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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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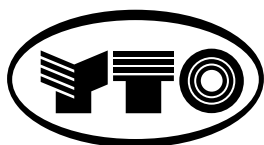
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If you have sold or transferred all your shares in First Tractor Company Limited, you should at once hand this circular with the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

### **REFRESHMENT OF MANDATE FOR THE ISSUE OF A SHARES AND PROPOSED AMENDMENT TO THE ARTICLES OF ASSOCIATION**

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A letter from the Board is set out on pages 1 to 12 of this circular.

The notices for convening the extraordinary general meeting (the “**EGM**”) and the respective class meetings (the “**Class Meetings**”) for holders of H shares (“**H Shares**”) and domestic shares (“**Domestic Shares**”) of First Tractor Company Limited (the “**Company**”) to be held at 9:00 a.m., 9:20 a.m. and 9:40 a.m. respectively on 15 August 2011 (Monday) at No.154, Jianshe Road, Luoyang, Henan Province, the People's Republic of China (the “**PRC**”), are set out on pages 13 to 26 of this circular.

Forms of proxy for use at the EGM and Class Meetings are enclosed. Whether or not you are able to attend the meetings in person, you are requested to complete and return the accompanying forms of proxy in accordance with the instructions printed thereon. In case of H Shares, the proxy form shall be lodged with the Company's branch share registrar in Hong Kong, Hong Kong Registrars Limited, at Shops 1712-1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong; and in case of Domestic Shares, the proxy form shall be lodged at the registered address and principal place of business of the Company at No.154 Jianshe Road, Luoyang, Henan Province, the PRC, as soon as possible and in any event not less than 24 hours before the time scheduled for holding the meetings (or any adjourned meetings thereof). Completion and delivery of the forms of proxy will not preclude you from attending and voting in person at the meetings or any adjournment if you so desire.

12 July 2011

\* For identification purposes only

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## DEFINITIONS

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*In this circular, the following expressions shall have the meanings stated below unless the context otherwise requires:*

“A Shares”	the ordinary shares of the Company of RMB1.00 each proposed to be allotted, issued and listed on the Shanghai Stock Exchange
“Articles of Association”	the articles of association of the Company, as amended from time to time
“Board”	the board of Directors
“Class Meetings”	the class meeting for holders of H Shares to be held immediately after the conclusion of the EGM and the class meeting for holders of Domestic Shares to be held immediately after the conclusion of the said class meeting for holders of H Shares, or any adjournment thereof respectively
“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 of which are listed on the Stock Exchange (Stock Code: 0038)
“connected person(s)”	has the meaning as defined under the Listing Rules
“controlling shareholder”	has the meaning as defined under the Listing Rules
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Directors”	the directors of the Company, including the independent non-executive directors
“Domestic Share(s)”	the ordinary shares of the Company of RMB1.00 each which are subscribed for in Renminbi by PRC nationals and/or PRC incorporated entities, all of which have been allotted and issued and are fully paid up

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## DEFINITIONS

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“EGM”	the extraordinary general meeting of the Company to be convened and held at 9:00 a.m., on 15 August 2011 (Monday) at No.154 Jianshe Road, Luoyang, Henan Province, the PRC, for the Shareholders to consider and, if thought fit, approve, among other things, the refreshment of mandate for the Issue of A Shares and the proposed amendment to the Articles of Association
“Group”	the Company and its subsidiaries
“H Share(s)”	the overseas listed foreign share(s) having a nominal value of RMB1.00 each in the capital of the Company, which are subscribed for and traded in Hong Kong dollars, all of which are listed on the Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Issue of A Shares”	the proposed issue of not more than 150,000,000 A Shares to qualified public investors (except those prohibited by the PRC laws and regulations and other regulatory requirements to which the Company is subject)
“Latest Practicable Date”	7 July 2011, being the latest practicable date prior to the printing of this circular for ascertaining information contained herein
“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 circular, excludes Hong Kong and the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SASAC”	Stated-owned Assets Supervision and Administration Commission of the State Council of the PRC

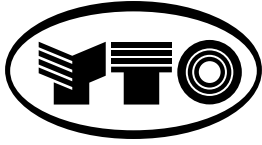
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## DEFINITIONS

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“Shareholder(s)”	registered holder(s) of the Shares
“Shares”	Domestic Shares and H Shares
“Sinomach”	中國機械工業集團有限公司 (China National Machinery Industry Corporation*), a company incorporated in the PRC and wholly-owned by SASAC, being the ultimate controller of the Company and the controlling shareholder of YTO
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“YTO”	中國一拖集團有限公司 (YTO Group Corporation*), a limited liability company incorporated in the PRC and the controlling shareholder of the Company, holding approximately 52.48% equity interest in the Company as at the Latest Practicable Date
“YTO Building Machinery”	一拖(洛陽)建築機械有限公司 (YTO (Luoyang) Building Machinery Co., Ltd*), a limited liability company incorporated in the PRC and an indirect wholly-owned subsidiary of YTO
“YTO Construction Machinery”	一拖(洛陽)工程機械有限公司 (YTO (Luoyang) Construction Machinery Co., Ltd*), a limited liability company incorporated in the PRC and an indirect wholly-owned subsidiary of YTO
“YTO Jiangong”	一拖(洛陽)建工機械有限公司 (YTO (Luoyang) Jiangong Machinery Co., Ltd*), a limited liability company incorporated in the PRC and wholly-owned subsidiary of YTO
“YTO Machinery Sales”	一拖(洛陽)工程機械銷售有限公司 (YTO (Luoyang) Construction Machinery Sales Co., Ltd*), a limited liability company incorporated in the PRC and wholly-owned subsidiary of YTO
“%”	per cent.

\* For identification purposes only



**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)

*Board of Directors:*

Mr. Zhao Yanshui (*Chairman*)  
Mr. Su Weike (*Vice Chairman*)  
Mr. Yan Linjiao  
Mr. Liu Yongle  
Mr. Li Youji  
Ms. Dong Jianhong  
Mr. Qu Dawei  
Mr. Liu Jiguo  
Mr. Luo Xiwen\*\*  
Mr. Chan Sau Shan, Gary\*\*  
Mr. Hong Xianguo\*\*  
Mr. Zhang Qiusheng\*\*

*Registered and principal office:*

No.154 Jianshe Road  
Luoyang, Henan Province  
The PRC

\*\* *Independent non-executive Director*

12 July 2011

*To the Shareholders*

Dear Sir or Madam,

**REFRESHMENT OF MANDATE FOR THE ISSUE OF A SHARES  
AND  
PROPOSED AMENDMENT TO THE ARTICLES OF ASSOCIATION**

**INTRODUCTION**

Reference is made to the announcement of the Company dated 27 June 2011 in relation to the refreshment of mandate for the Issue of A Shares and the proposed amendment to the Articles of Association.

\* *For identification purposes only*

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## LETTER FROM THE BOARD

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### **Refreshment of mandate for the Issue of A Shares**

References are also made to (i) the announcements of the Company dated 28 June 2010 and 16 August 2010; (ii) the notices of extraordinary general meeting and relevant Domestic Shares and H Shares class meetings of the Company all dated 28 June 2010; and (iii) the circular of the Company dated 20 July 2010, all in relation to, among other things, the Issue of A Shares.

