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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 TRANSACTION IN RELATION TO THE ACQUISITION OF EQUITY INTERESTS IN THE TARGET COMPANY**

The Company was informed that the Company became the successful bidder of the Sale Equity and the Final Bid Price was RMB19,792,461. On 18 May 2026, the Company entered into the Equity Transfer Agreement with Intelligent Research Institute Company, pursuant to which Intelligent Research Institute Company has agreed to sell and the Company has agreed to purchase 39% of the equity interest of the Target Company (i.e. the Sale Equity) at the Final Bid Price.

### **IMPLICATION UNDER THE LISTING RULES**

As at the date of the announcement, YTO, the controlling shareholder of the Company, holds 48.48% equity interests in Intelligent Research Institute Company. Therefore, pursuant to Chapter 14A of the Listing Rules, Intelligent Research Institute Company is a connected person of the Company.

As one or more of the applicable percentage ratios are more than 0.1% but less than 5%, the transactions contemplated under the Equity Transfer Agreement are subject to reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules, but exempt from the independent shareholders' approval requirement.

Reference is made to the announcement of the Company dated 28 April 2026, in relation to the Acquisition of 39% equity interests in the Target Company held by Intelligent Research Institute Company by way of a public tender on the Beijing Equity Exchange. The Company was informed that the Company became the successful bidder of the Sale Equity and the Final Bid Price was RMB19,792,461. On 18 May 2026, the Company entered into the Equity Transfer Agreement with Intelligent Research Institute Company, pursuant to which Intelligent Research Institute Company has agreed to sell and the Company has agreed to purchase 39% of the equity interest of the Target Company (i.e. the Sale Equity) at the Final Bid Price.

## **THE EQUITY TRANSFER AGREEMENT**

The principal terms of the Equity Transfer Agreement are as follows:

### **Date**

18 May 2026

### **Parties**

- (i) the Company, as the purchaser (the successful bidder at the listing-for-sale); and
- (ii) Intelligent Research Institute Company, as the vendor

## **Equity interest to be acquired**

Pursuant to the terms and conditions of the Equity Transfer Agreement, Intelligent Research Institute Company has agreed to sell and the Company has agreed to purchase 39% of the equity interest of the Target Company (i.e. the Sale Equity) owned by Intelligent Research Institute Company.

## **Consideration**

During the tendering process in which the equity interest in the Target Company was offered for sale, the Company was the sole bidder. Following confirmation by the Beijing Equity Exchange, the Company was granted eligibility to acquire the Sale Equity for a consideration of RMB19,792,461, which was equivalent to the Base Price. The Company determined that Final Bid Price was reasonable after considering a number of factors, including: (i) the operational and financial performance of the Target Company; (ii) the audited net assets value of Target Company as at 31 December 2025 of RMB44.08 million; and (iii) the other factors set out in the section headed “REASONS FOR ENTERING INTO THE EQUITY TRANSFER AGREEMENT” in this announcement.

The Company will settle the Final Bid Price using the Company’s own funds.

The deposit of RMB5,930,000 was paid by the Company on 14 May 2026 pursuant to the tender requirement. Balance of the Final Bid Price after deducting the deposit paid shall be paid by the Company in one lump sum to the settlement account designated by the Beijing Equity Exchange within five Business Days after the effective date of the Equity Transfer Agreement. Such amount will be transferred to Intelligent Research Institute Company within three Business Days after the date of issuance of the equity transfer certificate by the Beijing Equity Exchange.

Having reviewed the relevant consideration basis, the Directors are of the view that the Final Bid Price is fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

## **Completion**

Intelligent Research Institute Company shall procure the Company to complete the necessary registration procedures for the transfer of the Sale Equity with the relevant authorities in the PRC within five Business Days after the date of issuance of the equity transfer certificate by the Beijing Equity Exchange in relation to the Acquisition. The date on which the Company is recorded in the Target Company's shareholders' register as shareholder shall be the completion date.

Upon completion, the Target Company will be owned as to 39% by the Company and will become a non-wholly owned subsidiary of the Company, and its financial results will not be consolidated into the financial statements of the Company.

## **REASONS FOR ENTERING INTO THE EQUITY TRANSFER AGREEMENT**

This equity investment will help deepen the Company's partnership with Beidahuang Agribusiness Group Co., Ltd, align with the national policy to "establish a pilot zone for the R&D, manufacturing, promotion, and application of large-scale, high-horsepower, high-end smart agricultural machinery". Leveraging the large-scale application scenarios for high-end smart agricultural machinery of Beidahuang Agribusiness Group Co., Ltd, the Company continuously optimizes the performance of its core technologies, accelerates the R&D, manufacturing, promotion, and application of the Company's high-end products, and better serves and safeguards national food security.

