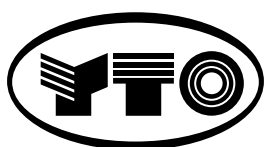

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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 CHANGES IN FINANCIAL REPORT AUDITORS
AND INTERNAL CONTROL AUDITORS;
(2) PROPOSED AMENDMENTS TO ARTICLES OF
ASSOCIATION;
AND
(3) DIRECTORS LIABILITY INSURANCE**

A letter from the Board is set out on pages 1 to 5 of this circular.

A notice for convening the extraordinary general meeting (the “EGM”) of First Tractor Company Limited (the “Company”) to be held at 2:30 p.m. on 31 October 2014 (Friday) at No. 154 Jianshe Road, Luoyang, Henan Province, the PRC is set out on pages 9 to 11 of this circular.

A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the meeting in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon. 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 EGM (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 EGM or any adjournment if you so desire.

15 September 2014

* For identification purposes only

CONTENTS

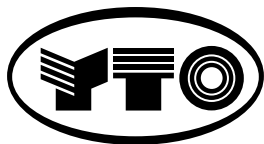
| | <i>Pages</i> |
|------------------------------------|--------------|
| Definitions | ii |
| Letter from the Board | 1 |
| Appendix I | 6 |
| Notice of EGM | 9 |

DEFINITIONS

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

| | |
|---------------------------|---|
| “Articles of Association” | the articles of association of the Company, as amended from time to time |
| “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 shares of which are listed on the main board of the Stock Exchange (Stock Code: 0038) and the Shanghai Stock Exchange (Stock Code: 601038) respectively |
| “Directors” | the directors of the Company, including the independent non-executive directors |
| “EGM” | the extraordinary general meeting of the Company to be held at 2:30 p.m. on 31 October 2014 (Friday) for the purposes of seeking Shareholders’ approval for, among other things, the Proposed Changes in Financial Report Auditors and Internal Control Auditors, the proposed amendments to the Articles of Association and the purchase of directors liability insurance and authorization to the Board to decide its details |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “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, the Macau Special Administrative Region of the PRC and Taiwan |
| “Shareholder(s)” | the shareholder(s) of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Supervisors” | the supervisors 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 Linjiao

Mr. Wu Zongyan

Mr. Wang Kejun

Mr. Guo Zhiqiang

Mr. Liu Jiguo

Mr. Wu Yong

Mr. Hong Xianguo**

Mr. Xing Min**

Mr. Wu Tak Lung **

Mr. Yu Zengbiao**

Registered and principal office:

No. 154 Jianshe Road

Luoyang, Henan Province

The PRC

*** Independent non-executive Director*

15 September 2014

To the Shareholders

Dear Sir or Madam,

**(1) PROPOSED CHANGES IN FINANCIAL REPORT AUDITORS
AND INTERNAL CONTROL AUDITORS;
(2) PROPOSED AMENDMENTS TO ARTICLES OF
ASSOCIATION;
AND
(3) DIRECTORS LIABILITY INSURANCE**

INTRODUCTION

Reference is made to the announcement of the Company dated 26 August 2014 in relation to (1) the proposed changes in financial report auditors and internal control auditors; (2) the proposed amendments to the Articles of Association; and (3) the directors liability insurance.

** 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 changes in financial report auditors and internal control auditors; (2) the proposed amendments to the Articles of Association; and (3) the directors liability insurance; and (ii) to give you a notice of the EGM.

(1) PROPOSED CHANGES IN FINANCIAL REPORT AUDITORS AND INTERNAL CONTROL AUDITORS

The Board proposes to (1) appoint ShineWing Certified Public Accountants (“**ShineWing China**”) as the auditors for the Company’s financial report for the year 2014 and the internal control auditors of the Company; and (2) cease to appoint Baker Tilly China Certified Public Accountants (“**Baker Tilly China**”) and Baker Tilly Hong Kong Limited (“**Baker Tilly Hong Kong**”) as the PRC financial report auditors and Hong Kong financial report auditors of the Company respectively and cease to appoint Baker Tilly China as the internal control auditors of the Company (the “**Proposed Changes in Financial Report Auditors and Internal Control Auditors**”), in light of the acceptance by the Stock Exchange of the Mainland accounting and auditing standards and Mainland audit firms for Mainland incorporated companies listed in Hong Kong.

According to the “Consultation Conclusions on Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed in Hong Kong” published by the Stock Exchange in December 2010, Mainland incorporated issuers listed in Hong Kong are allowed to prepare their financial statements in accordance with the PRC Accounting Standards for Business Enterprises (the “**PRC Accounting Standards**”), and Mainland audit firms approved by the Ministry of Finance of the PRC (the “**MOF**”) and the China Securities Regulatory Commission (the “**CSRC**”) are allowed to audit these financial statements in accordance with the PRC Accounting Standards.

