



董永安 董事長

**Dong Yong An** Chairman

致各位股東：

本人謹此代表公司董事會向各位股東提呈二零零一年度報告，並向各位股東和關心、支持本公司的朋友表示由衷的致意。

**To Shareholders,**

**On behalf of the board of directors (the “Directors”), I am pleased to present the annual report of First Tractor Company Limited (“First Tractor” or the “Company”) for the year ended 31 December 2001. I would also like to take this opportunity to express our sincere gratitude to the shareholders of the Company.**





## Business Review

During the reporting period, the Directors and the management of First Tractor Company Limited (the "Company") underwent a significant restructuring to increase its strategic and management capabilities. Facing with severe operating condition, the management of the Company has speeded up the adjustment of product mix, enhanced its expansion in business, strengthened quality and target cost management, lowered the operating cost of funds and implemented internal corporate reforms. By appointing an international consulting firm A.T. Kearney Co. Ltd. as its management consultant, the Company has undergone a comprehensive diagnostic review and managed to adopt effective combined measures to halt the further decline of profitability.

Net loss of the Company and its subsidiaries (the "Group") in 2001 narrowed by 25% as it benefited from (1) a relatively large increase in the sale of its new products, of which, sales of 1002/1202 crawler tractor series rose by 314 units over the same period of last year, representing an increase of 36.68%; an additional 120 large-wheeled tractors were sold over the same period of last year, representing an increase of 42.3%; and 1,592 more 30/40 medium-wheeled tractors were sold over the same period of last year, representing an increase of 758.10%; (2) an increase in the construction machinery business such as bulldozers; (3) a fall in the unit cost of tractors over the same period of last year; (4) a relatively large increase in income from new businesses.

During the reporting period, the Company still have not turned around from loss position.

### (1) Agricultural machinery business:

(1) slowdown in income growth of farmers meant that farmers were less able and willing to make purchases; (2) the market lacked a new hot product and the launch of new products could not keep up with the speedy changes in market demand; (3) new entrants into the market have intensified competition. The sliding trend in sales of national tractor market has not improved basically. Sales have been falling for three consecutive years, with the sales of large-medium tractors decreased by 4.9% from last year, sales of small four-wheeled crawler tractors decreased 31.2% from last year, and combined harvesters dropped by 54% from last year. During the reporting period, the Company's sales of large-medium wheeled tractors amounted to 6,109 units, representing a decrease of 36% over the same period of last year, of which sales of large crawler tractors was 3,903 units, representing a decrease of 41.7% over the same period of last year, whilst sales of small-wheeled tractors amounted to 53,428 units, representing a decrease of 14% over the same period of the last year.

### (2) Construction machinery business

Construction machinery products such as the rolling machinery, earthwork machinery and road machinery of Brilliance China Machinery Holdings Limited ("BCM") benefited from an increase in basic infrastructure and as a result, recorded a growth in profit but still cannot cover the loss of the Group. During the report period, the Group sold 1,203 road rollers, representing a decrease of 4.5% over the same period of last year (the industry fell 10%); 214 bulldozers, representing an increase of 28.9% over the same period of last year; 164 pavers, representing an increase of 20% over the period of last year, and 48 mixers, representing an increase of 33% over the same period of last year.

## 業績回顧

報告期內，第一拖拉機股份有限公司（「公司」或「本公司」）董事會和管理層進行了重大調整，使決策能力和管理水平得到了提升。本公司管理層面對嚴峻的經營形勢，加快產品結構調整，加大開拓經營力度，強化質量與目標成本管理，降低資金的運營成本，推進企業內部改革，聘請國際諮詢管理公司科爾尼管理諮詢公司對本公司進行全面的診斷諮詢，採取綜合措施，遏制效益下滑，取得了明顯的效果。

二零零一年本公司及附屬公司（「本集團」）虧損同比收窄25%，受惠於（1）新產品銷售增幅較大，其中1002/1202履拖銷量同比增加314台，同比增長36.68%，大型輪式拖拉機銷量同比增加120台，同比增長42.3%，30/40中型輪式拖拉機銷量同比增加1,592台，同比增長758.10%；（2）推土機等工程機械業務的增長；（3）拖拉機單台變動成本同比均有所下降；（4）開拓經營收入同比有較大增長。

