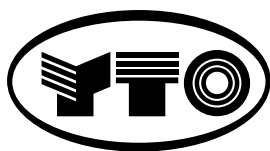

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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(s) 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)

**(1) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION
AND THE RULES OF PROCEDURES FOR THE SUPERVISORY COMMITTEE;
(2) PROVISION OF GUARANTEES;
(3) APPOINTMENT OF DIRECTORS;
AND
(4) NOTICE OF ANNUAL GENERAL MEETING**

A letter from the Board is set out on pages 1 to 10 of this circular.

A notice for convening the annual general meeting (the “**AGM**”) of First Tractor Company Limited (the “**Company**”) to be held at 2:30 p.m. on 29 May 2014, Thursday, at No. 154 Jianshe Road, Luoyang, Henan Province, the PRC is set out on pages 44 to 47 of this circular.

A form of proxy for use at the AGM 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. 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, or 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 AGM (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 AGM or any adjournment if you so desire.

25 April 2014

* *For identification purposes only*

CONTENTS

	<i>Pages</i>
Definitions	ii
Letter from the Board	1
Appendix I	11
Notice of AGM	44

DEFINITIONS

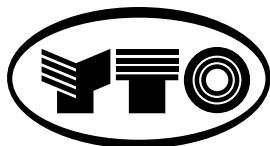
In this circular, the following expressions shall have the meanings stated below unless the context otherwise requires:

“AGM”	the 2013 annual general meeting of the Company to be convened and held at 2:30 p.m. on 29 May 2014, Thursday, at No.154 Jianshe Road, Luoyang, Henan Province, the PRC, for the Shareholders to consider, among other things, and, if thought fit, approve (1) the proposed amendments to the Articles of Association and the Rules of Procedures for the Supervisory Committee; (2) the Provision of Guarantees; and (3) the Appointment of Directors
“Appointment of Directors”	the proposed appointment of Mr. Wu Zongyan and Mr. Wang Kejun as non-executive Directors and Mr. Yu Zengbiao as an independent non-executive Director
“Articles of Association”	the articles of association of the Company
“A Share(s)”	the domestic shares of the Company of RMB1.00 each in the share capital of the Company, which are listed on the Shanghai Stock Exchange, and subscribed for and traded in RMB
“Board”	the board of Directors
“Company”	First Tractor Company Limited*(第一拖拉機股份有限公司), a joint stock company with limited liability incorporated in the PRC, the H Shares and A Share of which are listed on the main board of the Stock Exchange (Stock Code: 0038) and the Shanghai Stock Exchange (Stock Code: 601038) respectively
“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules
“controlling shareholder”	has the same meaning as ascribed to it 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
“Dealers”	dealers of agricultural machinery products of the Company under the brand name of “Dong Fanghong”
“Guaranteed Parties”	the Dealers and the Subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“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
“Latest Practicable Date”	24 April 2014, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“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
“Provision of Guarantees”	the proposed provision of guarantees by the Company (1) for the Dealers with a total amount of not more than RMB820 million; and (2) for the Subsidiaries, namely YTO Forklift, YLTM and YTO Shentong, with a total amount of not more than RMB64 million
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	registered holder(s) of the Shares
“Shares”	share of RMB1.00 each of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiaries”	YTO Forklift, YLTM and YTO Shentong
“substantial shareholder”	has the same meaning as ascribed to it under the Listing Rules
“YLTM”	YTO (Luoyang) Transporting Machinery Company Limited* (一拖(洛陽)搬運機械有限公司), a subsidiary of the Company
“YTO”	YTO Group Corporation* (中國一拖集團有限公司), the controlling shareholder of the Company
“YTO Forklift”	YTO (Luoyang) Forklift Company Limited* (一拖(洛陽)叉車有限公司), a wholly-owned subsidiary of the Company
“YTO Shentong”	YTO (Luoyang) Shentong Engineering Company Limited* (一拖(洛陽)神通工程機械有限公司), a wholly-owned subsidiary of the Company

* 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. Wang Erlong (*Vice Chairman*)

Mr. Yan Linguo

Mr. Guo Zhiqiang

Mr. Liu Jiguo

Mr. Wu Yong

Mr. Hong Xianguo**

Mr. Zhang Qiusheng**

Mr. Xing Min**

Mr. Wu Tak Lung**

Registered and principal office:

No. 154 Jianshe Road

Luoyang, Henan Province

The PRC

*** Independent non-executive Director*

25 April 2014

To the Shareholders

Dear Sir or Madam,

**(1) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION
AND THE RULES OF PROCEDURES FOR THE SUPERVISORY COMMITTEE;
(2) PROVISION OF GUARANTEES;
AND
(3) APPOINTMENT OF DIRECTORS**

INTRODUCTION

References are made to the announcements of the Company dated 27 March 2014 in relation to (1) the proposed amendments to the Articles of Association and the Rules of Procedures for the Supervisory Committee; (2) the Provision of Guarantees; and (3) the Appointment of Directors.

** For identification purposes only*

LETTER FROM THE BOARD

The purpose of this circular is (i) to provide you with further information relating to (1) the proposed amendments to the Articles of Association and the Rules of Procedures for the Supervisory Committee; (2) the Provision of Guarantees; and (3) the Appointment of Directors; and (ii) to give you a notice of the AGM to be convened for the Shareholders to approve, among other things, (1) the proposed amendments to the Articles of Association and the Rules of Procedures for the Supervisory Committee; (2) the Provision of Guarantees; and (3) the Appointment of Directors.

(1) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND THE RULES OF PROCEDURES FOR THE SUPERVISORY COMMITTEE

In light of 1) the issuance of relevant regulations regarding distribution of cash dividends and appointment of directors of listed companies promulgated by the CSRC since the initial public offering of A Shares of the Company in 2012; 2) the specific advices for amendments on the Articles of Association and definite requirements for controlling shareholders and the related parties, who shall not misappropriate funds of listed companies by abuse of their controlling status, given by Henan Bureau of the CSRC; and 3) the actual situation of the Company, the Board proposed to amend the existing Articles of Association and the Rules of Procedures for the Supervisory Committee.

Proposed amendments to the Articles of Association and the Rules of Procedures for the Supervisory Committee are set out in the Appendix I to this circular.

The English versions of the Articles of Association and the Rules of Procedures for the Supervisory Committee are unofficial translations of the Chinese versions. In the event of any inconsistency, the Chinese versions shall prevail.

The proposed amendments to the Articles of Association and the Rules of Procedures for the Supervisory Committee are subject to the approval of the Shareholders at the AGM and the approval of the relevant government authorities in the PRC.

LETTER FROM THE BOARD

(2) PROVISION OF GUARANTEES

I. Summary of the Guarantees

1. Provision of guarantees by the Company for the Dealers of agricultural machinery products under the brand name of “Dong Fanghong”: the Company will enter into cooperation agreements with financial institutions to obtain financial credit. The Dealers, who are selected by the Company and the relevant financial institutions, can apply to the financial institutions for trade financing in order to made payment to the Company for purchasing the Company’s products. The Company proposes to provide guarantees with a maximum amount of RMB820 million for the Dealers for financing purpose. The proposed guarantees will be available for use on a revolving basis and the amount of guarantees actually provided by the Company shall not exceed RMB820 million at any time during the validity period of the guarantees.
2. Provision of guarantees by the Company for the Subsidiaries: In light of the actual capital needs for the production and operation of the Subsidiaries, the Company proposes to provide guarantees with a total amount of not more than RMB64 million for the Subsidiaries for the financing provided by financial institutions. The proposed guarantees amount will be available for use on a revolving basis and the amount of guarantees actually provided by the Company shall not exceed RMB64 million at any time during the validity period of the guarantees. Details of the guarantees are set out below:

No.	Guaranteed Parties	Guarantee amount (RMB)
1	YTO Shentong	45 million
2	YLTM	14 million
3	YTO Forklift	5 million

3. The guarantees to be provided by the Company for the Dealers, YTO Forklift, YLTM and YTO Shentong shall be subject to the approval at the AGM. The validity period of the aforesaid guarantees shall commence from the date of approval at the AGM and end on the date of convening the 2014 annual general meeting of the Company.
4. Provision of counter-guarantees: all external guarantees provided by the Company shall be counter-guaranteed by the Guaranteed Parties.
5. Aggregated amount of overdue external guarantees of the Company: Nil

LETTER FROM THE BOARD

II. Basic Information of the Guaranteed Parties

1. The Dealers are non-connected persons of the Company.
2. For basic information of the Subsidiaries, please refer to Table 1 below. For major financial data of the latest two years of each Subsidiary, please refer to Table 2 below.