At the extraordinary general meeting and relevant Domestic Shares and H Shares class meetings of the Company all held on 16 August 2010, the Shareholders had resolved, among other things, to approve the proposed Issue of A Shares and grant to the Board the mandate to process the Issue of A Shares and related matters for a period of 12 months commencing from 16 August 2010.

The Company has made an application to the CSRC with respect to the proposed Issue of A Shares and the application is yet to be approved as at the date hereof. It is expected that the Issue of A Shares is not likely to be completed on or before the expiry date of the mandate granted to the Board on 16 August 2011. In view of the foregoing, on 27 June 2011, the Board resolved to seek approval from the Shareholders for a refreshment of mandate for the Issue of A Shares and authorizing the Board to process the Issue of A Shares and related matters.

### **Proposed amendment to the Articles of Association**

In 2010, the Company has disposed of certain of its subsidiaries, namely YTO Jiangong and YTO Machinery Sales (together with its two wholly-owned subsidiaries, YTO Building Machinery and YTO Construction Machinery), details of which were disclosed by the Company in its announcement and circular dated 28 June 2010 and 20 July 2010 respectively. Upon completion of the above disposals, the Company has withdrawn from business with respect to part of the construction machineries such as road rollers, bulldozers, loaders and excavators. In order to reflect the latest business activities of the Company, the Company proposes to amend paragraph 2 of Article 15 of the Articles of Association, which will be passed to the EGM for the Shareholders' consideration and approval.

### **General**

The purpose of this circular is (i) to provide you with information relating to the refreshment of the mandate for the Issue of A Shares and the proposed amendment to the Articles of Association; (ii) to give you notice of the EGM to be convened for the Shareholders to approve the refreshment of the mandate for the Issue of A Shares and the proposed amendment to the Articles of Association; and (iii) to give you notices of the Class Meetings to be convened for the respective holders of H Shares and Domestic Shares to approve the refreshment of the mandate for the Issue of A Shares.

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## LETTER FROM THE BOARD

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### REFRESHMENT OF MANDATE FOR THE ISSUE OF A SHARES

At the extraordinary general meeting and relevant Domestic Shares and H Shares class meetings of the Company all held on 16 August 2010, the Shareholders had resolved, among other things, to approve the proposed Issue of A Shares and grant to the Board the mandate to process the Issue of A Shares and related matters for a period of 12 months commencing from 16 August 2010.

The Company has made an application to the CSRC for approval of allotment and issuance of not more than 150,000,000 A Shares to qualified public investors (except those prohibited by the PRC laws and regulations and other regulatory requirements to which the Company is subject). As at the date hereof, the application is yet to be approved. It is expected that the Issue of A Shares is not likely to be completed on or before the expiry date of the mandate granted to the Board on 16 August 2011. In view of the foregoing, on 27 June 2011, the Board resolved to seek approval from the Shareholders for a refreshment of mandate for the Issue of A Shares and authorizing the Board to process the Issue of A Shares and related matters.

#### Details of the Proposed Issue of A Shares

The structure of the Issue of A Shares is proposed as follows:

(i) *Class of new Shares to be issued:*

A Shares

(ii) *Nominal value of new Shares to be issued:*

RMB1.00 each

(iii) *Stock exchange for listing:*

Shanghai Stock Exchange



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## LETTER FROM THE BOARD

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(iv) *Number of A Shares to be issued:*

A maximum of 150,000,000 A Shares

Assuming that the total of 150,000,000 A Shares are approved to be issued under the Issue of A Shares, such issued A Shares represent (a) approximately 33.79% of the aggregate Domestic Shares in issue as at the Latest Practicable Date; (b) approximately 25.26% of the aggregate Domestic Shares in issue as enlarged by the Issue of A Shares; (c) approximately 17.73% of the total issued Shares of the Company as at the Latest Practicable Date; and (d) approximately 15.06% of the total issued Shares of the Company as enlarged by the Issue of A Shares.

The final number of A Shares to be issued and the structure of the Issue of A Shares shall be subject to the approvals by the CSRC and the other relevant regulatory authorities in the PRC, and subject to adjustment (if any) by the Board as authorized by the Shareholders at the EGM and Class Meetings, and within the range approved by the CSRC having regard to the relevant circumstances.

(v) *Target subscribers:*

Qualified public investors (except those prohibited by the PRC laws and regulations and other regulatory requirements to which the Company is subject).

If any investors are connected persons of the Company, the Company will comply with the relevant requirements under Chapter 14A of the Listing Rules and make further disclosures, when appropriate, according to the Listing Rules.

(vi) *Method of issue:*

The issue will be conducted via offline offering to investors and placement through online subscription at the issue price, or such other method as approved by the CSRC.

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## LETTER FROM THE BOARD

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(vii) *Basis for determining the issue price:*

Upon obtaining approval from the CSRC for the Issue of A Shares, the Company and the lead underwriter shall conduct a preliminary price consultation with selected potential investors in the PRC in order to determine the range of the issue price of the proposed Issue of A Shares, and will thereafter within such price range conduct a further cumulative bidding price consultation in the PRC. The issue price of the proposed Issue of A Shares will be determined by the Board with reference to the results of the cumulative bidding price consultations and the market condition prevailing in the PRC securities market at the time of the Issue of A Shares. However, the issue price will not be lower than 90% of the average closing price of the Company's H Shares on the Stock Exchange for the 20 trading days preceding to the date of the issue of A Shares prospectus.

The amount of funds to be raised from the proposed Issue of A Shares cannot be confirmed as at the Latest Practicable Date.

(viii) *Distribution plan of accumulated undistributed profits before the Issue of A Shares:*

After distribution of the dividend for the year ended 31 December 2010 which was approved by the Shareholders at the Company's 2010 annual general meeting held on 17 June 2011, the Company's undistributed profits accumulated thereafter and up to the day prior to completion of the Issue of A Shares shall be shared by all new and old Shareholders of the Company after the Issue of A Shares.

(ix) *Use of proceeds:*

The amount of funds to be raised from the proposed Issue of A Shares cannot be confirmed as at the Latest Practicable Date. However, the Company intends to invest the raised fund of approximately RMB1,148,930,000 in the following four projects with total estimated investment amount of approximately RMB1,773,470,000 (the proposed use of proceeds in this paragraph is different from the intended use of proceeds as disclosed by the Company in its announcement and circular dated 28 June 2010 and 20 July 2010 respectively, and is revised accordingly in view of the Company's latest business development plans and the current market condition):

1. approximately RMB283,290,000 will be used for the project on upgrading and improvement of the hi-powered agricultural diesel engines in the green environmental protection series, with the total estimated investment amount of approximately RMB635,070,000;

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## LETTER FROM THE BOARD

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2. approximately RMB111,840,000 will be used for the project on establishment of hi-powered tractors assembly station(s) in Xinjiang, with the total estimated investment amount of approximately RMB251,600,000;
3. approximately RMB562,100,000 will be used for the project on enhancement of the core capability of new wheeled tractors, with the total estimated investment amount of approximately RMB651,100,000; and
4. approximately RMB191,700,000 will be used for the project on upgrading, capacity-enhancement and improvement of the fuel injection system products, with the total estimated investment amount of approximately RMB235,700,000.

