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**第一拖拉机股份有限公司**  
**FIRST TRACTOR COMPANY LIMITED\***

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

(Stock Code: 0038)

## **CONNECTED TRANSACTIONS**

### **INDUSTRIAL PRODUCTS SALE AND PURCHASE CONTRACT**

#### **THE INDUSTRIAL PRODUCTS SALE AND PURCHASE CONTRACT**

The Board is pleased to announce that China United Engineering has won the bid for a public tender in respect of technical renovation project of the painting line (塗裝線技術改造項目) (the “**Project**”) of the Company. On 3 February 2026, China United Engineering entered into the Industrial Products Sale and Purchase Contract with the Company, pursuant to which, the China United Engineering will provide the paint production line process equipment (the “**Equipment**”) for the Project to the Company, at a total consideration of RMB71,196,390.

As at the date of this announcement, YTO is the controlling shareholder of the Company, holding approximately 548,485,853 A Shares of the Company, representing approximately 48.81% of the total issued Shares of the Company. YTO is in turn held as to approximately 88.22% by Sinomach Group. China United Engineering is a wholly-owned subsidiary of Sinomach Group. Therefore, China United Engineering is an associate of YTO and a connected person of the Company and the transactions between China United Engineering and the Company constitute a connected transaction of the Company under the Listing Rules.

## **LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio in respect of the transaction under the Industrial Products Sale and Purchase Contract as calculated under Rule 14.07 of the Listing Rules is more than 0.1% but less than 5%, the transaction under the Industrial Products Sales and Purchase Contract is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **BACKGROUND**

The Board is pleased to announce that China United Engineering has won the bid for a public tender in respect of Project of the Company. On 3 February 2026, China United Engineering entered into the Industrial Products Sale and Purchase Contract with the Company, pursuant to which, the China United Engineering will provide the Equipment for the Project to the Company, at a total consideration of RMB71,196,390.

## **INDUSTRIAL PRODUCTS SALE AND PURCHASE CONTRACT**

Details of the major terms of the Industrial Products Sale and Purchase Contract are as follows:

Date : 3 February 2026

Parties : China United Engineering, as supplier; and  
the Company, as purchaser.

Services to be provided/ subject matter : In accordance with the technical requirements for the Equipment provided by the Company, including the land use planning map, capacity needs, painting standards, process flow, equipment conditions and informatization requirements, China United Engineering agreed to provide the Equipment for the Project, which includes detailed scheme design, procurement, manufacturing, installation, testing, acceptance works and quality assurance of all non-standard equipment, mechanized conveyor systems, robotic paint transfer systems, electrical control systems, auxiliary equipment and wastewater treatment.

Consideration (the “**Consideration**”) and basis of determination : The Consideration under the Industrial Products Sale and Purchase Contract is RMB71,196,390, which is the price charged by China United Engineering to fulfill all obligations under the Industrial Products Sale and Purchase Contract, including the fees charged for the provision of the Equipment.

The Consideration was determined through an open and competitive tender process.

Other than China United Engineering, there were 5 other independent suppliers participated in the bidding for the Project. China United Engineering obtained the highest overall score among all the bidders and therefore won the above tender.

The factors for assessment included, but were not limited to:

- (1) Qualification and eligibility: (i) validity of business license; (ii) background, qualification, experience and reputation of the bidders; and (iii) creditworthiness.
- (2) Technical aspect: (i) overall equipment proposal; (ii) functional configuration; (iii) project flow and cycle plan; (iv) schedule and plan for delivery, testing and acceptance; and (v) adequacy of resources in personnel, equipment, and financial capacity.
- (3) Performance aspect: (i) after-sales service; and (ii) quality control.
- (4) Terms of the tender proposals: (i) bid price; and (ii) provision of performance guarantees.

Condition : The Industrial Products Sale and Purchase Contract shall be signed by the legal representatives or authorized representatives of both parties and affixed with the contract special seal to become effective.

