



DISCLOSURE OF SIGNIFICANT EVENTS

1. As the terms of office of the Company's second board of directors and supervisory committee expired, the Company's 2002 Annual General Meeting was held on 13 June 2003, at which Mr. Dong Yongan, Mr. Liu Dagong, Mr. Liu Wenyong, Mr. Shao Haichen, Mr. Li Tengjiao, Mr. Zhao Yanshui, Mr. Zhang Jing, Mr. Liu Shuangcheng and Mr. Huang Yanzhao were elected as the executive directors of the third board of directors of the Company; Mr. Lu Zhongmin, Mr. Tao Xiang, Mr. Chen Zhi and Mr. Chan Sau Shan, Gary were elected as the independent non-executive directors; and Mr. Liu Anan, Mr. Zhao Zhonghai, Mr. Xu Weilin, Ms. Wang Aiyong and Mr. Shao Jianxin were elected as the members of the third supervisory committee of the Company. Mr. Liu Anan acts as Chairman of the Supervisory Committee. The terms of office of the third board of directors and supervisory committee of the Company are effective from 1 July 2003 for three years.
2. The first meeting of the third board of directors of the Company elected Mr. Dong Yongan as the Chairman of the Company and Mr. Liu Dagong as the Vice-chairman and resolved to continue to appoint Mr. Shao Haichen as the general manager, Mr. Du Huanlin, Mr. Yang Youliang, Mr. Guo Zhiqiang and Mr. Zhang Youyu as the deputy general manager, Mr. Xie Jianhua as the chief accountant and Mr. Zhang Guolong as the secretary to the board of directors.
3. To further improve the corporate governance structure, establish scientific and rational system in remuneration and performance evaluation of senior management and promote continuous development of the Company, the first meeting of the third board of directors of the Company resolved to establish the Remuneration and Performance Appraisal Committee of the Board of Directors. The Committee comprises independent directors Mr. Chen Zhi and Mr. Lu Zhongmin and the executive director Mr. Dong Yongan. Mr. Chen Zhi acts as the convener. The major duties of the Remuneration and Performance Evaluation Committee are: (1) to study the performance evaluation standards of directors and senior management, carry out evaluation and submit recommendations; and (2) to study and review the remuneration policy and plan of directors and senior management.
4. On 22 July 2003, the Company, Henan Construction Investment Company, China Yituo Group Corporation Limited (the "Holding"), Luoyang Yituo Dongfang Industrial Company Limited and Mr. Liu Zhen Min entered into the Promoters' Agreement of Luoyang First Motors Company Limited for the establishment of Luoyang First Motors Company Limited ("First Motors"). The registered capital of First Motors will be RMB200,000,000. The Company will invest RMB59,000,000, representing 29.5% of the total capital. First Motors will be principally engaged in the design, manufacture and sales of motor vehicles, special vehicles, hanging vehicles chassis for motor vehicles and related spare parts. (Please refer to the announcement dated 24 July 2003 for details)



5. As the Company's subsidiary company Yituo Qingjiang Tractor Co., Ltd. ("YTQT") continued to incur losses, the Company and Jiansu Qingjiang Tractor Group Company ("Qingtuo Group") entered into an agreement on 10 August 2003 for the transfer of 51% equity interests in YTQT after the comprehensive consideration of the conditions of the assets and liabilities of YTQT. Pursuant to the agreement, the Company transferred 51% equity interests in YTQT to Qingtuo Group at a price of RMB10,000. After the transfer of equity interests, the Company no longer held any equity interests in YTQT.
6. The extraordinary general meeting of the Company was held on 6 August 2003 approving the Financial Service Agreement between the Company's subsidiary company China First Tractor Group Finance Company Limited ("FTGF") and the Holding and the connected transactions as disclosed. The Stock Exchange of Hong Kong Limited (the "HKSE") had granted a waiver from strict compliance with the requirements in accordance with paragraph 14.26 of the Rules Governing the Listing of Securities on HKSE.