

Stock Code: 000553(200553) Stock Abbreviation: ADAMA A (B) NO. 2025-9

## **ADAMA Ltd.**

### **Announcement on the Proposed Change of 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.

#### **Special Reminder:**

1. Name of the proposed accounting firm to be engaged: KPMG Huazhen Certified Public Accountants LLP (hereinafter referred to as "KPMG Huazhen");
2. Name of the former accounting firm: Deloitte Touche Tohmatsu Certified Public Accountants LLP (hereinafter referred to as "Deloitte Huayong");
3. Reason for the proposed change of accounting firm: Deloitte Huayong has been providing audit services to the Company for 8 consecutive years. According to the relevant provisions of the "Measures for Selecting Accounting Firms for State owned Enterprises and Listed Companies" (Caikuai [2023] No. 4), taking into account the actual situation of the Company and the demand for future audit services, it is proposed to engage KPMG Huazhen as the audit firm for the Company in 2025;
4. This change of accounting firm complies with the provisions of the "Measures for the Selection and Appointment of Accounting Firms by State owned Enterprises and Listed Companies" (Caikuai [2023] No. 4) issued by the Ministry of Finance, the State owned Assets Supervision and Administration Commission of the State Council, and the China Securities Regulatory Commission;

On March 12, 2025, Adama Ltd. (hereinafter referred to as the "Company" or "the Company") held the 10th meeting of the 10th Board of Directors and approved the "Proposal on Change of Accounting Firm and Appointment of the Audit Firm for the Audit of Financial Statements and Internal Control for the Year 2025". The Company intends to appoint KPMG Huazhen as the audit firm for the year 2025. This proposal

still needs to be submitted for review and approval at the Company's 2024 annual general meeting of shareholders. The specific details are hereby announced as follows:

## **I. Basic information of the proposed accounting firm to be engaged**

### **1. Basic information**

KPMG Huazhen was established on 18 August 1992 in Beijing. On 5 July 2012, it was approved by the Ministry of Finance and other authorities to convert its business property into a limited liability partnership. The business license was obtained on 10 July 2012 and the partnership business officially stated on 1 August 2012.

The headquarter office of KPMG Huazhen is located in Beijing, with registered address at 8th floor, East Building 2, Oriental Plaza, No.1 East Chang'an Avenue, Dongcheng District, Beijing.

The chief partner of KPMG Huazhen is Mr. Zou Jun, who is of Chinese nationality and holds the qualification of a Chinese Certified Public Accountant.

As of the end of 2024, KPMG Huazhen had 241 partners, and 1,309 CPAs among whom more than 300 CPAs have signed audit report for securities services business.

The total audited revenue of KPMG Huazhen in 2023 exceeded RMB 4.1 billion, of which revenue from the audit business exceeded RMB 3.9 billion (including revenue from domestic statutory securities service exceeding RMB 900 million, revenue from other securities services of approximately RMB 1 billion, with the total revenue from securities service exceeding RMB 1.9 billion).

KPMG Huazhen provides audit services on the 2023 annual reports for 98 listed companies, with a total audit service fee of RMB 538 million. The main industries of the listed companies that KPMG Huazhen served are manufacturing, finance, telecommunication, software and information technology, electricity, heat, gas and water production and supply, transportation, warehousing, storage and postal, wholesale and retail, mining, real estate, scientific research and technology services, agriculture, forestry, animal husbandry, fisheries, leasing and business services, water conservancy, environmental and public facility management, as well as accommodation and catering. Among the listed companies KPMG Huazhen served for the 2023 annual audit, there are 53 listed companies in the same industry as the Company.

## 2. Investor Protection

The cumulative compensation limit of occupational insurance purchased by KPMG Huazhen exceeds RMB 200 million, which is in compliance with relevant regulations. In the past three years, KPMG Huazhen has undertaken civil liabilities in civil litigations related to its professional behavior including in 2023, a bond related civil litigation case was concluded, and the final judgment was that KPMG Huazhen bore compensation liabilities at a rate of 2% -3% (approximately RMB 2.7 million), and the case has been fully settled.

## 3. Integrity Record

As presented to the Company by the auditor, neither KPMG Huazhen 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. KPMG Huazhen previously received administrative regulatory measures of warning letter once, involving four employees. According to relevant laws and regulations, the aforementioned administrative regulatory measures are not administrative penalties and do not affect KPMG Huazhen's continued undertaking or execution of securities service business and other businesses.

# **II. Engagement Information**

## 1. Basic Information

The basic information of the engagement partner, signing certified public accountant, and engagement quality control reviewer for KPMG Huazhen to undertake the audit of the financial statements of the Company for the year 2025 is as follows:

The engagement partner, Wang Jia, obtained the qualification of Chinese Certified Public Accountant in 2008. Started practicing at KPMG Huazhen in 2004, engaged in auditing of listed companies from 2004, and will provide audit services to the Company from 2025 onwards. Wang Jia has not signed or reviewed audit reports of listed companies in the past three years.

