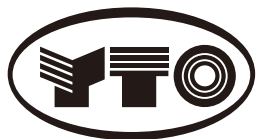


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第一拖拉机股份有限公司
FIRST TRACTOR COMPANY LIMITED*

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

(Stock Code: 0038)

ANNOUNCEMENT IN RESPECT OF REDUCTION OF REGISTERED CAPITAL AND AMENDMENTS TO THE ARTICLES OF ASSOCIATION

First Tractor Company Limited* (the “**Company**”) and all members of the board (the “**Board**”) of directors (the “**Directors**”) of the Company hereby warrant that there are no false information, misleading statements or material omissions in this announcement, and accept several and joint responsibilities for the truthfulness, accuracy and completeness of its contents.

References are made to the Company’s resolutions regarding the general mandate to repurchase part of H shares (the “**Repurchase Mandate**”) approved at the 2015 annual general meeting, the first class meeting for holders of A shares in 2016 and the first class meeting for holders of H shares in 2016 convened on 27 May 2016 (the “**Repurchase Mandate Date**”) and the announcements of the Company dated 19 July 2016, 1 August 2016, 1 September 2016, 11 October 2016, 1 December 2016 and 3 January 2017 respectively in relation to the implementation progress on the repurchase of H shares.

The Board was authorized by the Repurchase Mandate to repurchase H shares of the Company on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) during the relevant period for an aggregate nominal value of not more than 10 per cent of the aggregate nominal value of H shares in issue and having not been repurchased as at the Repurchase Mandate Date, subject to and in accordance with all applicable laws, rules and regulations and/or requirements of the governmental or regulatory body of securities in The People’s Republic of China (the “**PRC**”), the Stock Exchange or any other governmental or regulatory body. During the period from 19 July 2016 to 24 May 2017, the Board exercised the Repurchase Mandate based on market conditions and funding arrangements, and repurchased a total of 10,050,000 H shares, representing approximately 2.50% and 1.01% of the total number of H shares and the total number of issued shares of the Company as at the Repurchase Mandate Date respectively.

According to the implementation progress of the Company on the repurchase of H shares, the thirteen meeting of the seventh session of the Board of the Company considered and approved the resolution regarding reduction of registered capital and the corresponding amendments to the articles of association on 26 May 2017. The Board approved the cancellation of 10,050,000 repurchased H shares by the Company and the reduction of registered capital of the Company, as well as the amendments to the Articles of Association of the Company (the “**Articles of Association**”) according to the reduction of registered capital of the Company. After cancellation of the repurchased H shares, the registered capital of the Company will be reduced by RMB10,050,000 from RMB995,900,000 to RMB985,850,000.

The Board was also authorized by the Repurchase Mandate to attend the cancellation matters in respect of the repurchased shares, reduce the registered capital, amend the Articles of Association in relation to the total share capital amount and shareholding structure, and attend the relevant PRC domestic and overseas registration and reporting procedures. Therefore, these amendments to the Articles of Association will not be submitted for consideration and approval at the general meeting.

The amendments to the Articles of Association of the Company are as follows:

Insert a new article as Article 26

Existing Article 26: (Re-numbered as Article 27.)

New Article 26: Upon approval at the Company’s 2015 annual general meeting, the first class meeting for holders of A shares in 2016 and the first class meeting for holders of H shares in 2016, the Company implemented repurchase of H shares and cancelled 10,050,000 H shares. After reduction of registered capital, the shareholding structure of the Company is as follows:

Name of Shareholders	Nature of Shares	Number of Shares (0’000 shares)	Shareholding Ratio (%)
Holders of A shares	Listed circulating shares	59,391	60.24
Holders of H shares	Listed circulating shares	39,194	39.76
Total Share Capital		98,585	100

Article 27

Existing Article 27: The registered capital and the total share capital of the Company are RMB995,900,000 and 995,900,000 shares, respectively. The adjustment of the Company's registered capital has to be registered with the administration department of industry and commerce and be processed in accordance with the procedures stipulated under relevant laws and administrative regulations of the State.

Amended and re-numbered Article 28: The registered capital and the total share capital of the Company are RMB985,850,000 and 985,850,000 shares, respectively. The adjustment of the Company's registered capital has to be registered with the administration department of industry and commerce and be processed in accordance with the procedures stipulated under relevant laws and administrative regulations of the State.

The English version of the above articles 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.

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

Luoyang, the PRC
26 May 2017

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*