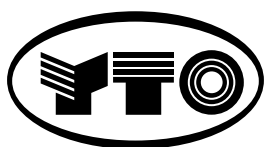

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountants or other professional adviser.

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.

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



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)

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION (DRAFT)

A letter from the Board is set out on pages 1 to 6 of this circular.

The notice for convening the extraordinary general meeting (the “**EGM**”) of First Tractor Company Limited (the “**Company**”) to be held at 9:00 a.m., on 19 January 2012 (Thursday) at No.154, Jianshe Road, Luoyang, Henan Province, the People’s Republic of China (the “**PRC**”), are set out on pages 7 to 8 of this circular.

Form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the meeting in person, you are requested to complete and return the accompanying form 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 meeting (or any adjourned meeting thereof). Completion and delivery of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment if you so desire.

16 December 2011

* For identification purposes only

CONTENTS

	<i>Pages</i>
Definitions	ii
Letter from the Board	1
Introduction	1
Proposed amendments to the Articles of Association (Draft)	2
EGM	5
Recommendations	6
Responsibility Statement	6
Notice of EGM	7

DEFINITIONS

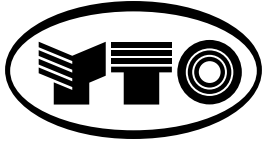
In this circular, the following expressions shall have the meanings stated below unless the context otherwise requires:

“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 (Draft)”	the articles of association of the Company
“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 of which are listed on the Stock Exchange (Stock Code: 0038)
“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
“EGM”	the extraordinary general meeting of the Company to be convened and held at 9:00 a.m., on 19 January 2012 (Thursday) at No.154 Jianshe Road, Luoyang, Henan Province, the PRC, for the Shareholders to consider and, if thought fit, approve, among other things, the proposed amendments to the Articles of Association (Draft)
“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

DEFINITIONS

“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)
“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
“Shareholder(s)”	registered holder(s) of the Shares
“Shares”	Domestic Shares and H Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

* *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*

16 December 2011

To the Shareholders

Dear Sir or Madam,

**PROPOSED AMENDMENTS TO
THE ARTICLES OF ASSOCIATION (DRAFT)**

INTRODUCTION

Reference is made to the announcement of the Company dated 1 December 2011 in relation to, among other things, the proposed amendments to the Articles of Association (Draft).

* *For identification purposes only*

LETTER FROM THE BOARD

The purpose of this circular is (i) to provide you with further information relating to the proposed amendments to the Articles of Association (Draft); and (ii) to give you notice of the EGM to be convened for the Shareholders to approve the proposed amendments to the Articles of Association (Draft).

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION (DRAFT)

The Company is in the course of applying to the CSRC and the other relevant regulatory authorities in the PRC for the Issue of A Shares.

On 28 June 2010, the Board considered and passed the proposal of Issue of A Shares. At the same time, in order to reflect the changes of share capital of the Company after the Issue of A shares and to meet the regulatory requirements of the CSRC and the Shanghai Stock Exchange, the Board also considered and passed the Articles of Association (Draft) of the Company. The Issue of A Shares and the Articles of Association (Draft) were approved on 16 August 2010 at the Company's extraordinary general meeting.

In order to improve a sustainable, stable, and scientific return mechanism for investors, by making institutionalized arrangements for the Company's dividend distribution policy to maintain the continuity and stability of the dividend distribution, and to further meet the requirements of the CSRC on the dividend distribution policy in respect of the Issue of A Shares, the Company intends to amend the Articles of Association (Draft). The amendments are as follows:

Article 211

Original Article 211: "After the resolution on profit distribution plan was passed at the Company's general meeting, the Board of the Company shall finish the distribution of dividends (or bonus shares) within two months after convening the general meeting."

Amended Article 211: "The Company's profit distribution policy is as follows:

- (I) The Company adopts consistent and stable profit distribution policy, which should emphasize on investors' reasonable investment return while ensuring the Company's continuous development;
- (II) The Company may distribute dividends by way of cash, bonus shares or a combination of both;

LETTER FROM THE BOARD

- (III) When the condition allows, subject to the authorization at the general meeting, the Board may distribute interim dividends or bonus;
- (IV) The annual profits distributed by the Company by way of cash shall not be less than 25% of the profit available for distribution for the year (the lower of those in the financial statements under the PRC accounting standards and the international accounting standards), provided that the capital needs for the Company's normal production and operation are satisfied and there is no such events as material investment plan or material cash expense;
- (V) If the net profit of the Company for the year increases by 20% from last year, the Board of the Company may propose the profit distribution plan for distributing bonus shares."

Article 212

Original Article 212:

"Provided that Articles 206 and 207 are complied with, annual dividends shall be paid in proportion to the shareholding of each shareholder within 6 months after the end of each financial year. However, interim dividends declared by the Board are not subject to the above time limitation. Annual dividends are subject to approval at the general meetings."

Amended Article 212:

"The procedures for the Company's profit distribution decisions and execution are as follows:

- (I) After thoroughly analyzing various factors such as the industry development trend, the Company's production and operation, the future investment plan and external financing environment, and fully considering the requirements and intentions of shareholders as well as the opinions of independent directors and the supervisory committee, the Board shall formulate the Company's annual profit distribution plan and propose the same to the general meeting for approval within three months from the close of each financial year in accordance with the profit distribution policy set out in the Article 211 of the Articles of Association.

