

SUPOR 苏泊尔
Zhejiang Supor Co., Ltd.

Semiannual Report 2018

August 2018

SECTION I IMPORTANT NOTES, TABLE OF CONTENTS AND DEFINITIONS

The Board of Directors and the Board of Supervisors of Zhejiang Supor Co., Ltd. (hereinafter referred to as the “Company”) and all its directors, supervisors and senior executives warrant that this semiannual report is true, accurate and complete, and does not contain any fictitious statements, misleading information or significant omissions. All directors, supervisors and senior executives of the Company undertake, separately and jointly, all responsibilities in relation to the truth, accuracy and completeness hereof.

Mr. Thierry de La Tour d’Artaise, Chairman of the Board of Directors, and Mr. Xu Bo, Chief Financial Officer of the Company, hereby confirm that the financial statement enclosed in this Annual Report is true, accurate and complete.

All directors have attended the Board Meeting in person, in which the current report was reviewed and approved.

This semiannual report relating to such forward-looking statement as future plan does not form any substantive commitment to investors. It is of great uncertainty, for whether it can be realized or not depends on multiple factors, including market change and effort of management team. Please be careful of investment risks.

As for the risk factors confronted by the Company, see Part 10 “Risks and Countermeasures” of Section IV “Business Operation Discussion & Analysis”.

The profit distribution plan adopted at this Board Meeting specifies that: based on 820,817,960 shares (total capital stock of 821,243,960 shares on June 30, 2018 deducted by 426,000 shares of Reserved Restricted Stock without the profit distribution rights), the Company will distribute all shareholders at the price of RMB 4.60 per 10 shares (tax-inclusive) as the cash dividends, issue 0 bonus shares (tax included) and will not convert capital reserves to capital.

Table of Contents

SECTION I IMPORTANT NOTES, TABLE OF CONTENTS AND DEFINITIONS.....	2
SECTION II COMPANY FILE AND MAJOR FINANCIAL INDICATORS.....	6
SECTION III ABSTRACT FOR COMPANY BUSINESSES	9
SECTION IV BUSINESS OPERATION DISCUSSION AND ANALYSIS	11
SECTION V SIGNIFICANT EVENTS	21
SECTION VI CHANGES IN SHARE CAPITAL AND PARTICULARS ABOUT SHAREHOLDERS	37
SECTION VII INFORMATION ON PREFERRED STOCK.....	43
SECTION VIII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT STAFFS.....	44
SECTION IX CORPORATE BONDS	46
SECTION X FINANCIAL REPORT	47
SECTION XI CATALOG OF REFERENCE DOCUMENTS.....	144

Definitions

Items to be Defined	means	Definitions
SZSE	means	Shenzhen Stock Exchange
CSRC	means	China Securities Regulatory Commission
CSDCC	means	Shenzhen Branch of China Securities Depository and Clearing Corporation Limited
The Company/this Company	means	Zhejiang Supor Co., Ltd.
SEB Internationale	means	SEB INTERNATIONALE S.A.S
SEB Group	means	SEB S.A.
Zhejiang Supor Electrical	means	Zhejiang Supor Electrical Appliance Manufacturing Co., Ltd.
Shaoxing Supor	means	Zhejiang Shaoxing Supor Domestic Electrical Appliances Co., Ltd.
Supor Vietnam	means	Supor (Vietnam) Co., Ltd
Wuhan Recycling	means	Wuhan Supor Recycling Co., Ltd
Wuhan Cookware	means	Wuhan Supor Cookware Co., Ltd.
Wuhan PC	means	Wuhan Supor Pressure Cooker Co., Ltd.
Omegna	means	Hangzhou Omegna Commercial Trade Co., Ltd.
Shanghai Marketing	means	Shanghai Supor Cookware Marketing Co., Ltd.
P&R	means	Zhejiang Supor Plastic & Rubber Co., Ltd
Wuhan Supor	means	Wuhan Supor Co., Ltd.
Yuhuan Sales Company	means	Yuhuan Supor Cookware Sales Co., Ltd.
SEADA	means	SOUTH EAST ASIA DOMESTIC APPLIANCES PTE. LTD.
AFS	means	AFS VIETNAM MANAGEMENT CO.LTD.
Shanghai WMF Co., Ltd.	means	Shanghai WMF Enterprise Development Co., Ltd.
Shanghai SEB/SSEAC	means	Shanghai SEB Electrical Appliances Co., Ltd.
Zhejiang WMF	means	Zhejiang WMF Housewares Co., Ltd.
Stock Incentive Plan for 2013	means	2013 Restricted Stock Incentive Plan (Revised Draft)
Stock Incentive Plan for 2017	means	2017 Restricted Stock Incentive Plan (Revised Draft)

SECTION II COMPANY FILE AND MAJOR FINANCIAL INDICATORS

I. Company Information

Short Form of the Stock:	Supor	Stock Code	002032
Abbreviation of Changed Stock (if any)	None		
Stock Exchange for Stock Listing	Shenzhen Stock Exchange		
Chinese Name of the Company	Zhejiang Supor Co., Ltd.		
Abbreviated Chinese Name of the Company	Supor		
English Name of the Company (if any)	ZHEJIANG SUPOR CO., LTD		
Abbreviated English Name of the Company (if any)	SUPOR		
Legal Representative	Thierry de La Tour d'Artaise		

II. Contact Person and Contact Information

	Board Secretary	Representative of Securities Affairs
Name	Ye Jide	Fang Lin
Address	19F of Supor Building, No.1772 Jianghui Road, New & High Tech Development Zone, Hangzhou, China	19F of Supor Building, No.1772 Jianghui Road, New & High Tech Development Zone, Hangzhou, China
Tel.:	0571-86858778	0571-86858778
Fax:	0571-86858678	0571-86858678
Email	yjd@supor.com	flin@supor.com

III. Other Information

1. Contact information

Are there any changes about the registered address, office address and postal code, website or email address of the Company in the reporting period?

Applicable Not Applicable

The registered address, office address and postal code, website and email address of the Company did not change in the reporting period. See Annual Report 2017.

2. Media for Information Disclosure and Archiving

Are there any changes about information disclosure or archiving media in the reporting period?

Applicable Not Applicable

Papers appointed by the Company for information disclosure: website appointed by CSRC for publishing semiannual report, and the place for archiving the Company's semiannual report have not been changed in the reporting period. Refer to Annual Report 2017 for details.

IV. Major Accounting Data and Financial Indicators

Has the Company retroactively adjusted or restated the accounting data of previous years due to change of accounting policy or correction of accounting errors?

Yes No

Reasons of retroactive adjustment or restatement

Business merger under same control

	Current period	Preceding period		Year-on-year increase/decrease
		Before adjustment	After adjustment	After adjustment
Total sales (yuan)	8,849,159,546.48	6,909,466,633.07	7,063,899,464.50	25.27%
Net profit attributed to shareholders of listed company (yuan)	739,416,193.05	596,973,222.60	603,138,361.65	22.59%
Net profit attributed to shareholders of listed company after deducted non-recurring profit or loss (yuan)	707,473,969.23	566,994,969.20	573,140,945.38	23.44%
Net cash flows resulting from operating activities (yuan)	393,330,792.12	558,857,207.70	573,169,111.85	-31.38%
Basic earnings per share (yuan/share)	0.904	0.730	0.738	22.49%
Diluted earnings per share (yuan/share)	0.900	0.727	0.734	22.62%
Return on weighted average net assets	13.21%	12.76%	12.36%	0.85%
	Amount at period-end	Amount at the end of last year		Increase/decrease compared with last year-end
		Before adjustment	After adjustment	After adjustment
Total assets (yuan)	8,621,422,251.71	9,171,678,300.83	9,463,513,655.58	-8.90%
Net assets attributed to shareholders of listed company (yuan)	5,318,170,457.28	5,197,666,513.74	5,408,369,719.22	-1.67%

V. Accounting Data Discrepancies under Chinese and Overseas Accounting Standards

1. Net profit and net assets discrepancies in financial statements disclosed separately under International Accounting Standards and Chinese Accounting Standards

Applicable Not Applicable

No net profit and net assets discrepancies in financial statements disclosed separately under International Accounting Standards and Chinese Accounting Standards existed in the reporting period

2. Net profit and net assets discrepancies in financial statements disclosed separately under Overseas Accounting Standards and Chinese Accounting Standards

Applicable Not Applicable

No net profit and net assets discrepancies in financial statements disclosed separately under Overseas Accounting Standards and Chinese Accounting Standards existed in the reporting period.

VI. Non-recurring Profit or Loss Items and Amount

Applicable Not Applicable

Unit: RMB

Item	Amount	Explanation
Profit or loss on disposal of non-current assets (including written-off part of provision for impairment loss)	831,011.60	
Government grant included in current period profit or loss (excluding those regular government grants closely related to operating activities and enjoyed according to the national uniform quota or quantity)	4,191,063.48	
Other non-operating revenues or expenditures in addition to those items aforesaid	5,416,524.05	
Other profit or loss items complying with the non-recurring profit or loss	30,861,681.94	Mainly about the investment income from financial products
Less: Income tax impact	9,358,057.25	
Total	31,942,223.82	--

For the non-recurring profit or loss defined by the Company in accordance with the definition in the *Regulations of Questions and Responses of Information Disclosure Standard by Companies Publicly Issuing Securities No. 1 --- Non-recurring Profit or Loss*, and for defining the non-recurring profit or loss listed in the *Regulations of Questions and Responses of Information Disclosure Standard by Companies Publicly Issuing Securities No. 1 --- Non-recurring Profit or Loss* as recurring profit or loss, the Company shall specify the reason.

Applicable Not Applicable

The Company did not define any "non-recurring profit or loss" as defined in accordance with the *Regulations of Questions and Responses of Information Disclosure Standard by Companies Publicly Issuing Securities No. 1 --- Non-recurring Profit or Loss* as "recurring profit or loss" in the reporting period.

SECTION III ABSTRACT FOR COMPANY BUSINESSES

I. Main business during reporting period

Does the company need to abide by the disclosure requirements of special industry?

No

As China's famous cookware R&D and manufacturing company, Zhejiang Supor Co., Ltd. (hereinafter referred to as "the Company") is a China's leading manufacturer of small kitchen electrical appliances and also the first listed company in China's cookware industry. Established in 1994, the headquarters of the Company locates in Hangzhou owning 5 R&D and manufacture bases located in Yuhuan City, Wuhan City, Hangzhou City, Shaoxing City and Ho Chi Minh City with more than 10,000 employees.

Developed strategic cooperation relationship with the Company since 2006, SEB Group has become the actual controller of the Company. By the end of the reporting period, SEB Group held 81.18% shares of the Company. With a long history of more than 150 years, SEB Group is the world's famous cookware R&D manufacturer and small home appliance manufacturer with about 200 million products sold to more than 150 countries worldwide per year.

Supor's main businesses include: CW, SDA, Large Kitchen Appliance and H&PC products.

(1) The CW mainly includes wok, pressure cooker, fry pan, sauce pan, steamer, pottery pot, kettle, knife, spatula, thermal pot, thermos& flask, kitchen gadgets, crisper, etc.

(2) The SDA mainly includes: electric rice cooker, electric pressure cooker, induction hob, soymilk maker, electric kettle, juice extractor, slow cooker, electric steamer, electric chafing dish, food processor, baking pan, bread maker, noodle maker, electric frying pan, etc.

(3) The Large Kitchen Appliance mainly includes: range hood, gas cooker, sterilizer, water purifier, embedded steaming oven, etc.

(4) The H&PC mainly includes: air purifier, garment steamers, dust cleaner and electric iron.

The Company's cookware and small kitchen electrical appliances have been exported to more than 50 countries such as Japan, European and American countries through SEB Group.

II. Significant Changes in Main Assets

1. Significant changes in main assets

Main assets	Descriptions of major changes
Equity assets	No significant change.
Fixed assets	No significant change.
Intangible assets	No significant change.
Construction in process	No significant change.
Monetary capital	It was declined by 32.61%; it was mainly caused by the increase in cash flow expenditures due to the acquisition of a subsidiary.

2. Main overseas assets

Applicable Not Applicable

III. Core competitiveness analysis

Does the company need to abide by the disclosure requirements of special industry?

No

1. Outstanding product innovation capability

As a company long time devoted to R&D, manufacturing and selling of CW and kitchen SDA products, Supor has an acute observation and scientific research of the needs of Chinese consumers and has developed a systematic innovation system to ceaselessly launch new products in the market.

After 1994 when Supor launched the domestic first safety pressure cooker, the Company also launched the first electric rice cooker with ceramic crystal liner in 2005, pioneered the uncoated stainless iron pan technology in 2007, successfully introduced SEB flaming dot patented technology in 2009, launched the industrial first IH electric rice cooker in 2011, pioneered the globular cauldron liner in 2013, ceremoniously launched the industrial first steam IH electric rice cooker with globular cauldron liner in 2015, freshness 100 electric pressure cooker in 2016. In 2017, the Company produced vacuum high speed blender, enamel cast iron pan and other new products, leading the industrial development continuously. Besides, the Company's innovative differential products such as easy-screw pressure cooker and ceramic pot are very popular among customers.

According to the market data of China's 30 key cities monitored by GFK in 2018, the Company's cookware market shares ranked the first; according to the data of China's offline small household appliance market monitored by CMM in 2018, the market shares of the Company's 9 categories of small household appliances ranked the second in total.

2. Well-developed dealers network

Supor has stable dealer teams, and maintained good cooperative relationship with them. The relatively high coverage rate and density of its sales network ensure the uninterrupted supply of Supor products.

3. Strong R&D and manufacturing capacity of CW and SDA

Supor has built up five production bases, respectively in Yuhuan, Wuhan, Hangzhou, Shaoxing and Vietnam. In particular, the annual production scale of Wuhan Base and Shaoxing Base ranked the top in the industry. The strong R&D power and the highly professional R&D team provide a powerful guarantee for the quality and innovation capacity of Supor products.

4. Synergistic effect of integration with SEB

Since 2006, the Company has started to establish strategic cooperation relationship with SEB which owns a long history of more than 150 years with leading market shares of cookware and small household appliances worldwide. The powerful cooperation between Supor and SEB has brought stable export orders to the Company, and increased its overall business size and manufacturing capacity. Meanwhile, the cooperation in aspects of R&D and management will surely enhance the core competitiveness of the Company.

5. Professional advantage of multiple brands and varieties in kitchen field

In addition to Supor brand, the Company also introduced a lot of high-end brands under SEB, such as LAGOSTINA, KRUPS and WMF so as to fully cover the high-end brands in kitchen field. The Company's open fire cookware and small kitchen household appliances rank the first class nationwide. It also explores new varieties actively such as large kitchen appliance and kitchen utensils. The Company has formed its special competition advantages over other rivals due to its layout of multiple brands and varieties in kitchen field.

SECTION IV BUSINESS OPERATION DISCUSSION AND ANALYSIS

I. Overview

According to the data of National Bureau of Statistics, China's GDP in the first half of 2018 was increased by 6.8% on a YoY basis, maintaining a stable growth status. The contributions of the final consumption expenditure to GDP in the first half were as high as 5.3%. Under the background of the upgraded consumption, consumption has become the main power that drives economic growth.

In the first half year, Supor grasped the market opportunity and insisted in the innovative strategy and the fine works strategy, and thence launched linked thermal induction cooker and Q Linglong spherical pot rice cooker; which further improved the market shares of Supor in the SDA market. According to the monitoring data of CMM, the third party market investigation company, Supor's accumulative offline market shares of 9 categories of products including electric rice cooker, electric pressure cooker, induction hob, electric kettle, soymilk maker, blender, juice extractor, frying & baking machine and slow cooker was increased by 1.7% on a YoY basis, consolidating its market status further. In terms of CW, Supor launched Binfen frying pan, Kids and Young series BB cup and Jicha glass cup, all of which were well received in the market and promoted the constant growth of sales volume.

As for the channel construction, Supor made a concentrated development on the tier-3 and 4 markets, and is continuously increasing the coverage on the tier-3 and 4 markets, and is continuously improving the service system of the tier-3 and 4 markets. By complying with the development of E-commerce, Supor is continuously improving the professional operation of E-commerce and maintaining the rapid growth of E-commerce channel. In accordance with the AVC third party data, the market shares of Supor's 9 categories products on the main E-commerce platforms realized a further growth by 3.4% in the first half year, taking the lead in the industry.

As for the export business, there were many uncertainties in the international market, but Supor was continuously driving the export SEB business orders to get rapid transfer. In the first half year, the export business of Supor realized a good growth

As for the internal operation, Supor is actively facing to the increasingly rising raw materials and other external factors, and is continuously improving the internal operating efficiency of the production bases, expediting the product standardization progress and quickening launch time of new products, and efficiently reducing the adverse influence of rising raw materials on cost.

II. Main Business Analysis

Overview

During the reporting period, the Company realized the total sales RMB 8,849,159,546.48, rose by 25.27%; the total profit RMB 940,902,939.38, rose by 27.65%; the earnings per share was RMB 0.904, rose by 22.49%. The Company's main operating incomes were RMB 8,809,320,453.13, increasing by RMB 1,773,872,076.25 than the same period of last year, with an increase of 25.21%. The above was realized by the Company's better domestic and overseas sales and market shares than last year. The Company's main operating costs were RMB 6,139,805,857.72, increased by RMB 1,198,996,514.02, with an increase of 24.27%. The gross profit rate of main business was 30.30%, increased by 0.53% compared with the same period of last year. To be specific, the operating incomes of CW were RMB 2,829,595,500.17, with a YoY increase of 21.91%; the operating incomes of electrical appliances were RMB 5,970,595,444.03, with a YoY increase of 26.95%. The income of main domestic sales business was RMB 6,838,960,526.90, with a YoY increase of 31.55%; the income of main foreign business was RMB 1,970,359,926.23, with a YoY increase of 7.29%.

Changes of main financial data in the same period

Unit: RMB

	Current period	Preceding period	Increase / decrease	Reason of change
Total Sales	8,849,159,546.48	7,063,899,464.50	25.27%	
Operating cost	6,173,909,538.88	4,965,378,278.00	24.34%	
Selling expenses	1,450,751,427.18	1,137,457,259.27	27.54%	
Administrative expenses	260,880,196.28	206,834,041.98	26.13%	
Financial expense	-4,131,924.83	-1,983,826.71	-108.28%	Mainly owing to the increase in the income from bank deposit interest and the decrease in the exchange losses resulted from fluctuation of rate of RMB to USD.
Income tax expense	202,066,354.35	133,675,138.69	51.16%	Mainly owing to the income tax expense increase of the period resulted from the change of corporate income tax rate of the Company and subsidiaries.
R&D investment	182,870,058.17	164,074,818.13	11.46%	
Net cash flows resulting from operating activities	393,330,792.12	573,169,111.85	-31.38%	Mainly resulted from the increase in cash from purchasing products and receiving service in the cash outflow of operating activities.
Net cash flow from investment activities	-88,174,964.78	-355,147,337.67	75.17%	Mainly resulted from the increase in cash inflow of investment activities of purchasing financial products.
Net cash flow from financing activities	-590,988,931.20	-497,311,202.34	-18.84%	
Net increase in cash and cash equivalents	-283,611,809.64	-280,430,805.55	-1.13%	

Significant change of profit structure or profit resource in the reporting period

Applicable Not Applicable

No significant change of profit structure or profit resource in the reporting period

Contents of operating income

Unit: RMB

	Current reporting period		Same period last year		Increase / decrease YoY (%)
	Amount	Percentage to total operating income	Amount	Percentage to total operating income	
Total operating income	8,849,159,546.48	100%	7,063,899,464.50	100%	25.27%
By Industry					

Cookware	2,829,595,500.17	31.98%	2,321,071,495.04	32.86%	21.91%
Electrical appliances	5,970,595,444.03	67.47%	4,702,982,414.52	66.58%	26.95%
Plastic & rubber	9,129,508.93	0.10%	11,394,467.32	0.16%	-19.88%
Others	39,839,093.35	0.45%	28,451,087.62	0.40%	40.03%
By Products					
Electric pots	2,500,147,520.33	28.25%	2,027,320,768.98	28.70%	23.32%
Others	6,349,012,026.15	71.75%	5,036,578,695.52	71.30%	26.06%
By Areas					
Domestic sales	6,878,799,620.25	77.73%	5,227,364,525.90	74.00%	31.59%
Export sales	1,970,359,926.23	22.27%	1,836,534,938.60	26.00%	7.29%

Note:

1) Among the income by industries, the income from “Cookware, Electrical appliances and Plastic & Rubber” belonged to the main business income while the “Others” belonged to the other business income.

2) The “Others” of the income by products includes the other business income; where the one in the reporting period was RMB39,839,093.35, but it was RMB28,451,087.62 over the same period last year.

3) Among the “Domestic sales” of the income by areas: the main business income in the reporting period was RMB 6,838,960,526.90, and the income of other business was RMB 39,839,093.35; in the same period last year, the main business income was RMB5,198,913,438.28 and the other business income was RMB 28,451,087.62.

The Company’s industry, products or areas with total sale of operating profits occupying more than 10%

√ Applicable □ Not Applicable

Unit: RMB

	Total operating income	Operating cost	Gross Margin	Increase / decrease YoY (%) for total operating income	Increase / decrease YoY (%) for operating cost	Increase / decrease YoY (%) for gross profit
By Industries						
Cookware	2,829,595,500.17	1,867,348,019.83	34.01%	21.91%	21.50%	0.22%
Electrical appliances	5,970,595,444.03	4,264,805,625.04	28.57%	26.95%	25.64%	0.75%
By Products						
Electric pots	2,500,147,520.33	1,782,096,588.52	28.72%	23.32%	24.69%	-0.78%
By Areas						
Domestic sales	6,878,799,620.25	4,541,869,322.74	33.97%	31.59%	31.81%	-0.11%
Export sales	1,970,359,926.23	1,632,040,216.14	17.17%	7.29%	7.40%	-0.09%
Subtotal	8,849,159,546.48	6,173,909,538.88	30.23%	25.27%	24.34%	0.52%

The Company’s main business data adjusted based on the standard at the end of the reporting period in the recent period

□ Applicable √ Not Applicable

Descriptions of cause with above 30% change of relevant data on a YoY basis

Applicable Not Applicable

III. Analysis on non-primary business

Applicable Not Applicable

IV. Analysis on Assets and Liabilities

1. Significant changes in assets

	End of reporting period		End of same period last year		Increase/decrease in proportion	Cause of change
	Amount	Percentage to total assets	Amount	Percentage to total assets		
Monetary funds	585,968,081.57	6.80%	869,579,891.21	9.19%	-2.39%	Mainly owing to the increase in cash flow expenditures due to the acquisition of a subsidiary
Accounts receivable	1,583,377,542.73	18.37%	1,499,455,664.22	15.84%	2.53%	Mainly owing to expansion of the sales scale in the reporting period
Inventories	1,909,306,638.47	22.15%	2,202,833,655.08	23.28%	-1.13%	Mainly owing to the accelerated inventories turnover and reasonable control of inventories
Long-term equity investment	59,195,224.33	0.69%	57,828,126.15	0.61%	0.08%	No significant change in the reporting period
Fixed assets	846,440,856.22	9.82%	860,844,363.89	9.10%	0.72%	No significant change in the reporting period
Construction in process	30,527,524.21	0.35%	31,172,828.49	0.33%	0.02%	No significant change in the reporting period
Financial assets at fair value through profit or loss	1,001,552,979.35	11.62%	1,305,530,496.83	13.80%	-2.18%	Mainly due to the decrease in the guaranteed financial products with floating earnings related to interest

2. Assets and liabilities measured at the fair value

Applicable Not Applicable

Unit: RMB

Item	Opening balance	Profit and loss for fair value change	Changes in fair value included in equity	Impairment loss of the current period	Amount of purchasing of the current	Amount of selling of the current period	Ending balance
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					period		
Financial assets							
1. Financial assets at fair value through profit or loss (excluding derivative financial assets)	1,305,530,496.83	21,537,022.39			1,700,000,000.00	2,025,514,539.87	1,001,552,979.35
Total	1,305,530,496.83	21,537,022.39			1,700,000,000.00	2,025,514,539.87	1,001,552,979.35
Financial debts	0.00	0.00			0.00	0.00	0.00

Are there any changes about the valuation attribute of Company's main assets in the reporting period?

Yes No

3. Restrictions of assets and rights by the end of reporting period

No

V. Analysis on Investment

1. General conditions

Applicable Not Applicable

Investment in the reporting period (in RMB Yuan)	Investment over the same year last year (In RMB Yuan)	Fluctuation
274,000,000.00	1,866,064.50	14,683.31%

Note: For investments made during the reporting period, please refer to chapter "2. Connected transactions from purchase and sales for assets or equity" in "XIII. Significant Connected Transactions" of "SECTION V SIGNIFICANT EVENTS".

2. Significant equity investment to be acquired in the reporting period

Applicable Not Applicable

3. Significant non-equity investment to be handled in the reporting period

Applicable Not Applicable

4. Financial assets measured at the fair value

Applicable Not Applicable

Unit: RMB

Category of assets	Initial investment costs	Profit and loss for fair value change	Accumulated fair value change in rights and interest	Purchase amount during report	Sales amount during report	Accumulated investment income	Closing amount	Capital source
Others	1,000,000,000.00	-13,977,517.48	0.00	1,700,000,000.00	1,990,000,000.00	35,514,539.87	1,001,552,979.35	Self-owned capital
Total	1,000,000,000.00	-13,977,517.48	0.00	1,700,000,000.00	1,990,000,000.00	35,514,539.87	1,001,552,979.35	--

5. Securities investment

Applicable Not Applicable

There was no securities investment in the company in the reporting period.

6. Derivative products investment

Applicable Not Applicable

There was no derivative product investment in the company in the reporting period.

7. Application of capital raised

Applicable Not Applicable

No capital raised was used in reporting period

8. Significant project invested by non-raised funds

Applicable Not Applicable

No non-raised funds were used in the reporting period.

VI. Sales for Major Assets and Equity

1. Sales for major assets

Applicable Not Applicable

The Company did not sell major assets till the end of this period.

2. Sales for major equities

Applicable Not Applicable

VII. Analysis for Main Holding Companies and Joint Stock Companies

√ Applicable □ Not Applicable

Status of main subsidiaries and joint stock companies with influence on the Company's net profit exceeding 10%

Unit: RMB

Company name	Company type	Main business	Registered capital	Total assets	Net assets	Total sales	Operating profit	Net profit
Wuhan Supor Pressure Cooker Co., Ltd.	Subsidiary	Cookware	224.039 million yuan	302,567,053.58	296,047,431.54	8,000,000.04	1,373,805.10	1,029,041.95
Wuhan Supor Co., Ltd.	Subsidiary	Electrical appliances	5,180,000 yuan	14,327,176.26	13,319,816.74		-201,303.65	-183,010.08
Wuhan Supor Cookware CO., Ltd.	Subsidiary	Cookware	91,160,000 yuan	2,433,523,327.85	1,739,875,562.65	1,917,383,200.99	163,171,915.91	122,621,165.41
Zhejiang Supor Electrical Appliance Manufacturing Co., Ltd	Subsidiary	Electrical appliances	133.6971 million yuan	2,324,224,377.94	1,348,212,654.90	2,481,279,301.52	174,264,875.44	113,479,821.43
Zhejiang Supor Plastic & Rubber Co., Ltd	Subsidiary	Plastic and rubber manufacturing	8.0447 million yuan	150,581,172.05	122,782,156.85	83,092,537.59	3,030,183.40	2,344,462.07
Yuhuan Supor Recycling Co., Ltd.	Subsidiary	Recycling of used metal	500,000 yuan	3,105,254.41	3,105,247.24		330.73	297.66
Zhejiang Shaoxing Supor Domestic Electrical Appliances Co., Ltd.	Subsidiary	Small appliance, kitchen appliance	610 million yuan	3,028,416,606.54	1,774,299,298.11	3,694,866,096.82	441,892,224.31	375,732,867.34
Supor (Vietnam) Co., Ltd	Subsidiary	CW and electrical appliances	15 million US dollars	201,997,366.75	161,832,384.93	112,520,101.74	15,669,276.65	14,151,595.79

Wuhan Supor Recycling Co., Ltd	Subsidiary	Recycling of used metal	1 million yuan	1,888,497.26	1,735,894.45	3,945,129.24	18,490.93	16,641.84
Hangzhou Omega Commercial Trade Co., Ltd.	Subsidiary	CW and electrical appliances	10 million yuan	44,202,056.42	-16,183,460.74	41,413,070.09	-863,111.47	-863,110.26
Shanghai Supor Cookware Marketing Co., Ltd.	Subsidiary	CW and electrical appliances	5 million yuan	9,885,839.84	7,849,307.52	13,733,266.48	365,929.99	267,001.28
South East Asia Domestic Appliances Pte. Ltd.	Subsidiary	Cookers and electrical appliances	SGD 750,000	9,625,085.35	489,489.81	2,967,960.26	-1,250,434.69	-1,257,268.69
AFS Vietnam Management Co Ltd	Subsidiary	Cookers and electrical appliances	8.0 billion Vietnamese dong	4,135,865.03	2,496,795.23		403,031.94	320,788.67
WMF (Shanghai) Co., Ltd.	Subsidiary	Cookers and electrical appliances	RMB 50 million	183,429,152.35	50,929,998.72	144,360,249.94	1,239,998.13	929,998.72
Shanghai SEB Electrical Appliances Co., Ltd.	Subsidiary	Electrical appliances	RMB 139,751,643	276,436,718.14	217,519,958.41	143,192,173.26	7,821,038.14	6,815,381.53

Acquiring/disposing subsidiary during reporting period

√ Applicable □ Not Applicable

Company Name	Way of Acquiring/disposing subsidiary during reporting period	Impacts on Production, Operations and Performance
Shanghai SEB Electrical Appliances Co., Ltd.	Business merger under the same control	To integrate the business units between the connected companies under controlling shareholder in China; to promote the Company to expand foreign trade business and to provide strong support for increase in other export business and domestic sales business in the future.