Table 1:

Guaranteed Parties	Registered Capital	Principal Business
YTO Shentong	RMB53 million	Manufacturing and sale of mining trucks, special vehicle and mechanical products for rural construction
YLTM	RMB55.88 million	Manufacturing, sale and maintenance of industrial forklifts and processing of general machineries
YTO Forklift	RMB28.6 million	Manufacturing, sale and maintenance of forklifts, power generating units, machinery products and accessories

Table 2:

Unit: RMB '0,000

Guaranteed Parties	Total Assets		Total Liabilities		Net Assets		Revenue		Net Profit	
	At the end of 2012	At the end of 2013	At the end of 2012	At the end of 2013	At the end of 2012	At the end of 2013	For the year of 2012	For the year of 2013	For the year of 2012	For the year of 2013
	YTO Shentong	26,884	29,192	24,233	34,062	2,651	-4,869	31,098	5,680	78
YLTM	8,448	8,328	5,992	6,414	2,456	1,914	8,361	7,581	-843	-541
YTO Forklift	4,681	6,097	4,827	6,400	-145	-1,304	5,282	4,461	-964	-1,158

The data set out in the table above was audited.

III. Main Contents of the Guarantee Agreements

Methods of guarantees include, but not limited to, guarantee of joint and several liability and repurchase guarantee.

The Company will enter into specific guarantee agreements with financial institutions according to the actual business needs of the Company within the limit of the guarantee amount.

IV. Opinion of the Board

On 27 March 2014, the tenth meeting of the sixth Board of the Company considered and approved “the Resolution in relation to Provisions of Guarantees by the Company to Dealers of Products under the Brand Name of “Dong Fanghong” under the Commercial Loan Business of the Company” and “the Resolution in relation to Provision of Entrusted Loans and Guarantees by the Company to Subsidiaries” with 10 affirmative votes, 0 negative vote and 0 abstaining vote.

Provision of guarantees by the Company for the Dealers for financing in purchasing the agricultural machinery products under the band name of “Dong Fanghong” can expand the financing channels of the Dealers, relieve the capital pressure of the Company and promote the sales of the Company’s products. Provision of guarantees by the Company for the Subsidiaries is mainly to satisfy the actual capital needs for the production and operation of the Subsidiaries, which is in the interest of the operation and development of the Company.

The Company has established and refined a credit examination and assessment system of the Dealers, and will make decision as to whether to provide guarantees or the guarantee amount, through review of materials and pre-loan investigation. The Company has de facto control on the Subsidiaries. Through more stringent monitoring of the business operation, capital and financial information of the Subsidiaries, the Company can keep abreast of the capital use of the Subsidiaries and the guarantee risks. The Company will take a series of risk management measures to ensure the overall safety of the Company’s capital and the overall controllability of the guarantee risks.

V. The Accumulated Amount of External Guarantees and the Accumulated Amount of Overdue Guarantees Provided by the Company

As at the Latest Practicable Date, the Company has no overdue guarantees.

As at the Latest Practicable Date, the accumulated amount of external guarantees provided by the Company and its subsidiaries was RMB498.54 million, representing 11.14% of the audited net assets of the Company for the latest period.

(3) APPOINTMENT OF DIRECTORS

On 10 January 2014, the Board announced that due to the reason for personal working development, Mr. Su Weike resigned as a non-executive Director, the vice chairman and a member of the Strategic and Investment Committee of the Company, and Mr Qu Dawei resigned as a non-executive Director of the Company, both taking effect from 10 January 2014. On 24 March 2014, the Board announced that due to the change of personal job, Mr. Zhang Qiusheng applied to resign as an independent non-executive Director, the chairman of the Audit Committee and the member of the Strategy and Investment Committee under the Board, taking effect from the date of appointment of new independent non-executive Director by the Shareholders at the AGM, prior to which Mr. Zhang Qiusheng should continue to perform his duty as an independent non-executive Director.

In order to fill the casual vacancy after the resignation of Mr. Su Weike and Mr Qu Dawei as non-executive Directors and the resignation of Mr. Zhang Qiusheng as an independent non-executive Director, the Company proposes to appoint Mr. Wu Zongyan and Mr. Wang Kejun as non-executive Directors and Mr. Yu Zengbiao as an independent non-executive Director, with a term of office from the date of approval of their appointment by the Shareholders at the AGM to 19 December 2015.

Details of the above proposed Directors are as follows:

Mr. Wu Zongyan (吳宗彥先生)

Mr. Wu Zongyan, aged 56, is a senior engineer with professorship, a senior member of Chinese Mechanical Engineering Society and a State Council expert with special allowance. Mr. Wu joined YTO in January 2014 and is currently the vice chairman of YTO. Mr. Wu was the vice general engineer of Luoyang Bearing Research Institute*(洛陽軸承研究所), and also the vice general manager, general manager and chairman of Luoyang Bearing Science & Technology Co., Ltd.* (洛陽軸研科技股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 002046) before joining YTO.

LETTER FROM THE BOARD

Mr. Wu studied mechanical manufacturing and computer applications technology in Hefei University of Technology, and was awarded a doctoral degree in engineering. In 1998, Mr. Wu continued to further his study at University of Warwick in strategic management of manufacturing. Mr. Wu has extensive experience in the fields of mechanical manufacturing and corporate management, etc.

Mr. Wang Kejun (王克俊先生)

Mr. Wang Kejun, aged 49, is a senior engineer. Mr. Wang joined YTO in July 1985 and is currently the vice general manager of YTO. Mr. Wang has served as a manager of the Energy Supply Branch of YTO and the assistant to general manager of YTO.

Mr. Wang studied electrical engineering in Hunan University and power engineering in Jiangsu University. He was awarded a master degree in engineering. Mr. Wang has extensive experience in the fields of power engineering and marketing, etc.

Mr. Yu Zengbiao (于增彪先生)

Mr. Yu Zengbiao, aged 58, is a PhD in economics (accounting), a professor of Tsinghua University, a doctoral supervisor, and a certified public accountant of the PRC. Mr. Yu worked at Hebei University from January 1996 to March 1999, serving as the first dean of Management Faculty, head of Accounting Department and a member of the academic board of the Hebei University. After that, Mr. Yu has served as a professor and doctoral supervisor in Tsinghua University since November 1999. He also serves as the independent directors of China Liancheng Orchid Co., Ltd.* (中國連城蘭花有限公司), Zhencai Stationery Co., Ltd.* (真彩文具股份公司), Bank of Kunlun* (昆侖銀行) and China Valves Technology Inc. (NASDAQ: CVVT). Mr. Yu studied in doctoral courses jointly supervised by Xiamen University and University of Illinois, US from November 1990 to July 1993, and graduated with a doctoral degree in economics (accounting) issued by Xiamen University. Mr. Yu has profound theoretical basis and abundant practical experience in accounting management, comprehensive budget management, design of internal control system, design and assessment of strategic management and control mechanism, etc.

Save as disclosed above, each of Mr. Wu, Mr. Wang and Mr. Yu does not hold any positions in the Company or any other members of the Company, nor did each of them hold any directorship in any other listed companies in the last three years.

LETTER FROM THE BOARD

Length of service and emolument

If Mr. Wu Zongyan and Mr. Wang Kejun are appointed as non-executive Directors and Mr. Yu Zengbiao is appointed as the independent non-executive Director, they will enter into service contracts with the Company for a term of office from the date of approval of their appointment by the Shareholders of the Company at the AGM to 19 December 2015. Pursuant to the “Remuneration Proposals for the Directors of the Sixth Board and Supervisors of the Sixth Supervisory Committee” as approved at the fourth extraordinary general meeting of the Company held on 20 December 2012, the Company will not pay remuneration to Mr. Wu Zongyan and Mr. Wang Kejun, whilst the Company will pay a remuneration (i.e. RMB60,000 per year) to Mr. Yu Zengbiao, which was determined with reference to the duties and responsibilities of the Director in the Company and the market rate of the position.