The proceeds obtained from the Issue of A Shares (after deducting the administrative costs in relation to the Issue of A Shares) shall be used to invest in the above projects first. In case that the net proceeds from the Issue of A Shares are higher than the above estimated investment amount, the remaining net proceeds shall be used as general working capital of the Company. If the net proceeds from the Issue of A Shares are not sufficient to finance the above projects, the Company shall source the outstanding balance by other means. Before receipt of the proceeds from the Issue of A Shares, the Company may commence the above four projects by using its internal resources or bank loans. Upon receipt of the proceeds, the Company may repay the said bank loans (if any) in accordance with the requirements of the regulatory authorities in the PRC and after complying with the relevant procedures.

The Board may, subject to the approval and authorization by the Shareholders at the EGM and Class Meetings, modify the investment amount of the abovementioned projects, and allocate among such projects the proceeds from the Issue of A Shares by taking into account the timing, amount and other circumstances of receiving such proceeds and the progress of such projects, and modify the investment plans for the abovementioned projects according to the instructions of the competent regulatory authorities.

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## LETTER FROM THE BOARD

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(x) *Authorization to the Board to process the Issue of A Shares and related matters:*

In order to ensure a smooth progress of the Issue of A Shares, the Company would put forward resolution(s) to the EGM and Class Meetings to authorize the Board with full power to take all necessary actions and/or sign any documents in connection with the Issue of A Shares and to do all related matters in accordance with the relevant requirements of the CSRC, Stock Exchange and Shanghai Stock Exchange, and authorize the Board to sub-authorize such authorization (if obtained). The authorization to the Board from the EGM and Class Meetings includes but not limited to:

- (a) to deal with the issue and listing with respect to the Issue of A Shares and other related application procedures and other formalities (including but not limited to the proposed listing of A Shares on the Shanghai Stock Exchange);
- (b) to confirm the appropriate time of issue, manner of issue, target subscribers, and to determine the issue price, par value of A Shares and issue quantity according to the market conditions and in compliance with the relevant regulations;
- (c) to approve the application of the use of the net proceeds from the Issue of A Shares subject to the approval of the CSRC;
- (d) to approve and sign each of the documents and contracts relating to the Issue of A Shares including but not limited to offering circular(s), prospectus, sponsorship agreement(s), underwriting agreement(s), listing agreement(s) and various announcements;
- (e) to make appropriate and necessary amendments to the relevant provisions of the Articles of Association of the Company as well as the procedure and internal rules of the Company in connection with the Issue of A Shares;
- (f) to deal with the registration procedures in respect of the change in registered capital and the amendments to the Articles of Association of the Company upon completion of the Issue of A Shares; and
- (g) to deal with all procedures relating to the Issue of A Shares according to the laws and regulations including all procedures that are required to be followed under the laws, regulations and listing rules of the places of listing of the Domestic Shares and H Shares.

The authorization, if approved by the Shareholders at the EGM and Class Meetings, shall be effective for a period of 12 months from the date on which such approval is obtained.

## LETTER FROM THE BOARD

### Tentative schedule of the Issue of A Shares

Upon obtaining the relevant approval(s) from the CSRC and other relevant regulatory authorities in the PRC, the Company will apply to the Shanghai Stock Exchange for the listing of and dealings in the A Shares as well as the 443,910,000 Domestic Shares currently held by YTO on the Shanghai Stock Exchange. The Company intends to complete the Issue of A Shares as soon as possible after all the relevant approvals are obtained. However, the exact timing and structure of the Issue of A Shares are still subject to the market conditions and other related factors.

### Effects of the Issue of A Shares on the Company's shareholding structure

Assuming that the total of 150,000,000 A Shares are approved to be issued under the Issue of A Shares and the Company will not issue and allot further Shares before completion of the Issue of A Shares, the shareholding structure of the Company as at the Latest Practicable Date and immediately after completion of the Issue of A Shares is as follows:

	As at the Latest Practicable Date		Immediately after completion of Issue of A Shares	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
<b>Domestic Shares</b>				
YTO <sup>(Note)</sup>	443,910,000	52.48	443,910,000	44.574
Qualified Public Investors	0	0	150,000,000	15.062
<b>H Shares</b>				
Public Investors	401,990,000	47.52	401,990,000	40.364
<b>Total</b>	<b>845,900,000</b>	<b>100</b>	<b>995,900,000</b>	<b>100</b>

*Note:* In the Company's announcement and circular dated 28 June 2010 and 20 July 2010 respectively, both in relation to, among other things, the Issue of A Shares, it was stated that YTO would transfer 15,000,000 Domestic Shares (based on 10% of the actual issued shares) to Social Security Fund immediately after completion of the Issue of A Shares pursuant to the "Implementation Measures in respect of the Transfer of Part of State-owned Shares to the National Social Security Fund in the Domestic Securities Market (《境內證券市場轉持部分國有股充實全國社會保障基金實施辦法》)". As approved by SASAC on 4 January 2011, it is now decided that in lieu of transferring the 15,000,000 Domestic Shares by YTO, Sinomach and Luoyang State-owned Assets Management Co., Ltd.\* (洛陽市國資國有資產經營有限公司), being the state-owned shareholders of YTO, will pay to National Council for Social Security Fund, the People's Republic of China by way of cash.

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## LETTER FROM THE BOARD

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### **Reasons for the Issue of A Shares**

The Directors are of the view that the Issue of A Shares can further expand the Company's financing channels and improve its capital and debt raising capabilities via the booming PRC stock market. The fund raised through the Issue of A Shares will be used by the Company for its business expansion (details of which are set out in the paragraph headed "(ix) Use of Proceeds" above), which will further consolidate the Company's leading position and competitiveness in the PRC market. Therefore, the Directors consider that the Issue of A Shares is in the interests of the Group and Shareholders as a whole.

### **Approval by the Shareholders for the refreshment of mandate**

The EGM and Class Meetings will be held for the Shareholders to consider and, if thought fit, approve, among other things, the refreshment of mandate for the Issue of A Shares and authorizing the Board to process the Issue of A Shares and related matters. It should be noted that the Issue of A Shares, upon approval by the Shareholders at the EGM and Class Meetings, is still subject to the approvals by the CSRC and the other relevant regulatory authorities in the PRC. In addition, examination and approval from the Shanghai Stock Exchange for the listing of and dealings in the A Shares and the 443,910,000 Domestic Shares currently held by YTO on the Shanghai Stock Exchange are also required.

The approval in respect of the proposed refreshment of mandate for the Issue of A Shares, if obtained from the Shareholders at the EGM and Class Meetings, shall be effective for a period of 12 months from the date on which such approval is obtained.

The H Shares of the Company are currently listed on the Stock Exchange. There was no fund raising exercise carried out by the Company during the 12 months prior to the Company's announcement dated 27 June 2011 in relation to, among other things, the refreshment of mandate for the Issue of A Shares and the Latest Practicable Date. Further announcements will be made by the Company in respect of the issue price, number of A Shares to be issued or other details of the Issue of A Shares as and when appropriate according to the Listing Rules.

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

In 2010, the Company has disposed of certain of its subsidiaries, namely YTO Jiangong and YTO Machinery Sales (together with its two wholly-owned subsidiaries, YTO Building Machinery and YTO Construction Machinery), details of which were disclosed by the Company in its announcement and circular dated 28 June 2010 and 20 July 2010 respectively. Upon completion of the above disposals, the Company has withdrawn from business with respect to part of the construction machineries such as road rollers, bulldozers, loaders and excavators. In order to reflect the latest business activities of the Company, the Company proposes to amend paragraph 2 of Article 15 of the Articles of Association for the Shareholders' consideration and approval at the EGM.

