

## **Announcement of Continuing to Engage Audit Authority 2022**

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 Continuing to Engage Audit Authority 2022* approved by the 12<sup>th</sup> 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 2022. Details as below:

### **I. The Overview of the Accounting Firm**

In light of very high business proficiency and good service awareness, KPMG Certified Public Accountants (special general partnership) reflected the Company's financial conditions very objectively and fairly on the principle of independent audit in 2021. It performed the due obligations of audit authority and maintained the legitimate rights and interests of the Company and shareholders from the very professional perspective. The Company decided to engage KPMG Certified Public Accountants (special general partnership) to serve as the financial audit authority in 2022 to be liable for the financial audit of the Company. The Board of Directors agreed to engage KPMG Certified Public Accountants (Special General Partnership) as the Company's audit authority in 2022 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 2022.

### **II. The Basic Information of the Accounting Firm**

#### **(I) Organization information**

##### **(1) Basic information**

KPMG Certified Public Accountants was 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 and obtained the business license on July 10, 2012 and officially run business on August 1, 2012.

The headquarter of KPMG is located in Beijing and the registered address is Floor 8 of East Square No. 1, Chang'an Street, Dongcheng District, Beijing.

The chief partner of KPMG is Mr. Zhou Jun, Chinese, a Chinese certified public accountant.

Ending on December 31, 2021, the number of partners is 199, the number of certified public accountants by is 977, among which more than 210 certified public accountants have signed financial reports in the securities service.

The total revenue in 2019 was RMB3.4 billion, in specific the revenue of audit service in 2020 was more than RMB 3.1 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).

The number of listed companies being provided with annual audit report service in 2020 is 57. The total revenue of annual audit report service amounted to RMB356 million. The listed companies being provided with audit service by KPMG mainly involve manufacture, finance, mining, transportation, storage and postal services, real estate, information transmission, software, information technology service and health and social work. The number of listed companies being providing the audit service for the similar industry of the Company in 2020 is 24.

## (2) The ability to protect investors

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.

## (3) Records of good faith

KPMG hasn't faced the criminal penalty, administrative penalty or disciplinary sanction within last 3 years.

## (II) Project information

### (1) Basic information

Project partner: Mr. Huang Feng, achieved Chinese certified public accountant in 2007. He was joined in KPMG in 2003 and he has been engaging in the securities and futures business since 2015. He started to provide audit service for the Company since 2021. Mr. Huang Feng has signed or verified auditing reports for 9 listed companies among latest 3 years.

The certified public accountant who will be the auditor: Ms. Jin Yang, achieved Chinese certified public accountant in 2018. She was joined in KPMG in 2010 and she has been engaging in the securities and futures business since 2010. She started to provide audit service for the Company since 2021. Ms. Jin Yang has signed or verified auditing reports for 1 listed company among latest 3 years.

The person in charge of the project quality control: Mr. Xu Min, achieved Chinese certified public accountant

in 2002. He was joined in KPMG in 1998 and he has been engaging in the securities and futures business since 1999. He started to provide audit service for the Company since 2021. Mr. Xu Min has signed or verified auditing reports for 10 listed company among latest 3 years.

(2) Records of good faith

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.

(3) Independence

There is no violation of independence requirements according to *China Code of Ethics for Certified Public Accountants* in KPMG or its employees.

(4) Audit fee

Audit fees for KPMG is determined according to the level of responsibility, complexity, work requirements, working conditions and hours required, and the expertise and work experience invested by staff at all levels who actually participate in the Project. The audit fees for this project in 2021 year is CNY2.2 million. The audit fees for the year 2022 is still under discussion and subject to the final agreement signed between both parties.

### **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 light of very high business proficiency and good service awareness, KPMG Certified Public Accountants (special general partnership) reflected the Company's financial conditions very objectively and fairly on the principle of independent audit in 2021. The Audit Committee approved to engage KPMG as the Company's audit authority in 2022 year and agreed to submit it at the 12<sup>th</sup> Session of the Seventh Board of Directors.

2. Prior approval and independent opinions of independent directors

(1) Prior approval of independent directors

In light of very high business proficiency and good service awareness, KPMG Certified Public Accountants (special general partnership) reflected the Company's financial conditions very objectively and fairly on the

principle of independent audit in 2021 and it could meet the Company's demands for audit work in 2022 year.

We agree to submit this proposal for consideration at the 12<sup>th</sup> Session of the Seventh Board of Directors.

(2) Independent opinions

In light of very high business proficiency and good service awareness, KPMG Certified Public Accountants (special general partnership) reflected the Company's financial conditions very objectively and fairly on the principle of independent audit in 2021 and it could meet the Company's demands for audit work in 2022 year. 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 continue to engage KPMG as the financial audit authority for the Company in 2022 and to submit this Proposal to the Annual General Meeting of Shareholders for 2021 Fiscal Year.

3. Voting result and deliberation process

On March 31, 2022, the *Proposal on Continuing to Engage Audit Authority 2022* during the 12<sup>th</sup> Session of the Seventh Board of Directors with 9 in favor, 0 against and 0 abstention. The Proposal shall be approved by the Annual General Meeting of Shareholders for 2021 Fiscal Year.

**IV. Documents for Future Reference**

1. The resolution of 12<sup>th</sup> Session of the Seventh Board of Directors;
2. The independent opinions regarding related items of 12<sup>th</sup> 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, 2022