報告期內，仍未實現扭虧為盈。

**1. 農業機械業務：**（1）農民收入增長速度放緩，致使農民購買能力和積極性降低；（2）市場缺乏更新換代的熱點產品，新產品開發速度與市場需求的快速變化不相適應；（3）新競爭者的加入，競爭加劇。全國拖拉機市場的銷量下滑趨勢沒有得到根本的改善，已連續三年下滑，大中型拖拉機銷量同比下降4.9%，小四輪拖拉機銷量同比下降31.2%，聯合收割機銷量同比下降54%。報告期內，本公司銷售大中型拖拉機6,109台，同比下降36%，其中銷售大型履帶拖拉機3,903台，同比下降41.7%；銷售小型輪式拖拉機53,428台，同比下降14%。

**2. 工程機械業務。**華晨中國機械控股有限公司（「華晨機械」）控股經營的實壓機械、土方作業機械、路面機械等工程機械產品，得益于基礎建設的拉動，呈較大的增長，但仍未能彌補本集團之虧損。本集團報告期內，銷售壓路機1,203台，同比下降4.5%（行業下降10%）；銷售推土機214台，同比上升28.9%；銷售攤鋪機164台，同比上升20%；銷售攪拌機48台，同比上升33%。



### Research and development

In 2001, the Company has successfully raised the quality of its products, expanded its sales and increased its market share. At the same time, the Company has also focused on the changing needs of its customers and restructured its product mix positively, and has tried to cater for customers' needs through achievements in research and development of new products.

#### Agricultural machinery products (1)

With the technical upgrades to its 30/40 medium-wheeled tractor line, the production capacity has now reached 5,000 units. Sales for the full year amounted to 1,802 units, a rise of 758% over the period. This was the only product that recorded an increase in the national tractor market; (2) The production capacity of the Dongfanghong-1002-1 crawler tractor (with YT4130 engine) has now reached 500 units per annum and the Dongfanghong-902 crawler tractor was well received for its energy-saving ability. (3) Proactive response to market changes based on market information, a "New Century, New Hope" product was introduced in small-wheel tractor product line, along with the Dongfanghong-SD200 floating half-axle transportation model "Shandiawang" tractors. Both products were welcomed by customers. (4) In September 2001, 10 sample units of large-wheeled tractor, Dongfanghong X800/804 were launched. In order to complement successfully with domestic agricultural machinery, a 720 rpm engine has already been produced.

#### Construction machinery products (1)

With the adjustment to the product mix of rolling machinery, new road roller products were introduced: the YZ16C, YZ18C and YZ18F models; (2) The development for paving machinery centred on the idea of "Innovation and Perseverance", which led to the in-house development of WLTY9500 multi-functional pavers and the introduction of HTH8500 four-crawler cement pavers; (3) In-house production of new mixer products: ABH1500, MODU30, MODU45 and the development of LIBY9500, LIB1500, and other mixing machinery. The development of these new products has enhanced the Company's edge in market competition.

The Company will continue to insist on its product development strategy: to respond swiftly to the market, develop and manufacture products which are marketable and to the satisfaction of customers.

### Business development strategy

In 2002, the State will continue to widen its "withdrawals and returns" reforestation work and speed up the adjustment and improvement work in the agricultural sector. This will definitely affect the sales of its large-wheeled crawler tractors. At the same time, the State will implement such measures as expanding the channels for farmers to increase their incomes, and increasing investment in agricultural industry. To