LETTER FROM THE BOARD

- (II) The profit distribution plan can only be implemented upon being considered and approved at the general meeting.
- (III) After the resolution on profit distribution plan was passed at the general meeting, the Board shall finish the distribution of dividends (or bonus shares) within two months after convening the general meeting.”

Article 213

Original Article 213:

“The Company may distribute dividends by way of cash or bonus shares (or a combination of both).

Dividends or other distributions for ordinary shares shall be distributed and denominated in Renminbi.

Dividends or other cash distributions for domestic shares shall be paid in Renminbi.

Dividends or other cash distributions for overseas-listed foreign shares listed in Hong Kong shall be paid in Hong Kong dollar in accordance with the requirements of foreign exchange administration measures of the PRC. The exchange rate to be used for the conversion shall be the average closing exchange rate of Hong Kong dollar against Renminbi for each of the business day during the week prior to the declaration date as quoted by the People’s Bank of China.”

Amended Article 213:

“If the Company needs to adjust the profit distribution policy due to material changes in external operating environment or its own operating conditions, the adjusted profit distribution policy shall not breach any regulations of the CSRC and the stock exchanges. The independent non-executive directors and external supervisors of the Company shall independently issue written opinions and the relevant proposals on the adjustment of profit distribution policy, upon being considered by the Board, shall be proposed to the general meeting for consideration.

The reasons for adjustment of profit distribution policy and the opinions of independent non-executive directors and external supervisors shall be disclosed in the regular reports of the Company.”

LETTER FROM THE BOARD

Article 214

Original Article 214: “Subject to authorization by the general meeting, the Board may distribute interim dividends or bonus.”

Amended Article 214: “Dividends or other distributions for ordinary shares shall be distributed and denominated in Renminbi.

Dividends or other cash distributions for domestic shares shall be paid in Renminbi.

Dividends or other cash distributions for overseas-listed foreign shares listed in Hong Kong shall be paid in Hong Kong dollar in accordance with the requirements of foreign exchange administration measures of the PRC. The exchange rate to be used for the conversion shall be the average closing exchange rate of Hong Kong dollar against Renminbi for each of the business day during the week prior to the declaration date as quoted by the People’s Bank of China.”

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

The proposed amendments to the Articles of Association (Draft) are subject to the approval by the Shareholders at the EGM and any other approval or endorsement from or registration with the relevant regulatory authorities in the PRC. The amendments to the Articles of Association (Draft) shall come into effect upon approval from the CSRC and completion of the Issue of A Shares.

EGM

The EGM will be held at 9:00 a.m. on 19 January 2012 (Thursday) 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 proposed amendments to the Articles of Association (Draft).

Notice of the EGM is set out on pages 7 to 8 of this circular.

LETTER FROM THE BOARD

Form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the meeting in person, you are requested to complete and return the accompanying form 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 meeting (or any adjourned meeting thereof). Completion and delivery of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment if you so desire.

No Shareholders are required to abstain from voting in respect of the resolution relating to the proposed amendments to the Articles of Association (Draft). The votes to be taken at the EGM will be taken by poll.

RECOMMENDATIONS

The Board considers that the proposed amendments to the Articles of Association (Draft) have taken into account the current reasonable return for the Shareholders and also the capability of long-term sustainable development of the Company. They provide an institutionalized arrangement for the dividend distribution policy, and therefore are 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 resolution to be proposed at the EGM as set out in the notice of the EGM.

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.

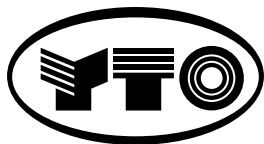
Yours faithfully,

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 19 January 2012 (Thursday) 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 1 December 2011.

AS SPECIAL RESOLUTION:

1. Conditional upon obtaining the approval from the CSRC and the completion of the Issue of A Shares, the proposed amendments to the Articles of Association (Draft) (details of which are set out in the announcement of the Company dated 1 December 2011) be approved and confirmed, and that any Director be and is hereby authorised to modify the wordings of such amendments as appropriate (such amendments will not be required to be approved by the shareholders of the Company) and execute all such documents and/or do all such acts as the Directors may, in their absolute discretion, deem necessary or expedient and in the interest of the Company in order to effect the Issue of A Shares, comply with the changes in the PRC laws and regulations, and satisfy the requirements (if any) of the relevant PRC authorities, and to deal with other related issues arising from the amendments to the Articles of Association (Draft) of the Company.

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

Luoyang, the PRC
1 December 2011

NOTICE OF EGM

As at the date of this notice, Mr. Zhao Yanshui is the Chairman and executive Director of the Company and Mr. Su Weike is the vice Chairman and non-executive Director of the Company. Other members of the Board are, three Executive Directors, namely, Ms. Dong Jianhong, Mr. Qu Dawei and Mr. Liu Jiguo; three non-executive Directors, namely, 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 20 December 2011 to 18 January 2012 (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 19 December 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 19 December 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.
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., 29 December 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