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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 and its subsidiaries (the “**Company**”) received government grants relating to the income of RMB12,589,189.00 in aggregate from 25 December 2020 to the date of this announcement, details of which are as follows:

Units: RMB (Yuan)

Name of the subsidized project	Amount	Representation	Date	File Number (Government Approval)
Funds for processing trade	90,000.00	Other income	2020.12.25	Luo Cai Yu [2020] No.35
Special funds for project of expanding import and export scale	40,000.00	Other income	2020.12.25	Luo Cai Yu [2020] No.153
Technological improvement of power system production	2,625,000.00	Deferred income	2020.12.25	Project Contract and Consortium Agreement
Technology integration and demonstration application of BDS-based agricultural machinery navigation operation	58,789.00	Deferred income	2020.12.25	Mission Statement of “Technology Integration and Demonstration Application of BDS-based Agricultural Machinery Navigation Operation”
Incentive funds for construction of engineering research center	300,000.00	Other income	2020.12.25	Announcement of 2018 Proposed Newly-built Provincial Engineering Research Center
Micro, small and medium-sized enterprise production and sales matching incentive fund	100,000.00	Other income	2020.12.29	Luo Cai Yu [2019] No.473

Name of the subsidized project	Amount	Representation	Date	File Number (Government Approval)
Rewards for recognition as high-tech enterprises	200,000.00	Other income	2020.12.29	Luo Cai Gong [2018] No.18
Working subsidy	4,075,400.00	Other income	2020.12.30	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
Special funds for phase I upgrade and improvement of diesel engines national IV	5,100,000.00	Deferred income	2020.12.31	Announcement of 2018 Luoyang Enterprise Technology Improvement Supporting Project

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”, details of which are as follows:

Unit: RMB (Yuan)

Impact on the Company	Amounts
Credited to other income items, affecting current profit or loss items	4,805,400.00
Credited to non-operating income items, affecting current profit or loss items	/
Credited to deferred income items, and will transfer the relevant projects to profit or loss items in accordance with the regulations after acceptance	<u>7,783,789.00</u>
Total	<u><u>12,589,189.00</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
31 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*