yin Dongfang as non-executive Directors; and Ms. Yang Minli, Mr. Xing Min, Mr. Wu Tak Lung and Mr. Yu Zengbiao as independent non-executive Directors.

* *for identification purposes only*