Introduction of main holding and joint stock company:

The 3rd Session of Sixth Board of Directors and the Second Interim General Meeting of Shareholders 2017 adopted that the Company

would acquire 100% equity interests of SSEAC held by the controlling shareholder SEB INTERNATIONALE at the price of RMB 274,000,000.00 with self-owned fund.

XIII. Structural Subject under the Company's Control

Applicable Not Applicable

IX. Forecast of Business Performance of Jan.-Sept. 2018

Operation forecast for Jan.-Sept. 2018: Net profit attributed to the shareholders of the listed company is positive and does not belong to the situation of "turning losses into profits".

Net profit attributed to the shareholders of the listed company is positive and does not fit to the scenario of "turning losses into profits".

Variation in net profit belonging to the shareholders of listed company in 1~9 months 2018	0.00%	To	30.00%
Range of variation in net profit belonging to the shareholders of listed company in 1~9 months 2018 (RMB10,000)	90,729.20	To	117,947.97
Net profit belonging to the shareholders of listed company in January-September 2017 (RMB10,000)	90,729.20		
Description for performance change	The business of cookware and electrical appliances increase obviously and export business increase well, compared with the same period last year.		

X. Risks and Countermeasures

(1) Risk from macroeconomic fluctuation

Supor will be faced with more challenges in the second half year. Sino-US trade war makes it a doubt whether global economic recovery will come. If macro economy fluctuates or national macro-control policy changes, especially if national economy and household disposable income slows down in growing, people's willingness and capacity to consume will be directly affected. Consequently, the CW and SDA industry that Supor is in will slow down in growing, and the sales growth of relevant products may thus be affected.

For the possible macroeconomic fluctuation risks, Supor is actively developing new categories and cultivating new growth point. Meanwhile Supor is actively transferring SEB orders and ensuring the balanced development of domestic and overseas sales.

(2) Risk from production element price change

The main materials used by Supor for producing CW and SDA are the aluminum, copper, stainless steel and plastics. If the raw material price grows highly, the production cost will rise rapidly, so it will affect the business performance of the company. Meanwhile the CW and SDA business belong to the labor-intensive industry; the rapid growth of labor cost in a short time will cause certain influence to the business performance of the company.

In order to cope with the risks caused by the fluctuation of production element price, Supor is actively improving the internal labor productivity and pushing to implement the lean projects to reduce the negative impacts caused by the rise in price of raw materials on the production costs. Besides the Company is actively boosting the automation of production line, improving the per capita labor output, and reduce the impact caused by rise in labor cost.

(3) Risk of intensifying market competitiveness

As the operating cost of enterprise rises, industry brand concentration will be further improved, and there is the risk of intensifying

market competition in the field of cookware and small domestic appliances (SDA). In order to seize market share, high-end brand will continue to sink channel and regulate product and price strategy, and certain high-end brand will enter shopping market channel by the way of point redemption to participate in high-end market competition, which will further intensify the competitiveness of industry.

The Company will keep on insisting in the strategy to take product innovation as the core, keep on improving innovation ability to create more products with high additional value, give full play to the competitive edge of multiple brands and multiple product categories of Supor, and continue to improve market share and profitability of Supor.

(4) Overseas market expansion risks

Currently, Supor has the production base in Vietnam, and is continuously expand the market in Southeast Asia. The overseas market expansion may change significantly due to the unstable political and economic situation, legal system and regulatory system of the local area. Besides, the huge rise in production cost will bring unanticipated risks.

The Company will keep close eyes on the political and economic situation in Southeast Asia, especially the Vietnam, and will make every endeavor to make a timely advanced adjustment and formulate the corresponding countermeasures.

(5) Product export and exchange loss caused by exchange rate fluctuation

The foreign trade business is about 20% of the overall business of the company. The fluctuation in foreign exchange is possible to bring benefits, or the adverse influence, so it will cause the exchange loss to the company in the end.

For exchange gain or loss risk, the Company will actively push the Renminbi settlement of export business to SEB, reduce exchange risk, and meanwhile reduce exchange loss risk by forward settlement of exchange.

SECTION V SIGNIFICANT EVENTS

I. Annual General Meeting of Shareholders and Interim General Meeting of Shareholders Held in the Reporting Period

1. General Meeting of Shareholders in the Reporting Period

Session	Meeting type	Proportion of participated investors	Convening date	Date of disclosure	Reference for disclosure
The Annual General Meeting of Shareholders for 2017 Fiscal Year	Annual General Meeting of Shareholders	4.92%	April 19, 2018	April 20, 2018	References can be made to the <i>Announcement of Resolution of the Annual General Meeting of Shareholders for 2017 Fiscal Year (2018-022)</i> disclosed on http://www.cninfo.com.cn

2. Interim General Meeting held at the request of preferred stockholders with restored voting right

Applicable Not Applicable

II. Pre-Proposal for Profit Distribution and Conversion of Capital Reserve to Capital for 2018

Applicable Not Applicable

Number of bonus stock per 10 shares (shares)	0
Amount of dividend (RMB) per 10 shares (tax-inclusive)	4.60
Number of Conversion per 10 shares (shares)	0
Equity base in distribution plan (shares)	820,817,960
Amount of cash dividends (RMB, tax-inclusive)	377,576,261.60
Distributable profits (RMB)	2,327,816,067.14
Proportion of cash dividends in total distribution of profits	100.00%
Distribution of cash dividends:	
Others	

Detailed information on profit distribution and conversion of capital reserve to capital pre-proposal

In accordance with the standard unqualified audit report for 2017 fiscal year provided by Union Power Certified Public Accountants (special general partnership), the undistributed profit at the end of 2017 of the parent company of Zhejiang Supor Co., Ltd. were RMB 1,031,877,945.46, minus the undistributed profit of RMB 60,548,905.32 to be reduced by business merger under same control, as well as minus the cash dividends for 2017 of RMB 590,988,931.20 in this reporting period, therefore, as of June 30, 2018, the accumulated undistributed profit for shareholders by the end of 2017 were RMB 380,340,108.94.

The Company's 2018 semiannual profit distribution plan: Based on the total capital stock of 820,817,960 shares (total capital stock of 821,243,960 shares at the end of June 2018 deducted by 426,000 shares of reserved restricted stock without the profit distribution rights), the Company will distribute all shareholders at the price of RMB 4.60 per 10 shares (tax-inclusive) and the total cash dividends is RMB 377,576,261.60.

III. Commitments that were fulfilled in the reporting period and had not been fulfilled till the end of reporting period by actual controller, shareholder, connected party, acquirer of the Company

Applicable Not Applicable

There is no commitment that was fulfilled in the reporting period and had not been fulfilled till the end of reporting period by actual controller, shareholder, connected party, acquirer of the Company.

IV. Employment and Disengagement of Certified Public Accountants

Has the financial report enclosed in this semiannual report been audited?

Yes No

The semiannual report has not been audited.

V. Explanation of the Board of Directors and Supervisors (if applicable) of the "Non-standard Audit Report"

Applicable Not Applicable

VI. Description of Board of Directors for "Non-standard audit report" last year

Applicable Not Applicable

VII. Bankruptcy or Reorganization

Applicable Not Applicable

There was no bankruptcy, reorganization or related matters in the Company in the reporting period.

VIII. Lawsuits

Significant litigations and arbitrations

Applicable Not Applicable

There was no significant litigation and arbitration occurred in the reporting period.

Other lawsuits

Applicable Not Applicable

IX. Questioning by Media

Applicable Not Applicable

No issues questioned by media happened in the reporting period.

X. Punishment and rectification

Applicable Not Applicable

There was no punishment and rectification in the reporting period.

XI. Integrity Status of the Company, Controlling Shareholders and Actual Controller

Applicable Not Applicable

XII. Implementation of Company's equity incentive plan, employee equity holding plan or other employee incentive measures

Applicable Not Applicable

(1) About equity incentive plan 2017

1. On March 29, 2018, the 6th Session of the Sixth Board of Directors reviewed and adopted the *Proposal on Unlocking of Restricted Stock within the First Unlock Period of 2017 Restricted Stock Incentive Plan*, agreeing to unlock the Restricted Stock for 181 qualified Incentive Objects in the first unlock period. The number of restricted stock unlocked is 387,400. The shares that could be unlocked in the first unlock period of Restricted Stock will be unlocked, circulated on December 31, 2018.

For detailed contents, see *Announcement of Unlocking of Restricted Stock within the First Unlock Period of 2017 Restricted Stock Incentive Plan* disclosed on *Securities Times*, *China Securities Journal*, *Securities Daily*, and *cninfo.com.cn* dated March 31, 2018.

2. On March 29, 2018, the 6th Session of the Sixth Board of Directors reviewed and adopted *Proposal on Repurchasing and Canceling a Part of Restricted Stock*. Since three incentive objects cannot meet incentive conditions due to their resignation, totally 43,650 shares of restricted stock failing in reaching unlocking conditions were repurchased and cancelled at the price of RMB 1 per share; this proposal was deliberated and approved during the Annual General Meeting of Shareholders for 2017 Fiscal Year held on April 19, 2018. The Company has repurchased and canceled 43,650 shares of restricted stock at the price of RMB 1 per share and paid totally RMB 43,650 to the above incentive objects. After confirmed by CSDCC, the Company completed purchase and cancellation work on June 26, 2018.

For detailed contents, see *Announcement of Repurchasing and Canceling a Part of Restricted Stock* and *Announcement of Completion Repurchasing and Canceling a Part of Restricted Stock* disclosed on *Securities Times*, *China Securities Journal*, *Securities Daily*, and *cninfo.com.cn* dated March 31, 2018 and June 27, 2018.

XIII. Significant Connected Transactions

1. Connected transaction related to daily business

√ Applicable □ Not Applicable

Connected party	Correlated relation	Type of connected transaction	Contents of connected transaction	Pricing principle of connected transaction	Price of connected transaction	Amount of connected transaction (RMB10,000)	Percentage to amount of same transaction	Approved transaction limit (RMB10,000)	Exceeding approved limit or not	Means of payments of connected transaction	Market price of available same transaction	Disclosing date	Reference for disclosure
Wuhan Anzai Cookware Co., Ltd.	Associated enterprise	Purchase of commodity	Finished products	Contract price	0	11,285.5	1.75%		No	Bank transfer or notes	0		
Wuhan Anzai Cookware Co., Ltd.	Associated enterprise	Purchase of commodity	Accessories	Market price	0	2,626.89	0.41%		No	Bank transfer or notes	0		
GROUP SEB EXPORT	Same controlling shareholder with the controlling shareholder	Purchase of commodity	Finished products	Contract price	0	802.07	0.12%		No	Bank transfer or notes	0		
SEB INTERNATIONAL SERVICES	Same controlling shareholder with the controlling shareholder	Purchase of commodity	Finished products	Contract price	0	8.46	0.00%		No	Bank transfer or notes	0		
S.A.S. SEB	Same controlling shareholder with the controlling shareholder	Purchase of commodity	Accessories	Market price	0	22.33	0.00%		No	Bank transfer or notes	0		

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S.A.S. GROUP E SEB MOULI NEX	Same controlling shareholder with the controlling shareholder	Purchase of commodity	Accessories	Market price	0	457.77	0.07%		No	Bank transfer or notes	0		
LAGOS TINA S.P.A.	Same controlling shareholder	Purchase of commodity	Finished products	Contract price	0	220.87	0.03%		No	Bank transfer or notes	0		
TEFAL S.A.S.	Same controlling shareholder with the controlling shareholder	Purchase of commodity	Accessories	Market price	0	124.48	0.02%		No	Bank transfer or notes	0		
CALOR SAS	Same controlling shareholder with the controlling shareholder	Purchase of commodity	Accessories	Market price	0	567.71	0.09%		No	Bank transfer or notes	0		
ETHER A	Same controlling shareholder with the controlling shareholder	Purchase of commodity	Accessories	Market price	0	203.49	0.03%		No	Bank transfer or notes	0		
WMF Group Gmbh	Same controlling shareholder	Purchase of commodity	Finished products	Contract price	0	2,601.24	0.40%		No	Bank transfer or notes	0		
Emsa Taicang Co., Ltd.	Same controlling shareholder	Purchase of commodity	Finished products	Contract price	0	14.14	0.00%		No	Bank transfer or notes	0		
WMF	Same	Purchase	Finished	Contract	0	7,682.73	1.19%		No	Bank	0		

Consumer Goods (Shanghai) Co, Ltd.	controlling shareholder	of commodity	products	price						transfer or notes			
WMF Consumer Goods (Shanghai) Co, Ltd.	Same controlling shareholder	Purchase of commodity	Accessories	Market price	0	5.34	0.00%		No	Bank transfer or notes	0		
WMF (HE SHAN) MANUFACTURING COMPANY LIMITED	Same controlling shareholder	Purchase of commodity	Finished products	Contract price	0	160.19	0.02%		No	Bank transfer or notes	0		
EMSA GmbH	Same controlling shareholder	Purchase of commodity	Accessories	Market price	0	133.44	0.02%		No	Bank transfer or notes	0		
SEB ASIA LTD.	Same controlling shareholder	Sales of commodity	Finished products	Contract price	0	176,143.66	19.91%		No	Bank transfer or notes	0		
SEB ASIA LTD.	Same controlling shareholder	Sales of commodity	Accessories	Contract price	0	271.48	0.03%		No	Bank transfer or notes	0		
S.A.S. SEB	Same controlling shareholder with the controlling shareholder	Sales of commodity	Finished products	Contract price	0	1,030.37	0.12%		No	Bank transfer or notes	0		

S.A.S. SEB	Same controlling shareholder with the controlling shareholder	Sales of commodity	Accessories	Contract price	0	77.95	0.01%		No	Bank transfer or notes	0		
TEFAL S.A.S.	Same controlling shareholder with the controlling shareholder	Sales of commodity	Finished products	Contract price	0	481.74	0.05%		No	Bank transfer or notes	0		
TEFAL S.A.S.	Same controlling shareholder with the controlling shareholder	Sales of commodity	Accessories	Contract price	0	533.61	0.06%		No	Bank transfer or notes	0		
S.A.S. GROUP E SEB MOULI NEX	Same controlling shareholder with the controlling shareholder	Sales of commodity	Finished products	Contract price	0	1,640.64	0.19%		No	Bank transfer or notes	0		
Supor Group Co., Ltd.	Company controlled by related natural person	Sales of commodity	Finished products	Market price	0	321.78	0.04%		No	Bank transfer or notes	0		
SEB INTER NATIONAL SERVICE S.A.S.	Same controlling shareholder with the controlling shareholder	Sales of commodity	Finished products	Contract price	0	31.78	0.00%		No	Bank transfer or notes	0		
SEB INTER	Same controlling	Sales of commodity	Accessories	Contract price	0	359.22	0.04%		No	Bank transfer	0		

NATIONAL SERVICE S.A.S.	shareholder with the controlling shareholder	ity								or notes			
GROUP SEB COLOMBIA S.A	Same controlling shareholder	Sales of commodity	Accessories	Contract price	0	1.72	0.00%		No	Bank transfer or notes	0		
LAGOSTINA S.P.A.	Same controlling shareholder	Sales of commodity	Finished products	Contract price	0	21.14	0.00%		No	Bank transfer or notes	0		
LAGOSTINA S.P.A.	Same controlling shareholder	Sales of commodity	Accessories	Contract price	0	61.31	0.01%		No	Bank transfer or notes	0		
ALL-C LAD METAL CRAFTERS LLC	Same controlling shareholder	Sales of commodity	Finished products	Contract price	0	21.96	0.00%		No	Bank transfer or notes	0		
IMUSA USA LLC	Same controlling shareholder	Sales of commodity	Finished products	Contract price	0	144.56	0.02%		No	Bank transfer or notes	0		
WMF Consumer Goods (Shanghai) Co, Ltd.	Same controlling shareholder	Sales of commodity	Finished products	Contract price	0	283.99	0.03%		No	Bank transfer or notes	0		
WMF Gruppe Gmbh	Same controlling shareholder	Sales of commodity	Finished products	Contract price	0	125.06	0.01%		No	Bank transfer or notes	0		
WMF CONSUMER	Same controlling shareholder	Sales of commodity	Finished products	Contract price	0	1,259.63	0.14%		No	Bank transfer or notes	0		

ELECTRIC GMBH	r												
VIETNAM FAN JOINT STOCK COMPANY	Same controlling shareholder	Sales of commodity	Finished products	Contract price	0	2,235.07	0.25%		No	Bank transfer or notes	0		
GROUP SEB CANADA INC	Same controlling shareholder	Sales of commodity	Finished products	Contract price	0	64.09	0.01%		No	Bank transfer or notes	0		
CALOR SAS	Same controlling shareholder with the controlling shareholder	Sales of commodity	Finished products	Contract price	0	1,106.88	0.13%		No	Bank transfer or notes	0		
Total				--	--	213,134.29	--	0	--	--	--	--	--
Details of large sales return				Not Applicable									
Actual implementation of estimated total amount of connected transaction by category incurred during the period in the report period (if any)				During January to June of 2018, the total amount of connected transactions between Supor and SEB Group and its affiliates was RMB 1,989.0013 million.									
Reason the big difference between transacted price and market reference price (if applicable)				Not Applicable									

2. Connected transactions from purchase and sales for assets or equity

√ Applicable □ Not Applicable

Connected party	Correlated relation	Type of connected transaction	Contents of connected transaction	Pricing principle of connected transaction	Book value of transferred assets (in RMB 10,000)	Estimated value of transferred assets (in RMB 10,000)	Transfer price (in RMB 10,000)	Means of payments of connected transaction	Transaction gains and losses (in RMB 10,000)	Disclosing date	Reference for disclosure
SEB INTERNATIONALE S.A.S	The connected party is the controlling shareholder of the Company	Purchase assets from the connected party	The Company acquired 100% equity interests of SSEAC held by the connected party at the price of RMB 274,000,000.00 with self-owned fund.	With the estimated value in the DZPBZ [2017] NO. 1,122 <i>Business Valuation Report on Total Equity of Shanghai SEB Electrical Appliances Co., Ltd. with regard to Zhejiang Supor Co., Ltd.s Purchasing 100% Equity of Shanghai SEB Electrical Appliances Co.,Ltd.</i> issued by Orient Appraisal Co., Ltd. (with qualifications for securities and futures brokerage) on the base date of June 30, 2017.	20,093.79	27,400	27,400	Payment in cash	0	April 24, 2018	For detailed contents, see <i>Announcement of Completion of Registration Changes on Acquiring Equity Interest of SSEAC</i> disclosed on http://www.cninfo.com.cn
Cause of significant difference between transfer price and book value or estimated value (if any)				The transfer price is confirmed after mutual parties agree based on appraisal value.							
Influence on the Company's operation results and financial status				The Company has adequate cash flows and above equity interest transaction can further improve its fund utilization efficiency, and have positive effects on the net profit belonging to the shareholders of listed companies.							
Realization of performance in the reporting period if performance agreement has been made				Not Applicable							

for relevant transactions.	
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3. Connected transaction for co-investment abroad

Applicable Not Applicable

There was no connected transaction for co-investment abroad in the reporting period

4. Connected creditor's rights and debts

Applicable Not Applicable

There were no related creditor's rights and debts in the reporting period

5. Other important Connected transactions

Applicable Not Applicable

There were no significant connected transactions in the reporting period.

XIV. Significant Contracts and Performance

1. Custody, contracting, and leasing

(1) Custody

Applicable Not Applicable

No custody was made in the reporting period.

(2) Contracting

Applicable Not Applicable

No contracting was made in the reporting period.

(3) Leasing

Applicable Not Applicable

No leasing existed in the reporting period.

2. Important guarantee

Applicable Not Applicable

No guarantee was made in the reporting period.

3. Other important contracts

Applicable Not Applicable

There were no other important contracts involved in the Company in the reporting period.

XV. CSR Building

1. Significant environmental protection problems

Do the listed company and its subsidiary company belong to key pollutant discharging unit posted by the environmental protection department?

Name of the Company or subsidiary	Name of main pollutant or specific pollutant	Discharge mode	Number of discharge ports	Distribution of discharge ports	Discharge concentration	Executive pollutant discharge standard	Total discharge amount	Total discharge amount checked	Excessive discharge
Zhejiang Supor Co., Ltd.	COD	Manage after pollutants are treated up to standards	2	Wastewater discharge port of the wastewater station in plant area	≤60 mg/L (calculate according the discharge standard of wastewater station after discharging into piping)	GB 8979-1996 Integrated Wastewater Discharge Standard	8.233t	20.32t	None
Zhejiang Supor Co., Ltd.	Ammoniacal nitrogen	Manage after pollutants are treated up to standards	2	Wastewater discharge port of the wastewater station in plant area	≤8 mg/L (calculate according the discharge standard of wastewater station after discharging into piping)	GB 8979-1996 Integrated Wastewater Discharge Standard	1.098t	3.05t	None

Construction and operation of pollution prevention facilities

The Company has a special wastewater treatment station that can process wastewater of 1,330 per day. All wastewater generated will gather at this station for central treatment. After chemical precipitation and autocatalyzed oxidation, wastewater will meet the first grade discharge standards and then be discharged into urban wastewater pipes. At the same time, the Company has reclaimed water reuse facilities that can arrange water treatment plan according to water quality. Reclaimed water will mainly be used for industrial production, greening, and cleaning of health facilities in living quarters. In reporting period, the environmental protection department monitored the wastewater treatment station online and found it operating normally and discharging water up to standard.

Environmental impact assessment of construction projects and other administrative permissions for environmental protection

In reporting period, the Company had no large environmental impact assessments.

Environmental emergency plan

The Company has prepared *Environmental Emergency Plan of Zhejiang Supor Co., Ltd.* in November 2013 and has been

implementing it strictly.

Environmental monitoring scheme

(1) Monitoring contents

Discharge of water pollutants;

(2) Monitoring mode

Self-monitoring is completed through auto monitoring and manual monitoring.

(3) Monitoring indicators, monitoring frequency and monitoring method

1. Main monitoring indicators: pH, suspended matters, chemical oxygen demand, five daybod, oils, ammoniacal nitrogen, copper, zinc, lead, nickel and fluorides;

2. The pH value of wastewater treatment station is monitored 24 hours per day; suspended matters and chemical oxygen demand are analyzed once a week; oils, ammoniacal nitrogen, copper, zinc, lead, nickel and fluorides is tested once year by a third-party environmental protection institution.

Other environmental information that should be made public

None

Other environmental protection related information

None

2. Performance of the social responsibility of targeted poverty alleviation

(1) Targeted poverty alleviation plan

“Let children in remote mountainous areas to get fair education opportunities” is the purpose aim that the Company has upheld for more than 10 years. The Company has tried and practiced out for many times in order to improve the schooling conditions, enhance the quality of teacher resources and care about left-behind students in villages. At present, it still joins hand with local governments to improve the environment of the schools in remote and backward villages, and cooperates with commonweal organizations and education organizations to promote village teacher teams to grow, with the hope to change the education situation in these areas through the efforts of multiple parties.

(2) Overview of semi-annual targeted poverty alleviation

In the reporting period, the Company continued donating resources to middle and west China’s remote mountainous areas to improve the schooling conditions, constructed Supor primary schools and supported the following development of these schools. At present, the Company’s commonweal map has covered the mountainous areas in 12 provinces and autonomous regions, including Qinghai, Yunnan, Guizhou, Sichuan, Hubei, Jiangxi, Hunan, Guangxi, Shaanxi, Gansu and Hebei; it now has built 26 schools. In addition to school buildings, the Company donated children’s books, built “NenYaEr” libraries, donated kitchen equipment, tables and tableware and constructed “LiLiXiang” canteens, provided training and overseas study opportunities for the teachers of Supor primary schools, fully improving their philosophy of schooling and schooling level and enabling children in villages to have faire education opportunities.

In the reporting period, the Company completed building 3 Supor primary schools, organized 2 trainings for villages teachers of Supor primary schools, rewarded excellent teachers with awards and study opportunities, dispatched volunteer teachers to the demanding schools, provided resource support and aid poor students financially as it planned.

(3) Effects of targeted poverty alleviation

Indicator	Measurement unit	Quantity/fulfillment
Amount invested to aid poor students	RMB 10,000	2.20
Number of aid poor students	Person	44.00
Amount invested to improve the education resources in poor areas	RMB 10,000	62.00

(4) Subsequent targeted poverty alleviation plan

In the future, the Company will continue implementing Supor primary school project and donating to build primary schools in the villages in mountainous areas, so as to improve their schooling conditions. By estimate, there will be 3 Supor primary schools built in 2018. At the same time, the Company will invest more to help teachers of these schools to grow, and cooperate with relevant organizations to carry out activities that can benefit their development.

XVI. Introduction for Other Important Matters

Applicable Not Applicable

The *Proposal on Public Shares Repurchase Preplan* was reviewed and approved at the 6th Session of the Sixth Board of Directors held on March 29, 2018. Based on the confidence in future development and in order to protect the interests of shareholders effectively and boost the confidence of investors, the Company plans to repurchase its stocks at a price not higher than RMB 46.18/share (adjusted to RMB 45.46 yuan per share after 2017 Profit Distribution) and cancel them, considering the Company's comprehensive financial status. Total public shares repurchased this time will not exceed 2% of total capital stock, namely not more than 16,424,879 shares. As of the end of this reporting period, the Company has not repurchased its stock yet.

This Share Repurchase Plan has been approved by the Annual General Meeting of Shareholders for 2017 Fiscal Year held on April 19, 2018 and the *Repurchase Report on Public Shares of Zhejiang Supor Co., Ltd.* was published on May 5, 2018. For detailed contents, please see the *Repurchase Report on Public Shares* (Announcement No.: 2018-031), *Announcement on Adjusting Share Price for Public Shares Repurchase Plan* (Announcement No.: 2018-034) and *Announcement of Progress of Public Shares Repurchase* (Announcement No.: 2018-035 and 2018-040) disclosed on *Securities Daily*, *Securities Times*, *China Securities Daily* and *cninfo.com.cn*.

XVII. Significant Event of the Company's Subsidiarie

Applicable Not Applicable

1. The *Proposal on Acquiring 100% Equity Interest of Shanghai SEB Electrical Appliances Co., Ltd. as Connected Transaction* was reviewed and adopted by the 3rd Session of the Sixth Board of Directors and the Second Interim General Meeting of Shareholders 2017. The Company acquired 100% equity interests of SSEAC held by the controlling shareholder SEB INTERNATIONALE at the price of RMB 274,000,000.00 with self-owned fund. As of the end of this reporting period, the registration change for this equity acquisition has been completed and the new business license of SSEAC has been obtained.

For detailed contents, please see the *Announcement of Completion of Registration Changes on Acquiring Equity Interest of SSEAC* disclosed on *Securities Daily*, *Securities Times*, *China Securities Daily* and *cninfo.com.cn* dated April 24, 2018.

2. The *Proposal on Establishing a Wholly-owned Subsidiary* was reviewed and adopted by the 7th Session of the Sixth Board of Directors. The Company planned to establish a wholly-owned subsidiary Zhejiang WMF Manufacturing Co., Ltd. to build high-end cookware Industry Park (the final name registered with the Industrial and Commercial Administrative Department is Zhejiang WMF

Housewares Co., Ltd. As of the end of this reporting period, the procedures of registration have been completed and the new business license has been obtained.

For detailed contents, please see the *Announcement of Establishing a Wholly-owned Subsidiary* and *Announcement of the Progress of Establishing a Wholly-owned Subsidiary* disclosed on *Securities Daily*, *Securities Times*, *China Securities Daily* and *cninfo.com.cn* dated April 24, 2018 and July 4, 2018.