Relationships

Save as disclosed above, none of Mr. Wu Zongyan, Mr. Wang Kejun and Mr. Yu Zengbiao has relationship with any Directors, supervisors or senior management of the Company or with any substantial Shareholders or controlling Shareholders of the Company.

Interest in the shares of the Company

So far as the Directors are aware, as at the Latest Practicable Date, none of Mr. Wu Zongyan, Mr. Wang Kejun and Mr. Yu Zengbiao has any interest in the Shares of the Company (within the meaning of Part XV of the Securities and Futures Ordinance).

Matters that need to be brought to the attention of the Shareholders of the Company

In relation to the appointment of Mr. Wu Zongyan and Mr. Wang Kejun as non-executive Directors and the appointment of Mr. Yu Zengbiao as the independent non-executive Director, there is no information which is discloseable nor is/was Mr. Wu Zongyan, Mr. Wang Kejun or Mr. Yu Zengbiao involved in any of the matters required to be disclosed pursuant to Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules; and there is no other matter that needs to be brought to the attention of the Shareholders of the Company. The appointment of Mr. Wu Zongyan, Mr. Wang Kejun and Mr. Yu Zengbiao is subject to the approval at the AGM.

LETTER FROM THE BOARD

AGM

The AGM will be held at 2:30 p.m. on 29 May 2014, Thursday, at No. 154 Jianshe Road, Luoyang, Henan Province, the PRC, at which ordinary and/or special resolution(s) will be proposed to seek the Shareholders' approval for, among other things, (1) the proposed amendments to the Articles of Association and the Rules of Procedures for the Supervisory Committee; (2) the Provision of Guarantees; and (3) the Appointment of Directors. At the AGM, votes will be taken by poll.

The notice of the AGM is set out on pages 44 to 47 of this circular.

A form of proxy for use at the AGM 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. 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, or 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 AGM (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 AGM or any adjournment if you so desire.

RECOMMENDATIONS

The Directors (including the independent non-executive Directors) consider that (1) the proposed amendments to the Articles of Association and the Rules of Procedures for the Supervisory Committee; (2) the Provision of Guarantees; and (3) the Appointment of Directors are in the interests of the Company and the Shareholders as a whole and therefore recommend all Shareholders to vote in favour of the relevant resolution(s) for approving (1) the proposed amendments to the Articles of Association and the Rules of Procedures for the Supervisory Committee; (2) the Provision of Guarantees; and (3) the Appointment of Directors to be proposed at the AGM.

LETTER FROM THE BOARD

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 misleading.

Yours faithfully,
For and on behalf of
First Tractor Company Limited
Zhao Yanshui
Chairman

Proposed amendments to the Articles of Association are set out below:

ARTICLE 32

Existing Article 32: “When the Company is to reduce its capital, it shall prepare a balance sheet and an inventory of assets.

The Company shall notify its creditors within ten (10) days of the date of the Company’s resolution for reduction of capital and shall publish an announcement in newspaper within thirty (30) days of the date of such resolution. A creditor has the right within thirty (30) days of receipt of the notice from the Company or, in the case of a creditor who does not receive such notice, within forty-five (45) days of the date of the public announcement, to require the Company to repay its debts or to provide a corresponding guarantee for such debt.

The Company’s registered capital shall not, after the capital reduction, be less than the minimum amount as prescribed by law.

Any reduction in the registered capital of the Company shall be registered with the Company’s registration authorities as stipulated by laws.”

Amended Article 32: “When the Company is to reduce its capital, it shall prepare a balance sheet and an inventory of assets.

The Company shall notify its creditors within ten (10) days of the date of the Company’s resolution for reduction of capital and shall publish an announcement in newspaper within thirty (30) days of the date of such resolution. A creditor has the right within thirty (30) days of receipt of the notice from the Company or, in the case of a creditor who does not receive such notice, within forty-five (45) days of the date of the public announcement, to require the Company to repay its debts or to provide a corresponding guarantee for such debt.

Any reduction in the registered capital of the Company shall be registered with the Company’s registration authorities as stipulated by laws.”

ARTICLE 66

Existing Article 66: “The Company’s controlling shareholders and people with de facto control may not impair the Company’s interests by virtue of their connected relationship. In the event of any loss to the Company arising from the violation of the relevant requirements, they shall be liable for compensation.

The Company’s controlling shareholders and people with de facto control owe fiduciary duties to the Company. The controlling shareholders shall strictly exercise their rights as capital contributors, and may not impair the lawful interests of the Company and shareholders of public shares by way of profit distribution, asset reorganisation, foreign investment, appropriation of capital, provision of guarantee for loans etc. They shall not impair the lawful interests of the Company and shareholders of public shares by virtue of their controlling status.”

Amended Article 66: “The controlling shareholders shall not impair the interests of the Company and public shareholders by abuse of their controlling status and by ways of connected transactions, assets restructuring, loan guarantees, etc. Misappropriation of the Company’s funds is strictly limited in the operating fund transactions of the Company with controlling shareholders and other related parties. Controlling shareholders and other related parties shall not require advancement of period expenses such as salary, welfare, insurance, advertisement, etc., to be paid by the Company; neither shall they undertake each other’s cost and other expenditures.

Once the controlling shareholders and persons with de facto control misappropriate the Company’s assets and impair interests of the Company and public shareholders, the Board shall adopt effective measures to request the controlling shareholders to cease such impairment and undertake the responsibilities for compensation.”

ARTICLE 70

Existing Article 70: “The shareholders’ general meeting shall exercise the following functions and powers:

- (1) To decide on the business policies and investment plans of the Company;
- (2) To elect and replace Directors and decide on matters concerning the remuneration of Directors;
- (3) To elect and replace the supervisors who are to be appointed from among the shareholders’ representatives and decide on matters concerning the remuneration of supervisors;
- (4) To examine and approve the Board of Directors’ reports;
- (5) To examine and approve the Board of Supervisors’ reports;
- (6) To examine and approve the Company’s annual financial budget and final account proposals;
- (7) To examine and approve the Company’s profit distribution plans and loss recovery plans;
- (8) To pass resolutions concerning the increase or reduction of the Company’s registered capital;
- (9) To pass resolutions on matters such as the merger, division, dissolution, liquidation or restructuring of the Company;
- (10) To pass resolutions on the issuance of debentures by the Company;

- (11) To pass resolutions on the appointment, dismissal or refusal of re-appointment of accounting firms by the Company;
- (12) To amend the Articles of Association of the Company; and
- (13) To examine proposals raised by the shareholders individually or jointly holding more than 3% of the Company's shares;
- (14) To pass resolutions on transactions in respect of any acquisition or disposal of significant assets with amounts exceeding 30% of the latest audited total assets of the Company within one year;
- (15) To pass resolutions on external guarantees which, according to the laws, regulations and the Articles of Association, shall be considered and approved by general meetings;
- (16) To consider and approve changes in the use of proceeds raised;
- (17) To consider and approve share option incentive scheme;
- (18) Other matters that laws, administrative regulations and the Company's Articles of Association require to be resolved by the general meeting."

Amended Article 70: "The shareholders' general meeting shall exercise the following functions and powers:

- (1) To decide on the business policies and investment plans of the Company;
- (2) To elect and replace Directors and decide on matters concerning the remuneration of Directors;
- (3) To elect and replace the supervisors who are not appointed from employee representatives and decide on matters concerning the remuneration of supervisors;
- (4) To examine and approve the Board of Directors' reports;
- (5) To examine and approve reports from the Supervisory Committee;

- (6) To examine and approve the Company's annual financial budget and final account proposals;
- (7) To examine and approve the Company's profit distribution plans and loss recovery plans;
- (8) To pass resolutions concerning the increase or reduction of the Company's registered capital;
- (9) To pass resolutions on matters such as the merger, division, dissolution, liquidation or restructuring of the Company;
- (10) To pass resolutions on the issuance of debentures by the Company;
- (11) To pass resolutions on the appointment, dismissal or refusal of re-appointment of accounting firms by the Company;
- (12) To amend the Articles of Association; and
- (13) To examine proposals raised by the shareholders individually or jointly holding more than 3% of the Company's shares;
- (14) To pass resolutions on transactions in respect of any acquisition or disposal of significant assets with amounts exceeding 30% of the latest audited total assets of the Company within one year;
- (15) To pass resolutions on external guarantees which, according to the laws, administrative regulations, the listing rules of the stock exchanges where the Company's shares are listed and the Articles of Association, shall be considered and approved by general meetings;
- (16) To consider and approve changes in the use of proceeds raised;
- (17) To consider and approve share option incentive scheme;
- (18) Other matters that the laws, administrative regulations, the listing rules of the stock exchanges where the Company's shares are listed and the Articles of Association require to be resolved by the general meeting."