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## LETTER FROM THE BOARD

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The original paragraph 2 of Article 15 of the Articles of Association is as follows:

“The scope of business of the Company includes: design, manufacture, sales and services in relation to agricultural machinery products such as tractors, harvesters and farm equipment and implement, construction machinery products in series such as bulldozers, loaders, excavators, road rollers, graders and forklift trucks, as well as series products such as diesel engines, mobile power stations, electric generating sets, casting parts and spare parts, as well as research and development of technologies, transfer, contracting and consultation services in relation to tractors and construction machineries; engaging in the imports and exports of self-manufacturing products of the Company (including the corporate members of the Company) and related technologies, except the products or technologies which are restricted to be exclusively engaged by the Company or prohibited for imports and exports by the State. (For products which are subject to quota permit and specific regulations, relevant requirements of the State shall be followed.)”

The original paragraph 2 of Article 15 of the Articles of Association is proposed to be deleted in its entirety and replaced by the following:

“The scope of business of the Company includes: design, manufacture, sales and services in relation to agricultural machinery products such as tractors, harvesters and farm equipment and implement, and series products such as diesel engines, mobile power stations, electric generating sets, forklift trucks, casting parts and spare parts, as well as research and development of technologies, transfer, contracting and consultation services in relation to tractors and construction machineries; engaging in the imports and exports of self-manufacturing products of the Company (including the corporate members of the Company) and related technologies, except the products or technologies which are restricted to be exclusively engaged by the Company or prohibited for imports and exports by the State. (For products which are subject to quota permit and specific regulations, relevant requirements of the State shall be followed.)”

The English version of 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.

The above proposed amendment to the Articles of Association is subject to the Shareholders’ approval at the EGM.

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## LETTER FROM THE BOARD

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### EGM AND CLASS MEETINGS

The EGM will be held at 9:00 a.m. on 15 August 2011 (Monday) at No.154 Jianshe Road, Luoyang, Henan Province, the PRC for the Shareholders to consider and, if thought fit, to approve, among other things, the refreshment of the mandate for the Issue of A Shares and the proposed amendment to the Articles of Association.

The Class Meetings for the holders of H Shares and Domestic Shares will be held at 9:20 a.m. and 9:40 a.m. respectively on 15 August 2011 (Monday) at No.154 Jianshe Road, Luoyang, Henan Province, the PRC for the respective holders of H Shares and Domestic Shares to consider and, if thought fit, to approve, among other things, the refreshment of the mandate for the Issue of A Shares.

Notices of the EGM and Class Meetings are set out on pages 13 to 31 of this circular.

Forms of proxy for use at the EGM and Class Meetings are enclosed. Whether or not you are able to attend the meetings in person, you are requested to complete and return the accompanying forms of proxy in accordance with the instructions printed thereon. In case of H Shares, the proxy form shall be lodged with the Company's branch share registrar in Hong Kong, Hong Kong Registrars Limited, at Shops 1712-1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong; and in case of Domestic Shares, the proxy form shall be lodged at the registered address and principal place of business of the Company at No.154 Jianshe Road, Luoyang, Henan Province, the PRC, as soon as possible and in any event not less than 24 hours before the time scheduled for holding the meetings (or any adjourned meetings thereof). Completion and delivery of the forms of proxy will not preclude you from attending and voting in person at the meetings or any adjournment if you so desire.

No Shareholders are required to abstain from voting in respect of the resolutions relating to the refreshment of mandate for the Issue of A Shares and the proposed amendment to the Articles of Association. The votes to be taken at the EGM and the respective Class Meetings will be taken by poll.

### RECOMMENDATIONS

The Board considers that each of the refreshment of the mandate for the Issue of A Shares and the proposed amendment to the Articles of Association is in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM and Class Meetings as set out in the notices of the EGM and Class Meetings.



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## LETTER FROM THE BOARD

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### RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

**The Issue of A Shares may or may not proceed to completion. Investors are advised to exercise caution in dealings in the H Shares. Further details about the Issue of A Shares will be disclosed by the Company in the PRC in due course and the relevant information will be disclosed in Hong Kong concurrently in accordance with the Listing Rules.**

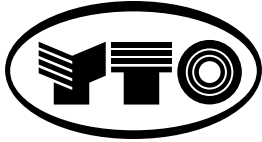
Yours faithfully,

For and on behalf of

**FIRST TRACTOR COMPANY LIMITED**

**Zhao Yanshui**

*Chairman*



**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)

## NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the extraordinary general meeting (the “**EGM**”) of First Tractor Company Limited (the “**Company**”) will be held at 9:00 a.m. on 15 August 2011 (Monday) at No.154 Jianshe Road, Luoyang, Henan Province, the People’s Republic of China (the “**PRC**”) for the purpose of considering and, if thought fit, passing the following resolutions:

*Unless otherwise indicated, capitalized terms used herein shall have the same meanings as those defined in the announcement of the Company dated 27 June 2011 in relation to, among other things, the refreshment of mandate for the Issue of A Shares.*

### **AS SPECIAL RESOLUTIONS:**

#### 1. Refreshment of specific mandate for the Issue of A Shares

Upon obtaining the approvals from the CSRC and the other relevant regulatory authorities in the PRC, the allotment and issue of A Shares by the Company and each of the following terms and conditions of the Issue of A Shares be approved and confirmed;

(i) *Class of new Shares to be issued:*

A Shares

(ii) *Nominal value of new Shares to be issued:*

RMB1.00 each

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## NOTICE OF EGM

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(iii) *Stock exchange for listing:*

Shanghai Stock Exchange

(iv) *Number of A Shares to be issued:*

A maximum of 150,000,000 A Shares

The final number of A Shares to be issued and the structure of the Issue of A Shares shall be subject to the approvals by the CSRC and the other relevant regulatory authorities in the PRC, and subject to adjustment (if any) by the Board as authorized by the Shareholders at the EGM and Class Meetings, and within the range approved by the CSRC having regard to the relevant circumstances.

(v) *Target subscribers:*

Qualified public investors (except those prohibited by the PRC laws and regulations and other regulatory requirements to which the Company is subject).

(vi) *Method of issue:*

The issue will be conducted via offline offering to investors and placement through online subscription at the issue price, or such other method as approved by the CSRC.

(vii) *Basis for determining the issue price:*

Upon obtaining approval from the CSRC for the Issue of A Shares, the Company and the lead underwriter shall conduct a preliminary price consultation with selected potential investors in the PRC in order to determine the range of the issue price of the proposed Issue of A Shares, and will thereafter within such range conduct a further cumulative bidding price consultation in the PRC. The issue price of the proposed Issue of A Shares will be determined by the Board with reference to the results of the cumulative bidding price consultations and the market condition prevailing in the PRC securities market at the time of the Issue of A Shares. However, the issue price will not be lower than 90% of the average closing price of the Company's H Shares on the Stock Exchange for the 20 trading days preceding to the date of the Issue of A Shares prospectus.

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## NOTICE OF EGM

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*(viii) Distribution plan of accumulated undistributed profits before the Issue of A Shares:*

After distribution of the dividend for the year ended 31 December 2010 which was approved by the Shareholders at the Company's 2010 annual general meeting held on 17 June 2011, the Company's undistributed profits accumulated thereafter and up to the day prior to completion of the Issue of A Shares shall be shared by all new and old Shareholders of the Company after the Issue of A Shares.