The Company is aware that ShineWing China is a Mainland audit firm approved by the MOF and the CSRC to provide auditing services in accordance with the PRC Accounting Standards to Mainland incorporated issuers.

In view of the aforesaid change, in order to improve the disclosure efficiency and quality of the Company’s financial information, the Board proposes to amend the Articles of Association to prepare only one set of financial statement in accordance with the PRC Accounting Standards, effective from the date of approval at the EGM. The Articles of Association will be amended accordingly to reflect the proposed change of accounting system, as further discussed below.

LETTER FROM THE BOARD

In light of the aforesaid, the Board proposes to, subject to the approval by the Shareholders at the EGM in respect of the resolutions of (i) the Proposed Changes in Financial Report Auditors and Internal Control Auditors and (ii) the proposed amendments to the Articles of Association, appoint ShineWing China as the auditors for the Company's financial report for the year 2014 and the internal control auditors of the Company, and cease the appointment of Baker Tilly China and Baker Tilly Hong Kong as its PRC financial report auditors and Hong Kong financial report auditors respectively and cease the appointment of Baker Tilly China as its internal control auditors, with effect from the date of approval at the EGM, whilst ShineWing China will be the only internal control auditors and financial report auditors auditing the Company's financial statement for the year ending 31 December 2014 in accordance with the PRC Accounting Standards and undertaking the role of Hong Kong financial report auditors in compliance with the Listing Rules.

Baker Tilly China and Baker Tilly Hong Kong have confirmed that there were no matters regarding the Proposed Changes in Financial Report Auditors and Internal Control Auditors that need to be brought to the attention of the Shareholders. The Board and the audit committee of the Company confirmed that there were no disagreement between the Company, Baker Tilly China and Baker Tilly Hong Kong regarding the Proposed Changes in Financial Report Auditors and Internal Control Auditors.

(2) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

As mentioned above, the Company proposes to, subject to the approval by the Shareholders at the EGM, amend the Articles of Association to reflect the proposed change of accounting system of the Company.

Proposed amendments to the Articles of Association are set out in Appendix I to this circular.

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

(3) DIRECTORS LIABILITY INSURANCE

In order to fulfill the requirements of the Listing Rules, provide incentive for the Directors, Supervisors and senior management officers to work hard and fulfill their respective duties, avoid the litigation risk arising from the performance of the duties of Directors, Supervisors and senior management officers, and protect the Company against liability risk, the Company has purchased directors liability insurance for its Directors, Supervisors and senior management officers.

LETTER FROM THE BOARD

The Company's current directors liability insurance will expire on 20 December 2014. The Company proposes to renew or purchase a new directors liability insurance with an insurance coverage of RMB30,000,000 and a term of twelve months counting from the commencement date of the insurance.

According to the requirements of the "Rules on Corporate Governance of Listed Companies" issued by the CSRC, the proposed purchase of new directors liability insurance is subject to the approval by the Shareholders at the EGM. The Company proposes the Shareholders to authorize the Board to decide the details in relation to the purchase of the above directors liability insurance at the EGM.

EGM

The EGM will be held at 2:30 p.m. on 31 October 2014, Friday, 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 Changes in Financial Report Auditors and Internal Control Auditors; (2) the proposed amendments to the Articles of Association; and (3) the purchase of directors liability insurance and authorization to the Board to decide its details. At the EGM, votes will be taken by poll.

The notice of the EGM is set out on pages 9 to 11 of this circular.

A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the meeting in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon. 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 EGM (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 EGM or any adjournment if you so desire.

LETTER FROM THE BOARD

RECOMMENDATIONS

The Directors (including the independent non-executive Directors) consider that (1) the Proposed Changes in Financial Report Auditors and Internal Control Auditors; (2) the proposed amendments to the Articles of Association; and (3) the purchase of directors liability insurance 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 Changes in Financial Report Auditors and Internal Control Auditors; (2) the proposed amendments to the Articles of Association; and (3) the purchase of directors liability insurance and authorization to the Board to decide its details.

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 203

Original Article 203: The financial statements of the Company shall be prepared not only in accordance with China's accounting standards, laws and regulations but also in accordance with international accounting standards or the accounting standards of the place(s) outside Mainland China where shares of the Company are listed according to the Company's needs. If there are major differences in the financial statements prepared in accordance with these two sets of accounting standards, such differences shall be stated in notes appended to such financial statements. For purposes of the Company's distribution of after-tax profits in a given fiscal year, the lower after-tax profits shown in the above-mentioned two kinds of financial statement shall be adopted.

