

Announcement of Continuing to Engage Audit Authority 2024

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.

Special Notes:

1. The audit opinion on the Audit Report 2023 of the Company is a standard unqualified opinion;
2. This engagement does not involve a change of the accounting firm;
3. The Audit Committee and the Board of Directors of the Company have no objection to the proposed engagement continuation of the accounting firm.

In accordance with the Proposal on Continuing to Engage Audit Authority 2024 approved by the 7th Session of the Eighth 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 continue to be engaged as the Company's audit authority in 2024. Details as below:

I. Description on Continuing to Engage 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 2023. 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 2024 to be liable for the financial audit of the Company. Based on the duty performance evaluation and relevant process of engagement continuation, the Board of Directors agreed to engage KPMG Certified Public Accountants (Special General Partnership) as the Company's audit authority in 2024 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 2024.

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 on July 5, 2012, 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. Zou Jun, Chinese, a Chinese certified public accountant.

As of December 31, 2023, the number of partners of KPMG is 234, its number of certified public accountants is 1,121, among which more than 260 certified public accountants have signed financial reports in the securities service.

The audited total revenue in 2022 was RMB 4.1 billion, in specific the revenue of audit service in 2022 was more than RMB 3.9 billion (including revenue of domestic securities audit service, accounting for RMB 0.9 billion and revenue of other securities audit service accounting for RMB 1 billion, RMB 1.9 billion in total).

The number of listed companies being provided with annual audit report service in 2022 is 80. The total revenue of annual audit report service amounted to RMB 0.49 billion. The listed companies being provided with audit service by KPMG are mainly from the following industries: manufacture, finance, information transmission, software, information technology service, electricity, heat, gas and water production and supply, transportation, storage and postal services, mining, real estate, scientific research and technical services, wholesale and retail trade, rental and business services, water, environment and public facilities management, culture, sports and entertainments. In 2022, KPMG provided audit services to 41 listed companies that belong to the similar industry as the Company.

(2) The ability to protect investors

The accumulative amount of compensation limits for professional insurance and the occupational risk premium surpass RMB 0.2 billion, which is in compliance with the relevant laws and regulations. In the past three years, KPMG's civil liabilities in civil litigation related to practice acts were as follows: In 2023, a civil litigation case related to bonds was concluded, and the final judgement ruled that KPMG would be liable for damages in the proportion of 2%-3% (approximately RMB 2.7 million), and the case payment has been fulfilled.

(3) Records of good faith

KPMG hasn't faced the criminal penalty, administrative penalty or disciplinary sanction within last 3 years. There has been one administrative supervisory measure of issuing a warning letter, involving four employees. In accordance with relevant laws and regulations, the aforesaid administrative supervisory measure is not an administrative penalty, and will not affect KPMG's ability to continue to undertake or execute securities services and other businesses.

(II) Project information

(1) Basic information

The basic information of the project partner, the certified public accountant and the person in charge of the project quality control of KPMG's project to undertake the audit of the 2024 financial statements of Supor is as follows:

Project partner: Mr. Huang Feng, achieved Chinese certified public accountant in 2007. He joined in KPMG in 2003 and began to audit listed companies 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: Ms. Jin Yang, achieved Chinese certified public accountant in 2018. She joined in KPMG in 2010 and began to audit listed companies since 2010. She started to provide audit service for the Company since 2021. Ms. Jin Yang has signed or verified auditing reports for 5 listed company in the past 3 years.

The person in charge of the project quality control: Mr. Zhou Xuchun, achieved Chinese certified public accountant in 2010. He joined in KPMG in 2005 and began to audit listed companies since 2005. He started to provide audit service for the Company since 2023. Mr. Zhou Xuchun has signed or verified auditing reports for 11 listed company in the past 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 in the past 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 2023 is RMB 2.8 million. The audit fees for the year 2024 is still under discussion and subject to the final agreement signed between both parties.

III. The Procedures of Engaging the Accounting Firm

1. The Opinion of the Audit Committee

The Audit Committee agrees that KPMG is qualified 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 2023. Based on the duty performance evaluation and relevant process of engagement continuation, the 1st Session of the Audit Committee of Board of Directors in 2024 was held on-site on March 28, 2024, approved to engage KPMG as the Company's audit authority in 2024 and agreed to submit it to the 7th Session of the Eighth Board of Directors for approval.

2. Deliberation and Voting Result of Board of Directors

On March 29, 2024, the Proposal on Continuing to Engage Audit Authority 2024 was reviewed and adopted by the 7th Session of the Eighth Board of Directors with 9 in favor, 0 against and 0 abstention.

3. Effective Date

The matter of engagement continuation of the accounting firm shall be submitted to the General Meeting of Shareholders of the Company for approval, and will be effective from the date of approval by the General Meeting of Shareholders of the Company.

IV. Documents for Future Reference

1. The resolutions of 7th Session of the Eighth Board of Directors;
2. Deliberations by the Audit Committee;
3. Related certificates of KPMG Certified Public Accountants (Special General Partnership).

Board of Directors of Zhejiang Supor Co., Ltd.

March 30, 2024