*(ix) Use of proceeds:*

The amount of funds to be raised from the proposed Issue of A Shares cannot be confirmed as at the date hereof. However, the Company intends to invest the raised fund of approximately RMB1,148,930,000 in the following four projects with total estimated investment amount of approximately RMB1,773,470,000:

1. approximately RMB283,290,000 will be used for the project on upgrading and improvement of the hi-powered agricultural diesel engines in the green environmental protection series, with the total estimated investment amount of approximately RMB635,070,000;
2. approximately RMB111,840,000 will be used for the project on establishment of hi-powered tractors assembly station(s) in Xinjiang, with the total estimated investment amount of approximately RMB251,600,000;
3. approximately RMB562,100,000 will be used for the project on enhancement of the core capability of new wheeled tractors, with the total estimated investment amount of approximately RMB651,100,000; and
4. approximately RMB191,700,000 will be used for the project on upgrading, capacity-enhancement and improvement of the fuel injection system products, with the total estimated investment amount of approximately RMB235,700,000.

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## NOTICE OF EGM

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The proceeds obtained from the Issue of A Shares (after deducting the administrative costs in relation to the Issue of A Shares) shall be used to invest in the above projects first. In case that the net proceeds from the Issue of A Shares are higher than the above estimated investment amount, the remaining net proceeds shall be used as general working capital of the Company. If the net proceeds from the Issue of A Shares are not sufficient to finance the above projects, the Company shall source the outstanding balance by other means. Before receipt of the proceeds from the Issue of A Shares, the Company may commence the above four projects by using its internal resources or bank loans. Upon receipt of the proceeds, the Company may repay the said bank loans (if any) in accordance with the requirements of the regulatory authorities in the PRC and after complying with the relevant procedures.

The Board be and is hereby authorized to modify the investment amount of the abovementioned projects, and allocate among such projects the proceeds from the Issue of A Shares by taking into account the timing, amount and other circumstances of receiving such proceeds and the progress of such projects; the Board be and is hereby further authorized to modify the investment plans for the abovementioned projects according to the instructions of the competent regulatory authorities.

(x) *Authorization to the Board to process the Issue of A Shares and related matters:*

The Board be authorized with full power to take all necessary actions and/or sign any documents in connection with the Issue of A Shares and to do all related matters in accordance with the relevant requirements of the CSRC, Stock Exchange and Shanghai Stock Exchange, and the Board be authorized to sub-authorize such authorization. The authorization to the Board includes but not limited to:

- (a) to deal with the issue and listing with respect to the Issue of A Shares and other related application procedures and other formalities (including but not limited to the proposed listing of A Shares on the Shanghai Stock Exchange);
- (b) to confirm the appropriate time of issue, manner of issue, target subscribers, and to determine the issue price, par value of A Shares and issue quantity according to the market conditions and in compliance with the relevant regulations;
- (c) to approve the application of the use of the net proceeds from the Issue of A Shares subject to the approval of the CSRC;

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## NOTICE OF EGM

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- (d) to approve and sign each of the documents and contracts relating to the Issue of A Shares including but not limited to offering circular(s), prospectus, sponsorship agreement(s), underwriting agreement(s), listing agreement(s) and various announcements;
- (e) to make appropriate and necessary amendments to the relevant provisions of the Articles of Association of the Company as well as the procedure and internal rules of the Company in connection with the Issue of A Shares;
- (f) to deal with the registration procedures in respect of the change in registered capital and the amendments to the Articles of Association of the Company upon completion of the Issue of A Shares; and
- (g) to deal with all procedures relating to the Issue of A Shares according to the laws and regulations including all procedures that are required to be followed under the laws, regulations and listing rules of the places of listing of the Domestic Shares and H Shares.

The authorization shall be effective for a period of 12 months commencing from the approval of this resolution at the EGM and Class Meetings.

(xi) *Valid period of this resolution:*

This resolution shall be effective for a period of 12 months commencing from the approval of this resolution at the EGM and Class Meetings.

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## NOTICE OF EGM

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### 2. Proposed amendment to the Articles of Association

To consider and approve the amendment to paragraph 2 of Article 15 of the Articles of Association to read as follows:

“The scope of business of the Company includes: design, manufacture, sales and services in relation to agricultural machinery products such as tractors, harvesters and farm equipment and implement, and series products such as diesel engines, mobile power stations, electric generating sets, forklift trucks, casting parts and spare parts, as well as research and development of technologies, transfer, contracting and consultation services in relation to tractors and construction machineries; engaging in the imports and exports of self-manufacturing products of the Company (including the corporate members of the Company) and related technologies, except the products or technologies which are restricted to be exclusively engaged by the Company or prohibited for imports and exports by the State. (For products which are subject to quota permit and specific regulations, relevant requirements of the State shall be followed.)”

By Order of the Board  
**FIRST TRACTOR COMPANY LIMITED**  
**Zhao Yanshui**  
*Chairman*

Luoyang, the PRC  
27 June 2011

*As at the date of this notice, the Board comprises four executive Directors, namely Mr. Zhao Yanshui, Ms. Dong Jianhong, Mr. Qu Dawei and Mr. Liu Jiguo, and four non-executive Directors, namely Mr. Su Weike, Mr. Yan Linjiao, Mr. Liu Yongle and Mr. Li Youji, and four independent non-executive Directors, namely Mr. Luo Xiwen, Mr. Chan Sau Shan, Gary, Mr. Hong Xianguo and Mr. Zhang Qiusheng.*

*Notes:*

1. The register of members of the Company will be temporarily closed from 16 July 2011 to 14 August 2011 (both days inclusive) during which no transfer of shares of the Company (the “**Shares**”) will be registered in order to determine the list of shareholders of the Company (the “**Shareholders**”) for attending the EGM. The last lodgment for the transfer of the H Shares of the Company should be made on 15 July 2011 at Hong Kong Registrars Limited by or before 4:00 p.m. The Shareholders or their proxies being registered before the close of business on 15 July 2011 are entitled to attend the EGM by presenting their identity documents. The address of Hong Kong Registrars Limited, the H Shares registrar of the Company, is Shops 1712-1716, 17/F., Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.

