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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

INDUSTRIAL PRODUCTS SALE AND PURCHASE CONTRACT

THE INDUSTRIAL PRODUCTS SALE AND PURCHASE CONTRACT

The Board is pleased to announce that Beiqiyuan has won the bid for a public tender in respect of the industrialization project of non-road National V diesel engines: automated storage for cylinder block and cylinder head, automated storage for spare parts, Automated Guided Vehicles (AGV) transport system for machining lines（非道路國五柴油機產業化項目—缸體缸蓋立庫、零部件立庫、機加線 AGV 輸送系統）(the "**Project**") of YTO Diesel Engine. On 3 February 2026, Beiqiyuan entered into the Industrial Products Sale and Purchase Contract with YTO Diesel Engine, pursuant to which, YTO Diesel Engine will procure services for the construction of the vertical warehouse for cylinder blocks and heads (which includes the AGV automatic transport system and the environmental assurance system), the automated storage for spare parts, and the AGV transport system for machining lines from Beiqiyuan, at a total consideration of RMB23,000,000.

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. Sinomach Group owns 88.22% equity interests of YTO and is the de facto controller of the Company. CAMCE as a controlled subsidiary of Sinomach Group, is controlled by Sinomach Group, which is the de facto controller of the Company. Beiqiyuan is a wholly owned subsidiary of CAMCE and YTO Diesel Engine is a controlled subsidiary of the Company. Therefore, Beiqiyuan is an associate of Sinomach Group and both Beiqiyuan and YTO Diesel Engine are connected persons of the Company, and the transaction between Beiqiyuan and YTO Diesel Engine constitutes 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 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.

BACKGROUND

The Board is pleased to announce that Beiqiyuan has won the bid for a public tender in respect of the Project of YTO Diesel Engine. On 3 February 2026, Beiqiyuan entered into the Industrial Products Sale and Purchase Contract with YTO Diesel Engine, pursuant to which, YTO Diesel Engine will procure services for the construction of the vertical warehouse for cylinder blocks and heads (which includes the AGV automatic transport system and the environmental assurance system), the automated storage for spare parts, and the AGV transport system for machining lines from Beiqiyuan, at a total consideration of RMB23,000,000.

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	:	Beiqiyuan, as supplier; and YTO Diesel Engine, as purchaser.
Services to be provided/ subject matter	:	Construction (the "**Construction Services**") of the vertical warehouse for cylinder blocks and heads (which includes the AGV automatic transport system and the environmental assurance system), the automated storage for spare parts, and the AGV transport system for machining lines (the "**Automated Logistic Systems**").
Consideration (the "**Consideration**") and basis of determination	:	The Consideration under the Industrial Products Sale and Purchase Contract is RMB23,000,000, which is the price charged by Beiqiyuan to fulfill all obligations under the Industrial Products Sale and Purchase Contract, including the fees charged for the provision of Construction Services. The Consideration was determined through an open and competitive tender process. Other than Beiqiyuan, there were 4 other independent suppliers which made a bid for the Project. Beiqiyuan 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:

(a) Qualification and eligibility: (i) validity of business license; (ii) background, qualification, experience and reputation of the bidders; and (iii) creditworthiness.

(b) Technical aspect: (i) overall equipment proposal; (ii) functional configuration; (iii) proposal for the Construction Services; (iv) project flow and cycle time plan; (v) schedule and plan for delivery, testing and acceptance; and (vi) adequacy of resources in personnel, equipment, and financial capacity.

(c) Performance aspect: (i) after-sales service; and (ii) quality control.

(d) 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 special contract seal to take effect.

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

Delivery date : The Automated Logistic Systems shall be delivered to YTO Diesel Engine within three months from the effective date of the Industrial Products Sale and Purchase Contract, and installation and testing shall be completed within five months after the Automated Logistic Systems have been delivered.