3. On June 28th, 2018, there was a fire accident happened in the rented warehouse, which is located out of its production site in Yiqiao Town, Xiaoshan District, Hangzhou, of Zhejiang Supor Electrical Appliance Manufacturing Co., Ltd.. There was no loss of life and personal injury during this fire accident and also no damage to the workshops and production equipment of the subsidiary. For detailed contents, please see the *Announcement of Fire Accident in Warehouse of Wholly-owned Subsidiary* disclosed on *Securities Daily*, *Securities Times*, *China Securities Daily* and *cninfo.com.cn* dated June 28, 2018. The Company has already received the Confirmation Letter of Fire Accident issued by Xiaoshan Branch of Hangzhou Public Security and Fire Detachment (Xiaogongxiaohuorenzi [2018] No. 0008), the reasons for this fire accident are given as follows: exclude kindling left and careless use of fire but cannot exclude fire caused by electrical circuit malfunction. The subsidiary is now actively negotiating with the insurance company on the issue of insurance claim.

SECTION VI CHANGES IN SHARE CAPITAL AND PARTICULARS ABOUT SHAREHOLDERS

I. Changes in Share Capital

1. Changes in share capital

(Unit: Shares)

	Before change		Increase/decrease in the period (+, -)					After change	
	Quantity	Scale	New shares	Shares bonus	Converted capital	Others	Subtotal	Quantity	Scale
I. Restricted outstanding shares	279,293,572	34.01%				-2,694,646	-2,694,646	276,598,926	33.68%
1. Shares held by the State	0	0.00%						0	0.00%
2. Shares held by state-owned legal entities	0	0.00%						0	0.00%
3. Shares held by other domestic investors	7,925,982	0.97%				-2,694,646	-2,694,646	5,231,336	0.64%
Including: Shares held by domestic legal entities	0	0.00%						0	0.00%
Shares held by domestic natural persons	7,925,982	0.97%				-2,694,646	-2,694,646	5,231,336	0.64%
4. Shares held by foreign investors	271,367,590	33.04%						271,367,590	33.04%
Including: Shares held by foreign legal entities	271,367,590	33.04%						271,367,590	33.04%
Shares held by foreign natural persons	0	0.00%						0	0.00%
II. Non-restricted outstanding shares	541,994,038	65.99%				2,650,996	2,650,996	544,645,034	66.32%
1. RMB common shares	541,994,038	65.99%				2,650,996	2,650,996	544,645,034	66.32%
2. Domestically listed foreign shares	0	0.00%						0	0.00%
3. Overseas listed foreign shares	0	0.00%						0	0.00%
4. Others	0	0.00%						0	0.00%

III. Total shares	821,287,610	100.00%					-43,650	-43,650	821,243,960	100.00%
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Reasons for share capital change

Applicable Not Applicable

1. Top management of the Company unlocked 25% of the shares registered under their names on the last trading day of the previous year.

2. On January 4, 2018, totally 2,571,400 shares of restricted stock unlockable in the fourth unlocking period under the restricted stock incentive plan 2013 were unlocked and circulated on the market.

3. On June 26, 2018, 43,650 shares of restricted stock that have been granted to resigned incentive objects but have not been unlocked from restriction in 2017 equity incentive plan were repurchased and cancelled. After repurchase and cancellation were completed, the Company's total capital stock decreased from 821,287,610 shares to 821,243,960 shares.

Approval of change in stock

Applicable Not Applicable

1. The Company reviewed and adopted *Proposal on Unlocking of Restricted Stock within the Fourth Unlock Period and Unlocking of Reserved Restricted Stock within the Third Unlock Period of Restricted Stock Incentive Plan* on the 15th Session of the Fifth Board of Directors held on March 29, 2017: According to 2013 Equity Incentive Plan, agreeing to unlock the restricted stock in the fourth unlock period of Restricted Stock and the third unlock period of Reserved Restricted Stock for 112 qualified Incentive Objects according to *2013 Equity Incentive Plan*. Unlocking number in the fourth unlock period of Restricted Stock and the third unlock period of Reserved Restricted Stock were 1,978,000 shares and 96,123 shares respectively, totally 2,074,123 shares. After the implementation of profit distribution plan for 2016 fiscal year on May 25, 2017, the Company issued 3 bonus shares per 10 shares and unlocking number in the fourth unlocking period for restricted stock and the third unlocking period for reserved restricted stock were 2,571,400 shares and 124,960 shares respectively, totally 2,696,360 shares. Shares which can be unlocked in the fourth unlock period for restricted shares were circulated in market on January 4, 2018.

2. The Company reviewed and adopted *Proposal on Repurchasing and Canceling a Part of Restricted Stock* on the 6th Session of the Sixth Board of Directors held on March 29, 2018 and the Annual General Meeting of Shareholders for 2017 Fiscal Year. Since three incentive objects cannot meet incentive conditions due to their resignation, totally 43,650 shares of restricted stock failing in reaching unlocking conditions were repurchased and cancelled at the price of RMB 1 per share. After confirmed by Shenzhen Branch of CSDCC, the Company completed purchase and cancellation work on June 26, 2018.

Transfer of shares changed

Applicable Not Applicable

Influence of shares change on basic earnings per share and diluted earnings per share in latest year and period, net assets per share owned by the Company's ordinary shareholder and other financial indexes.

Applicable Not Applicable

The repurchase and cancellation of 43,650 shares of restricted stocks in the reporting period affected basic earnings per share and diluted earnings per share slightly, and did not affect other financial indicators, such as the net asset value per share belonging to common stockholders of the Company.

The other contents the company thinks fit to disclose or the securities regulatory authority requires to disclose

Applicable Not Applicable

2. Changes of Restricted Stock

Applicable Not Applicable

(Unit: Share)

Shareholder's name	Restricted outstanding stocks at year-begin	Restricted outstanding stocks unlocked in period-period	Restricted outstanding stocks increased in current period	Restricted outstanding stocks at period-end	Restriction reason	Date of unlocking restriction
SEB INTERNATIONALE S.A.S	271,367,590	0	0	271,367,590	Restricted strategic investment shares	Totally 65,000,000 non-tradable shares will be unlocked on June 22, 2019; rest part of shares will be unlocked on December 21, 2021.
Su Xianze	1,354,432	202,108	0	1,152,324	Locked stocks of top management	Unlocking 25% of the stocks registered under his name on the last trading day of the previous year
Xu Bo	93,600	0	83,850	177,450	Locked stocks of top management	Unlocking 25% of the stocks registered under his name on the last trading day of the previous year
Ye Jide	32,550	0	38,662	71,212	Locked stocks of top management	Unlocking 25% of the stocks registered under his name on the last trading day of the previous year
Incentive objects of Equity Incentive Plan 2013	2,571,400	2,571,400	0	0	Restricted stocks under equity incentive plan	The unlocking date of the 4 th unlock period of the restricted stock incentive plan 2013 is January 4, 2018
Incentive objects of Equity Incentive Plan 2017	3,874,000	43,650	0	3,830,350	Equity incentive restricted stocks; In light that some incentive objects resigned,	During the first unlock period, totally 387,400 shares of restricted stocks can be

					43,650 shares of restricted stocks should be repurchased and cancelled. The repurchase and cancellation works have been completed on June 26, 2018.	unlocked and circulated on the market on December 31, 2018. The rest part will be unlocked in the following 3 years after relevant performance assessment is met. The unlocking ratio in each period will be 20%, 30% and 40%.
Total	279,293,572	2,817,158	122,512	276,598,926	--	--

3. Securities issuance and listing information

None

II. Number of Shareholders of the Company and Shares Held by Them

(Unit: Share)

Total number of common shareholders by end of reporting period		8,261	Total number of preferred stockholders with restored voting right (if any).		0			
Information on shareholders holding more than 5% stocks or information on top 10 shareholders								
Shareholder's name	Nature of shareholder	Proportion of share-holding	Number of shares held at period-end	Increase/decrease in the reporting period	Number of restricted outstanding shares	Number of non-restricted outstanding shares	Number of stocks pledged or frozen	
							State of shares	Quantity
SEB INTERNATIONALE S.A.S	Foreign legal entity	81.18%	666,681,904	0	271,367,590	395,314,314		
Hong Kong Securities Clearing Company Ltd.	Foreign legal entity	3.34%	27,413,781	-5,583,323	0	27,413,781		
Fidelity Mutual Fund & Investment Management - clients' capital	Foreign legal entity	1.37%	11,265,476	-3,511,215	0	11,265,476		
Bank of China-E-fund Small and Medium Cup Complex Securities	Others	0.89%	7,300,009	1,429,943	0	7,300,009		

Investment Funds								
BNP Paribas – own fund	Foreign legal entity	0.80%	6,533,632	-927,954	0	6,533,632		
China Construction Bank-E-Fund New Silk Road Flexible Complex Securities Investment Funds	Others	0.68%	5,549,250	-265,450	0	5,549,250		
DEUTSCHE BANK AKTIENGESELLSCHAFT	Foreign legal entity	0.60%	4,964,711	-4,163,556	0	4,964,711		
ABC-E-fund Consumption Industry Securities Investment Funds	Others	0.60%	4,919,542	3,879,542	0	4,919,542		
Central Huijin Investment Ltd.	State-owned legal entity	0.54%	4,423,640	0	0	4,423,640		
China Construction Bank-Harvest New Consumption Securities Investment Funds	Others	0.40%	3,273,115	792,470	0	3,273,115		
Strategic investor or general corporate investor who becomes top 10 shareholder as a result of rights issue (if any)	None							
Related relationship among the above shareholders or concerted parties	The Company had no idea if the top ten shareholders have connected relationship or if they belong to the consistent action makers as specified in the <i>Measures on the Purchase Management of Listed Companies</i> .							
Top 10 shareholders holding non-restricted outstanding shares								
Shareholder's name	Number of non-restricted outstanding stocks held at period-end	Nature of share						
		Nature of share	Qty.					
SEB INTERNATIONALE S.A.S	395,314,314	Renminbi common shares	395,314,314					
Hong Kong Securities Clearing Company Ltd.	27,413,781	Renminbi common shares	27,413,781					
Fidelity Mutual Fund & Investment Management - clients' capital	11,265,476	Renminbi common shares	11,265,476					
Bank of China-E-fund Small and Medium Cup Complex Securities Investment Funds	7,300,009	Renminbi common shares	7,300,009					
BNP Paribas – own fund	6,533,632	Renminbi common shares	6,533,632					
China Construction Bank-E-Fund New Silk Road Flexible	5,549,250	Renminbi	5,549,250					

Complex Securities Investment Funds		common shares	
DEUTSCHE BANK AKTIENGESELLSCHAFT	4,964,711	Renminbi common shares	4,964,711
ABC-E-fund Consumption Industry Securities Investment Funds	4,919,542	Renminbi common shares	4,919,542
Central Huijin Investment Ltd.	4,423,640	Renminbi common shares	4,423,640
China Construction Bank-Harvest New Consumption Securities Investment Funds	3,273,115	Renminbi common shares	3,273,115
Connected relationship or concerted parties among the top 10 shareholders holding non-restricted outstanding shares, and between the top 10 shareholders holding non-restricted outstanding stocks and top 10 shareholders	The Company had no idea if the top ten shareholders have connected relationship or if they belong to the consistent action makers as specified in the <i>Measures on the Purchase Management of Listed Companies</i> .		
Information on top 10 common shareholders involved in securities margin trading business (if any) (see Note 4)	None		

Have top 10 common shareholders and top 10 unrestricted common shareholders repurchased securities at agreed price in the reporting period?

Yes No

No top 10 common shareholders or top 10 unrestricted common shareholders has repurchased securities at agreed price in the reporting period.

III. Change of the Controlling Shareholder or Actual Controller

Change of controlling shareholder in the reporting period

Applicable Not Applicable

No change of controlling shareholder occurred in the reporting period.

Change of actual controller in the reporting period

Applicable Not Applicable

No change of actual controller occurred in the reporting period.

SECTION VII INFORMATION ON PREFERRED STOCK

Applicable Not Applicable

No preferred stock existed in the reporting period.

SECTION VIII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT STAFFS

I. Changes in Share Holding Status of Directors, Supervisors and Senior Management Staffs

√ Applicable □ Not Applicable

Name	Position	Position status	Beginning quantity of stocks	Quantity of increased stocks in this period	Quantity of decreased stocks in this period	Closing quantity of stocks	Quantity of restricted stocks to be granted at the beginning	Quantity of restricted stocks to be granted in this period	Quantity of restricted stocks to be granted at the end of period
Frédéric VERWAERDE	Board Chairman	Retirement	0	0	0	0	0	0	0
Thierry de La Tour d'Artaise	Board Chairman	on-service	0	0	0	0	0	0	0
Su Xianze	Director	on-service	1,536,432	0	0	1,536,432	0	0	0
Harry TOURET	Director	on-service	0	0	0	0	0	0	0
Vincent LEONARD	Director	on-service	0	0	0	0	0	0	0
Bertrand NEUSCHWANDER	Director	on-service	0	0	0	0	0	0	0
Tai Wai Chung	Director	on-service	0	0	0	0	0	0	0
Frederic BERAHA	Independent director	on-service	0	0	0	0	0	0	0
Xiaoqing PELLEMELE	Independent director	on-service	0	0	0	0	0	0	0
Wang Baoqing	Independent director	on-service	0	0	0	0	0	0	0
Philippe SUMEIRE	Chairman of Board of Supervisor	on-service	0	0	0	0	0	0	0

	s								
Zhang Junfa	Supervisor	on-ser vice	0	0	0	0	0	0	0
Lu Lanhua	Supervisor	on-ser vice	0	0	0	0	0	0	0
Su Ming-Jui	General Manager	on-ser vice	260,000	0	0	260,000	0	0	0
Xu Bo	Chief Financial Officer	on-ser vice	396,600	0	0	396,600	0	0	0
Ye Jide	Vice General Manager, secretary of the board	on-ser vice	164,950	0	0	164,950	0	0	0
Total	--	--	2,357,982	0	0	2,357,982	0	0	0

II. Change of directors, supervisors and senior management staffs

√ Applicable □ Not Applicable

Name	Position	Type	Date	Cause
Frédéric VERWAERDE	Board Chairman	Leaving	March 1, 2018	Retirement
Thierry de La Tour d'Artaise	Board Chairman	Elected	March 29, 2018	After the former Board Chairman Mr. Frédéric VERWAERDE resigned from the post as director and board chairman, he was elected as the new board chairman.
Tai Wai Chung	Director	Elected	April 19, 2018	After the former Board Chairman Mr. Frédéric VERWAERDE resigned from the post as director and chairman, the number of directors was less than 9, which is specified by Articles of Association, so he was elected as a director by the General Meeting of Shareholders.

SECTION IX CORPORATE BONDS

Does the Company have the corporate bonds that have already openly issued, listed on the stock exchange, are not yet mature on the approval date of semiannual report or cannot be cashed in full on the due day?

No

SECTION X FINANCIAL REPORT

I. Audit report

Was semiannual report audited?

Yes No

The semiannual financial report of the Company was not audited.

II. Financial statement

Unit of statement in notes to financial statement: RMB

1. Consolidated financial statement

Prepared by: Zhejiang Supor Co. Ltd.

Unit: RMB

Assets	Closing balance	Opening balance
Current assets:		
Cash and bank balances	585,968,081.57	869,579,891.21
Settlement funds		
Loans to other banks		
Financial assets at fair value through profit or loss	1,001,552,979.35	1,305,530,496.83
Derivative financial assets		
Notes receivable	678,812,943.86	678,723,166.23
Accounts receivable	1,583,377,542.73	1,499,455,664.22
Advances paid	255,496,597.21	327,284,791.68
Premiums receivable		
Reinsurance accounts receivable		
Reinsurance reserve receivable		
Interest receivable	1,280,452.50	1,983,860.05
Dividend receivable		
Other receivables	15,581,684.30	25,082,159.75
Reverse-REPO financial assets		
Inventories	1,909,306,638.47	2,202,833,655.08
Assets classified as held-for-sale		
Non-current assets due within one year		

Other current assets	1,050,153,119.01	1,050,298,500.08
Total current assets	7,081,530,039.00	7,960,772,185.13
Non-current assets:		
Loans and advances paid		
Available-for-sale financial assets		
Held-to-maturity investments		
Long-term receivable		
Long-term equity investments	59,195,224.33	57,828,126.15
Investment property		
Fixed assets	846,440,856.22	860,844,363.89
Construction in progress	30,527,524.21	31,172,828.49
Construction materials		
Fixed assets disposal		
Biological assets		
Oil & gas assets		
Intangible assets	332,104,562.20	334,602,690.62
Development expenditures		
Goodwill		
Long-term prepayments	3,982,797.87	4,763,792.28
Deferred tax assets	267,641,247.88	213,529,669.02
Other non-current assets		
Total non-current assets	1,539,892,212.71	1,502,741,470.45
Total assets	8,621,422,251.71	9,463,513,655.58
Current liabilities:		
Short-term borrowings		
Central bank loans		
Absorbing deposit and interbank deposit		
Loans from other banks		
Financial liabilities at fair value through profit or loss		
Derivative financial liabilities		
Notes payable		
Accounts payable	2,319,057,969.90	2,375,313,633.90
Advances received	475,989,646.85	1,206,020,398.54
Proceeds from sale of repurchase financial assets		

Handling fee and commission payable		
Employee benefits payable	216,818,510.68	243,537,116.93
Taxes and rates payable	167,307,506.89	131,101,967.46
Interest payable		
Dividend payable	199.21	199.21
Other payables	104,218,160.44	73,256,357.71
Reinsurance accounts payable		
Reinsurance reserve		
Deposit for agency security transaction		
Deposit for agency security underwriting		
Held-for-sale liabilities:		
Non-current liabilities due within one year		
Other current liabilities		
Total current liabilities	3,283,391,993.97	4,029,229,673.75
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Including: Preferred stocks		
Perpetual Notes		
Long-term payables		
Long-term employee benefits payable	4,983,340.62	5,456,239.72
Special payables		
Provisions	10,150,000.00	15,150,000.00
Deferred income		
Deferred tax liabilities	4,484,750.00	4,484,750.00
Other non-current liabilities		
Total non-current liabilities	19,618,090.62	25,090,989.72
Total liabilities	3,303,010,084.59	4,054,320,663.47
Equity:		
Share capital	821,243,960.00	821,287,610.00
Other equity instruments		
Including: Preferred stocks		
Perpetual notes		
Capital reserve	128,747,489.37	261,956,912.19

Minus: Treasury shares	21,945,167.69	21,945,167.69
Other comprehensive income	-28,916,481.06	-29,493,764.27
Special reserve		
Surplus reserve	393,893,137.71	393,893,137.71
General risk reserve		
Undistributed profit	4,025,147,518.95	3,982,670,991.28
Total equity attributable to the parent company	5,318,170,457.28	5,408,369,719.22
Non-controlling interest	241,709.84	823,272.89
Total equity	5,318,412,167.12	5,409,192,992.11
Total liabilities & equity	8,621,422,251.71	9,463,513,655.58

Legal Representative: Thierry de La Tour d'Artaise Head of accounting work: Xu Bo Head of the accounting body: Xu Bo

2. Balance Sheet of the Parent Company

Unit: RMB

Assets	Closing balance	Opening balance
Current assets:		
Cash and bank balances	93,462,041.73	322,970,808.80
Financial assets at fair value through profit or loss	400,041,354.36	677,134,039.81
Derivative financial assets		
Notes receivable	1,000,000.00	2,800,000.00
Accounts receivable	430,330,397.36	353,346,477.25
Advances paid	45,877,631.59	57,964,551.58
Interest receivable		174,937.50
Dividend receivable		400,000,000.00
Other receivables	44,922,635.43	38,119,816.58
Inventories	210,720,246.99	189,743,211.53
Assets classified as held-for-sale		
Non-current assets due within one year		
Other current assets	802,747,861.35	718,177,865.87
Total current assets	2,029,102,168.81	2,760,431,708.92
Non-current assets:		
Available-for-sale financial assets		
Held-to-maturity investments		
Long-term receivable		

Long-term equity investments	2,686,643,635.07	2,429,512,309.50
Investment property		
Fixed assets	135,196,742.43	144,029,154.21
Construction in progress	14,757,569.91	5,296,665.03
Construction materials		
Fixed assets disposal		
Biological assets		
Oil & gas assets		
Intangible assets	89,495,883.92	90,361,160.55
Development expenditures		
Goodwill		
Long-term prepayments		
Deferred tax assets	12,414,112.74	16,711,338.45
Other non-current assets		
Total non-current assets	2,938,507,944.07	2,685,910,627.74
Total assets	4,967,610,112.88	5,446,342,336.66
Current liabilities:		
Short-term borrowings		
Financial liabilities at fair value through profit or loss		
Derivative financial liabilities		
Notes payable		
Accounts payable	213,313,436.28	354,713,626.77
Advances received	2,747,517.58	6,708,860.69
Employee benefits payable	46,870,244.89	57,333,564.09
Taxes and rates payable	18,942,104.94	7,031,429.41
Interest payable		
Dividend payable		
Other payables	2,357,920,742.05	2,172,511,308.73
Liabilities classified as held-for-sale		
Non-current liabilities due within one year		
Other current liabilities		
Total current liabilities	2,639,794,045.74	2,598,298,789.69
Non-current liabilities:		
Long-term borrowings		

Bonds payable		
Including: Preferred stocks		
Perpetual notes		
Long-term payables		
Long-term employee benefits payable		
Special payables		
Provisions		5,000,000.00
Deferred income		
Deferred tax liabilities		
Other non-current liabilities		
Total non-current liabilities		5,000,000.00
Total liabilities	2,639,794,045.74	2,603,298,789.69
Equity:		
Share capital	821,243,960.00	821,287,610.00
Other equity instruments		
Including: Preferred stocks		
Perpetual notes		
Capital reserve	642,659,007.76	608,956,223.13
Minus: treasury shares	21,945,167.69	21,945,167.69
Other comprehensive income		
Special reserve		
Surplus reserve	402,866,936.07	402,866,936.07
Undistributed profit	482,991,331.00	1,031,877,945.46
Total equity	2,327,816,067.14	2,843,043,546.97
Total liabilities & equities	4,967,610,112.88	5,446,342,336.66

3. Consolidated Income Statement

Unit: RMB

Items	Current period cumulative	Preceding period comparative
I. Total operating revenue	8,849,159,546.48	7,063,899,464.50
Including: operating revenue	8,849,159,546.48	7,063,899,464.50
Interest proceeds		
Premium earned		

Revenue from handling charges and commission		
II. Total operating cost	7,951,327,452.88	6,365,050,902.41
Including: operating cost	6,173,909,538.88	4,965,378,278.00
Interest expenses		
Handling charges and commission expenditures		
Surrender value		
Net payment of insurance claims		
Net provision of insurance reserve		
Premium bonus expenditures		
Reinsurance expenses		
Taxes & surcharge	63,509,908.94	54,176,909.36
Selling expenses	1,450,751,427.18	1,137,457,259.27
Administrative expenses	260,880,196.28	206,834,041.98
Financial expense	-4,131,924.83	-1,983,826.71
Assets impairment loss	6,408,306.43	3,188,240.51
Plus: gains on changes of fair value(or less: losses)	-13,977,517.48	2,346,163.51
Investment income (or less: losses)	46,609,764.13	24,695,608.32
Including: investment income from associates and joint ventures	1,770,564.71	1,822,909.46
Gains on foreign exchange (or less: losses)		
Income by assets disposal (loss filled by “_”)	722,053.59	146,771.57
Other incomes	4,191,063.48	
III. Operating profit(or less: losses)	935,377,457.32	726,037,105.49
Plus: Non-operating revenue	7,103,470.09	23,223,631.54
Minus: Non-operating expenditures	1,577,988.03	12,141,158.71
IV. Profit before tax (or less: total loss)	940,902,939.38	737,119,578.32
Minus: income tax	202,066,354.35	133,675,138.69
V. Net profit (or less: net loss)	738,836,585.03	603,444,439.63
(i) Net profits by continuous operation (net loss filled by “_”)	738,836,585.03	603,444,439.63
(ii) Net profits by terminating operation (net loss filled by “_”)		
Net profit attributable to owners of parent company	739,416,193.05	603,138,361.65
Non-controlling interest income	-579,608.02	306,077.98
VI. Other comprehensive income after tax	575,328.18	-3,302,294.75
After-tax net profits of other comprehensive incomes that belong to the parent company owner	577,283.21	-3,302,294.75

(I) Not reclassified subsequently to profit or loss		
1. Including: Changes in re-measurement on the net defined benefit liability/asset		
2. Items attributable to investees under equity method that will not reclassified to profit or loss		
(II) To be reclassified subsequently to profit or loss	577,283.21	-3,302,294.75
1. Including: Items attributable to investees under equity method that may be reclassified to profit or loss		
2. Profit or loss from changes in fair value of available-for-sale financial assets		
3. Profit or loss from reclassification of held-to-maturity investments as available-for-sale assets		
4. Profit or loss on cash flow hedging		
5. Translation difference of financial statements in foreign currencies	577,283.21	-3,302,294.75
6. Others		
After-tax net profits of other comprehensive incomes that belong to minority shareholders	-1,955.03	
VII. Total comprehensive income	739,411,913.21	600,142,144.88
Including: Items attributable to owners of parent company	739,993,476.26	599,836,066.90
Items attributable to non-controlling interest	-581,563.05	306,077.98
VIII. Earnings per share:		
(I) Basic EPS	0.904	0.738
(II) Diluted EPS	0.900	0.734

In the merger under the same control happened in this reporting period, the merged party has realized net profit of RMB:2,747,889.97 before the merger. The net profit of last period was RMB: 6,165,139.05.

