

## **ADAMA Ltd.**

# **Announcement on the Engagement of an Accounting Firm**

The Company and all members of its board of directors hereby confirm that all information disclosed herein is true, accurate and complete with no false or misleading statement or material omission.

### **I. Explanation on the Proposed Appointment of the Company’s Auditor**

ADAMA Ltd. (hereinafter referred to as: the “**Company**”) intends to renew the appointment of Deloitte Touche Tohmatsu Certified Public Accountants LLP (hereinafter referred to as: “**Deloitte Huayong**” or the “**Auditor**”) as the Company’s Auditor for its 2024 financial statements and the annual internal control.

As an accounting firm with qualifications in securities and futures related businesses, Deloitte Huayong is professionally competent and has warranted and represented that while rendering the Company auditing services, Deloitte Huayong is, and shall remain at all time during the financial year sufficiently independent, according to all rules and regulations. While protecting investors, the Auditor has been committed to its duties and provided audit services to the Company. By following the code of practice of independence, objectiveness and fairness, it has accomplished the relevant work entrusted by the Company. Therefore, the Company decides to renew the engagement of the Auditor, among others, to ensure the auditing consistency. In 2023, Deloitte Huayong charged 3.15 million RMB for auditing services of the financial statements and internal control of the Company. The Company’s Auditor’s budget for 2024 will be submitted to the shareholders’ meeting, in order to authorize the board of directors to decide, based on the consultation with the firm.

## **II. Introduction of the Proposed Auditor**

Deloitte Huayong presented the following information to the Company.

### **1. Institution Information**

#### **1.1 Basic Information**

Deloitte Huayong was established in February 1993 and known as Hujiang Deloitte Accounting Limited. It was renamed Deloitte Huayong in September 2012 and was approved by the Ministry of Finance and other authorities to convert its business property into a limited liability partnership. It is registered on the 30th Floor, No. 222 East Yan'an Road, Huangpu District, Shanghai.

Deloitte Huayong has the required approval issued by the Ministry of Finance to render auditing services. It is also permitted by both the Ministry of Finance and the CSRC to engage in the auditing of H-share enterprises. Deloitte Huayong has put on record for the securities and futures related businesses in accordance with the relevant documents such as the "Administrative Measures for the Recordation of Securities Service Business by Accounting Firms" issued by the Ministry of Finance and the CSRC. As such, the Auditor has accumulated extensive experience in securities services for the past two decades.

The chief partner of Deloitte Huayong is Mr. Fu Jian Chao. As of the end of 2023, Deloitte Huayong had 213 partners, 5,774 employees and 1,182 CPAs, of which more than 270 CPAs have signed audit report on securities services business.

Deloitte Huayong had a revenue of 4.2 billion RMB yuan for 2022, of which 3.2 billion RMB were generated by auditing and 800 million RMB by securities business. Deloitte Huayong provides audit services on the 2022 annual reports for 60 listed companies, with a total audit service fee of 275 million RMB. The main industries of the listed companies that the Deloitte Huayong provides services are manufacturing, finance, real estate, transportation, storage and postal, telecommunication, software and information technology industries. Among the listed companies Deloitte Huayong provides audit services, there are 24 listed companies in the same industry as the Company.

#### **1.2 Investor Protection**

The cumulative compensation limit of occupational insurance purchased by Deloitte Huayong exceeds 200 million RMB, which is in compliance with relevant regulations.

In the past three years, Deloitte Huayong has not been assumed civil liability in relevant civil lawsuits due to practice behaviors.

### 1.3 Integrity Record

As presented to the Company by the Auditor, neither Deloitte Huayong nor any of its employees, has been subject to any criminal penalty for their professional conduct, as well as self-regulatory measure or disciplinary punishment by self-regulatory organizations such as stock exchanges and industry associations in the past three years. Deloitte Huayong has received administrative penalty once and administrative regulatory measures twice. Fourteen employees were given administrative penalties once each, four employees were given administrative regulatory measures once each and three employees were given self-regulatory measures once each. A former employee who had resigned in 2021 was given administrative penalty by the local securities regulatory bureau in 2022 for his personal behavior, which did not involve the practicing quality of the audit engagement. According to relevant laws and regulations, the above matters do not affect our continued undertaking or execution of securities service business.

