

Announcement of Engaging Audit Authority 2021

This Company and all members of the Board of Directors hereby warrant that all information disclosed here are true, accurate and complete, and contain no fictitious statement, misleading information or significant omission.

In accordance with the *Proposal on Engaging Audit Authority 2021* approved by the 5th Session of the Seventh Board of Directors of Zhejiang Supor Co., Ltd. (hereinafter referred to as “the Company”, “this Company” or “Supor”), KPMG Certified Public Accountants (Special General Partnership) (hereinafter referred to as “KPMG”) will be engaged as the Company's audit authority in 2021. Details as below:

I. The Overview of the Accounting Firm

Since the employment period of Zhong Shen Zhong Huan Certified Public Accountants (special general partnership) expires and it has already provided the audit services to the Company for consecutive 5 years, in order to ensure the independency and objectivity of audit work and establish the alternate system for the annual report audit authority, Zhong Shen Zhong Huan Certified Public Accountants (special general partnership) will not be engaged as the audit authority of 2021. The Board of Directors agreed to engage KPMG Certified Public Accountants (Special General Partnership) as the Company's audit authority in 2021 according to the proposal submitted by the Audit Committee. The general meeting of shareholders is requested by the Board of Directors to authorize management to decide and confirm with KPMG on audit fee according to the specific audit requirements and scope of the Company in 2021.

II. The Basic Information of the Accounting Firm

1. Organization information

(1) Organization name: KPMG Certified Public Accountants (Special General Partnership)

(2) Organization nature: Special General Partnership

(3) Historical development: Established in Beijing on August 18, 1992. It transformed to special general partnership as per the request from the Ministry of Finance of the People's Republic of China on July 5, 2012 and obtained the business license on July 10, 2012 and officially run business on August 1, 2012.

(4) Registered address: Floor 8 of East Square No. 1, Chang'an Street, Dongcheng District, Beijing

(5) Business qualification: KPMG is one of the large qualified accounting firms which gained the approval from the Chinese authorities to be engaged in business regarding securities and futures as well as audit on financial business.

(6) Whether it has engaged in securities service: Yes.

(7) The ability to protect investors: KPMG maintains strong ability in investors protection. The head office in Beijing contributes to the occupational risk premium as well as to purchase professional insurance and pay premiums annually, covering the head office and all branches in accordance with the relevant laws and regulations. The accumulative amount of compensation limits for professional insurance and the occupational risk premium surpass RMB200 million, which is in compliance with the relevant laws and regulations. KPMG has not involved in any civil liability for past three years due to civil litigation.

(8) Any international accounting group it joined: it joined the international accounting audit professional service organization KPMG.

2. Personnel information

(1) The number of partners by the end of 2020: 167 people

(2) The number of certified public accountants by the end of 2020: 926 people

(3) More than 170 certified public accountants have signed financial reports in the securities service.

3. Business information

(1) Total revenue in 2019: RMB3.3 billion

In which, the revenue of audit service in 2019 was more than RMB 3 billion (including revenue of domestic securities audit service, accounting for RMB600 million and revenue of other securities audit service accounting for RMB700 million, 1.3 billion in total)

(2) The number of listed companies being provided with annual audit report service: 44 listed companies were provided with annual audit report service in 2019. The total revenue of annual audit report service amounted to RMB329 million. The listed companies being provided with audit service by KPMG mainly involve manufacture, finance, mining, transportation, storage and postal services, wholesale and retail, real estate, information transmission, software, information technology service and health and social work.

(3) Whether it has the experience of providing the audit service for the industry of the Company: Yes.

4. Practice information

(1) There is no violation of independence requirements according to *China Code of Ethics for Certified Public*

Accountants in KPMG or its employees.