Legal Representative: Thierry de La Tour d'Artaise Head of accounting work: Xu Bo Head of the accounting body: Xu Bo

4. Income Statement of the Parent Company

Unit: RMB

Items	Current period cumulative	Preceding period comparative
I. Operating revenue	1,211,855,273.90	825,897,642.81
Minus: Operating cost	994,217,491.84	657,783,032.26
Taxes & surcharge	5,795,927.59	6,530,041.78
Selling expenses	22,112,428.68	20,567,091.65

Administrative expenses	71,365,129.36	46,373,974.81
Financial expense	9,476,038.25	5,940,312.84
Assets impairment loss	168,357.39	1,177,694.30
Plus: Gain on changes of fair value (or less: losses)	-7,302,688.03	
Investment income (or less: losses)	29,620,920.79	13,236,763.17
Including: investment income from associates and joint ventures	1,770,564.71	1,822,909.46
Income by assets disposal (loss filled by “_”)		90,772.48
Other incomes	359,440.00	
II. Operating profit (or less: losses)	131,397,573.55	100,853,030.82
Plus: Non-operating revenue	5,019,902.63	786,055.47
Minus: Non-operating expenditures	139,368.33	6,499,287.07
III. Profit before tax (or less: total loss)	136,278,107.85	95,139,799.22
Minus: income tax	33,626,885.79	14,663,827.11
IV. Net profit (or less: net loss)	102,651,222.06	80,475,972.11
(i) Net profits by continuous operation (net loss filled by “_”)	102,651,222.06	80,475,972.11
(ii) Net profits by terminating operation (net loss filled by “_”)		
V. Other comprehensive income after tax		
(I) Not reclassified subsequently to profit or loss		
1. Including: Changes in re-measurement on the net defined benefit liability/asset		
2. Items attributable to investees under equity method that will not reclassified to profit or loss		
(II) To be reclassified subsequently to profit or loss		
1. Including: Items attributable to investees under equity method that may be reclassified to profit or loss		
2. Profit or loss from changes in fair value of available-for-sale financial assets		
3. Profit or loss from reclassification of held-to-maturity investments as available-for-sale assets		
4. Profit or loss on cash flow hedging		
5. Translation difference of financial statements in foreign currencies		
6. Others		
VI. Total comprehensive income	102,651,222.06	80,475,972.11
VII. Earnings per share:		
(I) Basic EPS		

(II) Diluted EPS		
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5. Consolidated Cash Flow Statement

Unit: RMB

Items	Current period cumulative	Preceding period comparative
I. Cash flows from operating activities:		
Cash receipts from sale of goods or rendering of services	5,816,993,257.87	5,041,752,663.89
Net increase of client deposit and interbank deposit		
Net increase of central bank loans		
Net increase of loans from other financial institutions		
Cash receipts of original insurance contract premium		
Net cash receipts from reinsurance		
Net increase of policy-holder deposit and investment		
Net increase of trading financial assets disposal		
Cash receipts from interest, handling charges and commission		
Net increase of loans from others		
Net increase of repurchase		
Receipts of tax refund	107,576,324.01	87,382,465.67
Other cash receipts related to operating activities	57,357,942.52	28,099,261.34
Subtotal of cash inflows from operating activities	5,981,927,524.40	5,157,234,390.90
Cash payments for goods purchased and services received	3,881,585,005.74	3,166,493,833.66
Net increase of loans and advances to clients		
Net increase of central bank deposit and interbank deposit		
Cash payment of insurance indemnities of original insurance contracts		
Cash payment of interest, handling charges and commission		
Cash payment of policy bonus		
Cash paid to and on behalf of employees	721,230,755.08	665,120,065.21
Cash payments of taxes and rates	595,011,071.45	452,474,642.49
Other cash payments related to operating activities	390,769,900.01	299,976,737.69
Subtotal cash outflows from operating activities	5,588,596,732.28	4,584,065,279.05
Net cash flows from operating activities	393,330,792.12	573,169,111.85
II. Cash flows from investing activities:		
Cash received from return of investments		1.00

Cash received from return on investments	61,999,987.59	22,071,415.90
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets	216,147.75	1,406,811.00
Net cash received from the disposal of subsidiaries & other business units		
Other cash receipts related to investing activities	2,950,100,000.00	1,181,021,998.45
Subtotal of cash inflows from investing activities	3,012,316,135.34	1,204,500,226.35
Cash paid for acquiring fixed assets, intangible assets and other long-term assets	66,581,105.12	93,781,499.52
Cash paid for acquiring investments		
Net increase of pledged loans		
Net cash paid for acquiring subsidiaries & other business units	274,000,000.00	1,866,064.50
Other cash payments related to investing activities	2,759,909,995.00	1,464,000,000.00
Subtotal of cash outflows from investing activities	3,100,491,100.12	1,559,647,564.02
Net cash flows from investing activities	-88,174,964.78	-355,147,337.67
III. Cash flows from financing activities:		
Cash received from investment by others		
Including: cash received by subsidiaries from non-controlling owners		
Cash received from borrowings		
Cash received from issuing of bonds		
Other cash receipts related to financing activities		
Subtotal of cash inflows from financing activities		
Cash repayments of borrowings		
Cash paid for distribution of dividends or profits and for interest expenses	590,988,931.20	489,158,688.69
Including: cash paid for distribution of dividends or profits by subsidiaries to minority owners		
Other cash payments related to financing activities		8,152,513.65
Subtotal of cash outflows from financing activities	590,988,931.20	497,311,202.34
Net cash flows from financing activities	-590,988,931.20	-497,311,202.34
IV. Effect of foreign exchange rate changes on cash & cash equivalents	2,221,294.22	-1,141,377.39
V. Net increase in cash and cash equivalents	-283,611,809.64	-280,430,805.55
Plus: Opening balance of cash and cash equivalents	853,579,891.21	851,401,131.26
VI. Closing balance of cash and cash equivalents	569,968,081.57	570,970,325.71

6. Cash Flow Statement of the Parent Company

Unit: RMB

Items	Current period cumulative	Preceding period comparative
I. Cash flows from operating activities:		
Cash receipts from sale of goods and rendering of services	897,660,845.01	742,729,246.09
Receipts of tax refund	34,334,091.90	20,476,025.43
Other cash receipts related to operating activities	1,910,476.39	1,688,193.34
Subtotal of cash inflow from operating activities	933,905,413.30	764,893,464.86
Cash payments for goods purchased and services received	849,911,892.64	654,926,209.48
Cash payments to and on behalf of employees	122,534,879.88	89,733,176.24
Cash payments of taxes and rates	28,708,840.39	44,302,065.99
Other cash payments related to operating activities	26,227,555.44	19,449,263.81
Subtotal of cash outflows from operating activities	1,027,383,168.35	808,410,715.52
Net cash flows from operating activities	-93,477,755.05	-43,517,250.66
II. Cash flows from investing activities:		
Cash received from return of investments	443,231,835.61	11,520,054.79
Cash received from investments gains	1,920,000,000.00	720,000,000.00
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		158,000.00
Net cash receipts from disposals of subsidiaries and other business units		
Other cash receipts related to investing activities		
Subtotal of cash inflow from investing activities	2,363,231,835.61	731,678,054.79
Cash payments to acquire fixed assets, intangible assets and other long-term assets	23,066,962.68	7,655,017.47
Cash payments to acquire investments	304,000,000.00	10,018,578.15
Net cash payments for acquisitions of subsidiaries and other business units		
Other cash payments related to investing activities	2,086,051,651.34	1,021,958,075.93
Subtotal of cash outflows from investing activities	2,413,118,614.02	1,039,631,671.55
Net cash flows from investing activities	-49,886,778.41	-307,953,616.76
III. Cash flows from financing activities:		
Cash receipts from investment by others		
Cash receipts from borrowings		
Cash received from issuing bonds		
Other cash receipts related to financing activities	503,468,223.13	654,118,550.28
Subtotal of cash inflows from financing activities	503,468,223.13	654,118,550.28

Cash repayments of borrowings		
Cash payments for distribution of dividends or profit or interest expenses	590,988,931.20	481,162,114.75
Other cash payments related to financing activities		
Subtotal of cash outflows from financing activities	590,988,931.20	481,162,114.75
Net cash flows from financing activities	-87,520,708.07	172,956,435.53
IV. Effect of foreign exchange rate changes on cash and cash equivalents	1,376,474.46	-722,261.31
V. Net increase in cash and cash equivalents	-229,508,767.07	-179,236,693.20
Plus: Opening balance of cash and cash equivalents	322,970,808.80	263,064,886.69
VI. Closing balance of cash and cash equivalents	93,462,041.73	83,828,193.49

7. Statement of Changes in Consolidated Owners' Equity

Amount of this period

Unit: RMB

Items	Current period cumulative												
	Equity attributable to parent company											Non-controlling interest	Total equity
	Share capital /Paid-in capital	Other equity instruments			Capital reserve	Minus: treasury shares	Other comprehensive income	Appropriative reserve	Surplus reserve	General risk reserve	Undistributed profit		
	Preferred stock	Perpetual capital securities	Others										
I. Balance at the end of prior year	821,287,610.00				93,907,646.37	21,945,167.69	-29,493,764.27		393,893,137.71		3,940,017,051.62	823,272.89	5,198,489,786.63
Plus: cumulative changes of accounting policies													
Error correction of prior period													
Merger of enterprises under the same control					168,049,265.82						42,653,939.66		210,703,205.48
Others													
II. Balance at the beginning of current year	821,287,610.00				261,956,912.19	21,945,167.69	-29,493,764.27		393,893,137.71		3,982,670,991.62	823,272.89	5,409,192,992.63

	00									28		11
III. Current period increase (or less: decrease)	-43,65 0.00				-133,20 9,422.8 2		577,283 .21			42,476, 527.67	-581,56 3.05	-90,780, 824.99
(i) Total of comprehensive incomes							577,283 .21			739,416 ,193.05	-581,56 3.05	739,411 ,913.21
(ii) Capital invested and reduced by the owner	-43,65 0.00				34,839, 843.00							34,796, 193.00
1. Common stock invested by shareholder												
2. Capital invested by other equity instrument holder												
3. Amount paid by share and included in the owner's equity	-43,65 0.00				34,839, 843.00							34,796, 193.00
4. Others												
(III) Profit distribution										-590,98 8,931.2 0		-590,98 8,931.2 0
1. Appropriation of surplus reserve												
2. Appropriation of general risk reserve												
3. Appropriation of profit to owners										-590,98 8,931.2 0		-590,98 8,931.2 0
4. Others												
(IV) Internal carry-over within equity												
1. Transfer of capital reserve to capital												
2. Transfer of surplus reserve to capital												
3. Surplus reserve to cover losses												

4.Others													
(V) Special reserve													
1. Appropriation of current period													
2. Application of current period													
(VI) Others					-168,049,265.82						-105,950,734.18		-274,000,000.00
IV. Balance at the end of current period	821,243,960.00				128,747,489.37	21,945,167.69	-28,916,481.06		393,893,137.71		4,025,147,518.95	241,709.84	5,318,412,167.12

Amount of the last period

Unit: RMB

Items	Preceding period comparative												
	Equity attributable to parent company										Non-controlling interest	Total equity	
	Share capital /Paid-in capital	Other equity instruments			Capital reserve	Minus: treasury shares	Other comprehensive income	Appropriative reserve	Surplus reserve	General risk reserve			Undistributed profit
	Preferred stock	Perpetual bonds	Others										
I. Balance at the end of prior year	631,765,700.00				39,885,839.32		-21,115,130.39		295,681,206.47		3,594,110,982.19	17,911,065.28	4,558,239,662.87
Plus: cumulative changes of accounting policies													
Error correction of prior period													
Business combination under the same control					169,874,344.85						31,996,019.45	1,622,635.48	203,492,999.78
Others													
II. Balance at the beginning of current year	631,765,700.00				209,760,184.17		-21,115,130.39		295,681,206.47		3,626,107,001.64	19,533,700.76	4,761,732,662.65
III. Current period increase (or less: decrease)	189,521,910.00				18,307,909.14		-3,302,294.75				-80,841,091.29	-8,049,123.39	115,637,309.71

1. Appropriation of current period												
2. Application of current period												
(VI) Others					-1,663,376.78						-8,355,201.37	-10,018,578.15
IV. Balance at the end of current period	821,287,610.00				228,068,093.31	-24,417,425.14		295,681,206.47		3,545,265,910.35	11,484,577.37	4,877,369,972.36

8. Statement of Changes in Owners' Equity of the Parent Company

Amount of this period

Unit: RMB

Items	Current period cumulative										
	Share capital /Paid-in capital	Other equity instruments			Capital reserve	Minus: treasury shares	Other comprehensive income	Appropriative reserve	Surplus reserve	Undistributed profit	Total equity
		Preferred stock	Perpetual capital securities	Others							
I. Balance at the end of prior year	821,287,610.00				608,956,223.13	21,945,167.69			402,866,936.07	1,031,877,945.46	2,843,043,546.97
Plus: cumulative changes of accounting policies											
Error correction of prior period											
Others											
II. Balance at the beginning of current year	821,287,610.00				608,956,223.13	21,945,167.69			402,866,936.07	1,031,877,945.46	2,843,043,546.97
III. Current period increase (or less: decrease)	-43,650.00				33,702,784.63					-548,886,614.46	-515,227,479.83
(I) Other comprehensive income										102,651,222.06	102,651,222.06
(II) Capital contributed	-43,650.00				33,702,784.63						33,659,134.63

withdrew by owners	.00				4.63						4.63
1. Capital contributed by owners											
2. Capital invested by other equity instrument holders											
3. Amount of share-based payment included in equity	-43,650.00				33,702,784.63						33,659,134.63
4. Others											
(III) Profit distribution										-590,988,931.20	-590,988,931.20
1. Appropriation of surplus reserve											
2. Appropriation of profit to owners										-590,988,931.20	-590,988,931.20
3. Others											
(IV) Internal carry-over within equity											
1. Transfer of capital reserve to capital											
2. Transfer of surplus reserve to capital											
3. Surplus reserve to cover losses											
4. Others											
(V) Special reserve											
1. Appropriation of current period											
2. Application of current period											
(VI) Others										-60,548,905.32	-60,548,905.32
IV. Balance at the end of current period	821,243,960.00				642,659,007.76	21,945,167.69			402,866,936.07	482,991,331.00	2,327,816,067.14

Amount in last year

Unit: RMB

Items	Preceding period comparative										
	Share capital /Paid-in capital	Other equity instruments			Capital reserve	Minus: treasury shares	Other comprehensive income	Appropriative reserve	Surplus reserve	Undistributed profit	Total equity
		Preferred stock	Perpetual capital securities	Others							
I. Balance at the end of prior year	631,765,700.00				566,162,828.10				304,163,002.42	1,001,933,921.75	2,504,025,452.27
Plus: cumulative changes of accounting policies											
Error correction of prior period											
Others											
II. Balance at the beginning of current year	631,765,700.00				566,162,828.10				304,163,002.42	1,001,933,921.75	2,504,025,452.27
III. Current period increase (or less: decrease)	189,521,910.00				12,814,718.91					-595,506,906.89	-393,170,277.98
(I) Other comprehensive income										80,475,972.11	80,475,972.11
(II) Capital contributed or withdrew by owners	-6,000.00				12,991,917.91						12,985,917.91
1. Capital contributed by owners											
2. Capital invested by other equity instrument holders											
3. Amount of share-based payment included in equity	-6,000.00				12,991,917.91						12,985,917.91

4. Others											
(III) Profit distribution	189,527,910.00									-675,982,879.00	-486,454,969.00
1. Appropriation of surplus reserve											
2. Appropriation of profit to owners	189,527,910.00									-675,982,879.00	-486,454,969.00
3. Others											
(IV) Internal carry-over within equity											
1. Transfer of capital reserve to capital											
2. Transfer of surplus reserve to capital											
3. Surplus reserve to cover losses											
4. Others											
(V) Special reserve											
1. Appropriation of current period											
2. Application of current period											
(VI) Others					-177,199.00						-177,199.00
IV. Balance at the end of current period	821,287,610.00				578,977,547.01				304,163,002.42	406,427,014.86	2,110,855,174.29

III. Company profile

Zhejiang Supor Co., Ltd. (by shares) (“the Company”) is a limited liability company (by shares) transformed on an integral basis from Zhejiang Supor Cookware Co., Ltd.* under the approval of Leading Group for Enterprise Listing of the People’s Government of Zhejiang Province with No. ZSS [2000] 24 approval documents. On November 10, 2000, the Company registered at Zhejiang Administration for Industry and Commerce, and acquired a corporate business license numbered 913300007046976861.

1. The registered address, organization form and head office address of the Company

Organization form: Limited liability company

Registered address: Yuhuan City, Zhejiang Province

Head office address: Hangzhou City, Zhejiang Province

2. The Company’s business nature and main business activities

The Company and its subsidiaries (hereinafter referred to as “the Group”) are mainly specialized in the R & D, manufacturing and sales of kitchen utensils, stainless steel products, daily hardware, small household appliance and cookware; the products include cookware and small household appliances.

3. Name of the parent company and final parent company

The Company’s parent company is SEB INTERNATIONALES.A.S whose final parent company is SEB S.A.

4. Person and date of approving financial statement release

The financial statement was released after the approval of the Company’s the 8th Session of the Sixth Board of Directors on March 29, 2018.

By the end of the reporting period, there were altogether 15 subsidiaries included in the scope of consolidated financial statement. See Note (ix) 1 for details.

See Note (viii) for the change scope of the consolidated financial statement in this period.

IV. Preparation basis of the financial statements

(I) Preparation basis

The financial statement is prepared on the basis of continuous operation, and is recognized and measured based on *Accounting Standard for Business Enterprises—Basic Standard* and other accounting criteria.

V. Critical accounting policies and estimates

Specific accounting policies and estimates

No

1. Abidance of the statement of Standard for Enterprise Business

The Group’s financial statement conforms to the requirements of Standard for Enterprise Business and has reflected relevant information such as the financial conditions, operation results and cash flow of the Company and the Group on an authentic and intact basis.

2. Accounting period

The Group takes calendar year as the accounting year, i.e., from January 1 to December 31.

3. Operating cycle

The normal operating cycle means the period from the time when the enterprise purchases the assets used for processing to the time of realizing cash and cash equivalents. The Group’s normal operating cycle lasts for 1 year. If it is shorter than 1 year, the assets realized within 1 year upon the date of balance sheet or the liabilities that should be paid off within 1 year upon the date of balance sheet shall be classified as the current assets or current liabilities.

4. Recording currency

RMB

5. Accounting treatment method for the enterprise merger under and not under the same control

(1) In case merger of enterprises under the same control happens in the reporting period of the Group, pooling of interest method shall be employed to carry out accounting treatment. The assets and liabilities acquired by the combining party during enterprise merger shall be measured on the merger date according to the book value set forth in consolidated financial statements of the final controlling party. As to the difference between the book value of net assets acquired by combining party and the book value of merger consideration paid by it (or total amount of the face value of shares issued), the capital reserve shall be adjusted correspondingly; in case the capital reserve is insufficient for the offset, it's required to adjust the retained earnings. Various related direct expenses incurred by combining party for enterprise merger, including the audit fee, evaluation fee, legal service fee, etc. paid for enterprise merger, shall be included in the current profits and losses upon such expenses are incurred. The bonds issued for enterprise merger or service charge, commission, etc. paid for bearing other liabilities shall be included in initial measurement amount of the bonds issued and other liabilities. Service charge, commission, etc. incurred for issuing equity securities during enterprise merger shall be deducted from premium income of equity securities. In case the premium income is insufficient for the offset, retained earnings shall be used for the offset. In case parent-subsidary relationship is formed during the enterprise merger, it's required to prepare consolidated financial statements and execute the accounting policy on "consolidated financial statements" formulated by the Group. The adjustment period of comparative data in consolidated financial statements shall not be earlier than the time when the combining party or the combined party is under the control of final controlling party (whichever later).

(2) In case merger of enterprises under different controls happens in the reporting period of the Group, purchase method shall be employed to carry out accounting treatment. It's required to confirm merger cost respectively according to the following conditions:

- ① In case the enterprise merger is realized by one exchange transaction, the merger cost shall be the fair value of the assets paid, liabilities incurred or assumed and equity securities issued for acquiring the control right of the purchased party at the purchase date.
- ② In case the enterprise merger is realized step by step through several exchange transactions, as to the equity of the purchased party held before the purchase date, related accounting treatment shall be carried out respectively according to individual financial statements and consolidated financial statements:

A. In individual financial statements, the sum of the book value of equity investment of the purchased party held originally and the increased investment cost shall serve as initial investment cost checked by cost method; as to other comprehensive income checked and recognized by equity method for equity investment held before the purchase date, when the investment is disposed, accounting treatment shall be carried out by employing the same basis of disposing related assets or liabilities by the purchased party directly. As to the equity investment held before the purchase date, accounting treatment shall be carried out according to related provisions of *Accounting Standard for Business Enterprises No. 22—Recognition and Measurement of Financial Instruments* and the accumulated change in fair value included in other comprehensive income shall be transferred to the current profits and losses when it's checked by cost method.

B. In consolidated financial statements, the equity of the purchased party held before the purchase date shall be measured again according to the fair value of the equity at the purchase date, and the difference between fair value and its book value shall be included in the current investment income; in case the equity of the purchased party held before the purchase date involves in other comprehensive income checked by equity method, other comprehensive income related to it shall be transferred to the current investment income at the purchase date. The Group will disclose the fair value of the equity of the purchased party held before the purchase date on the purchase date and the amount of related profits or losses incurred by re-measurement according to the fair value.

- ③ Audit fee, legal service fee, evaluation & consulting cost and other intermediary expenses and other related management cost incurred for enterprise merger shall be included in the current profits and losses upon they're incurred; transaction cost of equity securities or debt securities issued as merger consideration shall be included in initial recognition amount of the equity securities or debt securities.
- ④ When any provision on future event that may influence the merger cost is stipulated in merger contract or agreement, in case it's estimated that the future event may happen at the purchase date and the amount of the influence on merger cost can be measured reliably, it shall be included in merger cost.

The Group shall measure the assets paid and liabilities incurred or assumed as the consideration of enterprise merger on the purchase date shall be measured according to the fair value, and the difference between fair value and its book value shall be included in the current profits and losses.

While distributing merger cost at the purchase date, the Group shall recognize various identifiable assets, liabilities and contingent liabilities of the purchased party acquired by it according to related provisions. ① The amount of the merger cost larger than the fair value of identifiable net assets of the purchased party acquired by it shall be recognized as goodwill. ② As to the amount of merger cost smaller than the fair value of identifiable net assets of the purchased party acquired by it, it's required to recheck the measurement of fair value of various identifiable assets, liabilities and contingent liabilities of the purchased party acquired by it and the merger cost. After the rechecking, in case the merger cost is still smaller than the fair value of identifiable net assets of the purchased party acquired by it, the difference shall be included in the current profits and losses.

In case parent-subsidiary relationship is formed during the enterprise merger, parent company shall set a memorandum book to record the fair value of various identifiable assets, liabilities and contingent liabilities of the subsidiary acquired in enterprise merger on the purchase date. When consolidated financial statements are prepared, it's required to adjust the financial statements of the subsidiary on the basis of the fair value of various identifiable assets, liabilities and contingent liabilities confirmed at the purchase date and execute according to accounting policy on "consolidated financial statements" formulated by the Group.

6. Preparation Method for Consolidated Financial Statements

(1) Consolidation scope

Consolidation scope of the consolidated financial statements shall be confirmed on the basis of control, including annual financial statements of the Company and all subsidiaries as of December 31, 2017. Subsidiary refers to the entity controlled by the Company (including the divisible part in enterprise and the invested unit, structural entity controlled by the Company, etc.). Control refers to the power of the investor over the invested party and the investor can enjoy variable return through participating in related activities of the invested party and has the ability of using its power over the invested party to influence the return amount.

(2) Preparation method for consolidated financial statements

The Company shall prepare consolidated financial statements on the basis of its own and subsidiary's financial statements according to other related data.

While preparing consolidated financial statements, the Company shall consider the whole enterprise Group as an accounting entity to reflect overall financial condition, business performance and cash flow of enterprise Group according to recognition, measurement and reporting requirements of related accounting standards for business enterprises and unified accounting policy.

When consolidated financial statements are prepared, in case the accounting policies or accounting periods employed by the subsidiary and the Company are different, it's required to make necessary adjustment on the subsidiary's financial statements according to the Company's accounting policy and accounting period. As to the subsidiary acquired by the merger of enterprises under different controls, it's required to adjust its financial statements on the basis of fair value of identifiable net assets at the purchase date.

(3) Reporting of minority interest and profits and losses

The share in owner's equity of the subsidiary that doesn't belong to parent company shall serve as minority interest and set out as "minority interest" under owner's equity in the consolidated balance sheet.

The share in the current net profit or loss of the subsidiary that belongs to minority interest shall be set out as "minority interest" under net profit in the consolidated income statement.

(4) Treatment of excess deficit

In the consolidated financial statements, in case the current deficit shared by minority shareholders of the subsidiary has exceeded the share enjoyed by minority shareholders in owner's equity of the subsidiary at the beginning of the period, the balance shall still be used to offset minority interest.

(5) Treatment of consolidated statements for the increase and decrease of subsidiaries in the current period

Within the reporting period, as to the subsidiary increased due to merger of enterprises under the same control, when the consolidated balance sheet is prepared, it's required to adjust the beginning balance of the consolidated balance sheet. As to the subsidiary increased due to merger of enterprises under different controls, when the consolidated balance sheet is prepared, it's unnecessary to adjust the beginning balance of the consolidated balance sheet. In case the subsidiary is disposed in the reporting period, when the consolidated balance sheet is prepared, it's unnecessary to adjust the beginning balance of the consolidated balance sheet.

Within the reporting period, as to the subsidiary increased due to the merger of enterprises under the same control, the income, expense and profit of the subsidiary from the beginning of the merger period to the end of the reporting period shall be incorporated into the consolidated income statement, and the cash flow of the subsidiary from the beginning of the merger period to the end of the reporting period shall be incorporated into the consolidated statement of cash flow. As to the subsidiary increased due to merger of enterprises under different controls, the income, expense and profit of the subsidiary from the purchase date to the end of the reporting period shall be incorporated into the consolidated income statement, and the cash flow of the subsidiary from purchase date to the end of the reporting period shall be incorporated into the consolidated statement of cash flow. In case the subsidiary is disposed in the reporting period, the income, expense and profit of the subsidiary from the beginning of the period to the disposal date shall be incorporated into the consolidated income statement, and the cash flow of the subsidiary from the beginning of the period to the disposal date shall be incorporated into the consolidated statement of cash flow.

In case of losing the control right on the original subsidiary due to disposing part of the equity investments or other reasons, the residual equity investment after the disposal shall be measured again according to the fair value at the date when the control right is lost. The balance between the sum of the consideration acquired by equity disposal and the fair value of residual equity and the share of net assets of the original subsidiary that shall be enjoyed and is calculated continuously from the purchase date according to the original shareholding ratio shall be included in the investment income of the current period when the control right is lost. Other comprehensive income related to equity investment of the original subsidiary shall be transferred to investment income of the current period when the control right is lost.

As to the difference between long-term equity investments newly acquired due to the purchase of minority interest and the share of identifiable net assets of the subsidiary enjoyed and calculated according to the new shareholding ratio, and the difference between the disposal proceedings acquired due to disposing part of the subsidiary's equity investments in the condition of not losing the control right and the share of net assets of the subsidiary that shall be enjoyed corresponding to the disposal of long-term equity investments, it's required to adjust the share premium in capital reserve in the consolidated balance sheet. In case the share premium in capital reserve is insufficient for the offset, it's required to adjust the retained earnings.

7. Determining Standards for Cash and Cash Equivalents

Cash of the Group includes cash on hand and the deposit that can be used for making payment at any time; cash equivalents include the investments that are held by the Group, have a short term (generally mature within 3 months since the purchase date) and strong liquidity, can be converted into the cash of known amount easily, and have small risks in value change.

8. Foreign Currency Business and Foreign Currency Statement Translation

Foreign currency transactions of the Group shall be translated into the recording currency according to the spot rate at the transaction date.

(1) Treatment of exchange difference

At the balance sheet date, it's required to treat foreign currency monetary items and foreign currency non-monetary items according to the following provisions: as to foreign currency monetary items, it's able to employ the spot rate at the balance sheet date for translation. Exchange difference arising from different spot rates at the balance sheet date and during initial recognition or at

the last balance sheet date shall be included in the current profits and losses. As to foreign currency non-monetary items measured by historical cost, it's still required to employ the spot rate at the transaction date for translation and the recording currency amount shall not be changed; as to foreign currency non-monetary items measured by fair value, it's required to employ the spot rate at the fair value confirmation date for translation, and the difference between the translated recording currency amount and the original recording currency amount shall be treated as the change in fair value (including the change in exchange rate) and included in the current profits and losses. Within the capitalized period, the exchange difference of special loan principal and interest in foreign currency shall be capitalized and included in the cost of the assets complying with the conditions of capitalization.

(2) Translation of foreign currency financial statement

During the translation of financial statements for overseas operation, the Group shall observe the following provisions: items under the assets and liabilities in balance sheet shall be translated according to the spot rate at the balance sheet date. As to the owner's equity, except for the item "undistributed profit", other items shall be translated according to the spot rate at the occurrence date. Items under income and expense in income statement shall be translated according to the spot rate at the transaction date. The translation difference of foreign currency financial statements arising from above translation shall be recognized as other comprehensive income. The translation of comparative financial statements shall also be handled according to above provisions.

9. Financial Instruments

(1) Recognition of financial instruments

When the Group becomes one party of financial instrument contract, it's required to recognize financial assets or financial liabilities.

(2) Classification and measurement of financial assets

① The Group divides the financial assets held by it into financial assets at fair value through profit or loss, held-to-maturity investments, loans and accounts receivable, and available-for-sale financial assets on the basis of risk management, investment strategy, holding of financial assets and other reasons.

A. Financial assets at fair value through profit or loss

Financial assets at fair value through profit and loss include tradable financial assets and financial assets that are designated to be measured at fair value with changes recorded into current period profit or loss during initial recognition.

Tradable financial assets refer to the financial assets satisfying any of the following conditions: the purpose of obtaining the financial assets is to sell the assets in a short term; the financial assets belong to a part of identifiable financial instrument combination under centralized management and there is objective evidence showing that the enterprise has employed short-term profiting method to carry out management of the combination in recent period; the financial assets belong to derivatives, but except the derivatives designated as effective hedging instruments simultaneously, the derivatives belonging to financial guarantee contract, and the derivatives linked with the equity instrument investments which make no offer in active market and whose fair value can't be measured reliably, and to be settled by delivering such equity instrument.

Only when any of the following conditions is satisfied, the financial assets can be designated as financial assets at fair value through profit and loss during initial measurement: this designation can eliminate or obviously reduce the inconsistency of related profits or losses in the recognition or measurement arising from different measurement basis of financial instruments; the official written document of risk management or investment strategy has recorded clearly that the financial instrument combination is managed, evaluated and reported to key management personnel on the basis of fair value; it's the hybrid instrument including the embedded derivatives that need to be split but can't be measured separately during the acquisition or at the subsequent balance sheet date.

Equity instrument investments that make no offer in active market and whose fair value can't be measured reliably can't be designated as the financial assets at fair value through profit and loss.

B. Held-to-maturity investments

Held-to-maturity investments refer to the non-derivative financial assets which have fixed maturity date and fixed or confirmable recovery amount and the Group has explicit intention and ability to hold to maturity.

C. Loans and accounts receivable

Loans and accounts receivable refer to the non-derivative financial assets with no offer in active market and fixed or confirmable recovery amount.

D. Available-for-sale financial assets

Available-for-sale financial assets refer to the non-derivative financial assets that are designated to be available for sale during initial recognition and financial assets beyond above categories.

After the Group divides a certain financial asset as financial assets at fair value through profit and loss during initial recognition, such asset can't be reclassified as the financial assets in other categories. Financial assets in other categories also can't be reclassified as financial assets at fair value through profit and loss.

② Financial assets shall be measured by fair value during initial recognition. As to financial assets at fair value through profit and loss, related transaction cost shall be included in the current profits and losses directly; as to other categories of financial assets, related transaction cost shall be included in initial recognition amount.

③ Subsequent measurement of financial assets

A. As to financial assets at fair value through profit and loss, subsequent measurement shall be carried out by virtue of fair value, and the profits or losses arising from the change in fair value shall be included in the current profits and losses.

B. As to held-to-maturity investments, effective interest method shall be employed to carry out subsequent measurement according to the amortized cost, and the profits or losses arising from derecognition, impairment and amortization shall be included in the current profits and losses.