ARTICLE 71

Existing Article 71: “The provision of external guarantee by the Company shall be considered and approved by the Board. The following guarantees shall be considered by the Board and submitted to general meeting for consideration and approval:

- (1) Any provision of guarantee when the aggregate amount of the guarantees provided by the Company and its controlling subsidiaries reaches or exceeds 50% of the latest audited net assets of the Company;
- (2) The provision of guarantee to a debtor whose asset to liability ratio exceeds 70%;
- (3) The amount of any single guarantee exceeds 10% of the latest audited net assets of the Company;
- (4) The guarantee provided to shareholders, de facto controller and their associates;
- (5) Any provision of guarantee when the aggregate amount of the external guarantees provided by the Company reaches or exceeds 30% of the latest audited total assets of the Company;
- (6) Other guarantees that shall be submitted to a general meeting for consideration and approval under the laws, regulations and the Articles of Association.

If the Directors, general managers and other Senior Management violate the provisions of the laws, administrative regulations or the Articles of Association governing the scope of authorization and the approval procedures for providing external guarantee, and such violation causes damage to the Company, they shall be liable for compensation. The Company may also bring an action against them pursuant to the laws.”

Amended Article 71: “The provision of external guarantee by the Company shall be considered and approved by the Board. The following guarantees shall be considered by the Board and submitted to general meeting for consideration and approval:

- (1) Any provision of guarantee when the aggregate amount of the guarantees provided by the Company and its controlling subsidiaries exceeds 50% of the latest audited net assets of the Company;
- (2) The provision of guarantee to a debtor whose asset to liability ratio exceeds 70%;
- (3) The amount of any single guarantee exceeds 10% of the latest audited net assets of the Company;
- (4) The amount of the external guarantees exceeds 30% of the latest audited total assets of the Company according to the accumulative principle within twelve (12) consecutive months;
- (5) The amount of any guarantees exceeds 50% of the latest audited net assets of the Company according to the accumulative principle within twelve (12) consecutive months;
- (6) Other guarantees that shall be submitted to a general meeting for consideration and approval under the laws, regulations, listing rules of relevant stock exchanges and the Articles of Association.

The guarantees set out at paragraph (4) above shall be approved by more than two thirds of the voting rights held by the shareholders present in the meetings.

The Company and its controlling subsidiaries shall not provide guarantees to its shareholders, persons with de facto control and their related parties.

If the Directors, general managers and other Senior Management violate the provisions of the laws, administrative regulations or the Articles of Association governing the scope of authorization and the approval procedures for providing external guarantee, and such violation causes damage to the Company, they shall be liable for compensation. The Company may also bring an action against them pursuant to the laws.”

ARTICLE 83

Existing Article 83: “The notice of a general meeting shall meet the following requirements:

- (1) The notice shall be issued by means of a public announcement or other means (if necessary) as prescribed in the Articles of Association of the Company;
- (2) It shall specify the place, date and time of the meeting;
- (3) Set out the matters and proposals to be considered at the meeting;
- (4) It shall provide to the shareholders the information and explanation necessary for them to make a sensible decision on the matters to be discussed. This principle shall apply (but not limit) when the Company proposes a merger, repurchasing of shares, reorganization of share capital or other restructuring, it shall provide the specific conditions and contract (if any) of the transaction under discussions and earnestly explain the cause and result of the transaction;
- (5) Where any Director, supervisor, general manager or other senior officers have a material interest in respect of the matter to be discussed, then the nature and extent of that interest shall be disclosed; where the impact of the matters to be discussed on such Director, supervisor, manager or other senior officers who are shareholders is different from the impact on other shareholders of the same type, then that difference shall be illustrated;
- (6) It shall contain the full text of any special resolution proposed to be adopted at the meeting;
- (7) It shall contain a conspicuous statement that shareholders entitled to attend and vote have the right to entrust one or more proxies to attend and vote on their behalf and that such proxy need not be a shareholder; and
- (8) It shall state the time and place for the delivery of the meeting’s proxy’s forms;

- (9) Specify the book closure date for shareholders who are entitled to attend the general meeting;
- (10) Provide name and telephone number of the contact person.”

Amended Article 83: “The notice of a general meeting shall meet the following requirements:

- (1) The notice shall be issued by means of a public announcement or other means (if necessary) as prescribed in the Articles of Association;
- (2) It shall specify the place, date and time of the meeting;
- (3) Set out the matters and proposals to be considered at the meeting;
- (4) It shall provide to the shareholders the information and explanation necessary for them to make a sensible decision on the matters to be discussed. This principle shall apply (but not limit) when the Company proposes a merger, repurchasing of shares, reorganization of share capital or other restructuring, it shall provide the specific conditions and contract (if any) of the transaction under discussions and earnestly explain the cause and result of the transaction;
- (5) Where any Director, supervisor, general manager or other senior officers have a material interest in respect of the matter to be discussed, then the nature and extent of that interest shall be disclosed; where the impact of the matters to be discussed on such Director, supervisor, manager or other senior officers who are shareholders is different from the impact on other shareholders of the same type, then that difference shall be illustrated;
- (6) It shall contain the full text of any special resolution proposed to be adopted at the meeting;
- (7) It shall contain a conspicuous statement that shareholders entitled to attend and vote have the right to entrust one or more proxies to attend and vote on their behalf and that such proxy need not be a shareholder; and

- (8) It shall state the time and place for the delivery of the meeting's proxy's forms;
- (9) Specify the book closure date for shareholders who are entitled to attend the general meeting;
- (10) Provide name and telephone number of the contact person;
- (11) Where a general meeting is held online or by other such means, the notice shall expressly state the time and the procedures of the voting online or by other such means."

ARTICLE 84

Existing Article 84: "Notice of general meetings shall be served on each shareholder (no matter how such shareholder is entitled to vote at the meeting) by public announcement, personal delivery or prepaid mail to the address of the shareholder as shown in the register of members.

The notice of a general meeting to holders of domestic shares shall be published on one (1) or more national newspapers designated by the securities authority of the State Council within forty-five (45) days to fifty (50) days before the date of the meeting; after the publication of such notice, the holders of domestic shares shall be deemed to have received the notice of the relevant general meeting.

The notice of a general meeting to holders of foreign-invested shares shall be published on the Company's website and/or the website of the stock exchange where the overseas-listed foreign-invested shares are listed within forty-five (45) days to sixty (60) days before the date of the meeting. In case that the laws and regulations and the Listing Rules where shares of the Company are listed are complied with, the holders of foreign-invested shares shall be deemed to have received the notice of the relevant general meeting after the publication of such notice."

Amended Article 84: “Notice of general meetings shall be served on each shareholder (no matter how such shareholder is entitled to vote at the meeting) by public announcement, personal delivery or prepaid mail to the address of the shareholder as shown in the register of members.

The notice of a general meeting to holders of domestic shares shall be published on one (1) or more national newspapers designated by the securities authority of the State Council or via other means permitted by the securities authority of the State Council from time to time within forty-five (45) days to sixty (60) days before the date of the meeting; after the publication or issue of such notice, the holders of domestic shares shall be deemed to have received the notice of the relevant general meeting.

The notice of a general meeting to holders of foreign-invested shares shall be published on the Company’s website and/or the website of the stock exchange where the overseas-listed foreign-invested shares are listed within forty-five (45) days to sixty (60) days before the date of the meeting. In case that the laws and regulations and the Listing Rules where shares of the Company are listed are complied with, the holders of foreign-invested shares shall be deemed to have received the notice of the relevant general meeting after the publication of such notice.”

ARTICLE 90

Existing Article 90: “Individual shareholders attending the general meeting in person shall produce their identity cards, or valid certificates or certifications or stock account cards which can prove their capacities; while proxies shall produce their identity cards and power of attorney.

A corporate shareholder shall be represented by its legal representative or a proxy appointed by the legal representative at the meeting. Legal representatives shall present their identity cards and valid proofs of their legal representative identity when they attend the meeting. In the case that a proxy is appointed, the proxy shall present his own identity card and the power of attorney in writing issued by the legal representative of the corporate shareholder as stipulated by laws.”

