

Adama Ltd  
Performance Evaluation for the Auditor of the Company  
and the Supervisory Responsibilities by the Audit Committee  
for the Year of 2023

The Company has engaged Deloitte Touche Tohmatsu Certified Public Accountants LLP (hereinafter referred to as “Deloitte Huayong” or the “Auditor”) as the auditor for the Company's 2023 financial statements and internal control system. In accordance with the "Management Measures for the Selection of Accounting Firms for State owned Enterprises and Listed Companies" (Caikuai [2023] No. 4) issued by the Ministry of Finance, the State-owned Assets Supervision and Administration Commission, and the China Securities Regulatory Commission, the Company has evaluated the performance of Deloitte Huayong in the 2023 annual audit process. After evaluation, the Company believes that Deloitte Huayong is compliant and effective in terms of qualifications and other aspects. Its internal quality control system can ensure that it maintains independence and is diligent and responsible in performing its duties, issues professional reports suitable for specific situations and fairly expresses opinions. The specific situation is as follows.

I. Basic information of the 2023 annual auditor

1. Qualifications

Deloitte Huayong was established in February 1993 and known as Huijiang 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. 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.

2. Engagement Record

(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.

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.

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.

## (2) Integrity Record

The abovementioned engagement partner, signing certified public accountants, and engagement quality control reviewer 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.

## (3) Independence

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

## 3. Quality Control System

Deloitte Huayong has designed, implemented, and operated a quality control system for the audit or review engagements of financial statements, other assurance services or relevant services in accordance with the requirements of the < Quality Control Standards for Accounting Firms No. 5101-Engagement Quality Control>. This ensures the accounting firm and its personnel has performed its duties in accordance with laws, regulations and professional standards and conducted business in accordance with these regulations; and also provides reasonable assurance in terms of issuing professional reports suitable for specific situations.

Deloitte Huayong has developed corresponding internal management policies and procedures in accordance with the Code of Ethics and Auditing Standards, as well as the relevant provisions of the Quality Control Standards for Accounting Firms. Deloitte Huayong has also identified quality objectives, quality risks, and responsive procedures. These policies and procedures constitute Deloitte Huayong's complete and comprehensive quality control system.

### (1) Execution of Engagement

Deloitte Huayong has developed specific policies and procedures at the engagement execution level to promote an audit quality-oriented firm culture and ensured that engagement team members understand and fulfill their responsibility for achieving engagement quality. Deloitte Huayong implements effective integrated management, implementing unified systems and controls in engagement risk assessment and classification, engagement acceptance and renewal, supervision of audit engagements, audit methodology and quality control standards and other aspects of engagement execution. Deloitte Huayong implements a partner-led audit delivery model, fully leveraging the core and leading role of partners to lead professionals in high-quality engagement delivery.

## (2) Consultation

Deloitte Huayong has established relevant policies and procedures to support partners and professionals in consulting with the head of the firm's quality control department or their designated personnel on important professional, audit, and financial reporting issues during the audit process. For risk related matters, they also need to consult with the audit risk management leader to promptly address difficulties or disputes encountered during the audit process.

## (3) Resolving Difference of Opinion

Deloitte Huayong has developed and implemented a clear mechanism for resolving differences of opinion among partners and professionals (hereinafter collectively referred to as "relevant parties"). When the relevant parties are unable to reach a consensus on the opinions and decisions related to accounting, auditing or other matters, an audit review team meeting should be convened to discuss. The decision of the audit review team is the final decision and represents the firm's position. No audit report or other report shall be signed before the audit review team approves the format and content of the report.

## (4) Engagement Quality Control Review

Deloitte Huayong has developed and implemented comprehensive policies and procedures related to internal review, mainly including engagement team internal review, engagement quality control review and technical review.

The engagement partner is responsible for providing guidance and supervision to the engagement team members and conducting a review of their work. The internal review of the engagement team mainly includes detailed review and secondary review of all working papers. The detailed review is carried out by engagement team members who is more experienced than the preparer, and the secondary review is carried out by the engagement manager, engagement partner or other appropriately qualified personnel.

The engagement quality reviewers are uniformly appointed under the guidance of the head of the quality control department to ensure the appropriate appointment of the quality reviewer who are independent of the audit engagement, equipped with appropriate experience, knowledge, and competence. In addition, for specific types of reports, the technical department needs to review the reports to be issued to evaluate the compliance with relevant guidelines and regulations.

## (5) Inspection for Engagement Quality

Deloitte Huayong has developed and implemented unified monitoring and rectification policies and procedure, including testing and evaluation of the firm's quality control system, and inspection and evaluation of the execution of specific engagements. Monitoring for specific engagements includes in-process checks during engagement execution and periodic checks for completed engagements. Evaluate and analyze the problems identified during inspections, investigate the root cause of the problem, assess its impact and develop risk mitigation and corrective measures to continuously monitor the progress and effectiveness of the rectification.

## (6) Code of Ethics and Independence

Deloitte Huayong has developed and implemented strict independence policies, including detailed measures and accountability mechanisms related to the financial, employment, consulting, and business relationships between firms and individuals with restricted entities, providing audit and non assurance

services to restricted entities, as well as rotating and cooling off periods for audit engagement partners, signing CPAs, and other key partners.