(Note: Such condition has already been satisfied on the date of this announcement)

Delivery date : (1) Completion of design in accordance with the Company's requirements within 30 days from the effective date of the Industrial Products Sale and Purchase Contract;

(2) Completion of procurement and manufacturing within 135 days from the effective date of the Industrial Products Sale and Purchase Contract;

- (3) Completion of instalment (the “**Instalment**”) of the parts within 90 days following the Company’s notice to proceed with site entry; and
- (4) Completion of testing (“**Testing**”) and fulfillment of trial production conditions within 60 days after the Installation.

- Payment terms :
- (1) Advance payment: after the execution of Industrial Products Sale and Purchase Contract, the Company shall pay China United Engineering 30% of the Consideration within 30 days;
  - (2) Payment upon delivery: the Company shall pay 30% of the Consideration in instalments according to the delivery schedule of the Equipment within 30 days upon the delivery of the Equipment and the Equipment having passed the Testing of and been accepted by the Company;
  - (3) Final acceptance payment: upon the Instalment and passing of the Testing, the Company shall pay China United Engineering 30% of the Consideration; and
  - (4) Quality assurance deposit: The remaining 10% of the Consideration shall serve as the quality assurance deposit, which shall be paid after China United Engineering has provided a quality guarantee, which shall be valid from the date of acceptance until the expiration of the Warranty Period.

- Warranty period (the “**Warranty Period**”) :
- 24 months from the date of passing completion inspection and final acceptance of the Equipment.

## **REASONS FOR AND BENEFIT OF ENTERING INTO THE INDUSTRIAL PRODUCTS SALE AND PURCHASE CONTRACT**

In recent years, with the acceleration of agricultural modernization, the agricultural machinery industry enters into a new stage of technological upgrading.

In response to these industry trends, the Company has been concentrating on enhancing its core component manufacturing capabilities. Through the Project, the Company has carried out automation and intelligent upgrades to its existing production lines. These initiatives are designed to improve the product quality of tractor components, meet production capacity requirements, and provide support for the high-quality development of the Company.

The principal terms of the Transaction have been determined on normal commercial terms, which are in the interests of the Company as a whole and will not affect the business independence of the Company.

At the thirty-six meeting of the ninth session of the Board held on 20 June 2025, a resolution in respect of the Project was considered and approved. None of the Directors has abstained from voting on the relevant resolution(s) of the Board. Since the Transaction is conducted pursuant to the authorization granted by the Board in relation to the Project and represent the ordinary course of implementation under the approved scope and budget of the Project, the Transaction does not require further Board approval. The Directors are of the view that the conduct of the transactions as contemplated by the Industrial Products Sale and Purchase Contract, which constitute connected transactions of the Company through bidding process is ordinary commercial conducts. The Consideration under the Contract was determined through public bidding, on a fair, transparent basis and at a fair and reasonable price, and under no foreseeable circumstances which will harm the interests of the Company and all Shareholders, especially minority Shareholders, or will adversely affect the Company. The Directors are of the view that the Industrial Products Sale and Purchase Contract was entered into in the ordinary and usual course of business of the Group on normal commercial terms, and the terms of the Industrial Products Sale and Purchase Contract are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

## **INFORMATION ABOUT THE PARTIES**

### **The Group**

The Group is principally engaged in the production and sale of agricultural machineries and power machineries. The principal products include hi-powered, mid-powered and low-powered tractors, diesel engines and other accessories of tractors.

### **China United Engineering**

China United Engineering, with a registered capital of RMB120 million, is mainly engaged in the engineering consulting, surveying, design, supervision, project management; EPC contracting; procurement of equipment and materials for engineering projects; contracting overseas projects and domestic international bidding projects; undertaking surveying, consulting, design, and supervision for overseas projects; import and export business; engineering bidding agency and general contracting; research and development and sales of new products in machinery, electronics, light industry, environmental protection, chemicals (excluding hazardous chemicals), and building materials; machinery and equipment manufacturing; and technical consulting, technical services and information consulting services related to its main business.

As at the date of this announcement, YTO is the controlling shareholder of the Company, holding approximately 548,485,853 A Shares of the Company, representing approximately 48.81% of the total issued Shares of the Company. YTO is in turn held as to approximately 88.22% by Sinomach Group. China United Engineering is a wholly-owned subsidiary of Sinomach Group. Therefore, China United Engineering is an associate of YTO and a connected person of the Company.