Amended Article 90: “Individual shareholders attending the general meeting in person shall produce their identity cards, or valid certificates or certifications or stock account cards which can prove their capacities; while proxies shall produce their identity cards and power of attorney.

A corporate shareholder shall be represented by its legal representative or a proxy appointed by the legal representative at the meeting. Legal representatives shall present their identity cards and valid proofs of their legal representative identity when they attend the meeting. In the case that a proxy is appointed, the proxy shall present his own identity card and the valid power of attorney in writing issued by the corporate shareholder.”

ARTICLE 93

Existing Article 93: “Any proxy form issued by the Board of Directors of the Company to the shareholders for the appointment of proxies shall give the shareholders free choice to instruct their proxies to cast an affirmative or negative vote and enable the shareholders to give separate instructions on each matter to be voted during discussions at the meeting. The proxy form shall specify that in the absence of instructions from the shareholder, the proxy may vote as he thinks fit.”

Amended Article 93: “Any proxy form issued by the Board of Directors of the Company to the shareholders for the appointment of proxies shall give the shareholders free choice to instruct their proxies to cast affirmative or negative votes or abstain from voting and enable the shareholders to give separate instructions on each matter to be voted during discussions at the meeting. The proxy form shall specify that in the absence of instructions from the shareholder, the proxy may vote as he thinks fit.”

ARTICLE 97

Existing Article 97: “Resolutions of the general meeting can be ordinary resolutions or special resolutions.

Ordinary resolutions of the general meeting shall be passed by more than half of the voting rights held by the shareholders (including proxies) present at the meeting.

Special resolutions of the general meeting shall be passed by more than two-thirds of the voting rights held by the shareholders (including proxies) present at the meeting.”

Amended Article 97: “Resolutions of the general meeting can be ordinary resolutions or special resolutions.

Ordinary resolutions of the general meeting shall be passed by more than half of the voting rights held by the shareholders (including proxies) present at the meeting.

Special resolutions of the general meeting shall be passed by more than two thirds of the voting rights held by the shareholders (including proxies) present at the meeting.”

ARTICLE 99

Existing Article 99: “When a poll is adopted, shareholders (including proxies) having the right to two or more votes need not cast all of their voting rights in the same way.”

Amended Article 99: “When a poll is adopted, shareholders (including proxies) having the right to two or more votes need not cast all of their voting rights for affirmative or negative votes or abstention of votes.”

ARTICLE 109

Existing Article 109: “The following matters shall be resolved by way of a special resolution of the general meeting:

- (1) Increase or reduction of the Company share capital and issuance of any class of shares, warrants or other similar securities;
- (2) Issuance of Company’s debentures;
- (3) Division, merger, dissolution and liquidation of the Company;
- (4) Amendment to the Articles of Association of the Company; and
- (5) The Company’s acquisition and disposal of major assets or provision of guarantees within one year with an amount exceeding 30% of the latest audited total assets of the Company;
- (6) Share incentive schemes; and
- (7) Other matters that, as resolved by way of an ordinary resolution of the general meeting, may have a significant impact on the Company and require adoption by way of a special resolution.”

Amended Article 109: “The following matters shall be resolved by way of a special resolution of the general meeting:

- (1) Increase or reduction of the Company share capital and issuance of any class of shares, warrants or other similar securities;
- (2) Issuance of Company’s debentures;
- (3) Division, merger, dissolution and liquidation of the Company;
- (4) Amendment to the Articles of Association;
- (5) The Company’s acquisition and disposal of major assets or provision of guarantees within one year with an amount exceeding 30% of the latest audited total assets of the Company;

- (6) Share incentive schemes; and
- (7) Other matters which, according to the laws, administrative regulations, the listing rules of the stock exchanges where the Company's shares are listed and the Articles of Association and resolved by way of an ordinary resolution of the general meeting which may have a significant impact on the Company, shall be approved by way of a special resolution."

ARTICLE 113

Existing Article 113: "If the chairman of the meeting has any doubts as to the result of a resolution put to the vote, he may count the number of votes cast. If the chairman of the meeting fails to count the votes, a shareholder or proxy attending the meeting who challenges the result announced by the chairman of the meeting may, immediately after the declaration of the result, demand that the votes be counted and the chairman of the meeting shall immediately count the votes."

Amended Article 113: "If the chairman of the meeting has any doubts as to the result of a resolution put to the vote, he may count the votes. If the chairman of the meeting fails to count the votes, a shareholder or proxy attending the meeting who challenges the result announced by the chairman of the meeting may, immediately after the declaration of the result, demand that the votes be counted and the chairman of the meeting shall immediately count the votes."

ARTICLE 130

Existing Article 130: "The Directors may be elected at the general meeting by way of cumulative voting. Where election of more than two Directors by way of cumulative voting, the number of votes held by each shareholder shall equal to the product of the number of his votes held multiplied by the number of Directors he is entitled to elect. Each shareholder has the right to cast all his votes to one, two or more Director candidates, or to all Director candidates at his discretion. The candidate(s) with the most votes shall be elected as Director(s)."

Amended Article 130: “Where the shareholding of the controlling shareholders in the Company exceeds 30%, cumulative voting shall be adopted at the general meetings of the Company for election of Directors (including independent Directors) and supervisors (non-employee representative supervisors).

In the cumulative voting, each share carries a number of voting rights equivalent to the number of Directors or supervisors to be elected. A shareholder may freely allocate his votes among the nominated Directors and supervisors, either to allocate to a number of persons, or to vote all in favour of one person. According to the number of votes that the nominated Directors and supervisors have got and the number of directors or supervisors proposed to be elected, those who have got more votes shall be appointed.”

ARTICLE 138

Existing Article 138: “(1) If the Board of Directors has specified the time and place of the board meeting in advance, no service of notice is required; If the time and location of Board meetings have not been specified by the Board in advance, the Chairman shall order the secretary to the Board to notify the all Directors and supervisors the meeting time and venue by way of telex, telegraph, fax, courier, registered mail, email or in person no less than 14 days and no more than 30 days prior to such meeting.

(2) When convening an extraordinary Board meeting in emergency, the Chairman shall authorize the secretary to the Board to notify all Directors and supervisors the meeting time, venue and means by way of telex, telegraph, email or in person no less than 2 days and no more than 10 days prior to such meeting.

(3) The notice shall be written in Chinese, if necessary, the English version can be attached. The agenda and topics of the meeting shall be included.

(4) Where a Director, who is present at the meeting, has not raised any objection that he/she has not been notified of the meeting before or at the meeting, such Director shall be deemed to have notified of the meeting.”

**APPENDIX I PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND
THE RULES OF PROCEDURES FOR THE SUPERVISORY COMMITTEE**

- Amended Article 138: “(1) If the Board of Directors has specified the time and place of the board meeting in advance, no service of notice is required; If the time and location of Board meetings have not been specified by the Board in advance, the Chairman shall order the secretary to the Board to notify all Directors and supervisors the time and venue of regular meetings by way of fax, courier, registered mail, email or in person no less than 14 days and no more than 30 days prior to such meeting.
- (2) When convening an extraordinary Board meeting in emergency, the Chairman shall authorize the secretary of the Board (the company secretary) to notify all Directors and supervisors the meeting time, venue and means by way of email or in person no less than 2 days and no more than 10 days prior to such meeting.
- (3) The notice shall be written in Chinese, if necessary, the English version can be attached. The agenda and topics of the meeting shall be included.
- (4) Where a Director, who is present at the meeting, has not raised any objection that he/she has not been notified of the meeting before or at the meeting, such Director shall be deemed to have notified of the meeting.”

ARTICLE 141

- Existing Article 141: “(1) Meetings of Board of Directors shall be attended by the Directors in person. If a Director cannot attend a meeting for any reason, he may entrust in writing another Director with attending the meeting on his behalf and the letter of entrustment shall specify the scope of authorization.
- (2) A Director shall be deemed to have failed to perform his duties if he fails to attend the Board meetings in person twice consecutively nor appointed other Directors to attend the meetings on his behalf. The Board shall make recommendations to general meetings to replace such Director.

