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FIRST TRACTOR COMPANY LIMITED

第一拖拉機股份有限公司

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

(Stock Code: 0038)

CLARIFICATION ANNOUNCEMENT

The Directors would like to clarify that First Tractor Finance would charge a one-off service fee of about 0.1% of the amount of designated deposits.

Reference is made to the announcement of the Company dated 7 June 2004 ("Announcement"). Terms used in this announcement shall have the same meanings as those used in the Announcement. It was stated in the Announcement that First Tractor Finance would charge a one-off service fee of about 1% of the amount of designated deposits. The Directors would like to clarify the above typographical error and a correct version is reproduced below:

“(g) Designated loan

First Tractor Finance will accept designated deposits placed by China Yituo Group and funded loans made by First Tractor Finance to parties ("Parties") (which are not connected with the Group within the meanings of the Listing Rules) designated by China Yituo Group (who place the designated deposits); and accept designated deposits placed by Parties (which are not connected with the Group within the meanings of the Listing Rules) and funded loans made by First Tractor Finance to the other parties designated by the Parties (who place the designated deposits). First Tractor Finance will charge a one-off service fee of about 0.1% of the amount of designated deposits. Under this arrangement, First Tractor Finance does not bear any credit risks.”

The Directors confirm that other terms in the Announcement will remain unchanged and will be in full force and that this is only a typographical error which has no adverse financial impact on the Group.

As at the date of this announcement, the executive Directors are Mr. Liu Dagong, Mr. Dong Yong An, Mr. Liu Wenying, Mr. Shao Haichen, Mr. Li Tengjiao, Mr. Zhao Yanshui, Mr. Zhang Jing, Mr. Liu Shuangcheng and Mr. Huang Yanzhao and the independent non-executive Directors are Mr. Lu Zhongmin, Mr. Tao Xiang, Mr. Chen Zhi and Mr. Chan Sau Shan, Gary.

By order of the board of
First Tractor Company Limited
Zhang Guo Long
Company Secretary