The Directors are of the view that the Equity Transfer Agreement, which constitutes a connected transaction of the Company entered into through a tendering process, represents ordinary commercial conduct. The consideration under the Equity Transfer Agreement was determined through public tendering on a fair, transparent basis and at a fair and reasonable price. The Directors do not foresee any circumstances under which the transaction would harm the interests of the Company and its Shareholders (especially the minority Shareholders) or adversely affect the Company. The Directors further confirmed that the Equity Transfer Agreement was not entered into in the ordinary and usual course of business of the Group, but the terms of the Equity Transfer Agreement are fair and reasonable, on normal commercial terms, and in the interests of the Company and its Shareholders as a whole.

## **INFORMATION ON THE PARTIES**

### **The Group**

The Group is principally engaged in the production and sale of agricultural machinery and power machinery. The principal products include tractors of hi-powered, mid-powered and low-powered, diesel engines and relevant parts and components.

### **Intelligent Research Institute Company**

Intelligent Research Institute Company, with a registered capital of approximately RMB100 million, is mainly engaged in the manufacture of agricultural machinery; the manufacture of specialized machinery for agriculture, forestry, animal husbandry, and sideline fishery; internet of things equipment manufacturing; sales of intelligent agricultural machinery and equipment; agricultural machinery services; technical services, technology development, technical consultation, technical exchanges, technology transfer, and technology promotion; industrial design services; mechanical equipment research and development; new material technology research and development; software development; sales of artificial intelligence hardware; sales of hydraulic power machinery and components; sales of intelligent robots; processing of mechanical parts and components; sales of mechanical parts and components; sales of machinery equipment; sales of intelligent drones; manufacturing of navigation terminals; sales of navigation terminals; technology import and export; import and export of goods; information system integration services; geographic remote sensing information services; vegetable cultivation; labour services (excluding labour dispatch); agricultural production custody services; big data services; information consulting services (excluding licensed information consulting services); conference and exhibition services; land consolidation services; irrigation services; agricultural professional and auxiliary activities; engineering and technical services (excluding planning management, surveying, design, and supervision); business training (excluding education and training, vocational skills training, and other training requiring licenses); intellectual property services (excluding patent agency services); manufacturing of bearings; sales of bearings (except for projects that require approval by law, business activities may be carried out independently in accordance with the law based on the business license), etc.

As at the date of this announcement, YTO, the controlling shareholder of the Company, holds 48.48% equity interests in Intelligent Research Institute Company. As at the date of this announcement, Intelligent Research Institute Company is held as to 12.08% by Jiangsu Yueda Intelligent Agricultural Equipment Co., Ltd.\* (江蘇悅達智能農業裝備有限公司); 10.24% by Qingyan (Luoyang) Advanced Manufacturing Industry Research Institute\* (清研(洛陽)先進製造產業研究院); 6.40% by China Agricultural Mechanization Science Research Institute Group Co., Ltd.\* (中國農業機械化科學研究院集團有限公司); and 6.40% by Nongxin Technology (Beijing) Co., Ltd.\* (農芯科技(北京)有限責任公司). No other shareholders of Intelligent Research Institute Company holds more than 5% of its equity interests as at the date of this announcement.

To the best knowledge and belief of the Company and after making due enquiry, save for YTO and China Agricultural Mechanization Science Research Institute Group Co., Ltd.\* (中國農業機械化科學研究院集團有限公司), which is a wholly-owned subsidiary of Sinomach Group, none of Jiangsu Yueda Intelligent Agricultural Equipment Co., Ltd.\* (江蘇悅達智能農業裝備有限公司), Qingyan (Luoyang) Advanced Manufacturing Industry Research Institute\* (清研(洛陽)先進製造產業研究院) and Nongxin Technology (Beijing) Co., Ltd.\* (農芯科技(北京)有限責任公司) is a connected person of the Company.