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## NOTICE OF EGM

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2. Each Shareholder having the rights to attend and vote at the EGM is entitled to appoint one or more proxies (whether a Shareholder or not) to attend and vote on his behalf. Should more than one proxy be appointed by one Shareholder, such proxy shall only exercise his voting rights on a poll.
3. Shareholders can appoint a proxy by an instrument in writing (i.e. by using the Proxy Form enclosed). The Proxy Form shall be signed by the person appointing the proxy or an attorney authorized by such person in writing. If the Proxy Form is signed by an attorney, the power of attorney or other documents of authorization shall be notarially certified. To be valid, the Proxy Form and the notarially certified power of attorney or other documents of authorization must be delivered to the Company's registered address at No.154 Jianshe Road, Luoyang, Henan Province, the PRC, or the Company's H Shares registrar, Hong Kong Registrars Limited at Shops 1712-1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong in not less than 24 hours before the time scheduled for the holding of the EGM or any adjournment thereof.
4. Shareholders who intend to attend the EGM are requested to deliver the duly completed and signed reply slip for attendance to the Company's registered and principal office in person, by post or by facsimile on or before 4:00 p.m., 25 July 2011.
5. Shareholders or their proxies shall present proofs of their identities upon attending the EGM. Should a proxy be appointed, the proxy shall also present the proxy form.
6. The EGM is expected to last for less than one day. The Shareholders and proxies attending the EGM shall be responsible for their own travelling and accommodation expenses.
7. The Company's registered address:  
No.154 Jianshe Road, Luoyang, Henan Province, the PRC  
Postal code: 471004  
Telephone: (86379) 6496 7038  
Facsimile: (86379) 6496 7438  
Email: msc0038@ytogroup.com

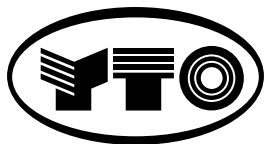
\* *For identification purposes only*



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## NOTICE OF CLASS MEETING FOR HOLDERS OF H SHARES

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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)

### NOTICE OF CLASS MEETING FOR HOLDERS OF H SHARES

**NOTICE IS HEREBY GIVEN THAT** a class meeting (the “**Class Meeting**”) for holders of H Shares of First Tractor Company Limited (the “**Company**”) will be held at 9:20 a.m. (or immediately after the extraordinary general meeting of the Company to be convened and held on the same date and at the same place) on 15 August 2011 (Monday) at No.154 Jianshe Road, Luoyang, Henan Province, the People's Republic of China (the “**PRC**”) for the purpose of considering and, if thought fit, passing the following resolution:

*Unless otherwise indicated, capitalized terms used herein shall have the same meanings as those defined in the announcement of the Company dated 27 June 2011 in relation to, among other things, the refreshment of mandate for the Issue of A Shares.*

#### **AS SPECIAL RESOLUTION:**

##### 1. Refreshment of specific mandate for the Issue of A Shares

Upon obtaining the approvals from the CSRC and the other relevant regulatory authorities in the PRC, the allotment and issue of A Shares by the Company and each of the following terms and conditions of the Issue of A Shares be approved and confirmed;

(i) *Class of new Shares to be issued:*

A Shares

(ii) *Nominal value of new Shares to be issued:*

RMB1.00 each

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## NOTICE OF CLASS MEETING FOR HOLDERS OF H SHARES

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(iii) *Stock exchange for listing:*

Shanghai Stock Exchange

(iv) *Number of A Shares to be issued:*

A maximum of 150,000,000 A Shares

The final number of A Shares to be issued and the structure of the Issue of A Shares shall be subject to the approvals by the CSRC and the other relevant regulatory authorities in the PRC, and subject to adjustment (if any) by the Board as authorized by the Shareholders at the EGM and Class Meetings, and within the range approved by the CSRC having regard to the relevant circumstances.

(v) *Target subscribers:*

Qualified public investors (except those prohibited by the PRC laws and regulations and other regulatory requirements to which the Company is subject).

(vi) *Method of issue:*

The issue will be conducted via offline offering to investors and placement through online subscription at the issue price, or such other method as approved by the CSRC.

(vii) *Basis for determining the issue price:*

Upon obtaining approval from the CSRC for the Issue of A Shares, the Company and the lead underwriter shall conduct a preliminary price consultation with selected potential investors in the PRC in order to determine the range of the issue price of the proposed Issue of A Shares, and will thereafter within such range conduct a further cumulative bidding price consultation in the PRC. The issue price of the proposed Issue of A Shares will be determined by the Board with reference to the results of the cumulative bidding price consultations and the market condition prevailing in the PRC securities market at the time of the Issue of A Shares. However, the issue price will not be lower than 90% of the average closing price of the Company's H Shares on the Stock Exchange for the 20 trading days preceding to the date of the Issue of A Shares prospectus.

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## NOTICE OF CLASS MEETING FOR HOLDERS OF H SHARES

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(viii) *Distribution plan of accumulated undistributed profits before the Issue of A Shares:*

After distribution of the dividend for the year ended 31 December 2010 which was approved by the Shareholders at the Company's 2010 annual general meeting held on 17 June 2011, the Company's undistributed profits accumulated thereafter and up to the day prior to completion of the Issue of A Shares shall be shared by all new and old Shareholders of the Company after the Issue of A Shares.

(ix) *Use of proceeds:*

The amount of funds to be raised from the proposed Issue of A Shares cannot be confirmed as at the date hereof. However, the Company intends to invest the raised fund of approximately RMB1,148,930,000 in the following four projects with total estimated investment amount of approximately RMB1,773,470,000:

1. approximately RMB283,290,000 will be used for the project on upgrading and improvement of the hi-powered agricultural diesel engines in the green environmental protection series, with the total estimated investment amount of approximately RMB635,070,000;
2. approximately RMB111,840,000 will be used for the project on establishment of hi-powered tractors assembly station(s) in Xinjiang, with the total estimated investment amount of approximately RMB251,600,000;
3. approximately RMB562,100,000 will be used for the project on enhancement of the core capability of new wheeled tractors, with the total estimated investment amount of approximately RMB651,100,000; and
4. approximately RMB191,700,000 will be used for the project on upgrading, capacity-enhancement and improvement of the fuel injection system products, with the total estimated investment amount of approximately RMB235,700,000.

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## NOTICE OF CLASS MEETING FOR HOLDERS OF H SHARES

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The proceeds obtained from the Issue of A Shares (after deducting the administrative costs in relation to the Issue of A Shares) shall be used to invest in the above projects first. In case that the net proceeds from the Issue of A Shares are higher than the above estimated investment amount, the remaining net proceeds shall be used as general working capital of the Company. If the net proceeds from the Issue of A Shares are not sufficient to finance the above projects, the Company shall source the outstanding balance by other means. Before receipt of the proceeds from the Issue of A Shares, the Company may commence the above four projects by using its internal resources or bank loans. Upon receipt of the proceeds, the Company may repay the said bank loans (if any) in accordance with the requirements of the regulatory authorities in the PRC and after complying with the relevant procedures.

The Board be and is hereby authorized to modify the investment amount of the abovementioned projects, and allocate among such projects the proceeds from the Issue of A Shares by taking into account the timing, amount and other circumstances of receiving such proceeds and the progress of such projects; the Board be and is hereby further authorized to modify the investment plans for the abovementioned projects according to the instructions of the competent regulatory authorities.

(x) *Authorization to the Board to process the Issue of A Shares and related matters:*

The Board be authorized with full power to take all necessary actions and/or sign any documents in connection with the Issue of A Shares and to do all related matters in accordance with the relevant requirements of the CSRC, Stock Exchange and Shanghai Stock Exchange, and the Board be authorized to sub-authorize such authorization. The authorization to the Board includes but not limited to:

- (a) to deal with the issue and listing with respect to the Issue of A Shares and other related application procedures and other formalities (including but not limited to the proposed listing of A Shares on the Shanghai Stock Exchange);
- (b) to confirm the appropriate time of issue, manner of issue, target subscribers, and to determine the issue price, par value of A Shares and issue quantity according to the market conditions and in compliance with the relevant regulations;
- (c) to approve the application of the use of the net proceeds from the Issue of A Shares subject to the approval of the CSRC;

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## NOTICE OF CLASS MEETING FOR HOLDERS OF H SHARES

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- (d) to approve and sign each of the documents and contracts relating to the Issue of A Shares including but not limited to offering circular(s), prospectus, sponsorship agreement(s), underwriting agreement(s), listing agreement(s) and various announcements;
- (e) to make appropriate and necessary amendments to the relevant provisions of the Articles of Association of the Company as well as the procedure and internal rules of the Company in connection with the Issue of A Shares;
- (f) to deal with the registration procedures in respect of the change in registered capital and the amendments to the Articles of Association of the Company upon completion of the Issue of A Shares; and
- (g) to deal with all procedures relating to the Issue of A Shares according to the laws and regulations including all procedures that are required to be followed under the laws, regulations and listing rules of the places of listing of the Domestic Shares and H Shares.

