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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 CHANGE OF ACCOUNTING FIRM

This announcement is made by First Tractor Company Limited* (the “**Company**”) pursuant to Rule 13.51 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

IMPORTANT NOTICE:

- Name of the accounting firm to be engaged: ShineWing Certified Public Accountants (Special General Partnership) (“**ShineWing**”)
- Name of the accounting firm formerly engaged: Da Hua Certified Public Accountants (Special General Partnership) (“**Da Hua**”)

- Brief reasons for the change of accounting firm and dissenting views of the accountants formerly engaged: As Da Hua has provided audit services to the Company for five consecutive years, according to the “Measures for the Administration of the Final Account Reports of Central Enterprises” (《中央企業財務決算報告管理辦法》) (SASAC Order No. 5) and the “Notice on Strengthening the Auditing of Final Accounts of Central Enterprises” (《關於加強中央企業財務決算審計工作的通知》) (Guozi Department Evaluation [2005] No. 43) and other relevant documents, in order to better ensure the independence, objectivity and fairness of the audit work, the Company intends to change the accounting firm. The Company has fully communicated with the previous and subsequent accounting firms regarding the change of auditors, and all parties have been clearly informed of the change and have expressed no disagreement.

I. BASIC INFORMATION ON THE ACCOUNTING FIRM TO BE ENGAGED

(I) Information about the institution

1. Basic information

Institution Name: ShineWing Certified Public Accountants (Special General Partnership)

Date of Establishment: 2 March 2012

Organizational form: Special General Partnership

Registered office: 8/F, Block A, Fu Hua Mansion, No. 8 Chao Yang Men Bei Da Jie, Dongcheng District, Beijing

Lead Partner: Mr. Tan Xiaoqing* (譚小青)

Number of partners as of 31 December 2021: 236

Number of certified public accountants as of 31 December 2021: 1,455 (of which more than 630 certified public accountants have signed audit reports on securities services business.)

ShineWing is the tenth largest accounting firm in the industry, covering major industries such as manufacturing, information transmission, software and information technology services, electricity, heat, gas and water production and supply, transportation, warehousing and postal services, and wholesale and retail.

Total business revenue for year 2021: RMB3,674 million

Revenue from audit business for year 2021: RMB2,690 million

Revenue from securities business for year 2021: RMB854 million

Number of audit clients of listed companies for year 2021: 358

Total audit fee for the annual report of listed companies for year 2021: RMB452 million

Number of audit clients of listed companies in the same industry of the Company: 222

ShineWing confirms that it is recognized by the Ministry of Finance of the People's Republic of China (the "PRC") and the China Securities Regulatory Commission (CSRC) and is qualified to provide audit services to Mainland-incorporated issuers listed in Hong Kong with the PRC Registered Accountants Audit Standards.

2. Investor protection capability

ShineWing has purchased occupational insurance that complies with the relevant regulations and covers civil liability for the provision of auditing services, with an accumulative limit of RMB700 million for the occupational insurance taken out in 2021.

In the past three years in practice, there is no civil liability for related civil litigation.

3. Integrity record

In the past three years ended 30 June 2022, ShineWing has received 0 criminal penalties, 1 administrative penalty, 12 supervisory and management measures, 0 self-regulatory measures and 0 disciplinary actions for its practice. 32 practitioners have received 4 administrative penalties, 25 supervisory and management measures, 4 self-regulatory measures and 0 disciplinary actions for their practice in the past three years.

(II) Project information

1. Basic information

Proposed Signing Project Partner: Mr. Ma Chuanjun* (馬傳軍). He started to work in ShineWing in 1997 and obtained the qualification of Certified Public Accountant in China in 2001. He started to engaged in the audit of listed companies in 2007, and signed and reviewed more than 5 listed companies in the past three years.

Proposed Independent Review Partner: Mr. Ye Shaoxun* (葉韶勳). He obtained the qualification of Certified Public Accountant in China in 1999, started to work in ShineWing in 2000 and engaged in the audit of listed companies in 2001, and signed and reviewed more than 5 listed companies in the past three years.

Proposed Signing Certified Public Accountant: Ms. Ma Jing* (馬靜). She started to work in ShineWing in 2017 and engaged in the audit of listed companies in 2017. She obtained the qualification of Certified Public Accountant in China in 2020, and signed one listed company in the past three years.

2. *Integrity record*

In the past three years, no project partner, signing certified public accountant, or project quality control reviewer has been subject to criminal penalties, and administrative penalties or supervisory measures imposed by the SFC and its agencies or industry authorities, or self-regulatory measures or disciplinary actions imposed by securities exchanges, industry associations, or other self-regulatory organizations.

