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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**”) and its subsidiaries received government grants amounting to RMB34,090,570.89 on a accumulative basis from 4 January 2021 to the date of this announcement, including income related government grants of RMB27,090,570.89 and asset related government grants of RMB7,000,000.00, details of which are as follows:

Units: RMB (Yuan)

Name of the subsidized project	Amount	Representation	Date	File number (Government approval)	Asset/income related
Project funding for “Research on Fault Early Warning and Remote Diagnosis Technology for Tractor Operation Information Collection”	39,000.00	Deferred income	2021.1.26	Mission Statement of Project for “Research on Fault Early Warning and Remote Diagnosis Technology for Tractor Operation Information Collection”	Income related
Project funding for “Key Technology Research and Machine Development of Hilly Mountain Tractor”	95,000.00	Deferred income	2021.1.26	Mission Statement of Project for “Key Technology Research and Machine Development of Hilly Mountain Tractor”	Income related
Project funding for “Research and Development of Cloud Collaborative Intelligent Operating Robot System”	205,000.00	Deferred income	2021.2.26	Mission Statement of Project for “Research and Development of Cloud Collaborative Intelligent Harvesting Robot System”	Income related
Recognition for advanced unit in Jiangyan Economic Development District for 2020	80,000.00	Other income	2021.3.1	Jiang Kai Dang Gong Wei Fa [2021] No. 7	Income related

Name of the subsidized project	Amount	Representation	Date	File number (Government approval)	Asset/income related
Reward for transformation and upgrading of industrial enterprises	75,600.00	Other income	2021.3.16	Jiang Kai Dang Gong Wei Fa [2021] No. 3	Income related
Project funding for “Research on and Application of Collaborative Manufacturing Integrated Technology for Agricultural Equipment Manufacturing Industry Cluster Regional Network”	1,346,192.00	Deferred income	2021.3–2021.4	Mission Statement of “Project for Research on and Application of Collaborative Manufacturing Integrated Technology for Agricultural Equipment Manufacturing Industry Cluster Regional Network”	Income related
Special funding for development of advanced manufacturing industry	5,000,000.00	Deferred income	2021.5.25	Luo Cai Yu [2021] No.95	Income related
Special funds for foreign economic and trade development	274,300.00	Other income	2021.5.25	Luo Cai Yu [2020] No.270	Income related
Subsidies for introduction of senior foreign experts	300,000.00	Other income	2021.6.10	Declaration Letter for High-end Foreign Expert Introduction Program of Henan	Income related
Government subsidies for research and development of enterprises	2,946,280.00	Other income	2021.6.11	Luo Cai Yu [2019] No. 506	Income related
Supporting fund for employment stabilization	2,100,000.00	Other income	2021.6.11	Document relating to the “supporting fund for employment stabilization”	Income related
Funding for research and development of enterprises	406,990.00	Other income	2021.6.15	Yu Cai Ke [2017] No. 166	Income related
Supporting fund for robot and intelligent equipment industries	300,000.00	Other income	2021.6.25	Luo Cai Yu [2021] No. 77	Income related
Subsidies for integral reward for technological innovation for 2020	43,000.00	Other income	2021.7.22	Tai Zheng Fa [2020] No. 15	Income related
Special fund for governmental subsidies for research and development of enterprises for 2020	2,445,300.00	Other income	2021.8.5	Yu Cai Ke [2020] No. 30	Income related
Award funding for Henan Technology Research Center for Non-road Use Diesel Engine Project	300,000.00	Other income	2021.8.19	Yu Ke [2018] No. 203	Income related
Award to high-tech enterprises	100,000.00	Other income	2021.8.30	Luo Cai Tou [2021] No. 5	Income related

Name of the subsidized project	Amount	Representation	Date	File number (Government approval)	Asset/income related
Luoyang applied technology research and development fund	5,610,000.00	Other income	2021.8–2021.9	Luo Cai Tou [2021] No. 4	Income related
Subsidies for enterprises in difficulties	5,248,677.16	Non-operating income	2021.8–2021.9	Guo Ji Cai Zi Chan Han [2018] No. 7	Income related
Special support plan for the stabilization and expansion of employment	67,252.23	Other income	2021.9.30	Tai Ren She Fa [2020] No. 136	Income related
Others	107,979.50	Other income/deferred income	2021.5–2021.6		Income related
Subtotal	27,090,570.89				
Subsidies for the project of modern agricultural equipment smart cockpit digital factory	7,000,000.00	Deferred income	2021.7.3	Luo Gong Xin [2017] No. 197	Asset related
Total	<u>34,090,570.89</u>				

II. IMPACT OF GOVERNMENT GRANTS ON THE LISTED COMPANY

The Company has confirmed the above matters in accordance with the relevant provisions under “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 the item of other income, affecting current profit or loss	15,103,301.73
Credited to the item of non-operating income, affecting current profit or loss	5,248,677.16
Credited to the item of deferred income, which will be transferred to profit or loss items in accordance with the regulations after verification on completion of the relevant projects	<u>13,738,592.00</u>
Total	<u>34,090,570.89</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
FIRST TRACTOR COMPANY LIMITED
YU Lina
Company Secretary

Luoyang, the PRC
11 October 2021

As at the date of this announcement, the Board comprises Mr. Li Xiaoyu (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 purposes only*