The following set out certain key financial data of the latest accounting year extracted from the audit report prepared by China United Engineering in accordance with Chinese Accounting Standards:

*Unit: RMB hundred million*

<b>Total assets</b>	<b>Net assets</b>	<b>Operating income</b>	<b>Net profit</b>
163.99	52.50	214.39	8.67

China United Engineering has normal production and operation, and a good ability to perform the Industrial Products Sale and Purchase Contract. There is no other material relationship between the Company and China United Engineering in terms of property rights, business, assets, creditor's rights and debts, or personnel, etc.

## **LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio in respect of the Transaction under the Industrial Products Sale and Purchase Contract as calculated under Rule 14.07 of the Listing Rules is more than 0.1% but less than 5%, the transaction under the Industrial Products Sale and Purchase Contract is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

### **Shanghai Listing Rules Implications**

As the A Shares are listed on the Shanghai Stock Exchange, the Company is also required to comply with relevant requirements of the Shanghai Listing Rules. The Transaction was conducted through an open and competitive tender process, and pursuant to Rule 6.3.18 of the Shanghai Stock Exchange Listing Rules, it is exempt from the review and disclosure procedures typically required for connected transactions. The Transaction does not constitute a major asset reorganization. In accordance with Rule 6.1.3 and 6.1.15 of the Shanghai Stock Exchange Listing Rules, they do not constitute major transactions requiring Shareholders' approval.



## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“A Share(s)”	the domestic ordinary share(s) of RMB1.00 each in the share capital of the Company, which are listed on the Shanghai Stock Exchange and subscribed for and traded in RMB
“associate(s)”	has the same meaning ascribed to it under the Hong Kong Listing Rules
“Board”	the board of Directors
“China United Engineering”	China United Engineering Co., Ltd.* (中國聯合工程有限公司), a company established in the PRC and a connected person of the Company
“Company”	First Tractor Company Limited* (第一拖拉機股份有限公司), a joint stock company with limited liability incorporated in the PRC, the H Shares and A Shares of which are listed on the main board of the Stock Exchange (stock code: 0038) and the Shanghai Stock Exchange (stock code: 601038), respectively
“connected person(s)”	has the same meaning ascribed to it under the Hong Kong Listing Rules
“controlling shareholder(s)”	has the same meaning ascribed to it under the Hong Kong Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC

“Industrial Products Sale and Purchase Contract”	the contract agreement entered into between the Company and China United Engineering on 3 February 2026 in relation to the Transaction
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange
“percentage ratio(s)”	has the same meaning ascribed to it under the Listing Rules, as applicable to a transaction
“PRC”	The People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Listing Rules”	Shanghai Stock Exchange Share Listing Rules
“Shareholder(s)”	shareholder(s) of the Company
“Share(s)”	share(s) of RMB1.00 each of the Company
“Sinomach Group”	China National Machinery Industry Corporation* (中國機械工業集團有限公司), a limited liability company incorporated in the PRC and a controlling shareholder of YTO holding approximately 88.22% equity interest in YTO as at the date of this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the transaction under the Industrial Products Sale and Purchase Contract in relation to the provision of the Equipment by China United Engineering for the Project of the Company

“YTO”

YTO Group Corporation\* (中國一拖集團有限公司), a limited liability company incorporated in the PRC and the controlling shareholder of the Company holding approximately 48.81% equity interest in the Company as at the date of this announcement

“%”

per cent.

By Order of the Board  
**FIRST TRACTOR COMPANY LIMITED\***  
**LIU Bin**  
*Company Secretary*

Luoyang, the PRC  
3 February 2026

*As at the date of this announcement, the Board comprises Mr. Zhao Weilin (Chairman) and Mr. Wei Tao as executive Directors; Mr. Fang Xianfa, Mr. Yang Jianhui and Mr. Sun Feng as non-executive Directors; Mr. Wang Shumao, Mr. Xu Liyou and Ms. Wong Yee Man as independent non-executive Directors; and Mr. Li Peng as employee representative Director.*

\* *For identification purposes only*