### 產品研發

二零零一年本公司在穩定提高現有產品質量、開拓營銷、擴大市場佔有率的同時，針對用戶需求的變化，積極調整產品結構，研發新品滿足用戶需求。

**農業機械產品** (1) 30/40中型輪式拖拉機經過技術改造，已形成5000台的生產能力。全年銷售1802台，同比增長758%。成為二零零一年全國拖拉機市場上唯一呈增長態勢的產品；(2) 東方紅-1002-1履帶拖拉機(配YT4130發動機) 500台/年的生產能力已經形成，東方紅-902型履拖以其突出的節油特點受到用戶的廣泛讚揚；(3) 根據市場信息，積極適應市場變化，小型輪式拖拉機推出了「新世紀，新希望」的產品和東方紅-SD200型浮式半軸運輸型「山地王」，受到了用戶的歡迎。；(4) 大型輪式拖拉機東方紅X800/804型，二零零一年九月生產10台樣機投放市場，為了達到與國內農機具成功配套，已研製出720轉/分動力輸出新結構；

**工程機械產品** (1) 壓實機械通過調整產品結構，開發新產品YZ16C型、YZ18C型、YZ18F型壓路機；(2) 攤鋪機械圍繞「創新、求實」的開發思路，自行開發WLTY9500型多功能攤鋪機、引進開發了HTH8500型四履帶水泥攤鋪機；(3) 拌和機械自行研製開發新產品ABH1500型、MODU30、MODU45型和引進開發LJBY9500型、LJB1500型等攪拌設備。這些新產品的開發為公司培育核心競爭力參與市場的競爭提供了保證。

快速回應市場，開發製造適銷對路、用戶滿意的產品是公司始終堅持的產品開發策略。

### 業務發展策略

二零零二年國家將繼續擴大退耕還林規模，加快農業佈局調整和優化。這對本公司的大型履帶拖拉機的銷售產生一定的影響。同時，國家在拓寬農民增收渠道、加大對農業的投入等方面將採取諸多措施。把增加農民收入和減輕農民負擔作為整個





increase farmers' incomes and to reduce their liabilities are the prime mission for the State to improve the overall economic environment. This will present an opportunity for the Company to raise the sales of its large, medium and small-wheeled tractors. In 2002, the State will continue to implement the grand development strategy in Western region and to facilitate the prime construction projects like railway from Qinghai to Tibet, natural gas from West to East, and electricity from West to East, etc and also road construction projects. These will lead to a continuous growth in the demand for construction machinery, which means that there will be a wide opening in the market for products of the Group such as: bulldozers, rollers, mixers, pavers and maintenance machinery.

With China becoming a member of the World Trade Organisation (WTO), China's businesses must now operate in an environment where "competition has no walls, markets have no boundaries". Entering into WTO brings about enormous effects to China's agricultural industry, which indirectly affects the operation and development of China's agricultural enterprises. Meanwhile, it has created opportunities and improved conditions for the Group's tractor and construction machinery products to enter into international markets. As such, the Company's operation and development will face enormous challenges in 2002 brought about by domestic and overseas changes, but these challenges will also create potential market opportunities for the Company. New entrants to the market has intensified competition. Our strategies are as follows:

1) Strengthening and expanding the agricultural and construction machinery businesses

#### Agricultural machinery business

In response to the needs of customers and the trend of competition, the Company will enhance the 25HP-90HP products within the 15HP-120HP ranged market, but with an eye still on those products of less than 25HP and those of more than 90HP. At the same time, the Company will put its effort in exploring market for such agricultural products as tractors' accessories. We aim not only to supply the main machinery for customers, but also products which can complement with agricultural machinery. This will create breakthrough for the agricultural industry.

#### Construction machinery business

The Company will grasp the opportunities provided by the State's improvement in infrastructure and its implementation of grand development strategy of the western region by speeding up the development of the whole range of its construction machinery products such as rolling machinery, earthwork machinery, paving machinery, mixing machinery and maintenance machinery.

- 2) Enlarging business opportunities by specialisation in the Company's specialised component plants.
- 3) Restructuring and reorganisation of the business of its subsidiaries and increasing the return of investment made by the Company.
- 4) Endeavouring to international cooperation, introducing new advanced products, advanced technology, advanced management and experience from overseas.