- (3) A Director who attends a meeting on behalf of another Director shall exercise the rights of a Director within the scope of authority granted. If a Director fails to attend a meeting of the Board of Directors and has not appointed a representative to attend on his behalf, he shall be deemed to have waived his voting rights in respect of that meeting.
- (4) The appointed representative must be a Director. When the quorum of attendants to the meeting of the Board of Directors is counted, the representative shall be calculated separately for himself and for the Director being on behalf of. He does not have to use all of his voting rights to cast affirmative or negative votes at the same time. Directors shall also inform the Company of the termination of the appointment of the representatives.”

Amended Article 141: “(1) Meetings of Board of Directors shall be attended by the Directors in person. If a Director cannot attend a meeting for any reason, he may entrust in writing another Director with attending the meeting on his behalf and the letter of entrustment shall specify the scope of authorization.

- (2) A Director shall be deemed to have failed to perform his duties if he fails to attend the Board meetings in person twice consecutively nor appointed other Directors to attend the meetings on his behalf. The Board shall make recommendations to general meetings to replace such Director.
- (3) A Director who attends a meeting on behalf of another Director shall exercise the rights of a Director within the scope of authority granted. If a Director fails to attend a meeting of the Board of Directors and has not appointed a representative to attend on his behalf, he shall be deemed to have waived his voting rights in respect of that meeting.
- (4) The appointed representative must be a Director. When the quorum of attendants to the meeting of the Board of Directors is counted, the representative shall be calculated separately for himself and for the Director being on behalf of. He does not have to use all of his voting rights to cast affirmative or negative votes or abstention of votes at the same time. Directors shall also inform the Company of the termination of the appointment of the representatives.”

ARTICLE 146

Existing Article 146: “Written resolutions signed and agreed by all Directors shall be deemed as effective as the resolutions approved at a lawfully convened meeting of the Board of Directors. Such resolution in writing may be composed by multiple copies of a document, each of which is signed by one or more Directors. For the purposes of this Article, a resolution signed by the Director(s) and sent to the Company by means of telegraph, telex, mail, fax or personal delivery shall be deemed as a document signed by him (them).”

Amended Article 146: “Written resolutions signed and agreed by all Directors shall be deemed as effective as the resolutions approved at a lawfully convened meeting of the Board of Directors. Such resolution in writing may be composed by multiple copies of a document, each of which is signed by one or more Directors. For the purposes of this Article, a resolution signed by the Director(s) and sent to the Company by means of mail, fax or personal delivery shall be deemed as a document signed by him (them).”

ARTICLE 161

Existing Article 161: “The Board of Supervisors shall be composed of 6 supervisors, one of whom shall be the chairman of the Board of Supervisors. The terms of office of a supervisor shall be 3 years. The election or removal of the chairman of the Board of Supervisors shall be determined by the affirmative votes of two-thirds or more of the members of the Board of Supervisors.”

Amended Article 161: “The supervisory committee shall be composed of 6 supervisors, one of whom shall be the chairman of the supervisory committee. The terms of office of a supervisor shall be 3 years. The election, appointment or removal of the chairman of the supervisory committee shall be determined by the affirmative votes of two thirds or more of all the supervisors.”

ARTICLE 164

Existing Article 164: “Meetings of the supervisory committee shall be held at least once every six months and shall be convened and presided over by the chairman of the supervisory committee. Where the chairman of the supervisory committee cannot or fails to perform his duties, a majority of the supervisors may jointly designate a supervisor to convene and preside over the meeting of the supervisory committee. Notice of a meeting of the supervisory committee shall be delivered to all supervisors 10 days prior to the meeting. The notice of meeting of the supervisory committee shall include the following contents:

- (1) The date, venue and duration of the meeting;
- (2) The reasons for and the agenda of the meeting;
- (3) The date of dispatching the notice.”

Amended Article 164: “Meetings of the supervisory committee shall include regular meetings and extraordinary meetings. Regular meetings of the supervisory committee shall be held at least once every six months. Supervisors can propose to convene an extraordinary meeting of the supervisory committee as the case may require. Meetings of the supervisory committee shall be convened and presided over by the chairman of the supervisory committee. Where the chairman of the supervisory committee cannot or fails to perform his duties, a majority of the supervisors may jointly designate a supervisor to convene and preside over the meeting of the supervisory committee.”

New Article 165: “Notice of regular meetings of the supervisory committee shall be delivered to all supervisors ten (10) days prior to the meeting in writing or by email, etc. In case of emergency, an extraordinary meeting of the supervisory committee shall be convened by giving a notice by email, fax or telephone to all supervisors not less than 2 days and not more than 10 days before the date of the meeting, which shall specify the time, location and method of the meeting. The notice of meeting of the supervisory committee shall include the following contents:

- (1) The date, venue and duration of the meeting;
- (2) The reasons for and the agenda of the meeting;

(3) Contact person and contact information;

(4) The date of dispatching the notice.”

New Article 166: “The meetings of the supervisory committee may be convened by way of conference, teleconference or combination of both means.”

ARTICLE 166

Existing Article 166: “The supervisory committee shall be accountable to the shareholders’ general meeting and exercise the following functions and powers according to law:

- (1) To review the Company’s financial position;
- (2) To exercise supervision over the performance by the Directors and senior officers of their official duties and to propose the dismissal of any Director, general manager, or senior officer who is in violation of laws, administrative regulations, the Articles of Association of the Company, or resolutions of the shareholders’ meeting;
- (3) To require a Director, the general manager or other senior officers of the Company to correct an act of such act is harmful to the Company’s interests;
- (4) To verify financial information such as financial reports, business reports, profit distribution plans, etc that the board of Directors intends to submit to the shareholders’ general meeting and, if in doubt, to be able to appoint, in the name of the Company, a registered accountant or practicing auditor to assist in reviewing such information;
- (5) To propose extraordinary shareholders’ general meetings, and to convene and preside over a shareholders’ general meeting when the Board of Directors fails to perform its duty to convene and preside over a shareholders’ general meeting as prescribed in there Articles of Association;
- (6) To submit proposals to the shareholder’s general meeting;

- (7) To initiate legal proceedings against any Director, general manager or senior officer in accordance with the provisions of Article 152 of the “Company Law”; and
- (8) Other functions and powers as specified in the Articles of Association of the Company.

The supervisors may attend meetings of the Board of Directors as non-voting attendees and make inquiries or suggestions about matters on which the Board of Directors has passed resolutions.”

Amended Article 168: “The supervisory committee shall be accountable to the shareholders’ general meeting and exercise the following functions and powers according to law:

- (1) To review the Company’s financial position and the Company’s regular reports and provide opinions thereon in writing;
- (2) To exercise supervision over the performance by the Directors and senior officers of their official duties, to assess the performance of duties by Directors and to propose the dismissal of any Director, general manager, or senior officer who is in violation of laws, administrative regulations, the Articles of Association, or resolutions of the shareholders’ meeting;
- (3) To require a Director, the general manager or other senior officers of the Company to correct an act of such act is harmful to the Company’s interests;
- (4) To verify financial information such as financial reports, business reports, profit distribution plans, etc that the board of Directors intends to submit to the shareholders’ general meeting and, if in doubt, to be able to appoint, in the name of the Company, a registered accountant or practicing auditor to assist in reviewing such information;
- (5) To propose extraordinary shareholders’ general meetings, and to convene and preside over a shareholders’ general meeting when the Board of Directors fails to perform its duty to convene and preside over a shareholders’ general meeting as prescribed in the Articles of Association;

- (6) To submit proposals to the shareholder's general meeting;
- (7) To initiate legal proceedings against any Director, general manager or senior officer in accordance with the provisions of Article 152 of the "Company Law";
- (8) To supervise and evaluate the implementation of the information disclosure and the investor relations management of the Company; and
- (9) Other functions and powers as specified in the Articles of Association.

The supervisors may attend meetings of the Board of Directors as non-voting attendees and make inquiries or suggestions about matters on which the Board of Directors has passed resolutions."

ARTICLE 211

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

- (1) The Company adopts consistent and stable profit distribution policy, which should emphasize on investors' reasonable investment return while ensuring the Company's continuous development;
- (2) The Company may distribute dividends by way of cash, bonus shares or a combination of both;
- (3) When the condition allows, subject to the authorization at the general meeting, the Board may distribute interim dividends or bonus;
- (4) 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;
- (5) 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."

