



FIRST TRACTOR COMPANY LIMITED

第一拖拉机股份有限公司

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

(Stock Code: 0038)

ANNOUNCEMENT IN RELATION TO RESOLUTIONS PASSED AT ANNUAL GENERAL MEETING

The board of directors of the Company is pleased to announce that all the resolutions as set out in the notice of the annual general meeting despatched to the shareholders on 29 April 2004 were duly passed by show of hands at the AGM held on 18 June 2004.

The board of directors of First Tractor Company Limited (the "Company") is pleased to announce that the 2003 Annual General Meeting ("AGM") of the Company was held at No.154, Jianshe Road, Luoyang, Henan Province, the People's Republic of China ("PRC") at 9:00 a.m. on 18 June 2004, at which all the resolutions set out below were duly passed by show of hands.

Terms used herein shall have the same meanings as those used in the notice of the annual general meeting despatched to the shareholders on 29 April 2004.

I. AGM

The AGM was convened in compliance with the Articles of Association of the Company.

1. The following resolutions were passed by show of hands at the AGM as ordinary resolutions:

- (i) The Report of the Board of Directors for the year 2003 was approved;
- (ii) The Report of the Supervisory Committee for the year 2003 was approved;
- (iii) The audited financial report for the year ended 31 December 2003 was approved;
- (iv) The resolution of no distribution of dividend for the year 2003 was approved;
- (v) The re-appointment of Ernst & Young (Certified Public Accountants) as auditors of the Company for the year ending 31 December 2004 was approved, and the Board of Directors of the Company was authorised to determine the terms for such appointment;
- (vi) The remuneration proposals for the directors and supervisors of the Company were approved;
- (vii) The election of Mr. Yan Lin Jiao as an additional executive director of the Company with a term of office same as that of the 3rd Board of Directors was approved.

2. The following resolutions were passed by show of hands at the AGM as special resolutions:

- (i) Subject to the stipulations of Article 12 of the "Company Law of the People's Republic of China", the Board of Directors of the Company was authorised to determine any investment plan or proposal in respect of other limited companies, joint stock limited companies or other economic entities or projects, including but not limited to decisions on projects of investment, the companies or other economic entities to be invested, the amount, the investment method (including by way of issuance of the domestic shares or overseas listed foreign shares) and the time of investment and the execution of the relevant agreements and other documents.
- (ii) The Company's placing, issuing or dealing with domestic shares and H shares solely or jointly within the relevant period (as defined hereunder) with an amount of no more than 20% of the issued shares of that class of shares was approved provided that Hong Kong Exchange and Clearing Ltd. and the China Securities Regulatory Commission grant the relevant approval, and the Board of Directors of the Company was authorised to handle the matters in relation to such placement or issue.

For the purpose of this resolution, "relevant period" means the period from the date of passing this resolution to the earlier of:

- (a) the last day of the 12 months from the date of passing this resolution; and
 - (b) the date on which the authorisation under this resolution is revoked or amended by a special resolution passed at a general meeting of the Company.
- (iii) The Board of Directors of the Company was authorised to declare an interim dividend to the shareholders of the Company for the half year ended 30 June 2004.

II. Information on the newly appointed executive director Mr. Yan Lin Jiao

Mr. Yan Lin Jiao ("Mr. Yan"), aged 49, is the executive director and general manager of the Company. Mr. Yan is responsible for the overall management and business development of the Company. Mr. Yan has not held other directorships in any listed public companies in the last three years. Save that he is an executive director of the Company, Mr. Yan is not otherwise related to any directors, senior management or substantial or controlling shareholders of the Company.

As at the date of this announcement, Mr. Yan is not interested in any shares or underlying shares of the Company.

Mr. Yan has entered into a service contract with the Company for a period commencing from 18 June 2004 to 30 June 2006 ("Term of Service"), same as that of the 3rd Board of Directors of the Company. The aggregate emoluments Mr. Yan is entitled to for his Term of Service shall not exceed RMB140,737. Details of the aggregate emoluments are as follows:

Term of Service	Amount of salary	Amount of bonus
18 June 2004 to 30 June 2004 ("First Year")	RMB1,425 (<i>Note 1</i>)	shall not exceed RMB712 (<i>Note 2</i>)
1 July 2004 to 30 June 2005	RMB44,000	shall not exceed RMB22,000
1 July 2005 to 30 June 2006	RMB48,400	shall not exceed RMB24,200

The amount of annual salary and bonus will be increased by 10% each year during his Term of Service.

Note 1: The amount of annual salary for the First Year shall be RMB40,000. As the service period of Mr. Yan in the First Year will be less than a year, his salary receivable for the First Year will be calculated according to the actual number of days served.

Note 2: Mr. Yan is entitled to a bonus payment each year upon completion of one year service. As the service period of Mr. Yan in the First Year will be less than a year, the bonus receivable for the First Year will be calculated according to the actual number of days served.

Directors of the Company

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

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