#### (7) Quality Control Deficiencies and Rectifications

Deloitte Huayong has developed and implemented unified monitoring and rectification policies and procedures to supervise and evaluate the operation of the firm's quality control system and the execution of audit engagements. In response to the findings in supervisory activities, Deloitte Huayong conducts root cause analysis, evaluates the severity of the findings, develops rectification plans, and evaluates the completion of the rectification.

In summary, Deloitte Huayong's quality control system established in accordance with relevant requirements of laws, regulations, professional standards and relevant internal management policies and procedures formulated and implemented. It can support the effective operation of the firm's quality control system and the high-quality delivery of audit projects.

#### 4. Information Safety Management

The Company has set up separate clauses in the audit engagement letter to clearly stipulate the information safety responsibilities and requirements of Deloitte Huayong, and strengthened the control of sensitive confidential information when providing documents and materials to Deloitte Huayong. Deloitte Huayong fulfilled its information safety obligations in accordance with laws, regulations and the engagement letter, and standardized data processing activities. Deloitte Huayong also strictly abided by national laws and regulations on information safety and conscientiously implemented regulatory requirements for information safety.

Deloitte Huayong has established information safety, privacy, and confidentiality policies and incident responsive guidelines, and has obtained ISO27001 certification for its information safety management system which is audited annually by third parties. At the same time, Deloitte Huayong has established a strict management system for audit working papers to ensure that the audit working papers formed in Chinese Mainland are kept in China as required and no audit data is provided to any overseas institution, organization or individual without the permission of the relevant competent authorities of the Chinese government.

#### 5. Investor protection

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

#### II. Performance of the 2023 annual auditor

During this year's audit, Deloitte Huayong developed a comprehensive, reasonable, and highly operational audit work plan based on the Company's needs and the actual situation of the audited entities, based on the engagement letter and was in accordance with audit standards and other regulatory requirements. The audit work was performed around the audit focus of the audited entity including revenue recognition deadlines, impairment of goodwill, etc.

Deloitte Huayong is equipped with a dedicated audit team, with the core team members possessing years of experience in auditing listed companies and possessing professional qualifications as Chinese Certified Public Accountants. The engagement partners are all senior audit partners. Deloitte Huayong involved the work of its internal experts during this year's audit, including experts in various fields such as taxation, information system audit, valuation and actuarial, etc. The accounting and auditing experts of the firm fully participated in supporting the audit engagement.

During the audit process of this year, Deloitte Huayong fully cooperated with the Company's annual reporting work to meet the timing requirements for the disclosure of the Company. Deloitte Huayong has developed a detailed audit plan and effectively communicated with the Audit Committee regarding the audit plan and completion status, fully listened to and considered the opinions of the Audit Committee and completed all work on time. In addition, Deloitte Huayong has developed a detailed communication and work plan with the Company's component auditors which was effectively implemented. When Deloitte Huayong encountered important accounting, auditing or other matters during the audit process, the audit team promptly consulted the relevant person in the firm, properly handled and solved the Company's key and difficult issues, reached a consensus on all major accounting and auditing matters of the Company and there was no unresolved difference of opinion.

### III. Supervisory Responsibilities by the Audit Committee in 2023

The Audit Committee's supervisory responsibilities over the annual auditor are as follows:

1. The Audit Committee has conducted a strict verification and evaluation of Deloitte Huayong's professional qualifications and competence, integrity and independence, past experience and quality of audit work. It is believed that Deloitte Huayong has the qualifications and professional competence to provide audit services to the Company and can meet the requirements of the Company's audit needs. On March 15, 2023, during the second meeting of the Audit Committee in 2023, the proposal of appointing Deloitte Huayong as the auditor for the Company's financial statements and internal control for the year 2023 at its second meeting was reviewed and approved, and it was agreed to submit it to the Board of Directors for review.
2. On January 25, 2024, members of the Audit Committee listened to Deloitte Huayong's report on the company's 2023 audit plan, key audit matters, other important audit matters, internal control audit and the overall audit progress. They also had a preliminary communication with the auditor on the committee's concerns and the 2023 audit situation.
3. On March 20, 2024, the Audit Committee held its first meeting in 2024 and the members heard a report from Deloitte Huayong on the audit status, findings, and conclusions for the year 2023. The proposal on the 2023 financial reports, the proposal on the appointment of the 2024 financial statements and internal control auditor, and the proposal on the 2023 internal control self-assessment report were reviewed and approved. The proposal on the performance evaluation of the auditor and the report on the supervisory responsibilities by the Audit Committee for the year 2023 is agreed to be submitted to the board of directors for review.

### IV. Overall Evaluation

The Audit Committee of the Company strictly abided by relevant rules and regulations including the Articles of Association and those issued by the China Securities Regulatory Commission and Shenzhen Stock Exchange. The Audit Committee fully played the role of the professional committee to review the qualifications and competence of the annual auditor, and has had sufficient discussions and communication with the auditor during the annual reporting process. The Audit Committee also oversaw the auditor to issue audit reports in a timely, accurate, objective, and fair manner. The Audit Committee have effectively fulfilled the supervisory responsibilities over the auditors.

The Audit Committee of the Company believes that Deloitte has adhered to a fair and objective attitude in conducting independent audits during the audit process of the Company, demonstrating good professional ethics and business quality. The audit work related to the 2023 annual reporting was completed on time, and the audit behavior was standardized and orderly. The audit report issued was objective, complete, clear, and timely.

Adama Ltd  
Board of Directors  
March 25, 2024