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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**

First Tractor Company Limited\* (the “**Company**”) and all members of the board (the “**Board**”) of directors (the “**Directors**”) of the Company hereby warrant that there are no false information, misleading statements or material omissions in this announcement, and accept several and joint responsibilities for the truthfulness, accuracy and completeness of its contents.

### **IMPORTANT NOTICE:**

- From November 2022 to the date of disclosure of this announcement, the Company and its wholly-owned and controlling subsidiaries received government grants amounting to RMB61,440,803.47 on an accumulative basis, of which RMB12,216,700.00 received between November 2022 to 31 December 2022 have been confirmed by the auditing authority to be included in the profit or loss of the Company for 2022. From 1 January 2023 to the date of disclosure of this announcement, government grants of RMB49,224,103.47 was received, according to “Accounting Standards for Business Enterprises No. 16 – Government Grants”, RMB26,472,403.47 was included in other income and affected the profit or loss of the current period; RMB22,751,700.00 was included in deferred income and will be transferred to profit or loss upon completion and acceptance of relevant projects in accordance with the regulations.

## I. BASIC INFORMATION ON RECEIPT OF GRANTS

From November 2022 to the date of disclosure of this announcement, the Company and its wholly-owned and controlling subsidiaries have received government grants amounting to RMB61,440,803.47 on an accumulative basis, representing 9.0215% of the Company's latest audited net profit attributable to the parent company. All grants mentioned above are income related government grants. Specifics are as follow:

No.	Subsidized project	Time of receipt	Grant category	Amount of grant (Yuan)	Accounting items	Percentage to the Company's latest audited net profit attributable to the shareholders of the listed company(%)
1	Financial Assistance at the Location of the Subsidiary	2022.11-2023.8	Income related	1,111,117.00	Other income	0.1632
2	High Horsepower Intelligent Tractor R&D and Manufacturing Project	2022.12-2023.9	Income related	25,500,000.00	Other income	3.7442
3	Unemployment Subsidies	2022.12	Income related	1,000,000.00	Other income	0.1468
4	Construction Fund of Zhang Jingmei's "Great Craftsmen of Heluo" Workshop* (張景梅「河洛大工匠」工作室)	2023.1	Income related	100,000.00	Deferred income	0.0147
5	R&D and Application Demonstration of Wheat Ploughing and Tillage Unmanned Operation Equipment	2023.4	Income related	840,000.00	Deferred income	0.1233
6	Integration and Application Demonstration of New Power Tractor/Self-propelled Plant Protection Machine	2023.4-2023.10	Income related	690,000.00	Deferred income	0.1013
7	Unmanned Tractor Operation Technology Research and Equipment R&D and Manufacturing	2023.4	Income related	950,000.00	Deferred income	0.1395
8	Key Technologies R&D and Integrated Innovation and Assembly of Hybrid/Electric Power Systems and Intelligent Control Units for Agricultural Machinery	2023.5-2023.10	Income related	425,000.00	Deferred income	0.0624
9	Unmanned Wheat Farms Intelligent Cloud Control System Integration and Application	2023.5	Income related	200,000.00	Deferred income	0.0294
10	Re-engineering of Industry Foundation and High-quality Development of Manufacturing Industry Special Project	2023.5	Income related	4,056,700.00	Deferred income	0.5957

No.	Subsidized project	Time of receipt	Grant category	Amount of grant (Yuan)	Accounting items	Percentage to the Company's latest audited net profit attributable to the shareholders of the listed company(%)
11	New Platform Development for Medium-sized Off-road Diesel Engines	2023.5	Income related	6,620,000.00	Other income	0.9720
12	Employment Stabilization Subsidies* (穩崗補貼)	2023.6-2023.7	Income related	782,686.47	Other income	0.1149
13	R&D and Demonstration of New Power System and Intelligent Control Unit Technology for Agricultural Machinery	2023.7	Income related	280,000.00	Deferred income	0.0411
14	2020 National New Material Production and Application Demonstration Platform Construction Project – Agricultural Equipment Material Production and Application Demonstration Platform	2023.8	Income related	2,590,000.00	Deferred income	0.3803
15	Research Funding for Multi-functional Power Platform Project	2023.8-2023.10	Income related	4,200,000.00	Deferred income	0.6167
16	Research Funding for Hilly Mountain Tractor Project	2023.8-2023.10	Income related	7,520,000.00	Deferred income	1.1042
17	Enterprise Patent R&D Subsidies	2023.9	Income related	10,000.00	Other income	0.0015
18	Integration and Demonstration of Lightweight Practical Power Chassis and Transfer Equipment Technology and Application Promotion	2023.10	Income related	200,000.00	Deferred income	0.0294
19	2022 Corporate R&D Grants	2023.10	Income related	160,000.00	Other income	0.0235
20	2023 Standard Henan Project Grants	2023.10	Income related	150,000.00	Other income	0.0220
21	Research Funding for Lightweight Diesel Engine Project	2023.10	Income related	2,330,000.00	Other income	0.3421
22	Research Funding for Lightweight Diesel Engine Project	2023.10	Income related	700,000.00	Deferred income	0.1028
23	Grants for SMEs' International Markets Development Projects	2023.10	Income related	745,300.00	Other income	0.1094
24	2022 Provincial R&D Financial Assistance	2023.11	Income related	280,000.00	Other income	0.0411
	Total			61,440,803.47		9.0215

## II. TYPE OF GRANTS AND IMPACT 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:

<b>Period</b>	<b>Amounts (RMB)</b>	<b>Impact on the Company</b>
6 November 2022 to 31 December 2022	12,216,700.00	Recognized by the auditing authority to be included in the Company’s profit or loss for 2022
1 January 2023 to date of disclosure of this announcement	26,472,403.47	Included in other income, affecting profit or loss for the current period
	22,751,700.00	Included in deferred income and will be transferred to profit or loss upon completion and acceptance of the relevant projects in accordance with the regulations

The specific accounting treatment and the impact on the Company’s profit or loss of the governmental grants received by the Company in 2023 will be determined based on the results of the annual audit to be confirmed by the auditing authority, and investors are advised to pay attention to investment risks.

By order of the Board  
**FIRST TRACTOR COMPANY LIMITED\***  
**YU Lina**  
*Company Secretary*

Luoyang, the PRC  
14 November 2023

*As at the date of this announcement, the Board comprises Mr. Liu Jiguo (Chairman) as executive Director; Mr. Zhang Zhiyu, Mr. Fang Xianfa and Mr. Zhang Bin as non-executive Directors; and Mr. Edmund Sit, Mr. Wang Shumao and Mr. Xu Liyou as independent non-executive Directors.*

\* *For identification purposes only*