C. As to loans and accounts receivable, effective interest method shall be employed to carry out subsequent measurement according to the amortized cost, and the profits or losses arising from derecognition, impairment and amortization shall be included in the current profits and losses.

D. As to available-for-sale financial assets, subsequent measurement shall be carried out by virtue of fair value, and the change in fair value shall be included in other comprehensive income, and be transferred out when impairment or derecognition happens to such available-for-sale financial assets and included in the current profits and losses. Interest or cash dividends realized by available-for-sale financial assets during the holding period shall be included in the current profits and losses. Equity instrument investments that make no offer in the active market and whose fair value can't be measured reliably and derivative financial assets linking with the equity instrument and settled by delivering such equity instrument shall be measured according to the cost.

④ Provision for impairment of financial assets

A. The Group shall carry out inspection on book value of financial assets beyond the financial assets at fair value through profit and loss at the end of the period. When there is objective evidence showing that impairment happens to the financial assets, it's required to recognize impairment loss and withdraw provision for impairment.

B. Objective evidence of the impairment of financial assets confirmed by the Group is as follows:

a) The issuing party or debtor has serious financial difficulties;

b) The debtor has violated contract clauses, for example, failure or delay in the payment of interest or principal, etc.;

c) The creditor makes concession on the debtor with financial difficulties based on economic or legal factors;

d) The debtor may go out of business or carry out other financial restructuring;

e) The financial assets can't realize transaction continuously in active market for the issuing party has serious financial difficulty;

f) It's impossible to identify whether the cash flow of certain assets in one Group of the financial assets has decreased, but it's discovered after an overall evaluation according to public data that the predicted future cash flow of the financial assets since initial recognition has indeed decreased and can be measured, for example, the payment ability of the debtor of the financial assets worsens gradually or the unemployment rate in the country or region where the debtor is located, the price of the collateral decreases

obviously in local region, the industry is depressed, etc.;

g) Technical, market, economic or legal environment, etc. in the debtor's premise has great adverse changes, and as a result, the investor of equity instrument can't recover the investment cost possibly;

h) Fair value of equity instrument investments depreciates seriously or non-temporarily;

i) Other objective evidence showing the impairment of financial assets.

C. Measurement of impairment loss of financial assets

a) Measurement of the impairment loss of held-to-maturity investments, loans and accounts receivable

Provision for impairment of held-to-maturity investments, loans and accounts receivable (financial assets with subsequent measurement by amortized cost) shall be withdrawn according to the amount of present value of the predicted future cash flow of the financial assets lower than the book value, and included in the current profits and losses.

The Group shall carry out impairment test for financial assets of huge single amount separately and carry out impairment test for financial assets of small single amount separately or by being included in financial asset combination of similar credit risk characteristics. In addition, it's still required to carry out impairment test for financial assets (no matter whether it's huge single amount) without impairment through separate test by being included in financial asset combination of similar credit risk characteristics separately, and carry out impairment test for financial assets whose impairment loss has been recognized to a single item separately by being excluded in the financial asset combination of similar credit risk characteristics.

After the Group recognizes impairment loss of financial assets measured by amortized cost, in case there is objective evidence showing that the value of the financial assets has been recovered and it's objectively related to the issues happening after the loss is recognized, the impairment loss recognized originally will be transferred back and included in the current profits and losses.

b) Available-for-sale financial assets

The Group shall carry out impairment test for available-for-sale financial assets according to the single investment. At the balance sheet date, in case the fair value of available-for-sale financial assets depreciates seriously or non-temporarily, it's affirmed that impairment of the available-for-sale financial assets has happened and provision for impairment shall be withdrawn according to the difference between the cost and fair value to recognize the impairment loss. Closing cost of available-for-sale financial assets shall go through initial measurement according to investment cost when the assets are acquired and be amortized cost calculated by virtue of weighted average method when the assets are sold.

When the fair value of available-for-sale financial assets depreciates non-temporarily, even through derecognition doesn't happen to the financial assets, the accumulated losses arising from the decrease of fair value and included in other comprehensive income directly originally shall also be transferred out and included in the current profits and losses.

When the impairment happens to available-for-sale equity instrument investments that make no offer in active market and whose fair value can't be measured reliably, or derivative financial assets that link with the equity instrument and shall be settled by delivering the equity instrument, the Group will recognize the difference between the book value of the equity instrument investments or derivative financial assets and the present value confirmed by discounting of future cash flow according to market return rate of similar financial assets at that time to be impairment loss, which shall be included in the current profits and losses.

After impairment loss of available-for-sale debt instrument is recognized, in case there is objective evidence showing that the value of the financial assets has been recovered and it's objectively related to the issues happening after the loss is recognized, the impairment loss recognized originally will be transferred back and included in the current profits and losses.

Impairment loss happening to available-for-sale equity instrument investments shall not be transferred back through profit or loss. In addition, the impairment loss of equity instrument investments that make no offer in active market and whose fair value can't be measured reliably, or derivative financial assets that link with the equity instrument and shall be settled by delivering the equity instrument shall not be transferred back.

(3) Classification and measurement of financial liabilities

① The Group divides financial liabilities into financial liabilities at fair value through profit and loss and other financial liabilities.

Financial liabilities at fair value through profit and loss include tradable financial liabilities and financial liabilities that are designated to be measured at fair value with changes recorded into current period profit or loss during initial recognition.

Tradable financial liabilities refer to the financial liabilities satisfying any of the following conditions: the purpose of bearing the financial liabilities is to repurchase the liabilities in a short term; the financial liabilities belong to a part of identifiable financial instrument combination under centralized management and there is objective evidence showing that the enterprise has employed short-term profiting method to carry out management of the combination in recent period; the financial liabilities belong to derivatives, but except the derivatives designated as effective hedging instruments simultaneously, the derivatives belonging to financial guarantee contract, and the derivatives linked with the equity instrument investments which make no offer in active market and whose fair value can't be measured reliably, and to be settled by delivering such equity instrument.

Only when any of the following conditions is satisfied, the financial liabilities can be designated as financial liabilities at fair value through profit and loss during initial measurement: this designation can eliminate or obviously reduce the inconsistency of related profits or losses in the recognition or measurement arising from different measurement basis of financial instruments; the official written document of risk management or investment strategy has recorded clearly that the financial instrument combination is managed, evaluated and reported to key management personnel on the basis of fair value; it's the hybrid instrument including one or several embedded derivatives, unless the embedded derivatives do not make significant changes to the cash flow of hybrid instrument or the embedded derivatives shall not be split from related hybrid instruments obviously; it's the hybrid instrument including the embedded derivatives that need to be split but can't be measured separately during the acquisition or at the subsequent balance sheet date.

After a certain financial liability is divided into the financial liabilities at fair value through profit and loss by the Group during initial recognition, it can't be reclassified as the financial liabilities in other categories. Financial liabilities in other categories also can't be reclassified as the financial liabilities at fair value through profit and loss.

② Financial liabilities shall be measured by virtue of fair value during initial recognition. As to financial liabilities at fair value through profit and loss, related transaction cost shall be included in the current profits and losses directly; as to other financial liabilities, related transaction cost shall be included in initial recognition amount.

③ Subsequent measurement of financial liabilities

A. As to financial liabilities at fair value through profit and loss, subsequent measurement shall be carried out by virtue of fair value, and the profits or losses arising from the change in fair value shall be included in the current profits and losses.

B. As to other financial liabilities, effective interest method shall be employed to carry out subsequent measurement according to the amortized cost.

(4) Recognition basis and measurement of the transfer of financial assets

The Group shall carry out derecognition of financial assets when it has almost transferred all risks and remunerations on the ownership of the financial assets to the transfer-in party. In case overall transfer of the financial assets satisfies the derecognition condition, the difference between the following two items shall be included in the current profits and losses:

① Book value of the financial assets transferred;

② Sum of the consideration received due to the transfer and the accumulated amount of the change in fair value included in other comprehensive income originally (in the condition that the financial assets transferred are available-for-sale financial assets).

In case part transfer of financial assets of the Group satisfies the derecognition condition, overall book value of the financial assets transferred shall be amortized between the derecognition part and the part without derecognition according to their own relative fair value, and the difference between the following two items shall be included in the current profits and losses:

① Book value of the derecognition part;

② Sum of the consideration of the part without derecognition and the amount of corresponding derecognition part in the accumulated amount of the change in fair value included in other comprehensive income originally (in the condition that the financial assets transferred are available-for-sale financial assets).

The amount of corresponding derecognition part in the accumulated amount of the change in fair value included in other

comprehensive income originally shall be confirmed after amortizing the accumulated amount according to relative fair value of derecognition part of the financial assets and the part without derecognition.

In case the transfer of financial assets can't satisfy derecognition condition, it's required to recognize the overall financial assets transferred continuously and recognize the consideration received as a financial liability.

As to the transfer of financial assets in continuous involvement condition, the Group shall recognize related financial assets and financial liabilities according to the degree of continuous involvement of the financial assets transferred to fully reflect the rights reserved and obligations assumed by the Group.

(5) Derecognition of financial liabilities

In case the whole or part of current obligations of the Group's financial liabilities have been terminated, it's required to carry out derecognition of the financial liabilities or part of them. In case the Group signs an agreement with the debtor to replace the present financial liabilities by means of bearing new financial liabilities, and contract clauses related to the new financial liabilities and present financial liabilities are different in essence, it's required to carry out derecognition of present financial liabilities and recognize the new financial liabilities simultaneously.

In case derecognition is carried out for the whole or part of financial liabilities, the difference between the book value of derecognition part and the consideration paid (including non-cash assets transferred out or new financial liabilities assumed) shall be included in the current profits and losses.

(6) Offset of financial assets and financial liabilities

Financial assets and financial liabilities shall be set out in the balance sheet respectively and will not be offset mutually. However, when the following conditions are satisfied simultaneously, the net amount after mutual offset of them shall be set out in the balance sheet: the Group has the legal right of offsetting the recognized amount and such legal right is executable now; the Group plans to carry out settlement by net amount or realize the financial assets and pay off the financial liabilities simultaneously. As to the transfer of financial assets that doesn't satisfy derecognition condition, the transfer-out party shall not offset the financial assets transferred and related liabilities.

10. Receivables

(1) Receivables of individually significant amount and with provision made on an individual basis

Judgment basis or amount criteria of individually significant amount	Receivables amounting to more than RMB 1 million (including RMB 1 million) and accounting for more than 10% (including 10%) of the total book balance of receivables
Provision method for receivables of individually significant amount and with provision made on an individual basis	Impairment test is carried out individually. Bad debt reserves are accrued based on the difference between the present value of the future cash flow and the book value. The payables which are not impaired after single test should undergo impairment test in the payable portfolio with similar credit risk characteristics.

(2) Receivables with provision made on a collective basis using portfolios with similar credit risk features

Name of portfolio	Method of calculation
Age portfolio	Age analysis

Account receivable using age analysis method for bad debt provision:

Applicable Not Applicable

Ages	Proportion of provision for accounts receivable	Proportion of provision for other receivables
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Within 1 year (inclusive, the same hereinafter)	5.00%	5.00%
1-2 years	8.00%	8.00%
2-3 years	15.00%	15.00%
3-4 years	50.00%	50.00%
4-5 years	80.00%	80.00%
Over 5 years	100.00%	100.00%

Account receivable using balance fraction method for bad debt provision

Applicable Not Applicable

Account receivable using other method for bad debt provision

Applicable Not Applicable

(3) Receivables of individually insignificant amount but with provision made on an individual basis

Reasons for provision made on an individual basis	There is difference between the present value of future cash flow of receivables and the present value of future cash flow of receivables grouped with similar credit risk featuring the same age.
Provision method	Provisions are made on the difference between the lower of present value of future cash flow and their carrying value based on independent impairment testing.

11. Inventories

Does the Company need to abide by the disclosure requirements for special industry?

No

(1) Classification of inventory: inventory of the Group includes finished products or commodities ready for sale, unfinished products in production process, materials and supplies consumed during production process or labor supply process, etc. It's specifically divided into raw materials, unfinished products, commodity inventory and packing materials.

(2) Recognition of inventory: the Group's inventory satisfying the following conditions simultaneously shall be recognized:

- ① Economic interest related to the inventory may flow into the enterprise;
- ② Cost of the inventory can be measured reliably.

(3) Valuation method for the acquisition and distribution of inventory: initial measurement of the inventory acquired by the Group shall be carried out according to the cost and actual cost of the inventory distributed shall be confirmed by weighted average method at the end of the month.

(4) Amortization method for low-value consumables and packing materials: low-value consumables and packing materials shall be amortized by amortization method according to the actual condition during the requisition.

(5) Measurement of closing inventory: at the balance sheet date, the inventory shall be measured according to the cost or realizable net value, subject to the lower one. In case the inventory cost is higher than realizable net value, inventory falling price reserves shall be withdrawn and included in the current profits and losses.

- ① Determination method for realizable net value

The determination of realizable net value of the inventory shall be based on the concrete evidence acquired and consider the purpose of holding inventory, impacts of the events after the balance sheet date and other factors.

As to the materials held for production, in case the realizable net value of finished products produced by such materials is higher than the cost, the materials shall still be measured according to the cost; in case the decrease of material price indicates that realizable net value of the finished products is lower than the cost, the materials shall be measured according to realizable net value.

As to the inventory held for executing sales contract or labor contract, the realizable net value shall be calculated on the basis of contract price.

In case the quantity of inventory held is larger than the ordering quantity under sales contract, the realizable net value of excess inventory shall be calculated on the basis of general sale price.

② Inventory falling price reserves shall be withdrawn according to a single inventory item.

(6) Inventory system: the Group employs perpetual inventory system.

12. Available-for-sale assets

(1) Recognition standards for available-for-sale category

In case the Group mainly recovers the book value by selling (including non-monetary assets exchange of commercial essence, the same below) rather than using a non-current asset or disposal group continuously, it will be classified as available-for-sale category. Non-current asset or disposal group is classified as available-for-sale category and shall also satisfy the following conditions:

① According to the convention of selling such asset or disposal group in similar transactions, it can be sold immediately in the current condition;

② The sale may happen extremely, namely, the Group has made a resolution on a sale plan and acquired the confirmed purchase commitment, and the sale is predicted to be completed within 1 year. Those that can be sold only after getting the approval of related authority or supervision department of the Group according to related provisions shall have got the approval. The confirmed purchase commitment refers to purchase agreement signed by the Group and other party and with legal binding force. The agreement shall contain the transaction price, time, harsh punishment for breach of contract and other important clauses, so that it's of extremely small possibility of great adjustment or revocation of the agreement.

As to non-current asset or disposal group acquired by the Group exclusively for resale, it will be classified as available-for-sale category at the acquisition date if it satisfies the regulated condition that "the sale is predicted to be completed within 1 year" at the acquisition date and may satisfy other classification conditions of available-for-sale category within a short term (generally 3 months).

Disposal group refers to a group of assets that will be disposed together as a whole by selling or other means in a transaction and the liabilities directly related to these assets and transferred in the transaction. In case the asset group or asset group combination where the disposal group belongs has amortized the goodwill acquired in enterprise merger according to *Accounting Standard for Business Enterprises No. 8—Impairment of Assets*, the disposal group shall include the goodwill amortized to it.

(2) Accounting treatment method for available-for-sale category

As to non-current assets and disposal group classified as available-for-sale category, the Group shall carry out initial measurement or re-measurement according to the net amount of book value or fair value after subtracting the disposal cost, subject to the lower one. In case the net amount of fair value after subtracting the disposal cost is lower than the original book value, the difference shall be recognized as impairment loss of assets and included in the current profits and losses, and provision for impairment of available-for-sale assets shall be withdrawn simultaneously; the amount of impairment loss of assets recognized for available-for-sale disposal group shall be used to offset the book value of goodwill in the disposal group at first and then offset the book value of various non-current assets applying to the measurement provisions on available-for-sale category in disposal group according to the proportion of their book value. In case the net amount of the fair value of available-for-sale non-current assets after subtracting the selling cost at the subsequent balance sheet date is increased, the amount written down previously shall be recovered and transferred back within the amount of impairment loss of assets recognized after the assets are classified as available-for-sale

category. The amount transferred back shall be included in the current profits and losses. Impairment loss of assets recognized before the assets are classified as available-for-sale category shall not be transferred back. In case the net amount of the fair value of available-for-sale disposal group after subtracting the selling cost at the subsequent balance sheet date is increased, the amount written down previously shall be recovered and transferred back within the amount of impairment loss of assets recognized for the non-current assets applying to the measurement provisions on available-for-sale category after the assets are classified as available-for-sale category. The amount transferred back shall be included in the current profits and losses. Book value of the goodwill that has been offset and impairment loss of assets recognized before the non-current assets applying to the measurement provisions on available-for-sale category are classified as available-for-sale category shall not be transferred back. As to the amount transferred back subsequently for impairment loss of assets recognized for available-for-sale disposal group, its book value shall be increased according to the proportion of the book value of various non-current assets applying to the measurement provisions on available-for-sale category in the disposal group except the goodwill. Depreciation or amortization will not be withdrawn for available-for-sale non-current assets or non-current assets in the disposal group, and the interest of liabilities in available-for-sale disposal group and other expenses shall be recognized continuously.

Measurement method for available-for-sale category is inapplicable to deferred income tax assets, financial assets specified in *Accounting Standard for Business Enterprises No. 22—Recognition and Measurement of Financial Instruments*, investment real estates and biological assets measured by fair value, contractual rights incurred in insurance contract and the assets incurred from employee benefits, and they will be measured according to related criteria or corresponding accounting policies formulated by the Group. In case the disposal group contains non-current assets applying to the measurement method for available-for-sale category, the measurement method for available-for-sale category shall be applicable to the whole disposal group. The measurement of liabilities in disposal group shall apply to related accounting standards.

When the non-current assets or disposal group can't be classified as available-for-sale category continuously due to failing to satisfy the classification conditions of available-for-sale category or non-current assets are removed from the available-for-sale disposal group, the measurement shall be carried out according to the following two items, subject to the lower one: ① book value before the assets are classified as available-for-sale category, namely, the amount after the adjustment is carried out according to the depreciation, amortization or impairment, etc. that shall be recognized in the condition that the assets are supposed not to be classified as available-for-sale category; ② recoverable amount.

13. Long-term equity investments

Long-term equity investments include equity investments in subsidiaries, joint ventures and associated enterprises.

(1) Initial measurement

The Group shall carry out initial measurement of long-term equity investments respectively according to the following two conditions:

① As to long-term equity investments formed in enterprise merger, initial investment cost shall be confirmed according to the following provisions:

A. In the merger of enterprises under the same control, in case the combining party realizes merger consideration by making payment in cash, transferring non-cash assets or bearing liabilities, the shares of book value of owner's equity of the combined party in consolidated financial statements of the final controlling party at the merger date shall serve as the initial investment cost of long-term equity investments. As to the difference between initial investment cost of long-term equity investments and the book value of the cash paid, non-cash assets transferred and liabilities assumed, it's required to adjust the capital reserve correspondingly. In case the capital reserve is insufficient for the offset, it's required to adjust the retained earnings. Various direct related expenses incurred for enterprise merger, including the audit fee, evaluation fee, legal service fee, etc. paid for enterprise merger, shall be included in the current profits and losses upon such expenses are incurred.

In case the combining party realizes merger consideration by issuing equity securities, the shares of book value of owner's

equity of the combined party in consolidated financial statements of the final controlling party at the merger date shall serve as the initial investment cost of long-term equity investments. Total amount of the face value of shares issued shall serve as the capital stock. As to the difference between initial investment cost of long-term equity investments and the total amount of face value of the shares issued, it's required to adjust the capital reserve correspondingly. In case the capital reserve is insufficient for the offset, it's required to adjust the retained earnings. Service charge, commission, etc. incurred by issuing equity securities in the merger shall be offset by premium income of equity securities. In case the premium income is insufficient, retained earnings shall be used for such offset.

B. In the merger of enterprises under different controls, the Group shall confirm merger cost respectively according to the following conditions:

a) In case the enterprise merger is realized by one exchange transaction, the merger cost shall be the fair value of the assets paid, liabilities incurred or assumed and equity securities issued for acquiring the control right of the purchased party at the purchase date.

b) In case the enterprise merger is realized step by step through several exchange transactions, the sum of the book value of equity investment of the purchased party held before the purchased date and the increased investment cost at the purchased date shall serve as initial investment cost of the investment;

c) Audit fee, legal service fee, evaluation & consulting cost and other intermediary expenses and other related management cost incurred for enterprise merger shall be included in the current profits and losses upon they're incurred; transaction cost of equity securities or debt securities issued as merger consideration shall be included in initial recognition amount of the equity securities or debt securities.

d) When any provision on future event that may influence the merger cost is stipulated in merger contract or agreement, in case it's estimated that the future event may happen at the purchase date and the amount of the influence on merger cost can be measured reliably, it shall be included in merger cost.

② Except the long-term equity investments formed in enterprise merger, initial investment cost of the long-term equity investments acquired by other means shall be confirmed according to the following provisions:

A. As to long-term equity investments obtained by making payment in cash, the purchase price paid actually shall be initial investment cost. The initial investment cost includes expenses directly related to the acquisition of long-term equity investments, taxes and other necessary expenditures.

B. As to long-term equity investments obtained by issuing equity securities, fair value of the equity securities issued shall serve as initial investment cost, but excluding cash dividends or profits that shall be charged from the invested unit and have been announced but haven't been distributed. Transaction cost incurred when equity instrument is issued or acquired can be directly attributed to equity transaction and deducted from the equity.

C. As to long-term equity investments obtained by means of non-monetary assets exchange, the initial investment cost shall be confirmed according to *Accounting Standard for Business Enterprises No. 7—Exchange of Non-monetary Assets*.

D. As to long-term equity investments obtained by means of debt restructuring, the initial investment cost shall be confirmed according to *Accounting Standard for Business Enterprises No. 12—Debt Restructurings*.

③ No matter by which means the long-term equity investment is acquired, when the investment is acquired, cash dividends or profits of the invested unit that is included in the consideration paid, shall be enjoyed and have been announced but haven't been distributed shall be checked separately as accounts receivable, and shall not constitute initial investment cost for acquiring the long-term equity investment.

(2) Subsequent measurement

Long-term equity investments that can realize control on the invested unit shall be checked by cost method in individual financial statements, and long-term equity investments with common control or significant impacts on the invested unit shall be checked by equity method.

① When cost method is employed for accounting, long-term equity investments shall be valued according to initial investment cost, and the cost of long-term equity investments shall be adjusted when the investment is increased or recovered. Cash dividends or profits announced and distributed by the invested unit shall be recognized as investment income of the current period.

② As to long-term equity investments checked by equity method, in case the initial investment cost is more than the shares of fair value of identifiable net assets of the invested unit that shall be enjoyed during the investment, initial investment cost of the long-term equity investments shall not be adjusted; in case the initial investment cost is less than the shares of fair value of identifiable net assets of the invested unit that shall be enjoyed during the investment, the difference shall be included in the current profits and losses and the cost of long-term equity investments shall be adjusted simultaneously.

After the long-term equity investment is acquired, it's required to recognize the investment income and other comprehensive income respectively according to net profit or loss realized by the invested unit that shall be enjoyed or shared and other comprehensive income, and book value of the long-term equity investment shall be adjusted simultaneously. As to the part that shall be enjoyed and calculated according to the profits or cash dividends announced and distributed by the invested unit, it's required to reduce the book value of long-term equity investment correspondingly. As to other changes in owner's equity except for net profit or loss, other comprehensive income and profit distribution, book value of the long-term equity investment shall be adjusted and included in the owner's equity. When the shares of net profit or loss of the invested unit that shall be enjoyed are recognized, it shall be based on fair value of identifiable net assets of the invested unit when the investment is acquired and after the adjustment is made on net profit of the invested unit. In case the accounting policy and accounting period employed by the invested unit are different from those employed by the Group, financial statements of the invested unit shall be adjusted according to the Group's accounting policy and accounting period. Besides, investment income, other comprehensive income, etc. shall be recognized on this basis. Recognition of net loss incurred by the invested unit shall be limited to writing down the book value of long-term equity investments and other long-term equity constituting net investment in the invested unit in essence to zero, unless the Group is obliged to bear extra losses. In case the net profit is realized by the invested unit later, after the Group makes up the unrecognized loss amount shared by the income amount shared, it's required to recover the recognition of income amount shared.

When the net profit or loss of the invested unit that shall be enjoyed or shared is calculated and recognized, the part that shall belong to the Group according to the proportion and is incurred between the Group and associated enterprises and joint ventures without internal transaction profit or loss shall be offset, and investment income shall be recognized on this basis. In case the part incurred between the Group and the invested unit without internal transaction loss belongs to impairment loss of assets, it shall be recognized by the full amount.

③ When the Group disposes any long-term equity investment, the difference between its book value and the price acquired actually shall be included in the current profits and losses. As to the long-term equity investment checked by equity method, when it's disposed, accounting treatment shall be carried out for the part included in other comprehensive income originally according to corresponding proportion on the same basis for disposing related assets or liabilities directly by the invested unit.

④ In case the Group loses the control right but can implement common control or impose significant impacts for its shareholding ratio is decreased due to capital increase of its subsidiary by other investor, in individual financial statements, the long-term equity investment shall be checked by equity method from the original cost method. At first, the difference between the shares of the increased net assets that are arising from the increase in capital and share of the original subsidiary and shall be enjoyed by the Group and recognized according to the new shareholding ratio and the original book value of long-term equity investment corresponding to the decrease part of shareholding ratio that shall be carried forward shall be included in the current profits and losses. Then carry out adjustment on the accounting by equity method carried out when the investment is acquired according to the new shareholding ratio.

(3) Basis for confirming common control and significant impacts on the invested unit

Common control refers to common control on a certain arrangement according to related provisions and related activities of the arrangement can be decided only after the consent of the participant sharing the control right. Related activity refers to the activity imposing significant impacts on the return of a certain arrangement. Significant impact refers to the investor's power on participating in the decision-making of financial and operating policies of the invested unit, but it can't control the formulation of these policies or control the formulation commonly with other party.

(4) Impairment test method and method for withdrawing the provision of impairment

Impairment test method and method for withdrawing the provision of impairment shall comply with the accounting policy of “impairment of assets” formulated by the Group.

14. Fixed assets

(1) Recognition principles of fixed assets

Fixed assets of the Group refer to tangible assets held for producing commodities, providing labor service, leasing or operation management with service life of more than 1 fiscal year. (1) When the fixed assets satisfy the following conditions simultaneously, initial measurement shall be carried out according to the cost: ① economic benefits related to the fixed assets may flow into the enterprise; ② fixed assets cost can be measured reliably. (2) The depreciation of fixed assets and subsequent expenditure related to the fixed assets, if complying with the regulated recognition conditions of fixed assets, shall be included in fixed assets cost; if not complying with the regulated recognition conditions of fixed assets, shall be included in the current profits and losses directly when they're incurred. Fixed assets depreciation method of the Group is straight-line depreciation method. (3) Impairment of fixed assets shall be executed according to the accounting policy of “impairment of assets” formulated by the Group.

(2) Depreciation method

Categories	Depreciation method	Useful life (years)	Estimated residual value proportion	Annual depreciation rate
Buildings and structures	Straight-line method	20-30	3%-10%	3.00%-4.85%
General equipment	Straight-line method	3-5	3%-10%	18.00%-32.33%
Special equipment	Straight-line method	10	3%-10%	9.00%-9.70%
Transport facilities	Straight-line method	4-10	3%-10%	9.00%-24.25%

15. Construction in progress

- 1) Valuation of construction in progress: Determine project cost according to the actual expenditure incurred. The cost of construction in progress also includes capitalized borrowing costs and exchange gains or losses.
- 2) The Group transfers construction in progress into fixed assets when they reach a predetermined state of use. A fixed asset that has reached a predetermined state of use but has not undergone final accounts of completed project will be recognized as fixed assets according to its appraised value and be depreciated; after the final accounts of completed project is handled, the temporarily appraised value will be adjusted based on actual costs; however, the accrued depreciation amount will not to be adjusted.
- 3) Impairment of construction in progress will be executed in accordance with the “impairment of assets” policy developed by the Group.

16. Intangible assets

(1) Valuation method, service life and impairment test

Intangible assets of the Group refer to the identifiable non-monetary assets that have are owned or controlled by the Group and have no physical form.

(1) Recognition of intangible assets

The Group confirms intangible assets when they meet both of the following conditions:

- ① Economic benefits related to the intangible asset may flow into the enterprise;
- ② Cost of the intangible asset can be measured reliably.

(2) Measurement of intangible assets

- ① Intangible assets of the Group is measured initially based on cost.
- ② Subsequent measurement of intangible assets

A. For an intangible asset with limited service life, its service life will be judged when it is obtained and straight-line method will be adopted within its service life in the following period. Amortization amount will be included in relevant costs and cost accounting according to benefited items.