## 2. Engagement Information

### 2.1 Basic Information

Mr. Ji Yuting, the signing certified public accountant, joined Deloitte Huayong in 2020. Mr. Ji has been focusing on auditing and providing services for the capital market for quite a long time. He is currently a practicing member of the Chinese Institute of Certified Public Accountants. With his experience in security-related services for more than 16 years and professional competence, Mr. Ji has provided auditing services for many listed companies and served as the certified public accountant with the signing right.

Mr. Gu Yuping , a quality control reviewer, joined Deloitte Huayong in 2002 and has been devoted to auditing and professional services related to the capital market. He is currently a practicing member of the Chinese Institute of Certified Public Accountants. With his extensive experience for more than 15 years and professional competence, Mr. Gu has provided auditing services for many listed companies and functioned as the project partner and certified public accountant with the signing right.

Ms. Zhao Jingyuan, the signing certified public accountant, joined Deloitte Huayong in 2015. Ms. Zhao has been focusing on auditing and providing services for the capital

market and she is currently a practicing member of the Chinese Institute of Certified Public Accountants. Ms. Zhao is professionally competent with more than 8 years' experience in security-related services and has provided auditing services to many listed companies.

## 2.2 Integrity Record

As presented to the Company by the Auditor, the abovementioned personnel from Deloitte Huayong have not been subject to criminal penalties, administrative penalties, self-regulatory measures or any punishment due to the violation of self-discipline requirements published by the authorities .

## 2.3 Independence

Deloitte Huayong and abovementioned engagement partner, signing certified public accountants, and engagement quality control reviewer have no circumstances that may affect independence.

## 2.4 Audit Service Fee

The audit service fee is determined based on the time cost of the partners and other employees of Deloitte Huayong consumed in this audit engagement, which taking into account the responsibilities and risks of professional services and other factors as well. In 2023, Deloitte Huayong charged 3.15 million RMB for auditing services of the financial statements and internal control of the Company. The Company's Auditor's budget for 2024 will be submitted to the shareholders' meeting, in order to authorize the board of directors to decide, based on the consultation with the firm.

### **III. Procedures to be performed by the reappointment of the Auditor**

1. The Company's Audit Committee has relied Deloitte Huayong's warranties regarding, among others, its professional qualifications, business capabilities, independence and investor protection capabilities. After receiving said warrants and representations , the Audit Committee has agreed that Deloitte Huayong has the qualifications required to serve the Company, and that it can effectively perform its duties as an audit institution. The Audit Committee has agreed to reengage Deloitte Huayong as Company's Auditor for the 2024 financial statements and internal control and submit this proposal to the Board of Directors of the Company.

2. The 30<sup>th</sup> Meeting of the 9<sup>th</sup> Session of the Board of Directors of the Company on March 25, 2024 approved the Engagement with the Company's Auditor for the Audit of the Financial Statements and Internal Control of the Company. This proposal was passed with 5 affirmative votes, 0 negative votes and 0 abstentions. The Board of Directors of the Company agreed to reengage Deloitte Huayong as the auditing agency for the Company's 2024 financial statements and internal control.

3. The reengagement of Deloitte Huayong shall be submitted to the shareholders for deliberation, and will take effect from the date of approval by the shareholders' meeting of the Company.

#### **IV. Documents available for reference**

1. Resolutions of the 30<sup>th</sup> Meeting of the 9<sup>th</sup> Session of the Board of Directors;
2. Resolutions of the 1<sup>st</sup> Meeting of the Audit Committee in 2024;
3. Copy of business license of the accounting firm to be engage; and the background and contact information of the person in charge and the contact person for the supervision business; and the certificate of identity, professional certificate and the contact information of the certified public accountant who intends to be responsible for the specific audit business;
4. Other documents required by Shenzhen Stock Exchange.

It is hereby announced.

Board of Directors of ADAMA Ltd.

March 27, 2024