Amended Article 203: The financial statements of the Company shall be prepared in accordance with China's accounting standards, laws and regulations.

ARTICLE 204

Original Article 204: Interim results or financial information published or disclosed by the Company shall be prepared in accordance with China's accounting standards, laws and regulations as well as international standards or the accounting standards of the place(s) outside Mainland China where shares of the Company are listed according to the Company's needs.

Amended Article 204: Interim results or financial information published or disclosed by the Company shall be prepared in accordance with China's accounting standards, laws and regulations.

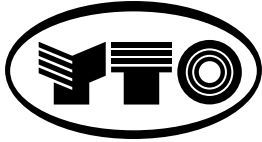
ARTICLE 213

Original 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.

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, 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.



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

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

(Stock Code: 0038)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the extraordinary general meeting (the “**EGM**”) of First Tractor Company Limited* (the “**Company**”) will be held at 2:30 p.m. on 31 October 2014 (Friday) at No. 154 Jianshe Road, Luoyang, Henan Province, the People’s Republic of China (the “**PRC**”) for the purpose of considering and, if thought fit, passing the following resolutions:

Unless otherwise indicated, capitalized terms used herein shall have the same meanings as those defined in the announcement of the Company dated 26 August 2014.

ORDINARY RESOLUTIONS

1. To consider and approve the cessation of appointment of Baker Tilly China Certified Public Accountants (“**Baker Tilly China**”) and Baker Tilly Hong Kong Limited as the PRC financial report auditors and the Hong Kong financial report auditors of the Company respectively, and the appointment of ShineWing Certified Public Accountants (“**ShineWing China**”) as the auditors of the Company’s financial report for the year 2014, and authorize the Board to determine their remuneration, subject to the approval by the Shareholders at the EGM in respect of the amendments to Articles 203, 204 and 213 of the Articles of Association.
2. To consider and approve the cessation of appointment of Baker Tilly China as the internal control auditors of the Company, and the appointment of ShineWing China as the internal control auditors of the Company, and authorize the Board to determine their remuneration.

NOTICE OF EGM

3. To consider and approve the authorization to the Board to purchase the directors liability insurance for the directors, supervisors and senior management officers of the Company with insurance coverage of RMB30,000,000.

SPECIAL RESOLUTION

1. To consider and approve the amendments to Articles 203, 204 and 213 of the Articles of Association to reflect the change of accounting system of the Company.

(For details of the above resolutions, please refer to the announcement of the Company dated 26 August 2014.)

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

Luoyang, the PRC
15 September 2014

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

Notes:

1. The register of members of the Company will be temporarily closed from 1 October 2014 to 30 October 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 the Shareholders for attending the EGM. The last lodgment for the transfer of the H Shares of the Company should be made on 30 September 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 30 September 2014 are entitled to attend the EGM by presenting their identity documents. The address of Hong Kong Registrars Limited, the H Shares registrar of the Company, is Shops 1712-1716, 17/F., Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.

NOTICE OF EGM

2. Each Shareholder having the rights to attend and vote at the EGM is entitled to appoint one or more proxies (whether a Shareholder or not) to attend and vote on his behalf. Should more than one proxy be appointed by one Shareholder, such proxy shall only exercise his voting rights on a poll.
3. Shareholders can appoint a proxy by an instrument in writing (i.e. by using the Proxy Form enclosed). The Proxy Form shall be signed by the person appointing the proxy or an attorney authorized by such person in writing. If the Proxy Form is signed by an attorney, the power of attorney or other documents of authorization shall be notarially certified. To be valid, the Proxy Form and the notarially certified power of attorney or other documents of authorization must be delivered to the Company's registered address at No.154 Jianshe Road, Luoyang, Henan Province, the PRC, or the Company's H Shares registrar, Hong Kong Registrars Limited at Shops 1712-1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong in not less than 24 hours before the time scheduled for the holding of the EGM or any adjournment thereof.
4. Shareholders who intend to attend the EGM are requested to deliver the duly completed and signed reply slip for attendance to the Company's registered and principal office in person, by post or by facsimile on or before 4:00 p.m., 10 October 2014.
5. Shareholders or their proxies shall present proofs of their identities upon attending the EGM. Should a proxy be appointed, the proxy shall also present the proxy form.
6. The EGM is expected to last for less than one day. The Shareholders and proxies attending the EGM shall be responsible for their own travelling and accommodation expenses.
7. The Company's registered address:
No.154 Jianshe Road, Luoyang, Henan Province, the PRC
Postal code: 471004
Telephone: (86379) 6496 7038
Facsimile: (86379) 6496 7438
Email: msc0038@ytogroup.com

* *For identification purposes only*