The specific length is as shown below:

Items	Amortization period (years)
Land use right	43-50
Application software	2-10
Right to use trademark	10

Intangible assets with undetermined service life will not be amortized.

At the end of each period, the service life of intangible assets with limited service life and the amortization method for them will be rechecked. Changes of them will be regarded as changes of accounting estimate. In addition, the service life of intangible assets with undetermined service life will be rechecked. If there is evidence manifesting that an intangible asset can bring economic benefits for the enterprise within a foreseeable period, then its service life will be estimated and it will be amortized according to the amortization policy for intangible assets with limited service life.

B. Intangible assets will write down according to the “impairment of assets” accounting policy developed by the Group.

(2) Accounting policy on internal research and development expenditures

Expenditures on the internal research and development items of the Group are divided into research expenditure and development expenditure.

Research expenditure is included in current gains or losses when it occurs

Development expenditure that can meet the following conditions will be recognized as intangible assets, while those cannot meet will be included in current gains or losses:

- ① Complete the intangible asset so as to make the use or sale of it technically feasible;
- ② Have the intention to complete the intangible asset and use or sell it;
- ③ The way that an intangible asset generates economic benefits is to certify that the products produced with the intangible asset has market or the intangible asset itself has market, or to certify its usability when it will be used internally;
- ④ There are enough technology, financial resources and other resources to support finishing the development of an intangible asset, and it is capable of using or selling this intangible asset;
- ⑤ Expenditure within the development stage of this intangible asset can be measured reliably.

If it is unable to distinguish the research expenditure from development expenditure, both research and development expenditures will be included in the current gains or losses.

17. Impairment of long-term assets

The following evidences indicate the possible impairment of assets:

(1) The market price of assets drops significantly at the current period and the drop is obviously higher than the drop estimated according to the passage of time or normal use.

(2) The economic, technical or legal environment for the Group's operation and the market of the Group's assets changed or will change significantly in the current period or in the recent period, and the Group will thus be adversely affected.

(3) The market rate or other marketing ROI have risen in the current period and therefore affect the discount rate that the enterprise used to calculate the estimated present value of future cash flows, leading to significant decrease of the recoverable amount of assets.

(4) This is evidence certifying that assets are antiquated or their physical form is damaged.

(5) Assets have already been or will be left unused, stopped using or disposed in advance

(6) Internal reports of the Group certify that the economic performance of assets have already been lower or will be lower than the expectation, for example, the net cash flows created by assets or operating profits (or losses) realized by the assets are far lower than the expected amount, etc.

(7) Other signs showing that the assets might have depreciated.

The Group will judge all its assets, including long-term equity investments, fixed assets, project materials, construction in progress, intangible assets (excluding those with undetermined service life), that are applicable to *Accounting Standard for Business Enterprises No. 8 - Impairment of Assets* on the balance sheet date, and carry out impairment test – estimation of the recoverable amount of them when there is an indication of impairment. The recoverable amount shall be determined as the net amount obtained by the fair value of asset – disposal expense, or as the present value of the estimated future cash flow of asset, whichever is higher. If the recoverable amount of asset is lower than its book value, then the book value will write off to the recoverable amount, and the write-off will be recognized as asset impairment loss and included in the current gains or losses. At the same time, corresponding provision for impairment will be accrued.

If there is an indication of the impairment of an asset, the Group usually estimates its recoverable amount based on single assets. If the recoverable amount of a single asset is hard to estimate, then the recoverable amount of the asset group that this asset belongs to will be determined based on asset group.

Asset group refers to a minimum combination of assets that may be recognized by the Group, by which the flow-in cash generated shall be generally independent of those by other assets or asset group. Asset groups are affirmed depending on whether the main cash flows generated by asset groups are independent to other assets or on the cash flows of asset group.

The Group conducts impairment test of the goodwill formed as a result of merger and the intangible assets with undetermined service life each year, whether there are indications of impairment or not. Goodwill impairment test is carried out together with the asset groups or combinations of asset groups related to it.

Once asset impairment losses are confirmed, they will not be reversed.

18. Long-term deferred expenses

The Group confirms the incurred expenses that are to be paid in the current year and following periods and that is subject to the amortization period over one year and used to improve the fixed assets rented in through commercial lease. Long-term deferred expenses will be amortized averagely with straight-line method according to the benefit period of project.

19. Employee compensation

(1) Accounting methods for short-term compensation

In the accounting period that its employees provide services for it, the Group recognizes the short-term compensations that have actually occurred as liabilities and include them in its current gains or losses, unless other accounting standards require or allow including them in the cost of assets.

(2) Accounting methods for post-employment benefits

The Group classifies post-employment benefit plan as defined contribution plans (DCPs) and defined benefit plans (DBPs). Post-employment benefit plan refers to the agreement reached by the Group and its employees on post-employment benefits, or the rules or measures the Group develops in order to provide post-employment benefits. Furthermore, DCPs mean that the Group will not be further obliged to pay after it pays a fixed amount to an independent fund; DBPs refer to the post-employment plans other than DCPs.

A. DCPs

In the accounting period that its employees provide services for it, the Group recognizes the to-be-paid amount calculated according to DCPs as liabilities and includes them in its current gains or losses or relevant cost of assets.

B. DBPs

The Group has not yet operated DBPs or other long-term employee benefits complying with DBPs.

(3) Accounting methods for termination benefits

If providing termination benefits to employees, the Group will recognize the employee compensation liabilities generated by termination benefits in any of the following 2 circumstances, whichever happens earlier, and include them in its current gains or losses: when the Group is unable to unilaterally withdraw the plan on the cancellation of labor relationship or the layoff proposal; when the Group recognizes the costs or expenses related to the recombination involving with termination benefits payment.

(4) Accounting methods for other long-term employee benefits

Other long-term employee benefits provided by the Group to employees, if complying with DDPs, shall be treated according to the abovementioned accounting policies for DDPs; if not, the above accounting policies for DBPs shall be used to recognize and measure their net liabilities or net assets.

20. Estimated liabilities**(1) Estimated liability reorganization standards**

When the Group's regulations and relevant obligations of the contingencies can meet the following conditions at the same time, they will be recognized as estimated liabilities:

- ① The obligation is the present obligation undertaken by the enterprise;
- ② Performance of this obligation may make economic benefits flow out of the enterprise;
- ③ Amount of this obligation can be reliably measured.

(2) Estimated liability measurement method

Estimated liabilities are measured initially according to the optimal estimate that needs to expend in order to perform relevant present obligations. The necessary expenditure has a contiguous range, and within this range, all kinds of results have the same possibility to occur. The optimal estimate is determined according to the median of this range. In other circumstances, the optimal estimate is treated as below:

- ① If the contingency involves with a single item, then the optimal estimate will be determined based on the amount that is most likely to occur.
- ② If the contingency involves with several items, then the optimal estimate will be determined based on all possible results and their probabilities.

When the optimal estimate is determined, the risks, uncertainties and the time value of money related to contingencies shall be taken into full consideration. If the time value of money has great impact, the optimal estimate shall be determined after discounting

relevant future cash outflows.

If it is expected that the estimated liabilities that the Group needs to pay off will be fully or partially compensated by a third party, the compensation amount cannot be recognized separately as assets when it can be basically ensured. The recognized compensation amount must not be higher than the book value of the estimated liabilities.

The Group re-checks the book value of estimated liabilities on balance sheet date. If there is unambiguous evidence showing that the book value cannot reflect the current optimal estimate truly, this book value shall be adjusted according to the current optimal estimate.

21. Share-based payment

Share-based payment of the Company is recognized and measured based on true, complete and effective shared-based payment agreement, and implemented by equity - settled share-based payment.

(1) Equity-settled share-based payment:

If equity-settled share-based payment is used to exchange employee services, then it shall be measured with the fair value of the equity instruments granted to employees. If equity-settled share-based payment is used to exchange employee services with immediate vesting after granting, it shall be included in relevant cost or expense based on the fair value of equity instruments on the granting day, and capital reserves shall be added correspondingly. If the equity-settled share-based payment is used to exchange employee services with vesting after completing services within the waiting period or meeting the specified performance conditions, the services obtained in the current period shall be included in relevant cost or expense and capital surplus based on the optimal estimate of the quantity of equity instruments for right exercising and according to the fair value of the day granting equity instruments on each balance sheet date within the waiting period.

Determination of the fair value of equity instruments:

① For shares granted to the employees, the fair value measured according to the market price of the Company's share capital and adjusted according to the granting terms and conditions (not including the vesting conditions out of market conditions).

② For the equity instrument granted to the employees, such as Stock Option, if there are no terms or similar condition of equity instrument, The Company estimates the fair value of the granted equity instruments with Black-Scholes Option Pricing Model.

When determining the fair value of the day granting equity instruments, the Company considers the influence of market conditions of non-vesting conditions included in vesting conditions which are specified in the share-based agreement. If there are non-vesting conditions for share-based payment, the Company will confirm that the cost or expense corresponding to services has been obtained as long as the non-market conditions (such as service term, etc.) included in vesting conditions are met by employees or other parties.

The Company grants restricted shares to employees to implement equity incentive plan, see Note (13) for details. When the increase of equity instruments is confirmed on the issuing day of restricted shares, the treasury shares and repurchase obligations and liabilities shall be confirmed according to the quantity of issued restricted shares and the amount calculated and confirmed based on repurchase price at the same time, and the repurchase obligations and liabilities shall be measured subsequently in accordance with the requirements of *Accounting Standard for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments*.

(2) Basis for confirming the optimal estimate of vesting equity instruments: On each data balance date within the waiting period, the Company makes its optimal estimate and corrects the estimated quantity of equity instruments for vesting according to the subsequent information that it has obtained, such as the variation of number of employees with vesting, in order for the optimal estimate of vesting equity instruments.

(3) Accounting treatment related to the modification and termination of shared-based payment plan

If the fair value of the granted equity instruments is modified or increased, the Company will confirm the increase of services it obtains correspondingly; if the quantity of the granted equity instruments is modified or increased, the Company will recognize the increase of the fair value of the increased equity instruments as the increase of services; if the Company modifies the vesting

conditions by a favorable way for employees, it shall take the modified vesting conditions into consideration while dealing with vesting conditions.

If the fair value of the granted equity instruments is modified or decreased, the Company will continue confirming the amount of services obtained based on the fair value of equity instruments on the granting date, without considering the decrease of fair value; if the quantity of the granted equity instruments is modified or decreased, the Company will treat considering the decrease as the cancellation of granted equity instruments; if the Company modifies the vesting conditions by an unfavorable way for employees, it shall not take the modified vesting conditions into consideration while dealing with vesting conditions.

If the Company cancels the granted equity instruments or settles them (unless they are cancelled due to the failure to meet vesting conditions) within the waiting period, then the cancellation or settlement shall be regarded as accelerated vesting, and the amount that shall be confirmed in the remaining waiting period shall be confirmed immediately.

22. Accounting methods for repurchasing shares in the group

If the Group reduces its capital by acquiring the shares of the Company with approval, then it shall reduce equities according to the total amount of the face value of cancelled shares, and adjust the difference between the price paid to purchase shares back (including transaction expense) and the face value of shares. The part exceeding the total face value shall be used to write down capital surplus (premium on capital stock), surplus reserve and undistributed profit. If the price is lower than the total face value, then the part lower shall be added with capital surplus (premium on capital stock).

Shares repurchased by the Group shall be managed as treasury shares before they are cancelled or transferred; total expenditure of repurchased shares shall be transferred as the cost of treasury shares.

When treasury shares are transferred, the part higher than their cost shall be transferred to increase capital surplus (premium on capital stock); the part lower than the cost of treasury shares shall write down capital surplus (premium on capital stock), surplus reserve and undistributed profit in sequence.

If the Group repurchase shares for the reason of equity incentive, it shall treat all expenses on shares repurchase as treasury shares while repurchasing and make registration for future reference.

23. Income

Whether the Company needs to abide by the disclosure requirements for special industries and sectors?

No

Incomes of the Group include income from sales of goods, income from rendering of services and income from alienating the right to use assets.

(1) Income from sales of goods

The Group recognizes its income from sales of goods after it transfers the main risks of and rewards from the property in goods, reserving neither the right to continue management that is often related to property nor effective control of sold goods, relevant costs that have incurred or are going to be incurred can be reliably measured and related economic benefits is highly possible to flow into the enterprise.

Revenue recognition arising from domestic product and export products to related party should meet the following conditions: the company has delivered the products according to the contract, and sales amount have been identified, payment for goods have been collected or the receipt voucher have been got and the relevant economic benefits are likely to flow into, the product costs can be measured reliably. Revenue recognition arising from export products to a third part should meet the following conditions: the company has made the customs clearance, departed from port, got the bill of lading according to the contract, and product sales amount have been identified, payment for goods have been collected or the receipt voucher have been got and the relevant economic benefits are likely to flow into, the product costs can be measured reliably.

(2) Income from rendering of services

① The Group recognizes income from rendering of services with percentage of completion method when the completion progress can be reliably determined, the amount of income, the costs that have incurred or are going to be incurred can be reliably measured and related economic benefits is highly possible to flow into the enterprise.

Method to determine the service transaction completion progress: Proportion of provided labor in the total quantity of labor that should be provided and the proportion of incurred cost in the total estimated cost.

② If the service transition result of the Group cannot be reliably estimated on data balance sheet date, it can be handled with the following methods:

A. If it is estimated that the labor cost occurred can be compensated, then the income from rendering of services shall be confirmed according to it and labor cost shall be carried over based on this amount.

B. If it is estimated that the labor cost occurred cannot be compensated, then it will be included in the current gains or losses; whether to provide the income from proving labor will not be confirmed.

(3) Income from alienating the right to use assets

Income from alienating the right to use assets includes income from interests, income from royalties, etc.

The Group recognizes the income from alienating the right to use assets when the amount of its income can be measured reliably and relevant economic interests is most likely to flow into the enterprise.

Income from domestic products and products sold to the related party shall meet the following conditions for recognition: The Company has delivered products to buyer as they agreed in contract; the income from selling products has been confirmed, the payment for goods has been received or the payment voucher has been obtained; related economic benefits are most likely to flow in; and relevant product cost can be reliably measured. Income from products sold to the third party shall meet the following conditions for recognition: the Company has declared products according to contract, products have departed and the Company has obtained the bill of lading; the income from selling products has been confirmed; the payment for goods has been received or the payment voucher has been obtained; related economic benefits are most likely to flow in; and relevant product cost can be reliably measured.

24. Government grants**(1) Judgment basis of assets-related government subsidy and accounting treatment method**

Government grants of the Group are divided into government grants concerning assets and government grants concerning benefits. Government grants concerning assets refer to the government grants that the Group has obtained and will be used to purchase and construct long-term assets, or to form long-term assets by other ways. Government grants concerning benefits refer to the government grants other than government grants concerning assets. If the grant object is not made clear in the government's files, judgment shall be made based on the basic conditions for obtaining grants. To be specific, grants that form long-term assets through purchase and construction or by other ways shall be regarded as government grants concerning assets, and other assets shall be regarded as government grants concerning benefits.

(1) Recognition of government grants

Government grants shall be recognized when they meet all the following conditions:

① Meet the attached conditions to government grants;

② Be able to receive government grants.

(2) Measurement of government grants:

① If government grants are monetary assets, they shall be measured according to the amount received or receivable. If not, they shall be measured according to their fair value; if their fair value cannot be reliably obtained, they shall be measured according to their nominal amount.

② Government grants concerning assets will be recognized as deferred income when they are obtained, and will be included in gains or losses by period with a reasonable and systematic method within its service life when they reach the predetermined state of

use. If relevant asset is sold, transferred, scrapped or damaged before its service life ends, the balance of undistributed deferred income will be transferred into the gains or losses of the current asset disposal period.

(2) Judgment basis of benefits-related government subsidy and accounting treatment method

Government grants concerning benefits used to compensate future relevant costs or losses will be recognized as deferred income when they are obtained; those used to compensate relevant costs or losses that have occurred will be included in the current gains or losses directly when they are obtained.

Government grants concerning daily activities will be included in other income; government grants concerning not daily activities will be included in non-operating income.

③ If it has confirmed that government grants need to be returned, they shall be dealt with according to the following circumstances:

A. When there is relevant deferred income, the book balance of relevant deferred income shall write down and the exceeding part shall be included in the current gains or losses.

B. In other circumstances, they shall be included in current gains or losses directly.

25. Deferred income tax assets/ deferred income tax liabilities

The Group deals with accounting for income taxes with balance sheet liability method.

(1) Deferred income tax assets

① If there is a deductible temporary difference between the book value of assets and liabilities, the deferred income tax assets generated by this deductible temporary difference shall be calculated and confirmed according to the tax rate of the expected period to recover this asset or pay off this liability, to the extent of the taxable income that may be obtained in the future to offset this deductible temporary difference.

② If there is unambiguous evidence to certify that it is very likely to obtain enough taxable income to offset deductible temporary difference in the future on the balance sheet date, the deferred income tax assets that are not recognized before shall be recognized.

③ The book value of deferred income tax assets shall be rechecked on balance sheet date. If it is hardly possible to obtain enough taxable income in the future to offset the benefits from deferred income tax assets, the book value of deferred income tax assets shall write down. When it is very likely to obtain enough taxable income the write-down amount shall be reversed.

(2) Deferred income tax liabilities

If there is taxable temporary difference between the book value of assets and liabilities and the tax basis, the deferred income tax liabilities generated by taxable temporary difference shall be recognized according to the applicable tax rate of the expected period to recover the asset or pay off the liability.

26. Leasing

(1) Accounting method for operating lease

The Group, as the lessee, shall include the rentals of operating lease in relevant asset cost or current gains or losses with straight-line method in all periods; the initial direct expenses occurred shall be included in the current gains or losses; contingent rentals shall be included in the current gains or losses when they happen actually.

The Group, as the lessor, shall include the assets of operating lease in relevant items in the balance sheet according to asset nature; rentals of operating lease shall be recognized as current gains or losses with straight-line method in all periods within the lease term. The initial direct expenses occurred shall be included in the current gains or losses; fixed assets of assets under operating

lease shall be depreciated according to similar asset depreciation policy. Other assets under operating lease shall be amortized with a systematic and reasonable method. Contingent rentals shall be included in the current gains or losses when they happen actually.

27. Measurement of fair value

Fair value, refers to the price that market participant can obtain or needs to pay after selling an asset or transferring a liability, among the orderly transactions made on the measurement date. The Group measures relevant asset or liability and considers the characteristics of this asset or liability at fair value; supposes the selling of assets or transfer of liabilities by market participant are orderly transaction under current market conditions; supposes the orderly selling of assets or transfer of liabilities are carried out in the main market of relevant assets or liabilities; supposes the transaction is made in the most favorable market for relevant assets or liabilities when there is no main market. The Group adopts the assumptions that market participants use to maximum their economic benefits when they price assets or liabilities.

The Company judges whether the fair value at initial recognition equals to its transaction price according to transaction nature and the characteristics of relevant assets or liabilities; if the transaction price is not equal to the fair value, relevant profits or losses will be included in the current gains or losses, unless otherwise specified by relevant accounting standards.

The Group adopts the valuation technique that is applicable to the current situation and has enough available data and other information to support. Mainly used valuation techniques include market approach, income approach and cost approach. In the application of valuation techniques, relevant observable input values shall be used first, and unobserved input values can only be used when relevant observable input values cannot be obtained or it is not feasible to obtain them.

Input values used by the Group for fair value measurement is divided into 3 levels. The first level of input values will be used first, and then the second level and the third level. First level of input values are the quotations of same assets or liabilities that can be obtained on the measurement date and are not adjusted in the active market; the second level of input values are the direct or indirect observable input values of relevant assets or liabilities other than the first level of input values; the third level of input values are the unobservable input values of relevant assets or liabilities.

The Group measures non-financial assets with fair value, considers market participant's ability to use this asset in the best way to generate economic benefits, or the ability to sell this asset to other market participants who can use this asset in the best way to generate economic benefits. To measure a liability with fair value, the Group supposes this liability is transferred to other market participants on the measurement date, and further exists after transfer, and the market participant, who is the transferee, performs obligations. To measure one's own equity instrument with fair value, suppose this equity instrument is transferred to other market participants on the measurement data, and further exists after transfer, and the market participant, as the transferee, obtains relevant rights to this instrument and undertakes corresponding obligations.

28. Change of important accounting policies and accounting estimates

(1) Change of important accounting policies

Applicable Not Applicable

(2) Change of important accounting estimates

Applicable Not Applicable

VI. Taxes

1. Main taxes and tax rates

Taxes	Tax bases	Tax rates
Value-added tax (VAT)	The taxable revenue from sales of goods or rendering of services	0, 6%, 10%, 11%, 16% and 17%, pay the balance after deducting input VAT. According to the <i>Notice on Policies on Degenerating VAT Rate</i> (CS [2017] No. 37) issued jointly by the Ministry of Finance and State Administration of Taxation, the structure of VAT rate was degenerated and 13% VAT rate was cancelled on July 1, 2017. According to the <i>Notice on Adjusting Value-added Tax Rate</i> (CS [2018] No. 32) issued jointly by Ministry of Finance and State Administration of Taxation, the original tax rate applicable to the value-added tax taxable sales behavior or imported goods of the tax payer, i.e., 17% and 11%, should be adjusted to 16% and 10% respectively since May 1, 2018.
Urban maintenance and construction tax	Turnover tax payable	7%; the Company and the subsidiaries, Zhejiang Supor Plastic & Rubber Co., Ltd. and Yuhuan Supor Cookware Sales Co., Ltd (previous name: Yuhuan Supor Recycling Co., Ltd) are levied at 5% of the turnover tax payable.
Enterprise income tax	Taxable income	25%; Zhejiang Shaoxing Supor Domestic Electrical Appliances Co., Ltd. is levied at a preferential tax rate of 15%.
Housing property tax	Wuhan Supor Pressure Boiler Co., Ltd.* and Wuhan Supor Cookware Co., Ltd.* are levied at the rate of 1.2% of the balance of the housing property cost after deducting 25% of the cost; other companies are levied at the rate of 1.2% of the balance of the housing property cost after deducting 30% of the cost; for housing property levied on the basis of rent, housing property tax is levied at the rate of 12% of rent revenue.	1.2% and 12%
Education surcharge	Turnover tax payable	3%
Local education surcharge	Turnover tax payable	2%, subsidiaries in Wuhan are levied at the rate of 1.5% as of May 1, 2016.

Different enterprise income tax rates applicable to different taxpayers:

Taxpayers	Income tax rate
Zhejiang Shaoxing Supor Domestic Electrical Appliances Co., Ltd.	15%
Taxpayers other than the above-mentioned	25%

2. Tax preferential policies

Pursuant to No. GKFH [2016] 149 documents, Zhejiang Shaoxing Supor Domestic Electrical Appliances Co., Ltd. renewed the hi-tech enterprise qualification in 2016 and is entitled to enjoy the preferential tax rate of 15% for the three-year period starting from January 1, 2016.

VII. Notes to items of consolidated financial statements

1. Monetary capital

Unit: RMB

Items	Closing balance	Opening balance
Cash on hand	1,188,893.42	110,122.63
Cash in bank	571,656,317.19	861,149,686.37
Other cash and bank balances	13,122,870.96	8,320,082.21
Total	585,968,081.57	869,579,891.21
Including: deposited overseas	11,834,097.60	7,524,921.86

Other remarks:

- 1) At the end of period, the restricted amount was RMB 16,000,000.00 in total, including RMB 16,000,000.00 fixed deposit in Bank Deposit, which will be held to maturity.
- 2) At the period end, other monetary capital was the amount in Alipay settlement account and JD settlement account, and the closing balance was RMB 9,946,442.84 and RMB 3,176,428.12 respectively. Amount in this account is not limited to use.
- 3) At the period end, the amount kept in Vietnam was totally RMB 7,071,802.78, including: value-cash of USD 216.28 (equivalent to RMB 1,431.04) and VND 3,850,546,342.14 (equivalent to RMB 1,109,890.00), bank deposit of USD 177,457.58 (equivalent to RMB 1,174,165.82) and VND 16,596,751,820.00 (equivalent to RMB 4,783,884.47) and SGD 502.52 (equivalent to RMB 2,431.46).
- 4) At the period end, totally RMB 4,762,294.82 is kept in Singapore, including: bank deposit of SGD 984,229.90 (equivalent to RMB 4,762,294.82).

2. Financial assets at fair value through profit or loss

Unit: RMB

Items	Closing balance	Opening balance
Financial assets designated as at fair value through profit or loss	1,001,552,979.35	1,305,530,496.83
Total	1,001,552,979.35	1,305,530,496.83

Other remarks:

- 1) The Company and Shaoxing Supor Domestic Electrical Appliances Co., Ltd. purchased financial products of RMB 400,000,000 and RMB 300,000,000 respectively. These financial products guarantee principal, have floating benefits and relate to interest rate or exchange rate. At the period end of 2018, the income from changes in fair value was recognized as RMB 472,696.07.
- 2) Shaoxing Supor Domestic Electrical Appliances Co., Ltd. purchased RMB 300,000,000 monetary fund and at the period of 2018, the income from changes in fair value was recognized as RMB 1,080,283.28.

3. Derivative financial assets

□ Applicable √ Not Applicable

4. Notes receivable**(1) Categorized listing of notes receivable**

Unit: RMB

Item	Ending balance	Beginning balance
Bank acceptance	678,812,943.86	678,723,166.23
Total	678,812,943.86	678,723,166.23

(2) Endorsed or discounted but undue notes at the balance sheet date

Unit: RMB

Items	Closing balance derecognized	Closing balance not yet derecognized
Bank acceptance	3,042,866,286.26	
Subtotal	3,042,866,286.26	

5. Accounts receivable**(1) Details of different categories of accounts receivable**

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Provision for bad debts		Carrying amount	Book balance		Provision for bad debts		Carrying amount
	Amount	Proportion	Amount	Proportion		Amount	Proportion	Amount	Proportion	
Receivables with provision made on a collective basis using portfolios with similar credit risk features	1,607,389,812.89	95.73%	81,069,137.85	5.04%	1,526,320,675.04	1,553,798,639.28	97.54%	78,249,845.40	5.04%	1,475,548,793.88
Receivable of individually insignificant amount but with provision made on an individual basis	71,647,435.36	4.27%	14,590,567.67	20.36%	57,056,867.69	39,193,827.45	2.46%	15,286,957.11	39.00%	23,906,870.34
Total	1,679,037,248.25	100.00%	95,659,705.52	5.70%	1,583,377,542.73	1,592,992,466.	100.00%	93,536,802.51	5.94%	1,499,455,664.22

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Accounts receivable with significant single amount and accrual of bad debt provision at period-end:

Applicable Not Applicable

Receivables with provision made on group basis with age analysis method

Applicable Not Applicable

Unit: RMB

Ages	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Subitem within 1 year			
Subtotal within 1 year (with 1 year)	1,602,953,557.51	80,147,010.85	5.00%
1-2 years (with 2 years)	2,208,701.42	176,696.11	8.00%
2-3 years (with 3 years)	1,588,974.92	238,346.23	15.00%
3-4 years (with 4 years)	144,143.04	72,071.52	50.00%
4-5 years (with 5 years)	297,114.30	237,691.44	80.00%
Over 5 years	197,321.70	197,321.70	100.00%
Subtotal	1,607,389,812.89	81,069,137.85	5.04%

Determination basis:

None

Account receivable using balance fraction method for bad debt provision:

Applicable Not Applicable

Account receivable using other method for bad debt provision:

Debtors	Book balance	Provision for bad debts	Provision proportion (%)	Reasons
PT.STAR and other receivables covered by insurance policy	57,056,867.69	0.00	0%	No provision for bad debts is made as such receivables are arising from export sales and covered by export insurance.
Beijing Xingmeida Trading Co.,Ltd.	8,469,304.07	8,469,304.07	100%	High risk in collecting account receivables, in consideration that the Company's capital chain is broken and cooperation is terminated.
Dongguan Hanyang Electric Appliance Co., Ltd.	4,673,328.43	4,673,328.43	100%	Full provisions are made as such receivables are with long age and estimated to be unrecoverable.
Wuxi Heshunjin Trading Co., Ltd.*	1,447,935.17	1,447,935.17	100%	Full provisions are made as such receivables are with long age and estimated to be unrecoverable.
Subtotal	71,647,435.36	14,590,567.67	20.36%	

(2) Bad debt provisions accrued and recovered

During the period, bad debt provision accrued was RMB 2,097,622.63; and collected or reversed in current period totaled RMB 0.00.

(3) Bad debt reserve was RMB 25,280.38, in consideration that converted difference in foreign currency statement is reduced due to exchange rate movement.