Payment terms	:	(1) First payment: after the execution of the Industrial Products Sale and Purchase Contract, YTO Diesel Engine shall pay 10% of the Consideration within 30 days after receiving an advance payment guarantee issued by Beiqiyuan to YTO Diesel Engine which is in favor of YTO Diesel Engine and amounting to 10% of the Consideration and is valid until completion of the Final Acceptance; (2) Payment upon delivery: YTO Diesel Engine shall pay 50% of the Consideration within 30 days after the delivery of the equipment to the site, provided that the equipment has passed the pre-delivery inspection and acceptance; and (3) Final acceptance payment: within 30 days after YTO Diesel Engine has received a quality guarantee issued by Beiqiyuan in favor of YTO Diesel Engine, amounting to 10% of the Consideration and valid until the expiry of the Warranty Period, YTO Diesel Engine shall pay the remaining 40% of the Consideration. This payment is conditional upon the completion of the equipment's installation, commissioning, and its successful Final Acceptance at the production site of YTO Diesel Engine.
Warranty period (the "**Warranty Period**")	:	18 months from the date of passing completion inspection and final acceptance of the construction work (the "**Final Acceptance**").

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. By implementing 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 Group wishes that Beiqiyuan will construct excellent automatic transport systems and automated storages to help upgrade the Company's existing production lines.

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 twenty-third meeting of the ninth session of the Board held on 28 August 2024, a resolution in respect of the Project was considered and approved. None of the Directors Project 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 considerations 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 OF THE PARTIES

The Group

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

YTO Diesel Engine

YTO Diesel Engine is a limited liability company incorporated in the PRC and a controlled subsidiary of the Company. As at the date of this announcement, 87.39% of YTO Diesel Engine's equity interests are held by the Company. YTO Diesel Engine is principally engaged in manufacture and sale of diesel engines.

Beiqiyuan

Beiqiyuan is a limited liability company incorporated in the PRC and is principally engaged in research, design, development, and engineering services related to cranes and material handling equipment. It is a wholly owned subsidiary of CAMCE. As at the date of this announcement, Sinomach Group is the single largest shareholder of CAMCE, holding approximately 62.86% equity interests in CAMCE. The remaining shareholders each hold no more than 1% of the equity interests in CAMCE. Sinomach Group is principally engaged in the research and development and manufacturing of machinery equipment, heavy machineries, engineering projects domestically and internationally, sales of automotive and parts, contracting of international projects and tendering of domestic and international projects, and import and export business. Sinomach Group is held as to 100% by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC.

As at the date of this announcement, YTO is the controlling shareholder of the Company, holding approximately 548,485,853 A Shares, representing approximately 48.81% equity interest in the Company. YTO is in turn held as to approximately 88.22% by Sinomach Group. Beiqiyuan is a controlled subsidiary of Sinomach Group and YTO Diesel Engine is a controlled subsidiary of the Company. Therefore, each of YTO, Sinomach Group, Beiqiyuan and YTO Diesel Engine is 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 Beiqiyuan in accordance with Chinese Accounting Standards:

Unit: RMB hundred million

Total assets	Net assets	Operating income	Net profit
29.89	6.98	14.44	1.98

Beiqiyuan maintains sound financial standing and normal production and operation activities, demonstrating strong contract fulfillment capabilities. There is no other material relationship between Beiqiyuan and YTO Diesel Engine 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 meaning ascribed to it under the Listing Rules
"Beiqiyuan"	Beijing Materials Handling Research Institute Co., Ltd. (北京起重運輸機械設計研究院有限公司), a company established in the PRC and a connected person of the Company
"Board"	the board of Directors
"CAMCE"	China CAMC Engineering Co., Ltd. (中工國際工程股份有限公司)
"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
"Group"	the Company and its subsidiaries

"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"Industrial Products Sale and Purchase Contract"	the contract entered into between Beiqiyuan and YTO Diesel Engine 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 as ascribed to this term 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)"	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, 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 Construction Services by Beiqiyuan for the Project of YTO Diesel Engine

"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
"YTO Diesel Engine"	YTO (Luoyang) Diesel Engine Co., Ltd.,(一拖(洛陽)柴油機有限公司), a company established in the PRC, and a controlled subsidiary of the Company
"%"	per cent

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