(2) The experience, qualification and competence of its practitioners

Project partner (certified public accountant): Mr. Huang Feng, both Chinese and Hong Kong certified public accountant, was joined in KPMG in 2003, owning more than 17 years' experience and 6 years as partner. He serves as full-time in KPMG. He has been engaging in the securities and futures business more than 5 years and will provide audit service for the Company since 2021.

The person in charge of the project quality control: Mr. Xu Min, a Chinese certified public accountant, was joined in KPMG in 1998, owning more than 22 years' experience and 11 years as partner. He has been engaging in the securities and futures business more than 21 years and will provide audit service for the Company since 2021.

The certified public accountant who will be the auditor: Ms. Jin Yang, a Chinese certified public accountant, was joined in KPMG in 2010, owning more than 10 years' experience. She serves as full-time in KPMG. She has been engaging in the securities and futures business more than 10 years and will provide audit service for the Company since 2021.

5. Records of good faith

(1) KPMG hasn't faced the criminal penalty, administrative penalty or disciplinary sanction within last 3 years; KPMG has received 2 warning letters from local securities branches of CSRC regarding administrative supervision management within last 3 years. The warning letter is an administrative supervisory measure, not an administrative penalty. According to the relevant laws and regulations, the administrative supervisory measures will not affect KPMG's continued undertaking or execution of securities service business and other businesses.

(2) The project partner and the certified public accountant of KPMG who will be the auditors haven't faced any criminal penalty, administrative penalty, administrative supervision measure or disciplinary sanction within last 3 years.

III. The Procedures of Engaging the Accounting Firm

1. The deliberation of the Audit Committee

The Audit Committee thinks KPMG, which is qualified in securities and futures business and competent in providing the service of financial audit and internal control audit. It has no relationship with the Company's shareholders and related parties, with no influence on the independence of the Company, which meets the requirements for audit service and has the ability to protect investors.

In order to ensure the independency and objectivity of audit work and establish the alternate system for the

annual report audit authority, the Audit Committee approved to engage KPMG as the Company's audit authority in 2021 and agreed to submit it at the 5th Session of the Seventh Board of Directors.

2. Prior approval and independent opinions of independent directors

(1) Prior approval of independent directors

As Zhong Shen Zhong Huan Certified Public Accountants (special general partnership) has provided audit service for the Company for 5 years continuously, the Company hereby plans to engage KPMG Certified Public Accountants (special general partnership) as financial audit authority in 2021 taking charge of the Company's financial audit in order to ensure independence and objectivity of listed company's audit work. After the relevant documents are verified seriously, KPMG Certified Public Accountants (special general partnership) owning qualification for relevant business audit of securities and futures is able to provide audit service for listed company and meets the Company's demands for audit work in 2021.

We agree to submit this proposal for consideration at the 5th Session of the Seventh Board of Directors.

(2) Independent opinions

After the relevant documents are verified seriously, we believe that KPMG Certified Public Accountants (special general partnership) owning qualification for relevant business audit of securities and futures is able to provide audit service for listed company and meets the Company's demand for audit in 2021. The audit authority employment meets relevant laws, regulations and audit procedure and will not affect the Company's financial statement, audit quality or impair all shareholders and the investors' legal rights and interests.

We agree to engage KPMG as the financial audit authority for the Company in 2021 and to submit this Proposal to the Annual General Meeting of Shareholders for 2020 Fiscal Year.

3. Voting result and deliberation process

On March 31, 2021, the *Proposal on Engaging Audit Authority 2021* during the 5th Session of the Seventh Board of Directors with 8 in favor, 0 against and 0 abstention. The Proposal shall be approved by the Annual General Meeting of Shareholders for 2020 Fiscal Year.

IV. Documents for Future Reference

1. The resolution of 5th Session of the Seventh Board of Directors;
2. The independent opinions regarding related items of 5th Session of the Seventh Board of Directors;
3. Related certificates of KPMG Certified Public Accountants (Special General Partnership).

Board of Directors of Zhejiang Supor Co., Ltd.

April 1, 2021