(4) Details of the top 5 debtors with largest balances

Debtors	Book balance	Proportion to the total balance of accounts receivable (%)	Provision for bad debts
SEB ASIA LTD	998,014,213.01	59.44%	49,900,710.65
Client 1	84,994,334.73	5.06%	4,249,716.74
Client 2	52,863,390.02	3.15%	2,643,169.50
Client 3	42,300,243.32	2.52%	2,115,012.17
Client 4	28,332,183.14	1.69%	1,416,609.16
Total	1,206,504,364.22	71.86%	60,325,218.22

6. Advance payment**(1) Listing by ages**

Unit: RMB

Ages	Closing balance		Opening balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	250,407,338.46	98.01%	326,399,526.72	99.73%
1-2 years	4,983,936.75	1.95%	745,180.42	0.23%
2-3 years	6,209.10	0.00%	29,480.00	0.01%
Over 3 years	99,112.90	0.04%	110,604.54	0.03%
Total	255,496,597.21	--	327,284,791.68	--

Note for the cause for the failure in settling the advance payment with over 1 year age and major amount:

None

(2) Details of the top 5 debtors with largest balances

Debtors	Book balance	Proportion to the total balance of advances paid (%)
Supplier 1	53,196,068.95	20.82%

Supplier 2	31,482,378.60	12.32%
Supplier 3	17,758,315.76	6.95%
Supplier 4	16,969,501.85	6.64%
Supplier 5	13,795,343.93	5.40%
Subtotal	133,201,609.09	52.13%

7. Interest receivable

(1) Classification of interest receivable

Unit: RMB

Items	Closing balance	Opening balance
Interest for time deposit	1,280,452.50	1,983,860.05
Total	1,280,452.50	1,983,860.05

8. Other receivables

(1) Type of other accounts receivable

Unit: RMB

Categories	Closing balance					Opening balance				
	Book balance		Provision for bad debts		Carrying amount	Book balance		Provision for bad debts		Carrying amount
	Amount	Proportion	Amount	Proportion		Amount	Proportion	Amount	Proportion	
Receivables with provision made on a collective basis using portfolios with similar credit risk features	12,913,262.55	73.60%	1,962,584.32	15.20%	10,950,678.23	8,226,802.83	30.76%	1,662,744.70	20.21%	6,564,058.13
Receivable of individually insignificant amount but with provision made on an individual basis	4,631,006.07	26.40%			4,631,006.07	18,518,101.62	69.24%			18,518,101.62
Total	17,544,268.62	100.00%	1,962,584.32	11.19%	15,581,684.30	26,744,904.45	100.00%	1,662,744.70	6.22%	25,082,159.75

Accounts receivable with significant single amount and accrual of bad debt provision at period-end:

 Applicable Not Applicable

Receivables with provision made on group basis with age analysis method

√ Applicable □ Not Applicable

Unit: RMB

Ages	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Sub-item within 1 year			
Subtotal within 1 year(with 1 year)	9,561,816.80	478,062.90	5.00%
1-2 years (with 2 years)	1,552,278.01	124,182.24	8.00%
2-3 years (with 3 years)	473,970.00	71,095.50	15.00%
3-4 years(with 4 years)	54,000.00	27,000.00	50.00%
4-5 years(with 5 years)	44,770.29	35,816.23	80.00%
Over 5 years	1,226,427.45	1,226,427.45	100.00%
Subtotal	12,913,262.55	1,962,584.32	15.20%

Determination basis:

None

Account receivable using balance fraction method for bad debt provision:

□ Applicable √ Not Applicable

Account receivable using other method for bad debt provision:

√ Applicable □ Not Applicable

Account receivable with insignificant ending balance of single item but individually-accrued bad debt reserve

Name of organization	Book balance	Provision for bad debts	Provision proportion (%)	Reasons
Value-added tax rebate receivable	4,631,006.07			Its account age is within 1 year, and it's expected that there is no receiving risk. Thus, the bad debt reserves is not counted and withdrawn.
Subtotal	4,631,006.07			

(2) Provisions made, collected or reversed in current period

Provisions for bad debts made in current period totaled RMB 299,839.62, and the collected or reversed in current period totaled RMB 0.00

(3) Other receivables categorized by nature

Unit: RMB

Nature of receivables	Closing balance	Opening balance
Deposit as security	7,072,805.60	6,755,963.05

VAT refund on export goods	4,631,006.07	15,532,794.61
Temporary advance payment receivable	2,615,735.20	1,647,639.24
Personal deposit	3,224,721.75	2,808,507.55
Total	17,544,268.62	26,744,904.45

(4) Details of the top 5 debtors with largest balances

Unit: RMB

Debtors	Nature of receivables	Book balance	Age	Proportion to the total balance of other receivables (%)	Provision for bad debts
Client 1	Tax refund on export goods	4,631,006.07	Within one year	26.40%	
Client 2	Deposit as security	2,000,000.00	Within one year	11.40%	100,000.00
Client 3	Deposit as security	1,500,000.00	1-2 years	8.55%	120,000.00
Client 4	Temporary advance payment receivable	587,006.15	Within one year	3.35%	29,350.31
Client 5	Temporary advance payment receivable	342,475.00	Over 5 years	1.95%	342,475.00
Total		9,060,487.22		51.65%	591,825.31

9. Inventories**(1) Inventory classification**

Unit: RMB

Items	Closing balance			Opening balance		
	Book balance	Provision for write-down	Carrying amount	Book balance	Provision for write-down	Carrying amount
Raw materials	548,001,181.21	18,999,285.60	529,001,895.61	496,873,293.77	18,129,480.15	478,743,813.62
Work in process	51,592,694.56		51,592,694.56	52,984,485.87		52,984,485.87
Finished Goods	1,358,885,594.43	34,589,566.63	1,324,296,027.80	1,697,435,941.37	31,380,531.72	1,666,055,409.65
Packages	4,416,020.50		4,416,020.50	5,049,945.94		5,049,945.94
Total	1,962,895,490.70	53,588,852.23	1,909,306,638.47	2,252,343,666.95	49,510,011.87	2,202,833,655.08

Does the Company need to abide by the disclosure requirements of *No. 4 Disclosure Guide of Industrial Information of Shenzhen Stock Exchange- Seeding and Planting Business of Listed Company*?

No

(2) Provision for obsolete stocks

Unit: RMB

Items	Opening balance	Increase		Decrease		Closing balance
		Provision	Provision	Reversal or written-off	Others	
Raw materials	18,129,480.15	8,506,563.96		7,636,758.52		18,999,285.60
Finished Goods	31,380,531.72	14,532,181.54		11,323,146.62		34,589,566.63
Subtotal	49,510,011.87	23,038,745.50		18,959,905.14		53,588,852.23

10. Other current assets

Unit: RMB

Items	Closing balance	Opening balance
Creditable VAT	25,973,571.64	114,822,876.93
Financial products [note]	820,376,906.17	934,144,094.08
Reverse repurchase of national debts	199,974,710.73	
Others	3,827,930.47	1,331,529.07
Total	1,050,153,119.01	1,050,298,500.08

Other notes

Note: They are financial products with principal guaranteed; of which, principal is RMB 820,000,000 and interest receivable is RMB 376,906.17.

11. Long-term equity investments

Unit: RMB

Investee	Opening balance	Increase/decrease								Closing balance	Closing balance of provision for impairment	
		Investment increased	Investment decreased	Investment profit or loss recognized by equity method	Adjustment in other comprehensive income	Changes in other equity	Cash dividend/profit declared for distribution	Provision for impairment	Others			
I. Joint ventures												
II. Affiliated companies												
Wuhan Anzai Kitchen Tools Co., Ltd.	57,828,126.15			1,367,098.18							59,195,224.33	
Subtotal	57,828,126.15			1,367,098.18							59,195,224.33	

Total	57,828,126.15			1,367,098.18						59,195,224.33
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Other notes

In net profits of Wuhan Anzai Kitchen Tools Co., Ltd. investment income owned by the Company determined according to shareholding ratio in current period totaled RMB 1,770,564.71 and amount influenced by upstream transaction was RMB 403,466.53.

12. Fixed assets

(1) Fixed assets

Unit: RMB

Items	Buildings and structures	General equipment	Special equipment	Transport facilities	Total
I. Cost:					
1. Opening balance	749,075,920.65	203,050,519.85	732,597,061.53	29,177,186.82	1,713,900,688.85
2. Increase	14,630,867.71	9,864,928.20	12,507,927.09	676,078.76	37,679,801.76
(1) Acquisition	194,005.55	9,361,405.78	2,603,983.69	676,078.76	12,835,473.78
(2) Transferred in from construction in progress	14,436,862.16	503,522.42	9,903,943.40		24,844,327.98
(3) Increase from business combination					
3. Decrease		4,474,317.79	4,632,324.98	458,745.19	9,565,387.96
(1) Disposal or scrapping		4,474,317.79	4,632,324.98	458,745.19	9,565,387.96
(2) Other					
4. Ending balance	763,706,788.36	208,441,130.26	740,472,663.64	29,394,520.39	1,742,015,102.65
II. Accumulated depreciation					
1. Beginning balance	213,796,901.08	150,990,740.90	466,976,291.03	21,292,391.95	853,056,324.96
2. Increase	12,258,156.80	9,320,240.41	28,312,264.82	1,661,376.72	51,552,038.75
(1) Provision	12,258,156.80	9,320,240.41	28,312,264.82	1,661,376.72	51,552,038.75
3. Decrease		4,273,436.95	4,322,347.88	438,332.45	9,034,117.28
(1) Disposal or scrapping		4,273,436.95	4,322,347.88	438,332.45	9,034,117.28
4. Ending balance	226,055,057.88	156,037,544.36	490,966,207.97	22,515,436.22	895,574,246.43
IV. Book value					
1. Book value at period-end	537,651,730.48	52,403,585.90	249,506,455.67	6,879,084.17	846,440,856.22

2.Book value at period-begin	535,279,019.57	52,059,778.95	265,620,770.50	7,884,794.87	860,844,363.89
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(2) Fixed assets with certificate of titles unsettled

Unit: RMB

Items	Carrying amount	Reasons for unsettlement
Transformer substation (35 kV) of Shaoxing Supor Company	4,054,772.71	For all projects completed and completed the unification for property certificates after completion and settlement procedures
No.3 plant of Shaoxing Supor Company	33,128,468.37	For all projects completed and completed the unification for property certificates after completion and settlement procedures
No.1 plant of Shaoxing Supor Company	30,379,918.71	For all projects completed and completed the unification for property certificates after completion and settlement procedures
Function cafeteria of Shaoxing Supor Company	14,785,537.47	For all projects completed and completed the unification for property certificates after completion and settlement procedures
Function dormitory of Shaoxing Supor Company	44,295,450.90	For all projects completed and completed the unification for property certificates after completion and settlement procedures
No. 8 plant of Shaoxing Supor Company	35,042,711.04	For all projects completed and completed the unification for property certificates after completion and settlement procedures
Water pump room of Shaoxing Supor Company	865,854.90	For all projects completed and completed the unification for property certificates after completion and settlement procedures
Wastes Room of Shaoxing Supor Company	148,726.83	For all projects completed and completed the unification for property certificates after completion and settlement procedures
Sewage Treatment Station of Shaoxing Supor Company	743,081.79	For all projects completed and completed the unification for property certificates after completion and settlement procedures
Gas station of Shaoxing Supor Company	1,590,397.92	For all projects completed and completed the unification for property certificates after completion and settlement procedures
No. 12 plant of Shaoxing Supor Company	14,359,053.31	For all projects completed and completed the unification for property certificates after completion and settlement procedures
Generator room of Rubber and Plastics Product Company	4,997.89	Transfer procedure of land use right certificate not settled
Water pump building and structures of P&R Products	181,309.60	Transfer procedure of land use right certificate not settled
No. 10 workshop of P&R Products	268,749.69	Transfer procedure of land use right certificate not settled
Extended plant for bakelite workshop of P&R Products	400,195.91	Transfer procedure of land use right certificate not settled
Polishing workshop of P&R Products	175,680.00	Transfer procedure of land use right certificate not settled
No. 11 plant and structures of P&R Products	3,244,267.07	Transfer procedure of land use right certificate not settled
Subtotal	183,669,174.11	

13. Construction in progress

(1)Details

Unit: RMB

Projects	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Plant construction of Shaoxing Supor Company	171,909.94		171,909.94	11,420,370.48		11,420,370.48
Equipment advance payment	22,773,213.54		22,773,213.54	18,365,645.43		18,365,645.43
Piecemeal projects	7,582,400.73		7,582,400.73	1,386,812.58		1,386,812.58
Subtotal	30,527,524.21		30,527,524.21	31,172,828.49		31,172,828.49

(2)Changes in significant projects

Unit: RMB

Projects	Budgets	Opening balance	Increase	Transferred to fixed assets	Other decrease	Closing balance	Accumulated investment to budget	Completion percentage (%)	Accumulated amount of borrowing cost capitalization	Amount of borrowing cost capitalization in current period	Annual capitalization rate (%)	Fund source
Plant construction of Shaoxing Supor Company		11,420,370.48	3,188,401.63	14,436,862.17		171,909.94						
Equipment advance payment		18,365,645.43	17,524,229.45	10,407,465.82	2,709,195.52	22,773,213.54						
Piecemeal projects		1,386,812.58	7,305,195.70	1,109,607.55		7,582,400.73						
Subtotal		31,172,828.49	28,017,826.78	25,953,935.54	2,709,195.52	30,527,524.21	--	--				--

14. Intangible assets

(1)Details

Unit: RMB

Items	Land use right	Trademark use right	Software	Total
I. Cost				
1. Opening balance	334,724,385.84	47,169,811.32	37,353,642.70	419,247,839.86
2. Increase			5,230,586.45	5,230,586.45
(1) Acquisition			4,120,978.90	4,120,978.90
(2) In-house R&D				
(3) Increase from business combination				
(4) Transfer of construction in process			1,109,607.55	1,109,607.55
3. Decrease			1,472.70	1,472.70
(1) Disposal			1,472.70	1,472.70
4. Closing balance	334,724,385.84	47,169,811.32	42,582,756.45	424,476,953.61
II. Accumulated amortization				
1. Opening balance	55,891,085.13	9,433,962.26	19,320,101.85	84,645,149.24
2. Increase	3,549,007.80	2,358,490.57	1,819,743.81	7,727,242.18
(1) Accrual	3,549,007.80	2,358,490.57	1,819,743.81	7,727,242.18
3. Decrease				
(1) Disposal				
4. Closing balance	59,440,092.93	11,792,452.83	21,139,845.66	92,372,391.42
IV. Carrying amount				
1. Closing balance	275,284,292.91	35,377,358.49	21,442,910.79	332,104,562.20
2. Opening balance	278,833,300.71	37,735,849.06	18,033,540.85	334,602,690.62

The percentage of intangible assets generated from in-house R&D in intangible assets balance 0.00%.

15. Long-term deferred expenses

Unit: RMB

Items	Opening balance	Increase in this period	Amount amortized in this period	Other amount decreased	Closing balance
improvement expenditure of fixed assets leased for	4,526,366.50		680,548.61		3,845,817.89

operation				
System upgrading fees	237,425.78		100,445.80	136,979.98
Total	4,763,792.28		780,994.41	3,982,797.87

16. Deferred tax assets and deferred tax liabilities

(1) Un-offset deferred income tax assets

Unit: RMB

Items	Closing balance		Opening balance	
	Deductible temporary difference	Deferred tax asset	Deductible temporary difference	Deferred tax asset
Provision for impairment of assets	148,584,281.55	26,903,176.37	136,843,374.81	23,992,620.53
Accrued expenses	1,099,451,934.98	212,420,141.43	823,981,363.12	155,969,381.91
Accrued payroll	51,438,806.65	8,192,165.09	49,592,612.42	7,730,616.53
Temporary difference in consolidated financial statements due to offsetting of unrealized profit or loss arising from internal transactions	38,368,898.55	8,271,593.64	35,776,030.17	5,454,902.06
Provisions	10,150,000.00	1,022,500.00	15,150,000.00	2,272,500.00
Share-based payment	45,412,125.00	10,831,671.35	109,484,200.37	18,109,647.99
Total	1,393,406,046.73	267,641,247.88	1,170,827,580.89	213,529,669.02

(2) Deferred tax liabilities before offset

Unit: RMB

Items	Closing balance		Opening balance	
	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities
Governmental subsidy for deferred tax	17,939,000.00	4,484,750.00	17,939,000.00	4,484,750.00
Total	17,939,000.00	4,484,750.00	17,939,000.00	4,484,750.00

(3) The net of deferred tax assets and deferred tax liabilities after offset

Unit: RMB

Items	Offset amount of deferred income tax assets and liabilities at period-end	Ending balance of deferred income tax assets or liabilities after offset	Offset amount of deferred income tax assets and liabilities at period-begin	Beginning balance of deferred income tax assets or liabilities after offset
Deferred tax assets		267,641,247.88		213,529,669.02

Deferred tax liabilities		4,484,750.00		4,484,750.00
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17. Accounts payable**(1) Details**

Unit: RMB

Items	Closing balance	Opening balance
Goods payment	1,185,586,736.15	1,514,629,023.36
Equipment payment	20,946,206.05	31,898,169.28
Expenses payment	1,112,525,027.70	828,786,441.26
Total	2,319,057,969.90	2,375,313,633.90

18. Advances received**(1) Details**

Unit: RMB

Items	Closing balance	Opening balance
Goods payment	475,989,646.85	1,206,020,398.54
Total	475,989,646.85	1,206,020,398.54

19. Employee benefits payable**(1) Details**

Unit: RMB

Items	Opening balance	Increase	Decrease	Closing balance
I. Short-term employee benefits	239,596,344.26	682,208,186.33	709,893,253.09	211,911,277.50
II. Post-employment benefits - defined benefit plan	2,845,082.51	41,178,125.11	40,268,657.47	3,754,550.15
III. Termination benefits	1,095,690.16	700,680.59	643,687.72	1,152,683.03
Total	243,537,116.93	724,086,992.03	750,805,598.28	216,818,510.68

(2) Details of short-term employee benefits

Unit: RMB

Items	Opening balance	Increase	Decrease	Closing balance
1. Wage, bonus, allowance and subsidy	219,828,332.11	610,402,300.80	638,905,538.83	191,325,094.08
2. Employee welfare fund	2,323,390.00	32,088,314.93	32,424,272.19	1,987,432.74

3. Social insurance premium	1,990,573.01	17,212,405.65	16,886,398.23	2,316,580.43
Including: Medicare premium	1,709,185.73	14,643,304.31	14,336,155.71	2,016,334.33
Occupational injuries premium	139,518.48	1,353,560.37	1,356,125.66	136,953.19
Maternity premium	141,868.80	1,215,540.97	1,194,116.86	163,292.91
4. Housing accumulation funds	-674.42	12,584,657.36	12,393,584.24	190,398.70
5. Trade union fund and employee education fund	15,454,723.56	9,920,507.59	9,283,459.60	16,091,771.55
Total	239,596,344.26	682,208,186.33	709,893,253.09	211,911,277.50

(3) Details of defined benefit plan

Unit: RMB

Items	Opening balance	Increase	Decrease	Closing balance
Basic endowment insurance premium	2,664,828.99	40,170,037.03	39,269,402.36	3,565,463.66
Unemployment insurance premium	180,253.52	1,008,088.08	999,255.11	189,086.49
Total	2,845,082.51	41,178,125.11	40,268,657.47	3,754,550.15

20. Taxes and rates payable

Unit: RMB

Items	Closing balance	Opening balance
VAT	26,126,202.40	757,441.38
Enterprise income tax	129,003,991.57	114,384,373.82
Individual income tax withheld for tax authorities	2,740,879.05	4,061,505.74
Urban maintenance and construction tax	2,994,794.98	3,797,570.75
Housing property tax	1,095,834.81	1,032,706.05
Land use tax	1,950,361.57	2,320,154.33
Stamp tax	1,238,085.84	1,674,088.12
Water conservancy special fund	12,741.46	12,741.46
Education surcharge	1,295,297.82	1,867,304.31
Local education surcharge	849,317.39	1,194,081.50
Total	167,307,506.89	131,101,967.46

21. Dividends payable

Unit: RMB

Items	Closing balance	Opening balance
Common stock dividends	199.21	199.21

Total	199.21	199.21
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22. Other payables

(1) Listing by nature

Unit: RMB

Items	Closing balance	Opening balance
Deposit as security	89,023,399.28	47,978,973.90
Temporary receipts payable	9,288,928.62	13,605,865.85
Others	5,905,832.54	11,671,517.96
Total	104,218,160.44	73,256,357.71

23. Long-term employee benefits payable

(1) Details

Unit: RMB

Items	Closing balance	Opening balance
II. Termination benefits	4,983,340.62	5,456,239.72
Total	4,983,340.62	5,456,239.72

24. Provisions

Unit: RMB

Items	Closing balance	Opening balance	Reasons for the balance
Pending lawsuit	10,150,000.00	15,150,000.00	Please refer to Note XIV-contingencies for details
Total	10,150,000.00	15,150,000.00	--

25. Share capital

Unit: RMB

	Opening balance	Movements (+, -)					Closing balance
		Issue of new shares	Bonus shares	Reserve transferred to shares	Others	Subtotal	
Total shares	821,287,610.00				-43,650.00	-43,650.00	821,243,960.00

Other notes:

Share capital decreased by RMB 43,650.00 in current period. The reason is for the Company's resolution in the 6th Session of the Sixth Board of Directors: Buy back 43,650 restricted shares (par value per share: RMB 1) granted to parts of equity incentive objects having leaving the Company at the price of RMB 1/share.

26. Capital reserve

Unit: RMB

Items	Opening balance	Increase	Decrease	Closing balance
Share premium	189,994,433.51		168,049,265.82	21,945,167.69
Other capital reserve	71,962,478.68	34,839,843.00		106,802,321.68
Total	261,956,912.19	34,839,843.00	168,049,265.82	128,747,489.37

Other notes (including increase and decrease in current period and variation reason):

1) Capital reserve (share premium) increased by RMB 168,049,265.82 in current period. ① In current year, the Company restored the capital reserve increased resulted from adding the Company's shares of RMB 168,049,265.82 in SSEAC's book net assets at the beginning of period to capital reserve for a retroactive adjustment for previously combined financial statement with purpose for merging SSEAC under same control in current year.

2) Other capital reserve increased by RMB 34,839,843.00 in current period. Increase reason is as follows: ① Equity-settled share-based payment RMB 31,566,045.33 in current period was included in capital reserve (other capital reserve). For details, please see Note XIII Description on share-based payment. ② Pre-tax amount deducted of expenditure with exercise relieved in share-based payment in current period was allowed to exceed the cost related to share-based payment as specified in accounting standards. Income tax effect RMB 3,273,797.67 of the excess portion was included in capital reserve-other capital reserve directly.

27. Treasure stock

Unit: RMB

Items	Opening balance	Increase	Decrease	Closing balance
Treasure stock	21,945,167.69			21,945,167.69
Total	21,945,167.69			21,945,167.69

28. Other comprehensive income (OCI)

Unit: RMB

Items	Opening balance	Current period cumulative					Closing balance
		Current period cumulative before income tax	Minus: OCI carried forward transferred to profit or loss	Minus: income tax	Attributable to parent company	Attributable to non-controlling interest	
II. Items to be reclassified subsequently to profit or loss	-29,493,764.27	575,328.18			577,283.21	-1,955.03	-28,916,481.06
Translation difference of financial statements in foreign currencies	-29,493,764.27	575,328.18			577,283.21	-1,955.03	-28,916,481.06
Total of other comprehensive income	-29,493,764.27	575,328.18			577,283.21	-1,955.03	-28,916,481.06

29. Special reserve

Unit: RMB

Items	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserve	393,893,137.71			393,893,137.71
Total	393,893,137.71			393,893,137.71

30. Undistributed profit

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Retained earnings at last period end before adjustment	3,940,017,051.62	3,594,110,982.19
Total undistributed profits at the beginning of adjustment period (increase +, decrease -)	42,653,939.66	-177,199.00
Retained profits at period beginning after adjustment	3,982,670,991.28	3,593,933,783.19
Plus: Net profit attributable to owners of the parent company	739,416,193.05	596,973,222.60
Ordinary share dividends converted to shares	590,988,931.20	486,454,969.00
Decrease of merger and adjustment of enterprises under the same control in this period	105,950,734.18	189,527,910.00
Undistributed profits at the end of the period	4,025,147,518.95	3,514,924,126.79

Adjustment of undistributed profits at period beginning:

- 1) Due to retroactive adjustment of *Accounting Standards for Enterprises* and relevant new regulations, undistributed profit at period beginning was changed by RMB 0.00.
- 2) Due to change of accounting policies, undistributed profit at period beginning was changed by RMB 0.00.
- 3) Due to rectification of major accounting errors, undistributed profit at period beginning was changed by RMB 0.00.
- 4) Due to change of combination scope resulted from same control, undistributed profit at period beginning was changed by RMB 42,653,939.66.
- 5) Due to other adjustment, undistributed profit at period beginning was changed by RMB 0.00.

31. Operating revenue/cost

Unit: RMB

Items	Current period cumulative		Preceding period comparative	
	Income	Cost	Income	Cost
Revenue from main operation	8,809,320,453.13	6,139,805,857.72	7,035,448,376.88	4,940,809,343.70
Revenue from other operation	39,839,093.35	34,103,681.16	28,451,087.62	24,568,934.30

Total	8,849,159,546.48	6,173,909,538.88	7,063,899,464.50	4,965,378,278.00
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32. Taxes and surcharge

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Urban maintenance and construction tax	30,884,909.22	26,139,207.27
Education surcharge	13,636,572.90	11,388,322.04
Housing property tax	3,604,584.86	3,546,336.96
Land use tax	2,914,398.54	2,740,942.47
Vehicle and vessel use tax	27,540.00	26,900.00
Stamp tax	4,017,826.29	2,813,028.51
Local education surcharge	8,419,257.50	7,522,172.11
Environmental protection tax	4,819.63	
Total	63,509,908.94	54,176,909.36

33. Selling expenses

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Advertising, sales promotion, and special gift expenses	922,951,908.01	701,360,818.76
Transportation expenses	213,502,181.24	187,093,044.60
Employee benefits	228,170,020.15	184,854,203.59
Office and business traveling expenses	54,216,267.30	44,623,422.05
Others	31,911,050.48	19,525,770.27
Total	1,450,751,427.18	1,137,457,259.27

34. Administrative expenses

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Employee benefits	96,711,601.48	90,974,924.46
Products development and experiment expenses	79,564,146.28	65,813,514.10
Office, business travelling and depreciation and amortization expenses	34,331,007.33	26,561,256.88
Taxes	789.67	4,926.74
Share incentive expenses	31,566,045.33	2,892,855.60

Others	18,706,606.19	20,586,564.20
Total	260,880,196.28	206,834,041.98

35. Financial expenses

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Interest proceeds	-5,098,571.17	-4,222,238.83
Gain or loss on foreign exchange	259,339.39	2,006,893.31
Handling charges and others	316,506.96	231,518.81
Exchange gain or loss of hedging	390,800.00	
Total	-4,131,924.83	-1,983,826.71

36. Assets impairment loss

Unit: RMB

Items	Current period cumulative	Preceding period comparative
I. Bad debts	2,396,481.31	6,551,079.96
II. Inventory write-down loss	4,011,825.12	-3,062,839.45
III. Impairment loss of ready-for-sales financial assets		-300,000.00
Total	6,408,306.43	3,188,240.51

37. Gains on changes in fair value

Unit: RMB

Resource for gains from changes of fair value	Current period cumulative	Preceding period comparative
Variation in fair value of financial products	-15,057,800.76	2,346,163.51
Monetary fund	1,080,283.28	
Total	-13,977,517.48	2,346,163.51

38. Investment income

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Investment income from long-term equity investments under the equity method	1,770,564.71	1,822,909.46
Investment income from financial products	44,764,488.69	23,172,697.86

Loss of ready-for-sales financial assets		-299,999.00
Investment income of financial assets in holding period	74,710.73	
Total	46,609,764.13	24,695,608.32

39. Assets disposal income

Unit: RMB

Source of assets disposed income	Current period cumulative	Preceding period comparative
Profits for non-current assets disposal	722,053.59	146,771.57
Total	722,053.59	146,771.57

40. Other income

Unit: RMB

Source of other incomes	Current period cumulative	Preceding period comparative
Government subsidy	298,613.08	
Government reward	1,944,980.00	
Tax returns	1,947,470.40	
Total	4,191,063.48	

41. Non-operating revenue

Unit: RMB

Items	Current period cumulative	Preceding period comparative	Amount included in non-recurring profit or loss
Government grants		18,552,601.20	
Gains from disposal of non-current assets	483,935.74	1,436,054.78	483,935.74
Including: Profits for fixed assets disposal	483,935.74	1,436,054.78	483,935.74
Default fine revenue	915,487.00	1,901,859.67	915,487.00
Others	5,704,047.35	1,410,724.59	5,704,047.35
Total	7,103,470.09	23,223,631.54	7,103,470.09

42. Non-operating expenditures

Unit: RMB

Items	Current period cumulative	Preceding period comparative	Amount included in non-recurring profit or loss
Donation expenditures	30,000.00	1,300,000.00	30,000.00
Losses on disposal of non-current assets	374,977.73	2,108,069.92	374,977.73
Including: Losses on disposal of fixed assets	374,977.73	2,108,069.92	374,977.73
Indemnity expenditure	0	8,000,000.00	
Default fine expenditure	730,085.96	665,986.60	730,085.96
Water conservancy special fund	0	4,205.65	
Others	442,924.34	62,896.54	442,924.34
Total	1,577,988.03	12,141,158.71	1,577,988.03

43. Income tax expenses

(1) Details

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Current period income tax expenses	267,246,416.60	183,158,334.30
Deferred income tax expenses	-65,180,062.25	-49,483,195.61
Total	202,066,354.35	133,675,138.69

(2) Reconciliation of accounting profit to income tax expenses

Unit: RMB

Items	Current period cumulative
Profit before tax	940,902,939.38
Income tax expenses based on statutory/applicable tax rate	235,225,734.85
Effect of different tax rate applicable to subsidiaries	-34,561,086.32
Effect of prior income tax reconciliation	1,958,904.60
Effect of non-taxable income	-442,641.18
Effect of non-deductible costs, expenses and losses	9,886.16
Effect of deductible temporary differences or deductible losses not recognized	577,695.08
Other influence such as equal to sales	-702,138.84
Income tax expense	202,066,354.35

44. Other comprehensive income, net of income tax

Please refer to notes to other comprehensive income for details.