The signing certified public accountant of this project, Wang Shan, obtained the qualification of Chinese certified public accountant in 2018. Started practicing at KPMG Huazhen in 2008, engaged in auditing of listed companies since 2008, and will

provide audit services to the Company from 2025 onwards. Wang Shan has signed or reviewed 2 audit reports of listed companies in the past three years.

The quality control reviewer for this engagement, Chen Yuhong, obtained the qualification of Chinese Certified Public Accountant in 1994. Started practicing at KPMG Huazhen in 1992, engaged in auditing of listed companies in 1994, and will provide audit services to the Company from 2025 onwards. Chen Yuhong has signed or reviewed 4 audit reports of listed companies in the past three years.

## 2. Integrity Record

As presented to the Company by the auditor, the abovementioned personnel from KPMG Huazhen 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.

## 3. Independence

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

## 4. Audit Service Fee

The audit service fee is determined based on the time cost of the partners and other employees of KPMG Huazhen consumed on this audit engagement, which taking into account the responsibilities and risks of professional services and other factors as well. In 2025, the management of the Company will negotiate with KPMG Huazhen to determine the audit service fees based on factors such as the audit scope and workload of the auditors.

# **III. Explanation on the Proposed Change of Accounting Firm**

## 1. Information of the former accounting firm and the audit opinion of the previous year

Deloitte Huayong, the former accounting firm of the Company, has provided annual audit services for the Company for 8 consecutive years and issued standard unqualified audit opinions on the Company's 2024 financial report and the effectiveness of the

internal controls related to financial reporting for 2024. The Company did not dismiss the former accounting firm after engaging it to carry out some of the audit work.

## 2. Reason for proposed change of accounting firm

According to the relevant provisions of the "Measures for the Selection and Appointment of Accounting Firms by State owned Enterprises and Listed Companies" (Caikuai [2023] No. 4), considering that Deloitte Huayong has provided audit services to the Company for 8 consecutive years and taking into account the actual situation of the Company and the needs for future audit services, it is proposed to appoint KPMG Huazhen as the audit firm for the Company in 2025.

## 3. Communication between the listed company and the accounting firms

The Company has communicated with the former and the succeeding accounting firms regarding the proposed change of accounting firm. Both parties are aware of this matter and have no objections to this change. The former and the succeeding accounting firms will actively communicate and cooperate in accordance with relevant regulations such as the "Chinese Auditing Standards No. 1153- Communication between the Former and the Succeeding Certified Public Accountants".

# **IV. Approval process for the proposed change of accounting firm**

## 1. Audit Committee's approval

On March 10, 2025, the Company held the first meeting of the Audit Committee of the Board of Directors in 2025, and approved the "Proposal on Change of Accounting Firm and Appointment of the Audit Firm for the Audit of Financial Statements and Internal Control for the Year 2025". The Audit Committee of the Board of Directors has fully understood and reviewed the professional competence, investor protection ability, integrity, and independence of KPMG Huazhen, and believes that it can meet the requirements of providing audit services to the Company. The reasons for changing accounting firm are legitimate and sufficient. It is agreed to submit the proposal to the Board of Directors for review and approval.

## 2. Board of Directors' approval

On March 12, 2025, the Company held the 10th meeting of the 10th Session of Board of Directors to review and approve the "Proposal on Change of Accounting Firm and

Appointment of the Audit Firm for the Audit of Financial Statements and Internal Control for the Year 2025". The Board of Directors approved the proposal with 6 votes in favor, 0 votes against, and 0 abstentions, agreeing to appoint KPMG Huazhen as the Company's audit firm for 2025.

### 3. Supervisory Board's approval

On March 12, 2025, the Company held the 4th meeting of the 10th Board of Supervisors to review and approve the "Proposal on Change of Accounting Firm and Appointment of the Audit Firm for the Audit of Financial Statements and Internal Control for the Year 2025". The Board of Supervisors approved the proposal with 3 votes in favor, 0 votes against, and 0 abstentions, and agreed to appoint KPMG Huazhen as the Company's audit firm for 2025.

### 4. Effective Date

The change of accounting firm still needs to be submitted to the Company's general meeting of shareholders for review and approval, and will take effect from the date of approval by the Company's general meeting of shareholders.

## **V. Documents for Future Reference**

1. The resolutions of the Audit Committee
2. The resolutions of the 10th Meeting of the 10th Session of the Board of Directors of the Company
3. The resolutions of the 4th Meeting of the 10th Board of Supervisors of the Company
4. The basic information of the engaged accounting firm

It's hereby announced.

Board of Directors of ADAMA Ltd.

March 14, 2025