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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)

ANNOUNCEMENT ON RECEIPT OF GOVERNMENT GRANTS

I. BASIC INFORMATION ON RECEIPT OF GRANTS

First Tractor Company Limited (the “**Company**”) received government grants relating to the income of RMB91,477,722.55 in aggregate from 21 October 2020 to the date of this announcement. Details of which are as follows:

Units: RMB (Yuan)

Number	Name of the subsidized project	Amount	Representation	Date	File Number (Government Approval)
1	Working subsidy	2,126,400.00	Other income	22 October 2020 4 December 2020	Yu Ren She Ban [2020] No.43, Notice on Forwarding the Notice on Implementation of the Specialized Support Plan for Enterprise Employment Stabilization and Expansion in Henan Province issued by Luoyang Human Resources and Social Security Bureau and Luoyang Finance Bureau, Tai Ren She Fa [2020] No.136
2	Medium power energy-saving and environmentally friendly agricultural diesel engine integrated development and machine matching	438,300.00	Deferred income	23 October 2020	Mission Statement of “Medium Power Energy-saving and Environmentally Friendly Agricultural Diesel Engine Integrated Development and Machine Matching”

Number	Name of the subsidized project	Amount	Representation	Date	File Number (Government Approval)
3	Combating the Pandemic and stabilization of foreign trade	8,200.00	Other income	26 October 2020	Tai Cai Gong Mao [2020] No.42
4	Funds for development projects of middle and small-sized enterprises	30,000.00	Other income	28 October 2020	Tai Cai Gong Mao [2020] No.49
5	Preferential funds for industrial development	40,000.00	Other income	10 November 2020	Tai Jiang Ban [2019] No.105
6	Skills subsidies	1,500.00	Other income	11 November 2020	Tai Shi Jian Fa [2020] No.62
7	Research and development of large-scale precision sowing and fertilizing robot system	206,600.00	Deferred income	16 November 2020	Mission Statement of “Research and Development of Large-scale Precision Sowing and Fertilizing Robot System”
8	Micro, small and medium-sized enterprise production and sales matching incentive fund	271,600.00	Other income	27 November 2020 2 December 2020	Luo Cai Yu [2019] No.473
9	Subsidies for export credit insurance projects	688,500.00	Other income	4 December 2020	Notice on Making Good Use of Central Special Funds for Foreign Trade and Economic Development issued by Luoyang Municipal Bureau of Commerce
10	Intellectual property construction and application demonstration of new energy intelligent tractors	20,000.00	Deferred income	14 December 2020	Mission Statement of “Intellectual Property Construction and Application Demonstration of New Energy Intelligent Tractors”
11	Reward and subsidy funds for coal use reduction	47,700.00	Other income	15 December 2020	Tai Jiang Cai [2020] No.106
12	Subsidies for employment stabilization	62,765,479.00	Other income	23 December 2020	Yu Ren She Ban [2020] No.11, Luo Zheng [2020] No.5 and Luo Ren She [2020] No.15
13	Subsidies for zombie and troubled enterprises	24,833,443.55	Non-operating income	23 December 2020 24 December 2020	Guo Ji Cai Zi Chan Han [2018] No.7

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	65,979,379.00
Credited to non-operating income items, affecting current profit or loss items	24,833,443.55
Credited to deferred income items, and will transfer the relevant projects to profit or loss items in accordance with the regulations after acceptance	<u>664,900.00</u>
Total	<u><u>91,477,722.55</u></u>

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

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

Luoyang, the PRC
24 December 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*