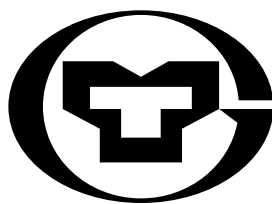


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FIRST TRACTOR COMPANY LIMITED*

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)

**ANNOUNCEMENT IN RESPECT OF THE PLEDGE OF SHARES OF
FIRST TRACTOR COMPANY LIMITED**

China Yituo Group Corporation Limited (“**China Yituo**”), the controlling shareholder of the First Tractor Company Limited (“**Company**”), pledged its 50,000,000 domestic shares of the Company as security to secure a loan facility in the maximum amount of RMB50,000,000 granted by Shanghai Pudong Development Bank (“**Pudong Bank**”), to Yituo (Luoyang) Fuel Jet Company Limited, a non-wholly owned subsidiary of the Company.

The Company makes this announcement pursuant to the disclosure obligations under Rule 13.17 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, which requires the Company to announce when the controlling shareholder of the Company has pledged its interest in shares of the Company to secure debts of the Company or to secure guarantees or other support of obligations of the Company.

On 3 October 2006, the Company received a notice from its largest shareholder, China Yituo, which holds 450,000,000 domestic shares of the Company, representing 57.32% of the total share capital of the Company. Such notice states that China Yituo pledged to Pudong Bank 50,000,000 domestic shares of the Company held by China Yituo (representing 6.37% of the total share capital of the Company and 11.11% of its domestic shares) as a security to secure a one-year loan facility for a maximum amount of RMB50,000,000 granted by Pudong Bank to Yituo (Luoyang) Fuel Jet Company Limited, a non-wholly owned subsidiary of the Company. The relevant share pledge shall be effective on the date upon the completion of registration procedures at State-owned Assets Supervision and Administration Commission, Luoyang Branch.

By order of the Board of
First Tractor Company Limited
LIU DAGONG
Chairman

Luoyang, the People's Republic of China
3 October 2006

As at the date of this announcement, the Board comprises ten executive Directors: Mr. Liu Dagong (Chairman), Mr. Zhao Yanshui, Mr. Liu Wenying, Mr. Yan Linjiao, Mr. Li Tengjiao, Mr. Shao Haichen, Mr. Zhang Jing, Mr. Li Youji, Mr. Liu Shuangcheng and Mr. Zhao Fei, and four independent non-executive Directors: Mr. Lu Zhongmin, Mr. Chen Zhi, Mr. Chan Sau Shan, Gary and Mr. Luo Xiwen.

** For identification purpose only*