3. *Independence*

There is no violation of the independence requirements of the Code of Ethics for Certified Public Accountants in China by ShineWing and the project partners, signing certified public accountants, project quality control reviewers and other practitioners.

(III) Audit fee

The Company intends to appoint ShineWing as the auditor of the Company for financial and internal control for the year 2022, and the relevant audit fees are authorized to be determined by the Board of Directors based on its service quality and relevant market prices. It is expected that the overall fees will not change significantly compared with 2021.

II. EXPLANATION ON THE PROPOSED CHANGE OF ACCOUNTING FIRM

(I) Information about the accounting firm formerly engaged and auditor’s opinion of last year

The Company’s former accounting firm, Da Hua has provided audit services to the Company for five consecutive years. In 2021, Da Hua issued a standard unqualified audit opinion to the Company. There does not exist any circumstances where the Company terminated the services of the former accounting firm after having engaged it to carry out part of the audit.

(II) Reasons for the proposed change of accounting firm

As Da Hua has provided audit services to the Company for five consecutive years, according to the “Measures for the Administration of the Final Account Reports of Central Enterprises” (《中央企業財務決算報告管理辦法》)(SASAC Order No. 5) and the “Notice on Strengthening the Auditing of Final Accounts of Central Enterprises” (《關於加強中央企業財務決算審計工作的通知》)(Guozi Department Evaluation [2005] No. 43) and other relevant documents, in order to better ensure the independence, objectivity and fairness of the audit work, the Company intends to change the accounting firm.

(III) Communication between the listed company and its former and subsequent accounting firms

The Company has communicated with Da Hua in advance regarding the change of accounting firm and Da Hua has confirmed that there is no disagreement or matters that need to be brought to the attention of the Shareholders in relation to the change of accounting firm. The former and subsequent accounting firms will do the relevant communication and coordination work in accordance with PRC Auditing Standard for Certified Public Accountants No. 1153 – Communication between Former Certified Public Accountants and Subsequent Certified Public Accountants and other relevant requirements.

III. PROCEDURES TO BE PERFORMED FOR THE CHANGE OF ACCOUNTING FIRM

(I) Opinions of the Audit Committee

At the meeting of the Ninth Session of the Board of Directors of the Company held on 25 October 2022, the Company has reviewed the professional competence, investor protection capability, independence and integrity of ShineWing and considered that ShineWing has the experience and capability to provide audit work for listed companies. The Company unanimously agreed to appoint ShineWing as the financial and internal control auditor of the Company for the year 2022, and submit the proposal to the Board of Directors for consideration. The Board of Directors and the Audit Committee of the Company confirmed that there is no disagreement between the Company and Da Hua regarding the proposed change of accounting firm.

(II) Prior Approval and Independent Opinions of Independent Directors

1. *Prior approval opinion*

After verification, ShineWing complies with relevant regulations in terms of qualifications such as audit qualifications for securities and futures-related businesses, and has the experience, capability and independence to provide audit services for listed companies, and is able to meet the work requirements of the Company's relevant business. It was agreed to submit the proposal to the Board of Directors of the Company for consideration.

2. *Independent opinion*

ShineWing has rich experience and professional service capabilities in providing audit services for listed companies for many years, and is able to meet the requirements of corporate financial audit and internal control audit work. The decision-making procedures for the change of the Company's financial auditor and internal control auditor for the year 2022 are in compliance with the relevant provisions of laws, regulations and the Articles of Association of the Company, and are not detrimental to the interests of the Company and all Shareholders, and we agree to the appointment of ShineWing as the Company's financial auditor and internal control auditor for the year 2022.

(III) Consideration by the Board of Directors

At the Sixth Meeting of the Ninth Session of the Board of Directors of the Company held on 27 October 2022, the "Resolution on the Change of the Financial and Internal Control Auditor of the Company for the year 2022" was considered and approved. It was agreed to propose to the general meeting of the Company to appoint ShineWing as the financial and internal control auditor of the Company for the year 2022 for a period commencing from the date of approval at the general meeting of the Company to the date of the annual general meeting of the Company for the year 2022, and authorizing the Board of Directors to determine the audit fees in accordance with the negotiation between the two parties.

(IV) The change of auditor is subject to the consideration of the general meeting of the Company and shall take effect from the date of approval by the general meeting of the Company.

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

Luoyang, the PRC
27 October 2022

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

* *For identification purposes only*