

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

ANNOUNCEMENT ON RECEIPT OF GOVERNMENT GRANTS

I. BASIC INFORMATION ON RECEIPT OF GRANTS

First Tractor Company Limited (the “**Company**”) received government grants of RMB6,864,850.00 in aggregate from 7 May 2020 to the date of this announcement. Details of which are as follows:

Units: RMB

Name of the subsidized project	Amount	Representation	File Number (Government Approval)
Special Rewards and Subsidies for Structural Adjustments of Industrial Enterprises used to stabilize employment	900,000.00	Other income	Luo Cai Yu [2020] No. 41 – Notice on Allocation of Special Rewards and Subsidies for Structural Adjustments of Industrial Enterprises Used to stabilize employment
The first batch of enterprise subsidies of special funds at provincial level on foreign economic and trade development in 2020	120,000.00	Other income	Luo Cai Yu [2020] No. 75 – Notice of Luoyang Municipal Finance Bureau on Allocation of the First Batch of Special Funds at Provincial Level on Foreign Economic and Trade Development in 2020
Research and system development of reliability testing technology for tractor Key Parts	103,000.00	Deferred income	Mission Statement of Research and System Development of Reliability Testing Technology for Tractor Key Parts
Cloud-based collaborative intelligent harvesting robot system development	770,000.00	Deferred income	Mission Statement of Cloud-Based Collaborative Intelligent Harvesting Robot System Development

Name of the subsidized project	Amount	Representation	File Number (Government Approval)
Special Fund for Advanced Manufacturing Industry Development in 2020 – Foundry medium and small parts molding line transformation project	2,910,000.00	Deferred income	Luo Cai Yu [2020] No.49 – Notice of Luoyang Municipal Finance Bureau on Special Fund for Advanced Manufacturing Industry Development in 2020
Research on key technologies of clean and combustion of agricultural diesel engine	31,200.00	Deferred income	Mission Statement of Research on Key Technologies of Clean and Combustion of Agricultural Diesel Engine
Research on control and OBD key technology of agricultural machinery exhaust after treatment system	70,700.00	Deferred income	Mission Statement of Research on Control and OBD Key Technology of Agricultural Machinery Exhaust after Treatment System
Grant after technology transfer of enterprises	1,000,000.00	Deferred income	Luo Cai Yu [2020] No.269 – Notice on the Budget for the Construction of the Fifth Batch of Provincial Science and Technology Innovation System in 2020 by Luoyang Finance Bureau
Combating the Pandemic to help the enterprises over the difficulties	3,850.00	Other income	Tai Zheng Fa [2020] No.4 – Notice on the Printing and Issuance of 18 Policy Opinions on the Combating the Pandemic to help the enterprises over the difficulties (Chun Feng Hui Qi) in Jiangyan District of Taizhou
Patent Award Project by the Administration for Market Regulation of Luoyang	12,000.00	Other income	Luo Cai Gong [2017] No.34- Notice on Publishing and Issuance of the Measures for the Management of Special Funds of Intellectual Property Rights in Luoyang City
Application Research of Intelligent Design Platform in the Development of High Power Tractor	72,100.00	Deferred income	Mission Statement of Application Research of Intelligent Design Platform in the Development of High Power Tractor
Development of key core components for new energy-saving and environmentally friendly agricultural diesel engines	172,000.00	Deferred income	Mission Statement of Development of Key Core Components for New Energy-Saving and Environmentally Friendly Agricultural Diesel Engines
Tractor whole machine detection technology research and system development	700,000.00	Deferred income	Mission Statement of Tractor Whole Machine Detection Technology Research and System Development

II. IMPACT OF GOVERNMENT GRANTS ON LISTED COMPANY

The Company has confirmed the above matters in accordance with the relevant provisions of “Accounting Standards for Business Enterprises No. 16 – Government Grants”, as follows:

Unit: RMB (Yuan)

Impact on the Company	Amounts
Credited to other income items, affecting current profit or loss items	1,035,850.00
Credited to non-operating income items, affecting current profit or loss items	0.00
Credited to deferred income items, and will transfer the relevant projects to profit or loss items in accordance with the regulations after acceptance	<u>5,829,000.00</u>
Total	<u><u>6,864,850.00</u></u>

The specific accounting treatment of the abovementioned government grants shall be determined based on the results of the annual audit confirmed by the auditor.

By order of the Board of Directors
FIRST TRACTOR COMPANY LIMITED
Yu Lina
Company Secretary

Luoyang, the PRC
20 October 2020

As at the date of this announcement, the Board comprises Mr. Li Xiaoyu (Chairman), Mr. Cai Jibo (vice Chairman) and Mr. Liu Jiguo as executive Directors; Mr. Li Hepeng, Mr. Xie Donggang and Mr. Zhou Honghai as non-executive Directors; and Ms. Yang Minli, Ms. Wang Yuru and Mr. Edmund Sit as independent non-executive Directors.

* *For identification purpose only*