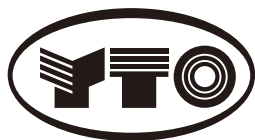


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第一拖拉机股份有限公司
FIRST TRACTOR COMPANY LIMITED*

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

(Stock Code: 0038)

ANNOUNCEMENT IN RESPECT OF DIVIDEND PAYMENT

References are made to the announcements of First Tractor Company Limited* (the “**Company**”) dated 7 April 2017 and 26 April 2017 in respect of dividend distribution and announcement of the Company dated 13 June 2017 in respect of, among other things, the results of the 2016 annual general meeting of the Company (the “**AGM**”).

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 2016: a cash dividend of RMB0.57 (tax inclusive) for every ten shares on the basis of the total share capital of the Company as at the record date for dividend distribution. This proposal was approved by the shareholders at the AGM, explanation in respect of the payment of dividend for the year ended 31 December 2016 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 or the Shenzhen-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:

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

In respect of the current distribution of dividend, the Company's dividend declaration date is 28 March 2017. 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 = RMB88.6766. Therefore, the dividend attributable to each H share of the Company is HK\$0.06428 (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 26 June 2017. 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 26 June 2017.
- (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 26 June 2017. 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 10 July 2017 (being the dividend payment date of the Company's H shares) to holders of H shares listed on the register of members on 26 June 2017 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 10 July 2017.
- (2) Pursuant to the “Notice on the Relevant Taxation Policies Concerning the Pilot Inter-connected Mechanism for Trading on the Shanghai Stock Market and the Hong Kong Stock Market (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)” (Cai Shui [2014] No. 81):
- 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. For Mainland investors who hold H shares of the Company via the Shenzhen-Hong Kong Stock Connect Program
- (1) Dividend payable to Mainland individual and enterprise investors who hold H Shares of the Company via the Shenzhen-Hong Kong Stock Connect Program shall be distributed in RMB. The Company has entered into agreement with the Shenzhen Branch of CSDC, pursuant to which, the Shenzhen Branch of CSDC, as the nominee of the holders of H shares via the Shenzhen-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 Shenzhen-Hong Kong Stock Connect Program through its depositary and clearing system. It is expected that the Company would distribute the cash dividends to the Shenzhen Branch of CSDC on 10 July 2017.
- (2) Pursuant to the “Notice on the Relevant Taxation Policies Concerning the Pilot Inter-connected Mechanism for Trading on the Shenzhen Stock Market and the Hong Kong Stock Market (關於深港股票市場交互聯互通機制試點有關稅收政策的通知)” (Cai Shui [2016] No.127):
- For Mainland individual investors who invest in the H shares of the Company via the Shenzhen-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 Shenzhen-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 Shenzhen-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.
4. 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.

5. 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
27 June 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*