Amended Article 213: “The Company’s profit distribution policy is as follows:

- (1) The Company adopts consistent and stable profit distribution policy, which should emphasize on investors’ reasonable investment return while ensuring the Company’s continuous development;
- (2) The Company may distribute dividends by way of cash, bonus shares or a combination of both, and cash dividends are preferred by the Company in profit distribution;
- (3) When the condition allows, subject to the authorization at the general meeting, the Board may distribute interim dividends or bonus;
- (4) 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;
- (5) 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

Existing Article 212: “The procedures for the Company’s profit distribution decisions and execution are as follows:

- (1) 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.

- (2) The profit distribution plan can only be implemented upon being considered and approved at the general meeting.
- (3) 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.”

Amended Article 214: “The procedures for the Company’s profit distribution decisions and execution are as follows:

- (1) 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 213 of the Articles of Association.
- (2) The Company shall announce the advices of the independent Directors while publishing announcement on Board resolutions or notice of the relevant general meetings. When the profit distribution plan is being considered at the general meetings, various means shall be adopted to communicate and exchange ideas with the shareholders, especially the minority shareholders, and their opinions and demands shall be fully listened to.
- (3) The profit distribution plans can only be implemented upon being considered and approved at the general meetings of the Company.
- (4) 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

Existing 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.”

Amended Article 215: “If the Company needs to adjust the profit distribution policy due to material changes in external operating environment or its own operating conditions, the Board shall propose a resolution on the adjustment of the profit distribution policy based on the actual situation, and the adjusted profit distribution policy shall not breach any regulations of the CSRC and the stock exchanges and shall be for the best interests of the shareholders. The independent non-executive directors shall issue written review opinions on the adjustment of the profit distribution policy and the relevant proposals on the adjustment of the profit distribution policy, after being considered by the Board, shall be proposed to the general meetings for consideration and approval by more than two thirds of the voting rights held by the shareholders present at the general meetings.

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.”

Proposed amendments to the Rules of Procedures for the Supervisory Committee are set out below:

ARTICLE 4

Existing Article 4: “The Company shall have a supervisory committee. The supervisory committee shall comprise 6 supervisors, one of whom shall be the chairman of the supervisory committee. The terms of office of a supervisor shall be 3 years. The appointment or removal of the chairman of the supervisory committee shall be decided by two thirds or more of the supervisors.”

Amended Article 4: “The Company shall have a supervisory committee. The supervisory committee shall comprise 6 supervisors, one of whom shall be the chairman of the supervisory committee. The terms of office of a supervisor shall be 3 years. The election or removal of the chairman of the supervisory committee shall be decided by two thirds or more of all the supervisors.”

ARTICLE 9

Existing Article 9: “The supervisory committee shall be accountable to the shareholders’ general meeting and exercise the following functions and powers according to law:

- (1) To review the Company’s financial position;
- (2) To exercise supervision over the performance by the Directors and senior officers of their official duties and to propose the dismissal of any Director, general manager, or senior officer who is in violation of laws, administrative regulations, the Articles of Association of the Company, or resolutions of the shareholders’ meeting;
- (3) To require a Director, the general manager or other senior officers of the Company to correct an act of such act is harmful to the Company’s interests;
- (4) To verify financial information such as financial reports, business reports, profit distribution plans, etc that the board of Directors intends to submit to the shareholders’ general meeting and, if in doubt, to be able to appoint, in the name of the Company, a registered accountant or practicing auditor to assist in reviewing such information;

- (5) To propose extraordinary shareholders' general meetings, and to convene and preside over a shareholders' general meeting when the Board of Directors fails to perform its duty to convene and preside over a shareholders' general meeting as prescribed in the Articles of Association;
- (6) To submit proposals to the shareholder's general meeting;
- (7) To initiate legal proceedings against any Director, general manager or senior officer in accordance with the provisions of Article 152 of the "Company Law"; and
- (8) Other functions and powers as specified in the Articles of Association of the Company.

The supervisors may attend meetings of the Board of Directors as non-voting attendees and make inquiries or suggestions about matters on which the Board of Directors has passed resolutions."

Amended Article 9: "The supervisory committee shall be accountable to the shareholders' general meeting and exercise the following functions and powers according to law:

- (1) To review the Company's financial position and the Company's regular reports and provide opinions thereon in writing;
- (2) To exercise supervision over the performance by the Directors and senior officers of their official duties and to propose the dismissal of any Director, general manager, or senior officer who is in violation of laws, administrative regulations, the Articles of Association of the Company, or resolutions of the shareholders' meeting;
- (3) To require a Director, the general manager or other senior officers of the Company to correct an act of such act is harmful to the Company's interests;
- (4) To verify financial information such as financial reports, business reports, profit distribution plans, etc that the board of Directors intends to submit to the shareholders' general meeting and, if in doubt, to be able to appoint, in the name of the Company, a registered accountant or practicing auditor to assist in reviewing such information;

- (5) To propose extraordinary shareholders' general meetings, and to convene and preside over a shareholders' general meeting when the Board of Directors fails to perform its duty to convene and preside over a shareholders' general meeting as prescribed in the Articles of Association;
- (6) To submit proposals to the shareholder's general meeting;
- (7) To initiate legal proceedings against any Director, general manager or senior officer in accordance with the provisions of Article 152 of the "Company Law";
- (8) To supervise and evaluate the implementation of the information disclosure and the investor relations management of the Company; and
- (9) Other functions and powers as specified in the Articles of Association of the Company.

The supervisors may attend meetings of the Board of Directors as non-voting attendees and make inquiries or suggestions about matters on which the Board of Directors has passed resolutions.”

ARTICLE 14

Existing Article 14: “Meetings of the supervisory committee shall be held at least once every six (6) months and shall be convened and presided over by the chairman of the supervisory committee. Where the chairman of the supervisory committee cannot or fails to perform his duties, a majority of the supervisors may jointly designate a supervisor to convene and preside over the meeting of the supervisory committee.”

Amended Article 14: “Meetings of the supervisory committee shall include regular meetings and extraordinary meetings. Regular meetings of the supervisory committee shall be held at least once every six (6) months. The supervisors may propose to convene an extraordinary meeting of the supervisory committee as the case may require.

Meetings of the supervisory committee shall be convened and presided over by the chairman of the supervisory committee. Where the chairman of the supervisory committee cannot or fails to perform his duties, a majority of the supervisors may jointly designate a supervisor to convene and preside over the meeting of the supervisory committee.”

ARTICLE 15

Existing Article 15: “Notice of meeting of the supervisory committee shall be delivered to all the supervisors ten (10) days before the date of the meeting in writing. The notice of meeting of the supervisory committee shall include the following contents:

- (1) The date, venue and duration of the meeting;
- (2) The reasons for and the agenda of the meeting;
- (3) The date of dispatching the notice.”

Amended Article 15: “Notice of regular meeting of the supervisory committee shall be delivered to all the supervisors ten (10) days before the date of the meeting in writing or by email, etc.

In case of emergency, an extraordinary meeting of the supervisory committee shall be convened by giving a notice by email, fax or telephone to all supervisors not less than 2 days and not more than 10 days before the date of the meeting, which shall specify the time, location and method of the meeting.

Amended Article 16: “The notice of meeting of the supervisory committee shall include the following contents:

- (1) The date, venue and duration of the meeting;
- (2) The reasons for and the agenda of the meeting;
- (3) Contact person and contact information.
- (4) The date of dispatching the notice.”

ARTICLE 16

Existing Article 16: “The meetings of the supervisory committee may be convened by way of conference. Meetings of the supervisory committee shall be held only when a quorum of two thirds or more of the supervisors are present at such meetings. In case that the quorum of the supervisory committee is not satisfied by reason that the relevant supervisors rejects or neglects to attend the meetings, other supervisors shall report to the regulatory department in a timely manner.

Each supervisor shall have one (1) vote. Where a supervisor has connected relations with the proposal, he shall abstain from voting. The resolutions of the supervisory committee shall be approved by the affirmative votes of two thirds or more of the supervisors.”

Amended Article 17: “The meetings of the supervisory committee may be convened by way of conference, teleconference or written resolutions, etc. Meetings of the supervisory committee shall be held only when a quorum of two thirds or more of the supervisors are present at such meetings. In case that the quorum of the supervisory committee is not satisfied by reason that the relevant supervisors rejects or neglects to attend the meetings, other supervisors shall report to the regulatory department in a timely manner.

