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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)

ANNOUNCEMENT

This announcement is made in relation to the increase in trading volume and share price of the ordinary shares of First Tractor Company Limited.

This announcement is made at the request of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company has noted the recent increase in the trading volume and the share price in the ordinary shares of First Tractor Company Limited (the "Company") and wish to state that a proposed ongoing connected transaction is presently negotiating among a subsidiary of the Company, China First Tractor Group Finance Company Limited (formerly known as "First Tractor Group Finance Limited") ("First Tractor Finance") and the controlling shareholder of the Company, China Yituo Group Corporation Limited (formerly known as "China First Tractor Group Company Limited") ("China Yituo Group"), for the purpose of providing financial services by First Tractor Finance to China Yituo Group and its subsidiaries, of which this proposed ongoing connected transaction is still at the negotiation stage and may or may not proceed pending the negotiation outcome of the involved parties. Save as disclosed above, the board of directors of the Company is not aware of any other reasons for such increase.

The board of directors of the Company also confirms that there are no negotiations or agreements relating to intended acquisitions or realisations which are disclosable under paragraph 3 of the Listing Agreement, neither is the board of directors of the Company aware of any matter discloseable under the general obligation imposed by paragraph 2 of the Listing Agreement, which is of and may be of a price sensitive nature.

Made by the order of the board of directors of the Company, the directors of which individually and jointly accept responsibility for the accuracy of this statement.

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

Luoyang, Henan Province, the PRC,
21 May 2003