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PwC noted that a certain employee of the Social Work Department of the Company received a large amount of funds transferred from five renovation project suppliers in an aggregate amount of approximately RMB9,790,000 in 2020 and from January to June 2021. The employee had explained to PwC that the transfer of funds was entrusted by the project suppliers to procure certain materials required for renovation by the Company and provided certain information. As of the date of the announcement, PwC still requires such employee and the management of the Company to provide further materials to prove the commercial reasonableness of the cash flow and arrange relevant interviews.

The Board would like to express its sincere gratitude to PwC for its professional services and support rendered during the past few years.

Upon learning that PwC was considering resigning as the Company's auditor, the audit committee of the Company immediately proceeded to select a subsequent auditor. The Board hereby announces that, with the recommendation of the audit committee of the Company, BDO China Shu Lun Pan Certified Public Accountants LLP ("BDO") has been appointed as the auditor of the Company. The Company had fully informed BDO of the issues which PwC considered should be brought to the attention of the shareholders of the Company and also requested BDO to pay attention to these issues in 2021 audit work. BDO agreed to accept the appointment by the Board after preliminary review with effect from January 30, 2022 to fill the casual vacancy following the resignation of PwC and to hold office until the conclusion of the next annual general meeting of the Company.

The Company had established an independent investigation committee following PwC's advice, and the independent investigation committee is currently carrying out the investigation and will publish announcement to disclose the investigation results in due course.

By order of the Board

Chairman

Zhejiang, the PRC
January 30, 2022

As of the date of this announcement, the Company's executive directors are Mr. GUAN Weili, Ms. WANG Lianyue and Ms. WANG Hongyue; the non-executive directors are Mr. QIN Hao and Mr. LI Changhao; and the independent non-executive directors are Mr. ZHAO Xudong, Ms. ZHONG Wentang and Mr. LIU Ning.