### **Target Company**

Heilongjiang Beidahuang Reclamation Agricultural Machinery Equipment Co., Ltd., with a registered capital of RMB50 million, is mainly engaged in the agricultural machinery manufacturing; manufacturing of specialized machinery for agriculture, forestry, animal husbandry, and fisheries; manufacturing of IoT equipment; sales of intelligent agricultural machinery and equipment; agricultural machinery services; technical services, technology development, technology consulting, technology exchange, technology transfer, and technology promotion; industrial design services; research and development of machinery and equipment; research and development of new materials technology; software development; sales of artificial intelligence hardware; sales of intelligent robots; processing of mechanical parts and components; sales of mechanical parts and components; sales of machinery and equipment; labor services (excluding labor dispatch); agricultural production custody services; and technical, information, and facility construction and operation services related to agricultural production and operation, etc. The original acquisition cost of Intelligent Research Institute Company was RMB19,500,000. The audited net assets value of the Target Company was approximately RMB44,076,000 as at 31 December 2025.

The financial results of the Target Company are set out as follows:

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2024</b>	<b>2025</b>
	<i>RMB'0000</i>	<i>RMB'0000</i>
	(audited)	(audited)
Revenue	0	3,674
(Loss) before taxation	(129)	(244)
(Loss) after taxation	(129)	(464)

As at the date of the announcement, Beidahuang Agricultural Service Group Co., Ltd.\* (北大荒農業服務集團有限公司) holds 51% equity interests in the Target Company, and Intelligent Research Institute Company holds the remaining 49%. YTO holds 48.48% equity interests in Intelligent Research Institute Company.

## **LISTING RULES IMPLICATIONS**

As at the date of the announcement, YTO, the controlling shareholder of the Company, holds 48.48% equity interests in Intelligent Research Institute Company. Therefore, pursuant to Chapter 14A of the Listing Rules, Intelligent Research Institute Company is a connected person of the Company.

As one or more of the applicable percentage ratios are more than 0.1% but less than 5%, the transaction contemplated under the Equity Transfer Agreement is subject to reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules, but exempt from the independent Shareholders' approval requirement.

The resolutions on the Acquisition were considered and approved by the Board at a Board meeting held on 28 April 2026. Mr. Zhao Weilin, Mr. Wei Tao, Mr. Fang Xianfa, Mr. Yang Jianhui and Mr. Sun Feng, the Directors, were deemed to have interests in the Acquisition as they are currently also directors of YTO and therefore have abstained from voting on the relevant resolutions at the Board meeting.

## 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. In accordance with the Shanghai Stock Exchange Listing Rules, the Acquisition do not constitute major asset reorganisation nor require the Shareholders' approval.

## DEFINITIONS

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

“Acquisition”	the acquisition of 39% equity interests in the Target Company by the Company
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Base Price”	the base price for the public tender in relation to the Acquisition, being RMB19,792,461 which was determined based on the equity appraised value of the Target Company pursuant to the valuation report prepared by an independent professional valuation institution engaged by Intelligent Research Institute Company
“Beijing Equity Exchange”	China Beijing Equity Exchange* (中國北京產權交易所)
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday or a Sunday) on which banks are open for general business in the PRC
“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 as ascribed to this term under the Listing Rules

“controlling shareholder(s)”	has the same meaning as ascribed to this term under the Listing Rules
“Director(s)”	the director(s) of the Company
“Equity Transfer Agreement”	the equity transfer agreement entered into between Intelligent Research Institute Company and the Company on 18 May 2026 in relation to the sale and purchase of the Target Company Equity Interest
“Final Bid Price”	the final bid price for the public tender in relation to the Acquisition pursuant to the Agreement, being RMB19,792,461
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Intelligent Research Institute Company”	Luoyang Intelligent Agricultural Equipment Research Institute Co., Ltd.* (洛陽智能農業裝備研究院有限公司), a company with limited liability incorporated in the PRC and is held as to 48.48% by YTO as at the date of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“percentage ratio(s)”	has the same meaning as ascribed to this term under the Listing Rules, as applicable to a transaction
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Equity”	39% equity interest in the Target Company
“Shanghai Listing Rules”	Shanghai Stock Exchange Share Listing Rules
“Shareholder(s)”	the 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
“Target Company”	Heilongjiang Beidahuang Reclamation Agricultural Machinery Equipment Co., Ltd.* (黑龍江北大荒墾征農機裝備有限公司)
“Target Company Equity Interest”	39% equity interest in Target Company owned by Intelligent Research Institute 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. YTO is controlled by an enterprise directly administered by the State-owned Assets Supervision and Administration Commission of the State Council
“%”	per cent.

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

Luoyang, the PRC  
18 May 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*