Each supervisor shall have one (1) vote. Where a supervisor has connected relations with the proposal, he shall abstain from voting. The resolutions of the supervisory committee shall be approved by the affirmative votes of two thirds or more of the supervisors without connected relations.”

ARTICLE 17

Existing Article 17: “The supervisory committee may require the Directors, general manager, deputy general manager and other senior officers as well as internal and external auditor to attend the meetings to answer the questions that the supervisory committee concerns.”

Amended Article 18: “The secretary of the Board shall attend the meetings of the supervisory committee. The supervisory committee may require the Directors, general manager, deputy general manager and other senior officers as well as internal and external auditor to attend the meetings to answer the questions that the supervisory committee concerns.”

ARTICLE 18

Existing Article 18: “The supervisory committee may vote on a show of hands or on a poll and shall announce the results at the meetings.

The supervisors shall cast an affirmative or negative vote or abstain from voting. The supervisors attending the meeting shall choose one kind of the aforesaid opinions. If any supervisor who has not chosen any kind of opinions or simultaneously chosen two or more kinds of opinions, the president shall require him to make a new choice. If he refuses to do so, it shall be regarded as an abstention. If any supervisor leaves in the middle of the meeting and thus does not make a choice, it shall be regarded as an abstention.”

Amended Article 19: “The supervisory committee may vote on a show of hands or on a poll and shall announce the results at the meetings.

The supervisors shall cast an affirmative or negative vote or abstain from voting. The supervisors attending the meeting shall choose one kind of the aforesaid opinions. If any supervisor who has not chosen any kind of opinions or simultaneously chosen two or more kinds of opinions, the president shall require him to make a new choice. If he refuses to do so, it shall be regarded as an abstention. If any supervisor leaves in the middle of the meeting and thus does not make a choice, it shall be regarded as an abstention.

In the case of voting by teleconference, the supervisors shall fax or send an email attaching the scanned copies of their written opinions and signed voting intents on the resolutions to the Company.”

ARTICLE 21

Existing Article 21: “The matters of the announcement on the resolutions of the supervisory committee and other information disclosure shall be handled by the secretary of the Board in accordance with the relevant regulations.”

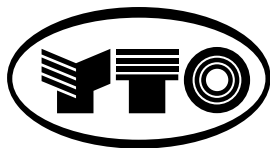
Amended Article 22: “The matters regarding the announcement of the resolutions of the supervisory committee and other information disclosure shall be handled by the secretary of the Board in accordance with the regulatory requirements and the relevant regulations of the jurisdictions where the Company’s shares are listed.”

ARTICLE 28

Existing Article 28: “The Rules shall be subject to consideration and approval at the general meetings and subject to the approval of CSRC for the listing of A shares of the Company and the completion of issuance of A shares. The amendments to the Rules shall be determined at the general meetings and the draft amendments shall be prepared by the supervisory committee with authorisation granted by the general meetings. The draft amendments are subject to the approval at the general meetings.”

Amended Article 29: “The Rules shall be subject to consideration and approval at the general meetings. The amendments to the Rules shall be determined at the general meetings and the draft amendments shall be prepared by the supervisory committee with authorisation granted by the general meetings. The draft amendments are subject to the approval at the general meetings.”

The existing articles will be renumbered accordingly upon the proposed amendments to the above articles of the Articles of Association and the Rules of Procedures for the Supervisory Committee.



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 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 2013 annual general meeting (the “**AGM**”) of First Tractor Company Limited (the “**Company**”) will be held at 2:30 p.m. on 29 May 2014 (Thursday) at No.154 Jianshe Road, Luoyang, Henan Province, the People’s Republic of China (the “**PRC**”) for the purpose of passing the following resolutions:

(I) AS ORDINARY RESOLUTIONS:

1. To consider and approve the report of the board (the “**Board**”) of directors (the “**Directors**”) of the Company for the year 2013.
2. To consider and approve the report of the supervisory committee of the Company for the year 2013.
3. To consider and approve the audited financial report of the Company for the year 2013.
4. To consider and approve the profit distribution proposal of the Company for the year ended 31 December 2013.

The Board recommends the following profit distribution proposal for 2013: a cash dividend of RMB0.6 (tax inclusive) for every ten shares on the basis of the total share capital of the Company of 995,900,000 shares as at 31 December 2013.

5. To consider and approve the re-appointment of Baker Tilly China Certified Public Accountants and Baker Tilly Hong Kong Limited as the PRC and Hong Kong auditors of the Company respectively for the year 2014, and to authorize the Board to decide their remunerations in the total amount of no more than RMB2,500,000.

NOTICE OF AGM

6. To consider and approve the re-appointment of Baker Tilly China Certified Public Accountants as the internal control auditor of the Company for the year 2014, with the audit fees of RMB480,000.

7. To consider and approve the resolution in relation to provision of guarantees by the Company for dealers of agricultural machinery products under the brand name of “Dong Fanghong”.

(Provided that the relevant requirements of the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, relevant requirements of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) (including but not limited to Chapters 14 and 14A) and other relevant requirements are complied with, the Company be hereby approved to provide guarantees for dealers of agricultural machinery products under the brand name of “Dong Fanghong” with a total amount of not more than RMB820 million. The validity period of the aforesaid guarantees is from 29 May 2014 to the date of convening the 2014 annual general meeting of the Company.)

8. To consider and approve the resolution in relation to provision of guarantees by the Company for subsidiaries, YTO (Luoyang) Forklift Company Limited, YTO (Luoyang) Transporting Machinery Company Limited and YTO (Luoyang) Shentong Engineering Machinery Company Limited.

(Provided that the relevant requirements of the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, relevant requirements of the Listing Rules (including but not limited to Chapters 14 and 14A) and other relevant requirements are complied with, the Company be hereby approved to provide guarantees for subsidiaries, YTO (Luoyang) Forklift Company Limited, YTO (Luoyang) Transporting Machinery Company Limited and YTO (Luoyang) Shentong Engineering Machinery Company Limited with a total amount of not more than RMB64 million. The validity period of the aforesaid guarantees is from 29 May 2014 to the date of convening the 2014 annual general meeting of the Company.)

9. To consider and approve the amendments to the “Rules of Procedures for the Supervisory Committee” of the Company (details of which are set out in the announcement of the Company dated 27 March 2014).

10. To consider and approve the appointment of Mr. Yu Zengbiao as the independent non-executive Director of the Company for a term from 29 May 2014 to 19 December 2015.

NOTICE OF AGM

11. To consider and approve the appointment of Mr. Wang Kejun as the non-executive Director of the Company for a term from 29 May 2014 to 19 December 2015.
12. To consider and approve the appointment of Mr. Wu Zongyan as the non-executive Director of the Company for a term from 29 May 2014 to 19 December 2015.

(II) AS SPECIAL RESOLUTION:

1. To consider and approve the amendments to the Articles of Association of the Company (details of which are set out in the announcement of the Company dated 27 March 2014), 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 deal with other related issues arising from the amendments to the Articles of Association of the Company.

(For details of the above resolutions, please refer to the Company's annual report 2013 and announcements dated 27 March 2014.)

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

Luoyang, the PRC
11 April 2014

As at the date of this notice, Mr. Zhao Yanshui is the Chairman of the Company and Mr. Mr. Wang Erlong is the vice Chairman of the Company. Other members of the Board are four Directors, namely, Mr. Yan Linjiao, Mr. Guo Zhiqiang, Mr. Liu Jiguo and Mr. Wu Yong; and four independent non-executive Directors, namely, Mr. Hong Xianguo, Mr. Zhang Qiusheng, Mr. Xing Min and Mr. Wu Tak Lung.

NOTICE OF AGM

Notes:

1. The register of members of the Company will be temporarily closed from 29 April 2014 to 28 May 2014 (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 AGM. The last lodgment for the transfer of the H Shares of the Company should be made on 28 April 2014 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 28 April 2014 are entitled to attend the AGM 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 AGM 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 authorised 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 authorisation 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 AGM or any adjournment thereof.
4. Shareholders who intend to attend the AGM 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 by or before 4:00 p.m., 8 May 2014.
5. Shareholders or their proxies shall present proofs of their identities upon attending the AGM. Should a proxy be appointed, the proxy shall also present the proxy form.
6. The AGM is expected to last for less than one day. The Shareholders and proxies attending the AGM 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*