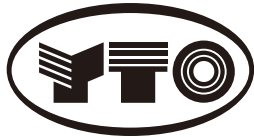


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第一拖拉机股份有限公司
FIRST TRACTOR COMPANY LIMITED*

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

(Stock Code: 0038)

**INDICATIVE ANNOUNCEMENT
IN RESPECT OF THE PROPOSED ISSUANCE OF
EXCHANGEABLE CORPORATE BONDS BY
THE CONTROLLING SHAREHOLDER OF THE COMPANY**

The board (the “**Board**”) of directors (the “**Directors**”) of First Tractor Company Limited* (the “**Company**”) and all Directors warrant that there are no false information, misleading statements or material omissions in this announcement, and accept joint and several responsibilities for the truthfulness, accuracy and completeness of its contents.

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

On 4 January 2018, YTO Group Corporation* (中國一拖集團有限公司) (“**YTO**”), the controlling shareholder of the Company, informed the Company that YTO has received the “Approval on the Issues in relation to the Issuance of Exchangeable Corporate Bonds by YTO Group Corporation* (關於中國一拖集團有限公司發行可交換公司債券有關問題的批覆)” from the State-owned Assets Supervision and Administration Commission (the “**SASAC**”) of the State Council of The People’s Republic of China (the “**PRC**”). The SASAC has approved in principle the issuance by YTO of exchangeable corporate bonds (the “**Exchangeable Bonds**”) of not more than RMB1 billion by using part of the A shares of the Company held by it as the underlying subject for exchange.

As at the date of this announcement, YTO holds 410,690,578 A shares of the Company, representing approximately 41.66% of the total issued shares of the Company.

The issuance of the Exchangeable Bonds is still subject to the approval from the relevant regulatory authorities.

The Company will make further announcement(s) in relation to the issuance of the Exchangeable Bonds and its subsequent matters in accordance with the requirements of the Listing Rules as and when appropriate.

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

Luoyang, the PRC
5 January 2018

As at the date of this announcement, the Board comprises Mr. Zhao Yanshui (Chairman), Mr. Wang Erlong (vice Chairman) and Mr. Wu Yong as executive Directors; Mr. Li Hepeng, Mr. Xie Donggang, Mr. Li Kai and Mr. Yin Dongfang as non-executive Directors; and Ms. Yang Minli, Mr. Xing Min, Mr. Wu Tak Lung and Mr. Yu Zengbiao as independent non-executive Directors.

* *For identification purposes only*