經濟工作的突出任務。這將給本公司擴大中小型輪式拖拉機的銷售帶來機遇。二零零二年國家將繼續實施西部大開發戰略，著力抓好青藏鐵路、西氣東輸、西電東送等重點工程建設，以及公路交通建設，對工程機械的需求將會持續增長，本集團的推土機、壓路機、拌和機、攤鋪機、養護機械等產品將有廣闊的市場空間。

中國成為世貿組織(WTO)成員，中國的企業進入了「競爭無壁壘，市場無國界」的經營環境。加入WTO對中國的農業帶來巨大的衝擊，間接地給中國的農機企業經營和發展產生影響，同時，也為本集團拖拉機和工程機械產品進入國際市場創造了機遇、改善了條件。籍此分析表明，二零零二年，本公司的經營和發展既面臨著內外環境變化帶來的巨大挑戰，同時又面臨著難得的市場機遇。新競爭者的加入，使競爭加劇，我們的策略：

1. 農業機械業務、工程機械業務做強做大。

農業機械業務。針對用戶需要和競爭態勢，在15馬力-120馬力區間，搶抓25馬力-90馬力產品，兼顧兩頭小於25馬力和大於90馬力的產品。同時，公司將致力於研究與拖拉機配套的農機具的市場。公司對用戶提供的不僅是一台主機，而且有與之配套的農機具，實現農機業務新突破。

工程機械業務。搶抓國家加大基礎建設和西部大開發之機遇，快速發展壓實機械、推土機械、攤鋪機械、拌和機械、養護機械等系列工程機械產品群。

2. 把公司的零部件專業廠做精做專，擴大開拓經營空間。
3. 整合、重組附屬公司業務，提升本公司投資回報。
4. 積極尋求國際合作。引進國外的先進產品、先進技術、先進管理和經驗。



### Improving operations and raising efficiency

The Company is raising efficiency through emphasising management innovation, absorbing new management ideas and experiences, and by improvement in operations and efficiency. The management consultants A.T. Kearney Co., Ltd. has conducted a comprehensive diagnostic review on the Company and proposals for improvement include: (1) To restructure and reorganise product development flow, data base on accounts receivables, product pricing, strategic procurement work flow; to identify the personnel qualification and job requirements for each segment of business and management flow; (2) To restructure the sales team so as to adapt to market changes; to avoid waste of resources and internal competition; to avoid lack of overall planning and management in product sales; to strengthen product sales, sales management and after-sales services, etc. and to keep abreast with the market so that highly effective operating practices can be achieved; (3) to establish effective system of personnel management and to enhance the initiatives of sales personnel. By reforming the sales system, substantial breakthroughs were expected in the market expansion of the Company.

The Directors believe that through adjustment in product mix, rationalization of human resources and implementation of management strategy,

the Company can manage to overcome difficulties in adverse operating environment and minimize the external adverse impact on the Company, and to be able to uphold the weakening economics of scales so as to put the operations of the Company into benign cycle and thereby providing more satisfactory investment return for shareholders.

By order of the Board of Directors  
**Dong Yong An**  
*Chairman*

Luoyang, the PRC  
26 April 2002

### 改善運營 創造效率

公司著重管理創新，吸收先進的管理理念與管理經驗，改善運營，創造效率。根據科爾尼 (KEARNEY) 管理諮詢公司對本公司進行全面諮詢診斷並提出的改進方案，(1) 對產品開發流程、應收賬款資料庫、產品定價改進、戰略採購工作流程等業務流程和管理流程進行再造和重組，明確業務流程和管理流程的各個環節對人員素質和工作要求；(2) 重構能適應市場變化的銷售組織機構，克服無謂的資源浪費和內部競爭以及產品營銷工作缺乏整體規劃與管理的弊端，強化產品銷售、銷售管理、售後服務等工作，緊貼市場、協同一致、高效運作的營銷管理模式；(3) 建立有效的銷售人員績效管理體系，激發廣大營銷人員的積極性。通過改革營銷體制，力求使公司的市場開拓有實質性的突破。

本公司董事會相信，通過產品結構的調整和合理的人力資源調整，實施管理諮詢方案，推進公司業務發展策略，克服外部不利經營環境對公司的影響，抑制效益的下滑，使公司的運行步入良性循環，使股東取得滿意的投資回報。

承董事會命  
**董永安**  
董事長

中國·洛陽  
二零零二年四月二十六日