The authorization shall be effective for a period of 12 months commencing from the approval of this resolution at the EGM and Class Meetings.

(xi) *Valid period of this resolution:*

This resolution shall be effective for a period of 12 months commencing from the approval of this resolution at the EGM and Class Meetings.

By Order of the Board  
**FIRST TRACTOR COMPANY LIMITED**  
**Zhao Yanshui**  
*Chairman*

Luoyang, the PRC  
27 June 2011

*As at the date of this notice, the Board comprises four executive Directors, namely Mr. Zhao Yanshui, Ms. Dong Jianhong, Mr. Qu Dawei and Mr. Liu Jiguo, and four non-executive Directors, namely Mr. Su Weike, Mr. Yan Linjiao, Mr. Liu Yongle and Mr. Li Youji, and four independent non-executive Directors, namely Mr. Luo Xiwen, Mr. Chan Sau Shan, Gary, Mr. Hong Xianguo and Mr. Zhang Qiusheng.*

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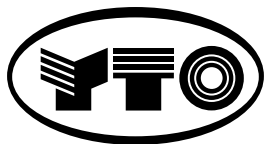
## NOTICE OF CLASS MEETING FOR HOLDERS OF H SHARES

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*Notes:*

1. The register of members of the Company will be temporarily closed from 16 July 2011 to 14 August 2011 (both days inclusive) during which no transfer of H Shares of the Company will be registered in order to determine the list of holders of H Shares of the Company (the “**Shareholders**”) for attending the Class Meeting. The last lodgment for H Shares transfer should be made on 15 July 2011 at Hong Kong Registrars Limited by or before 4:00 p.m. The Shareholders or their proxies being registered before the close of business on 15 July 2011 are entitled to attend the Class Meeting by presenting their identity documents. The address of Hong Kong Registrars Limited, the H Shares registrar of the Company, is Shops 1712-1716, 17/F., Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.
2. Each Shareholder having the rights to attend and vote at the Class Meeting is entitled to appoint one or more proxies (whether a Shareholder or not) to attend and vote on his behalf. Should more than one proxy be appointed by one Shareholder, such proxy shall only exercise his voting rights on a poll.
3. Shareholders can appoint a proxy by an instrument in writing (i.e. by using the Proxy Form enclosed). The Proxy Form shall be signed by the person appointing the proxy or an attorney authorized by such person in writing. If the Proxy Form is signed by an attorney, the power of attorney or other documents of authorization shall be notarially certified. To be valid, the Proxy Form and the notarially certified power of attorney or other documents of authorization must be delivered to the H Shares registrar of the Company, Hong Kong Registrars Limited at Shops 1712-1716, 17/F., Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong in not less than 24 hours before the time scheduled for the holding of the Class Meeting or any adjournment thereof.
4. Shareholders who intend to attend the Class Meeting are requested to deliver the duly completed and signed reply slip for attendance to the Company’s registered and principal office in person, by post or by facsimile on or before 4:00 p.m., 25 July 2011.
5. Shareholders or their proxies shall present proofs of their identities upon attending the Class Meeting. Should a proxy be appointed, the proxy shall also present the proxy form.
6. The Class Meeting is expected to last for less than one day. The Shareholders and proxies attending the Class Meeting shall be responsible for their own travelling and accommodation expenses.
7. The Company’s registered address:  
No.154 Jianshe Road, Luoyang, Henan Province, the PRC  
Postal code: 471004  
Telephone: (86379) 6496 7038  
Facsimile: (86379) 6496 7438  
Email: msc0038@ytogroup.com

\* *For identification purposes only*



**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)

## NOTICE OF CLASS MEETING FOR HOLDERS OF DOMESTIC SHARES

**NOTICE IS HEREBY GIVEN THAT** a class meeting (the “**Class Meeting**”) for holders of Domestic Shares of First Tractor Company Limited (the “**Company**”) will be held at 9:40 a.m. (or immediately after the class meeting for holders of H Shares of the Company to be convened and held on the same date and at the same place) on 15 August 2011 (Monday) at No.154 Jianshe Road, Luoyang, Henan Province, the People's Republic of China (the “**PRC**”) for the purpose of considering and, if thought fit, passing the following resolution:

*Unless otherwise indicated, capitalized terms used herein shall have the same meanings as those defined in the announcement of the Company dated 27 June 2011 in relation to, among other things, the refreshment of mandate for the Issue of A Shares.*

### **AS SPECIAL RESOLUTION:**

#### 1. Refreshment of specific mandate for the Issue of A Shares

Upon obtaining the approvals from the CSRC and the other relevant regulatory authorities in the PRC, the allotment and issue of A Shares by the Company and each of the following terms and conditions of the Issue of A Shares be approved and confirmed;

(i) *Class of new Shares to be issued:*

A Shares

(ii) *Nominal value of new Shares to be issued:*

RMB1.00 each

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## NOTICE OF CLASS MEETING FOR HOLDERS OF DOMESTIC SHARES

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(iii) *Stock exchange for listing:*

Shanghai Stock Exchange

(iv) *Number of A Shares to be issued:*

A maximum of 150,000,000 A Shares

The final number of A Shares to be issued and the structure of the Issue of A Shares shall be subject to the approvals by the CSRC and the other relevant regulatory authorities in the PRC, and subject to adjustment (if any) by the Board as authorized by the Shareholders at the EGM and Class Meetings, and within the range approved by the CSRC having regard to the relevant circumstances.

(v) *Target subscribers:*

Qualified public investors (except those prohibited by the PRC laws and regulations and other regulatory requirements to which the Company is subject).

(vi) *Method of issue:*

The issue will be conducted via offline offering to investors and placement through online subscription at the issue price, or such other method as approved by the CSRC.

(vii) *Basis for determining the issue price:*

Upon obtaining approval from the CSRC for the Issue of A Shares, the Company and the lead underwriter shall conduct a preliminary price consultation with selected potential investors in the PRC in order to determine the range of the issue price of the proposed Issue of A Shares, and will thereafter within such range conduct a further cumulative bidding price consultation in the PRC. The issue price of the proposed Issue of A Shares will be determined by the Board with reference to the results of the cumulative bidding price consultations and the market condition prevailing in the PRC securities market at the time of the Issue of A Shares. However, the issue price will not be lower than 90% of the average closing price of the Company's H Shares on the Stock Exchange for the 20 trading days preceding to the date of the Issue of A Shares prospectus.



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## NOTICE OF CLASS MEETING FOR HOLDERS OF DOMESTIC SHARES

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(viii) *Distribution plan of accumulated undistributed profits before the Issue of A Shares:*

After distribution of the dividend for the year ended 31 December 2010 which was approved by the Shareholders at the Company's 2010 annual general meeting held on 17 June 2011, the Company's undistributed profits accumulated thereafter and up to the day prior to completion of the Issue of A Shares shall be shared by all new and old Shareholders of the Company after the Issue of A Shares.

(ix) *Use of proceeds:*

The amount of funds to be raised from the proposed Issue of A Shares cannot be confirmed as at the date hereof. However, the Company intends to invest the raised fund of approximately RMB1,148,930,000 in the following four projects with total estimated investment amount of approximately RMB1,773,470,000:

1. approximately RMB283,290,000 will be used for the project on upgrading and improvement of the hi-powered agricultural diesel engines in the green environmental protection series, with the total estimated investment amount of approximately RMB635,070,000;
2. approximately RMB111,840,000 will be used for the project on establishment of hi-powered tractors assembly station(s) in Xinjiang, with the total estimated investment amount of approximately RMB251,600,000;
3. approximately RMB562,100,000 will be used for the project on enhancement of the core capability of new wheeled tractors, with the total estimated investment amount of approximately RMB651,100,000; and
4. approximately RMB191,700,000 will be used for the project on upgrading, capacity-enhancement and improvement of the fuel injection system products, with the total estimated investment amount of approximately RMB235,700,000.

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## NOTICE OF CLASS MEETING FOR HOLDERS OF DOMESTIC SHARES

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The proceeds obtained from the Issue of A Shares (after deducting the administrative costs in relation to the Issue of A Shares) shall be used to invest in the above projects first. In case that the net proceeds from the Issue of A Shares are higher than the above estimated investment amount, the remaining net proceeds shall be used as general working capital of the Company. If the net proceeds from the Issue of A Shares are not sufficient to finance the above projects, the Company shall source the outstanding balance by other means. Before receipt of the proceeds from the Issue of A Shares, the Company may commence the above four projects by using its internal resources or bank loans. Upon receipt of the proceeds, the Company may repay the said bank loans (if any) in accordance with the requirements of the regulatory authorities in the PRC and after complying with the relevant procedures.

The Board be and is hereby authorized to modify the investment amount of the abovementioned projects, and allocate among such projects the proceeds from the Issue of A Shares by taking into account the timing, amount and other circumstances of receiving such proceeds and the progress of such projects; the Board be and is hereby further authorized to modify the investment plans for the abovementioned projects according to the instructions of the competent regulatory authorities.

(x) *Authorization to the Board to process the Issue of A Shares and related matters:*

The Board be authorized with full power to take all necessary actions and/or sign any documents in connection with the Issue of A Shares and to do all related matters in accordance with the relevant requirements of the CSRC, Stock Exchange and Shanghai Stock Exchange, and the Board be authorized to sub-authorize such authorization. The authorization to the Board includes but not limited to:

- (a) to deal with the issue and listing with respect to the Issue of A Shares and other related application procedures and other formalities (including but not limited to the proposed listing of A Shares on the Shanghai Stock Exchange);
- (b) to confirm the appropriate time of issue, manner of issue, target subscribers, and to determine the issue price, par value of A Shares and issue quantity according to the market conditions and in compliance with the relevant regulations;
- (c) to approve the application of the use of the net proceeds from the Issue of A Shares subject to the approval of the CSRC;

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## NOTICE OF CLASS MEETING FOR HOLDERS OF DOMESTIC SHARES

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- (d) to approve and sign each of the documents and contracts relating to the Issue of A Shares including but not limited to offering circular(s), prospectus, sponsorship agreement(s), underwriting agreement(s), listing agreement(s) and various announcements;
- (e) to make appropriate and necessary amendments to the relevant provisions of the Articles of Association of the Company as well as the procedure and internal rules of the Company in connection with the Issue of A Shares;
- (f) to deal with the registration procedures in respect of the change in registered capital and the amendments to the Articles of Association of the Company upon completion of the Issue of A Shares; and
- (g) to deal with all procedures relating to the Issue of A Shares according to the laws and regulations including all procedures that are required to be followed under the laws, regulations and listing rules of the places of listing of the Domestic Shares and H Shares.

The authorization shall be effective for a period of 12 months commencing from the approval of this resolution at the EGM and Class Meetings.

(xi) *Valid period of this resolution:*

This resolution shall be effective for a period of 12 months commencing from the approval of this resolution at the EGM and Class Meetings.

By Order of the Board  
**FIRST TRACTOR COMPANY LIMITED**  
**Zhao Yanshui**  
*Chairman*

Luoyang, the PRC  
27 June 2011

*As at the date of this notice, the Board comprises four executive Directors, namely Mr. Zhao Yanshui, Ms. Dong Jianhong, Mr. Qu Dawei and Mr. Liu Jiguo, and four non-executive Directors, namely Mr. Su Weike, Mr. Yan Linjiao, Mr. Liu Yongle and Mr. Li Youji, and four independent non-executive Directors, namely Mr. Luo Xiwen, Mr. Chan Sau Shan, Gary, Mr. Hong Xianguo and Mr. Zhang Qiusheng.*

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## NOTICE OF CLASS MEETING FOR HOLDERS OF DOMESTIC SHARES

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*Notes:*

1. The register of members of the Company will be temporarily closed from 16 July 2011 to 14 August 2011 (both days inclusive) during which no transfer of Domestic Shares of the Company will be registered in order to determine the list of holders of Domestic Shares of the Company (the “**Shareholders**”) for attending the Class Meeting. The last lodgment for Domestic Shares transfer should be made on 15 July 2011 at the Company’s registered and principal office by or before 4:00 p.m. The Shareholders or their proxies being registered before the close of business on 15 July 2011 are entitled to attend the Class Meeting by presenting their identity documents.
2. Each Shareholder having the rights to attend and vote at the Class Meeting is entitled to appoint one or more proxies (whether a Shareholder or not) to attend and vote on his behalf. Should more than one proxy be appointed by one Shareholder, such proxy shall only exercise his voting rights on a poll.
3. Shareholders can appoint a proxy by an instrument in writing (i.e. by using the Proxy Form enclosed). The Proxy Form shall be signed by the person appointing the proxy or an attorney authorized by such person in writing. If the Proxy Form is signed by an attorney, the power of attorney or other documents of authorization shall be notarially certified. To be valid, the Proxy Form and the notarially certified power of attorney or other documents of authorization must be delivered to the registered address of the Company at No.154, Jianshe Road, Luoyang, Henan Province, the PRC in not less than 24 hours before the time scheduled for the holding of the Class Meeting or any adjournment thereof.
4. Shareholders who intend to attend the Class Meeting are requested to deliver the duly completed and signed reply slip for attendance to the Company’s registered and principal office in person, by post or by facsimile on or before 4:00 p.m., 25 July 2011.
5. Shareholders or their proxies shall present proofs of their identities upon attending the Class Meeting. Should a proxy be appointed, the proxy shall also present the proxy form.
6. The Class Meeting is expected to last for less than one day. The Shareholders and proxies attending the Class Meeting shall be responsible for their own travelling and accommodation expenses.
7. The Company’s registered address:  
No.154 Jianshe Road, Luoyang, Henan Province, the PRC  
Postal code: 471004  
Telephone: (86379) 6496 7038  
Facsimile: (86379) 6496 7438  
Email: msc0038@ytogroup.com

\* *For identification purposes only*