45. Notes to items of the consolidated cash flow statement**(1) Other cash receipts related to operating activities**

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Receipt of government grants	4,191,063.48	18,555,601.20
Receipt of deposit and staff reserve fund loan	47,408,725.51	3,660,744.71
Receipt of interest from bank deposit and others	5,758,153.53	5,882,915.43
Total	57,357,942.52	28,099,261.34

(2) Other cash payments related to operating activities

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Cash payment for sales expense	265,335,550.22	200,043,453.24
Cash payment for management expenses	118,248,851.89	91,571,168.61
Donations payment	30,000.00	1,300,000.00
Other payments	7,155,497.90	7,062,115.84
Total	390,769,900.01	299,976,737.69

(3) Other cash receipts related to investing activities

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Cash receipt from recovery of financial products principal and interest of time deposit	2,950,100,000.00	1,181,021,998.45
Total	2,950,100,000.00	1,181,021,998.45

(4) Other cash payments related to investing activities

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Cash payment for financial products and time deposit	2,759,909,995.00	1,464,000,000.00

Total	2,759,909,995.00	1,464,000,000.00
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46. Supplement information to the cash flow statement

(1) Supplement information to the cash flow statement

Unit: RMB

Supplement information	Current period cumulative	Preceding period comparative
(1) Reconciliation of net profit to cash flow from operating activities:	--	--
Net profit	738,836,585.03	603,444,439.63
Plus: Provision for assets impairment loss	6,408,306.43	2,734,475.21
Depreciation of fixed assets, oil and gas assets, productive biological assets	51,552,038.75	47,794,646.25
Amortization of intangible assets	7,727,242.18	6,944,732.20
Amortization of long-term deferred expenses	780,994.41	947,559.95
Loss on disposal of fixed assets, intangible assets and other non-current assets (Minus: gains)	-722,053.59	-1,284,698.32
Fixed assets retirement loss (Minus: gains)	-118,061.31	1,828,330.86
Losses on changes in fair value (Minus: gains)	13,977,517.48	-2,346,163.53
Financial expenses (Minus: gains)	650,139.39	1,411,172.46
Investments losses (Minus: gains)	-46,609,764.13	-24,695,608.30
Decrease of deferred tax assets (Minus: increase)	-65,180,062.25	-67,348,676.40
Increase of deferred tax liabilities (Minus: decrease)		663,173.32
Decrease in inventories (Minus: increase)	289,448,176.25	407,682,999.88
Decrease in operating receivables (Minus: increase)	-5,145,728.85	136,683,199.51
Increase of operating payables (Minus: decrease)	-598,274,537.67	-541,290,470.87
Net cash flow from operating activities	393,330,792.12	573,169,111.85
(2) Significant investing and financing activities not related to cash receipts and payments:	--	--
(3) Net changes in cash and cash equivalents:	--	--
Cash at the end of the period	569,968,081.57	570,970,325.71
Minus: Cash at the beginning of the period	853,579,891.21	851,401,131.26
Net increase of cash and cash equivalents	-283,611,809.64	-280,430,805.55

(2) Net cash paid for acquiring subsidiaries in this period

Unit: RMB

Items	Amount
Cash or cash equivalents paid for business merge in this reporting period	274,000,000.00
Minus: cash or cash equivalents held by the subsidiary on the acquisition date	109,941,352.84
Net cash paid for acquiring subsidiary	164,058,647.16

(3) Cash and cash equivalents

Unit: RMB

Items	Closing balance	Beginning balance
I. Cash	569,968,081.57	853,579,891.21
Including: Cash on hand	1,188,893.42	110,122.63
Cash in bank on demand for payment	555,656,317.19	845,149,686.37
Other cash and bank balances on demand for payment	13,122,870.96	8,320,082.21
III. Balance of cash and cash equivalents at the end of the period	569,968,081.57	853,579,891.21

47. Assets with title or use right restrictions

Unit: RMB

Items	Closing carrying amount	Reasons for restrictions
Cash and bank balances	16,000,000.00	Time deposits for investment purposes and deposit for L/C
Total	16,000,000.00	--

48. Monetary items in foreign currencies**(1) Monetary items in foreign currencies**

Unit: RMB

Items	Closing balance in foreign currencies	Exchange rate	RMB equivalent
Including: USD	5,473,071.31	6.6166	36,213,123.66
EUR	990,417.48	7.6515	7,578,179.38
HKD	20.12	0.8431	16.96
GBP	11.45	8.6550	99.10
VND	20,447,298,162.14	0.000288242	5,893,774.47

Singapore Dollars	984,732.42	4.8386	4,764,726.28
Including: USD	16,111,564.50	6.6166	106,603,777.67
EUR	177,785.26	7.6515	1,360,323.92
VND	59,031,160,170.90	0.000288242	17,015,272.25
Singapore Dollar	12,196.99	4.8386	59,016.36

(2) Descriptions of overseas operation entity, including critical overseas operation entities. The main overseas operating site, recording currency and basis of selection should be disclosed and if the recording currency is changed, the cause should also be disclosed.

Applicable Not Applicable

VIII. Changes in the Consolidated Scope

1. Business merger under identical control

(1) Business merger under identical control in current period

Unit: RMB

Combined party	Ratio of equity obtained in business merger	Basis of business merger under identical control	Combining date	Determination basis of combining date	Income of combined party from the beginning of current period to combining date	Net profit of combined party from the beginning of current period to combining date	Income of combined party in comparison period	Net profit of combined party in comparison period
Shanghai SEB Electrical Appliances Co., Ltd.	100.00%	SSEAC and the Group are under SEB's ultimate control before and after merger; the merger is not temporary.	January 25, 2018	Payment	27,390,951.61	2,747,889.97	154,432,831.43	6,165,139.05

(2) Merger cost

Unit: RMB

Merger cost	Amount
--Cash	274,000,000.00

(3) Book value of assets and liabilities of combined party on combining date

Unit: RMB

	Combining date	Amount at the end of last period
Assets:		
Monetary capital	109,941,352.84	89,938,530.28
Accounts receivable	90,496,303.35	111,749,164.06
Inventory	21,409,029.06	16,934,163.36
Fixed assets	31,418,200.25	31,646,712.11
Intangible assets		
Other assets	38,202,528.13	42,079,910.19
Liabilities:		
Loan		
Account payable	78,016,318.95	81,645,274.53
Net assets	213,451,094.68	210,703,205.48
Minus: Minority equity		
Net assets obtained	213,451,094.68	210,703,205.48

Contingent liability of combined party assumed in business merger:

None

Other notes:

For subsidiary and business increased under identical control, the Company adjusted beginning balance in consolidated balance sheet upon preparing combined financial statement and included income, expenses, profits and cash flow of the subsidiary from the beginning of this year to the end of reporting period into consolidated statement of income or cash flow statement. Meanwhile, the Company made adjustment after comparing relevant items in statement; reporting entity after merger was regarded to exist since control of ultimate controlling party.

IX. Equity in Other Entities**1. Equity in subsidiaries****(1) Structure of enterprise Group**

Subsidiaries	Main operating place	Place of registration	Business nature	Holding proportion (%)		Acquisition method
				Direct	Indirect	
(Zhejiang Supor Electrical Appliance Manufacturing Co., Ltd. *) [Note 1]	Hangzhou	Hangzhou	Manufacturing industry	100.00%		Establishment
(Zhejiang Shaoxing Supor Domestic Electrical Appliances Co., Ltd.*) [Note	Shaoxing	Shaoxing	Manufacturing industry	100.00%		Establishment

[1]						
(Supor (Vietnam) Co., Ltd.)* [Note 1]	Vietnam	Vietnam	Manufacturing industry	100.00%		Establishment
(Wuhan Supor Recycling Co., Ltd.)* [Note 1]	Wuhan	Wuhan	Commerce	100.00%		Establishment
(Wuhan Supor Cookware Co., Ltd.)* [Note 1]& [Note 2]	Wuhan	Wuhan	Manufacturing industry	25.00%	75.00%	Establishment
(Hangzhou Omega Commercial Trade Co., Ltd.)* [Note 1]	Hangzhou	Hangzhou	Commerce	100.00%		Establishment
(Shanghai Supor Cookware Marketing Co., Ltd.)* [Note 1]	Shanghai	Shanghai	Commerce	100.00%		Establishment
(Wuhan Supor Pressure Cooker Co., Ltd.)* [Note 1]	Wuhan	Wuhan	Manufacturing industry	100.00%		Business combination under common control
(Zhejiang Supor Plastic & Rubber Co., Ltd.)* [Note 1]	Yuhuan	Yuhuan	Manufacturing industry	100.00%		Business combination under common control
(Wuhan Supor Co., Ltd.)* [Note 1]	Wuhan	Wuhan	Manufacturing industry	100.00%		Business combination under common control
(Yuhuan Supor cookware saels Co., Ltd.)* [Note 1] [Note 5]	Yuhuan	Yuhuan	Commerce	100.00%		Business combination under common control
SEADA [Note 1]	Singapore	Singapore	Commerce	51.00%		Business combination under common control
AFS Vietnam Management Co., Ltd. [Note 1] [Note 3]	Vietnam	Vietnam	Commerce		100.00%	Business combination under common control
WMF (Shanghai) Co., Ltd [Note 4]	Shanghai	Shanghai	Manufacturing industry	100.00%		Establishment
Shanghai SEB Electrical Appliances Co., Ltd. [Note 1] [Note 6]	Shanghai	Shanghai	Manufacturing industry	100.00%		Business combination under common control

Descriptions of difference of shareholding ratio in subsidiary from voting power:

None

Basis of controlling invested company with half voting power or below or not controlling invested company with more than half voting power:

None

Basis of controlling major structural body brought into the consolidation scope:

None

Basis of determining if the Company is an agent or client:

None

Other notes:

Note 1: The following are abbreviations short names: Zhejiang Household Appliances Company, Shaoxing Supor Company, Vietnam Supor Company, Wuhan Recycling Company, Wuhan Cookware Company, Omega Company, Shanghai Sales Company, Wuhan Pressure Cooker Company, Rubber and Plastics Product Company, Wuhan g Supor Company, Yuhua cookware sales Company, SEADA, AFS, WMF (Shanghai) Company and SSEAC.

Note 2: The Company is subsidiary of Wuhan Supor Pressure Cooker Co., Ltd.; of which, Wuhan Supor Pressure Cooker Co., Ltd.

holds 75% shares and the Company holds 25% shares.

Note 3: AFS is a subsidiary, of which shares are totally held by SEADA.

Note 4: WMF (Shanghai) Co., Ltd is subsidiary invested and established by the Company in 2017, which is focused on consumer product business of WMF's Chinese market. For details, please see Note 14 Commitments and contingencies. In 2017, the Company had no actual business and only completed RMB 20,000,000 capital registration. In 2018, the Company has started production and operation business as planned. In this reporting period, it completed registered capital of RMB 30,000,000, putting all registered capital in place.

Note 5: The Company was previously named Yuhuan Supor Recycling Co., Ltd, and was renamed Yuhuan Supor Cookware Sales Co., Ltd. in October 13, 2017.

Note 6: The acquisition is recognized as the business merger under same control because controlling shareholder SEB INTERNATIONALE S.A.S held 100% equity interest of SSEAC.

(2) Significant not wholly-owned subsidiaries

Unit: RMB

Subsidiaries	Holding proportion of non-controlling interest	Profit or loss attributable to non-controlling interest	Dividend declared to non-controlling interest	Balance of rights and interests of minority shareholders at the end of the period
SEADA	49.00%	-581,563.05		241,709.84

(3) Main financial information of significant not wholly-owned subsidiaries

Unit: RMB

Subsidiaries	Closing balance						Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
SEADA	11,258,363.70	2,502,586.68	13,760,950.38	10,774,665.34		10,774,665.34	7,993,207.88	171,285.36	8,164,493.24	6,388,945.94		6,388,945.94
Wuhan Cookware												
Wuhan PC												
P & R												
Wuhan Supor												
Yuhuan Recycling												

Unit: RMB

Subsidiaries	Current period cumulative				Preceding period comparative			
	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities
SEADA	2,986,285.04	-1,182,873.48	-1,182,873.48	3,034,202.05	1,697,351.13	-760,827.11	-760,827.11	-1,035,331.18
Wuhan Cookware					1,665,912,484.39	94,125,574.06	94,125,574.06	263,025,622.28
Wuhan PC					8,000,000.04	385,955.64	385,955.64	5,238,030.27
P & R					87,748,671.25	3,405,628.40	3,405,628.40	-27,059,441.81
Wuhan Supor						-157,655.41	-157,655.41	-447,315.22
Yuhuan Recycling						-47.99	-47.99	-4,937.13

2. Equity in joint venture or associates

(1) Significant joint venture or associates

Name of joint venture or associate	Main operating site	Registered office	Business nature	Shareholding ratio		Accounting method for the investment in joint venture or associates
				Direct	Indirect	
Wuhan Anzai Cookware Co., Ltd.	Wuhan	Wuhan	Manufacturing industry	30.00%		Equity method

Description of the difference between the shareholding ratio and voting power of joint venture or associates:

Basis of joint venture or associates with voting power below 20% but having significant influence, or joint venture or associates with 20% or more voting power but having no significant influence:

(2) Main financial information of significant joint venture

Unit: RMB

	Closing balance/current period cumulative	Opening balance/preceding period comparative
Current assets	105,087,770.99	126,526,569.90
Non-current assets	54,985,784.02	54,460,458.69
Total assets	160,073,555.01	180,987,028.59

Current liabilities	37,100,954.35	62,471,421.82
Non-current liabilities	940,000.00	1,040,000.00
Total liabilities	38,040,954.35	63,511,421.82
Minority interests		
Equity attributable to owners of parent company	122,032,600.66	117,475,606.77
Proportionate share in net assets	36,609,780.20	35,242,682.02
Adjusting events	22,585,444.13	22,585,444.13
Goodwill	22,585,444.13	22,585,444.13
--Profits not realized by internal transaction		
Others		
Carrying amount of investments in joint ventures	59,195,224.33	57,828,126.15
Fair value of the equity investment of associates with public offer		
Operating revenue	151,642,848.04	149,568,084.76
Net profit	5,620,490.79	4,839,759.32
Net profit of discontinued operations		
Other comprehensive income		
Total comprehensive income	5,620,490.79	4,839,759.32
Dividends received from associates in current year		

X. Risks Related to Financial Instruments

The Company aims to seek the appropriate balance between the risks and benefits from its use of financial instruments and to mitigate the adverse effects that the risks of financial instruments have on the Company's financial performance. Based on such objectives, the Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

The Company has exposure to the following risks from its use of financial instruments, which mainly include: credit risk, liquidity risk, and market risk. Management have deliberated and approved policies concerning such risks, and details are:

(I) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Company's credit risk is primarily attributable to receivables. In order to control such risks, the Company has taken the following measures:

1. Notes receivable

Notes receivable of the Company is mainly bank acceptance receivable. The Company conducts ongoing monitoring on receivables, to avoid significant risks in bad debts.

2. Accounts receivable

The Company only conducts business with credible and well-reputed third parties. According to the Company's policies, credit

evaluations are performed on all customers to determine the credit limit and terms applicable to the customers. In addition, the Company conducts ongoing monitoring on receivables, to avoid significant risks in bad debts.

(1) Continue to strengthen risk awareness, strengthen risk management of accounts receivable and strengthen internal control of customer credit policy management. Customer credit policy adjustments are required to pass the necessary approval procedures.

(2) Keep detailed business records and accounting work, and use the records as important reference for future credit rating. Keep real time updating on customers' information and learn their latest credit situation, in order to make suitable credit policies.

As the Company only conducts business with credible and well-reputed third parties, normally, does not obtain collateral from customers. The Company manages credit risk aggregated by customers. As of June 30, 2018, the Company's risks were centered in certain credit risks, and 59.44% (December 31, 2017: 74.76%) of the total accounts receivable was due from the related party of the Company SEB ASIA LTD. The Company expects this customer accounts receivable credit risk is relatively low. As the Company's credit risks fall into several business partners and customers, as of June 30, 2018, 12.42% (December 31, 2017: 7.58%) of the total accounts receivable was due from the five largest customers of the Company after deducting receivables from related parties SEB ASIA LTD. The Company has no significant central credit risk.

3. Other receivables

Other receivables of the Company are mainly export rebate receivable, etc. The Company performed collective management and ongoing monitoring on such receivables and related business to avoid significant risks in bad debts.

(1) Analysis of receivables not past due but impaired and receivables past due but not impaired are as follows:

Unit: RMB

Items	Closing balance				Total
	Neither past due nor impaired	Past due but not impaired			
		Within one year	1-2 years	Over 2 years	
Notes receivable	678,812,943.86				678,812,943.86
Subtotal	678,812,943.86				678,812,943.86

(Continued)

Items	Opening balance				Total
	Neither past due nor impaired	Past due but not impaired			
		Within one year	1-2 years	Over 2 years	
Notes receivable	678,723,166.23				678,723,166.23
Subtotal	678,723,166.23				678,723,166.23

(2) Please refer to notes to receivables for receivables with provision for impairment made on individual basis.

(II) Liquidity risk

Liquidity risk is the risk that the Company may encounter deficiency of funds in meeting obligations associated with cash or other financial assets settlement, which is possibly attributable to failure in selling financial assets at fair value on a timely basis, or failure in collecting liabilities from counterparts of contracts, or early redemption of debts, or failure in achieving estimated cash flows.

In order to control such risk, the Company optimizes financing structures, and finally maintains a balance between financing sustainability and flexibility.

Financial instruments classified based on remaining time period till maturity

Unit: RMB

Items	Closing balance				
	Carrying amount	Contract amount not yet discounted	Within one year	1-3 years	Over 3 years
Financial assets					

Cash and bank balances	585,968,081.57		585,968,081.57	
Financial assets at fair value through profit or loss	1,001,552,979.35		1,001,552,979.35	
Notes receivable	678,812,943.86		678,812,943.86	
Accounts receivable	1,583,377,542.73		1,583,377,542.73	
Interest receivable	1,280,452.50		1,280,452.50	
Other receivables	15,581,684.30		15,581,684.30	
Other current assets [Note]	1,020,351,616.90		1,020,351,616.90	
Subtotal	4,886,925,301.21		4,886,925,301.21	
Financial liabilities				
Accounts payable	2,319,057,969.90		2,319,057,969.90	
Other payables	104,218,160.44		104,218,160.44	
Subtotal	2,423,276,130.34		2,423,276,130.34	

Note: They are the financial products purchased and Reverse repurchase of national debts.

(Continued)

Items	Opening balance				
	Carrying amount	Contract amount not yet discounted	Within one year	1-3 years	Over 3 years
Financial assets					
Cash and bank balances	869,579,891.21		869,579,891.21		
Financial assets at fair value through profit or loss	1,305,530,496.83		1,305,530,496.83		
Notes receivable	678,723,166.23		678,723,166.23		
Accounts receivable	1,499,455,664.22		1,499,455,664.22		
Interest receivable	1,983,860.05		1,983,860.05		
Other receivables	25,082,159.75		25,082,159.75		
Other current assets [Note]	934,144,094.08		934,144,094.08		
Subtotal	5,314,499,332.37		5,314,499,332.37		
Financial liabilities					
Accounts payable	2,375,313,633.90		2,375,313,633.90		
Other payables	73,256,357.71		73,256,357.71		
Subtotal	2,448,569,991.61		2,448,569,991.61		

Note: The financial products purchased.

(III) Market risk

Market risk is the risk that the Company may encounter fluctuation in fair value of financial instruments or future cash flows due to changes in market price.

1. Interest risk

Interest risk is the risk that an enterprise may encounter fluctuation in fair value of financial instruments or future cash flows due to changes in market interest.

As of June 30, 2018, balance of borrowings is zero, the Company's gross profit and equity will not be significantly affected by

interest risk.

2. Foreign currency risk

Foreign currency risk is the risk arising from changes in exchange rate. The Company's foreign currency risk relates mainly to foreign currency monetary assets and liabilities. When short-term imbalance occurred to foreign currency assets and liabilities, the Company may trade foreign currency at market exchange rate when necessary, in order to maintain the net risk exposure within an acceptable level.

Please refer to notes to others - monetary items in foreign currencies for details in foreign currency financial assets and liabilities at the end of the period.

XI. Fair Value Disclosure

1. Details of fair value of assets and liabilities at fair value at the balance sheet date

Unit: RMB

Items	Fair value as of the balance sheet date			
	Level 1	Level 2	Level 1	Total
I. Recurring fair value measurement	--	--	--	--
(i) Financial assets at fair value through profit or loss	1,001,552,979.35			1,001,552,979.35
2. Financial assets measured at fair value with variation included in current profits and losses	1,001,552,979.35			1,001,552,979.35
(1) Debt instruments investment				
Total assets continuously measured at fair value	1,001,552,979.35			1,001,552,979.35
II. Non-continued measurement of fair value	--	--	--	--

XII. Related Party Relationships and Transactions

1. Parent company

Parent company	Place of registration	Business nature	Registered capital	Holding proportion over the Company (%)	Voting right proportion over the Company (%)
SEB INTERNATIONALE S.A.S	France	Investment company	EUR 830 Million	81.18%	81.18%

Remarks on the parent company

Business scope of the parent company: equity participation in all kinds of French and overseas enterprises (regardless operation purpose), namely, purchase and subscription of shares, bonds, company shares and interest, various securities and marketable securities, and transfer of such securities or notes, all financial operations related to equity participation, purchase, manufacturing and selling of home appliance for the purpose of distribution and rendering of relevant services, all activities directly or indirectly contributing to the realization of these operations, particularly in the areas of movable properties, real estate, finance, commerce and industry operation.

The Company's ultimate controlling party is SEB S.A.

Other remarks:

None

2. Company's subsidiaries

Please refer notes to interest in other entities for details on the Company's subsidiaries.

3. Joint ventures and associates of the Company

Please refer to notes to equity in other entities for details on the Company's significant joint ventures and associates.

Details of other joint ventures or associates carrying out related party transactions with the Company in current period or in preceding period but with balance in current period are as follows:

Joint ventures or associates	Relationships with the Company
Wuhan Anzai Cookware Co., Ltd.	Associate

Other remarks

None

4. Other related parties of the Company

Related party	Relationships with the Company
SEB S.A.	Holding shareholder of SEB Internationale S.A.S.
SEB ASIA LTD.	Same controlling shareholder
TEFAL S.A.S	Same controlling shareholder with the controlling shareholder
ALL-CLAD METALCRAFTERS LLC	Same controlling shareholder with the controlling shareholder
S.A.S SEB	Same controlling shareholder with the controlling shareholder
SEB INTERNATIONAL SERVICE S.A.S	Same controlling shareholder with the controlling shareholder
LAGOSTINA S.P.A.	Same controlling shareholder with the controlling shareholder
GROUPE SEB COLOMBIA S.A	Same controlling shareholder
S.A.S GROUPE SEB MOULINEX	Same controlling shareholder with the controlling shareholder
GROUPE SEB EXPORT	Same controlling shareholder with the controlling shareholder
SEB DEVELOPPMENT SAS	Same controlling shareholder with the controlling shareholder
ROWENTA FRANCE	Same controlling shareholder with the controlling shareholder
IMUSA USA LLC	Same controlling shareholder with the controlling shareholder
SEB DO BRASIL PRODUT	Same controlling shareholder
CALOR SAS	Same controlling shareholder with the controlling shareholder
Supor Group	Company controlled by related natural person
Hangzhou Supor Property Management Co., Ltd.	Company controlled by related natural person

ETHERA	Same controlling shareholder
SEB CZECH REPUBLIC	Same controlling shareholder
WMF CONSUMER ELECTRIC GMBH	Same controlling shareholder
WMF Consumer Goods (Shanghai) Co, Ltd.	Same controlling shareholder
WMF Groupe Gmbh	Same controlling shareholder
VIETNAM FAN JOINT STOCK COMPANY	Same controlling shareholder
EMSA Taicang Co. Ltd	Same controlling shareholder
EMSA GmbH	Same controlling shareholder
WMF (HE SHAN) MANUFACTURING COMPANY LIMITED	Same controlling shareholder

5. Related party transactions

(1) Purchase and sale of goods, rendering and receiving services

Purchase of goods and receiving of services

Unit: RMB

Related parties	Content of transaction	Current period cumulative	Transaction quota granted	Whether or not exceeding transaction quota	Preceding period comparative
Wuhan Anzai Cookware Co., Ltd.	Finished products	112,854,985.27			154,403,313.96
Wuhan Anzai Cookware Co., Ltd.	Accessories	26,268,860.66			
GROUPE SEB EXPORT	Finished products	8,020,735.60			1,907,975.22
SEB ASIA LTD.	Mold cost	5,381,660.78			2,118,810.32
SEB ASIA LTD.	Testing cost	1,337,693.58			195,942.00
SEB INTERNATIONAL SERVICE SAS	Finished products	84,580.91			61,800.46
S.A.S. SEB	Accessories	223,297.97			63,942.74
S.A.S. SEB	Testing cost	825,436.83			367,421.68
S.A.S. GROUPE SEB MOULINEX	Accessories	4,577,675.32			10,245,074.86
S.A.S. GROUPE SEB MOULINEX	Sample cost	49,930.50			5,446.09
LAGOSTINA S.P.A.	Finished products	2,208,672.80			1,499,480.33
TEFAL S.A.S.	Accessories	1,244,832.78			1,143,372.55
CALOR SAS	Accessories	5,677,059.67			7,315,263.00

CALOR SAS	Sample cos	1,806,351.19			154,916.00
ETHERA	Accessories	2,034,853.03			
WMF Group Gmbh	Finished products	26,012,423.33			
WMF CONSUMER ELECTRIC GMBH	Service cost				719,991.00
Emsa Taicang Co., Ltd.	Finished products	141,358.99			
WMF Consumer Goods (Shanghai) Co, Ltd.	Finished products	76,827,345.90			
WMF Consumer Goods (Shanghai) Co, Ltd.	Accessories	53,439.10			
WMF Consumer Goods (Shanghai) Co, Ltd.	Service cost	1,962,252.09			
WMF Consumer Goods (Shanghai) Co, Ltd.	Fixed assets	8,496,036.92			
WMF Consumer Goods (Shanghai) Co, Ltd.	Intangible assets	677,879.70			
WMF (HE SHAN) MANUFACTURING COMPANY LIMITED	Finished products	1,601,892.90			
EMSA GmbH	Accessories	1,334,383.65			
SEB DEVELOPPEMENT SAS	Mold cost				7,700.28
VIETNAM FAN JOINT STOCK COMPANY	Service cost				1,046,845.44

Sale of goods and rendering of services

Unit: RMB

Related parties	Content of transaction	Current period cumulative	Preceding period comparative
SEB ASIA LTD.	Finished products	1,761,436,593.14	1,615,095,590.70
SEB ASIA LTD.	Accessories	2,714,763.18	4,979,803.33
S.A.S. SEB	Finished products	10,303,743.78	9,630,163.80
S.A.S. SEB	Accessories	779,537.16	607,477.00
TEFAL S.A.S.	Finished products	4,817,373.56	4,895,993.05
TEFAL S.A.S.	Accessories	5,336,111.31	7,928,371.54
S.A.S. GROUPE SEB MOULINEX	Finished products	16,406,425.72	18,343,002.89
S.A.S. GROUPE SEB MOULINEX	Accessories		132,577.16

Supor Group	Finished products	3,217,799.30	4,238,709.25
SEB INTERNATIONAL SERVICE S.A.S.	Finished products	317,758.85	313,136.10
SEB INTERNATIONAL SERVICE S.A.S.	Accessories	3,592,224.41	3,592,434.94
Wuhan Anzai Cookware Co., Ltd.	Accessories		2,418.97
GROUPE SEB COLOMBIA S.A	Accessories	17,183.06	62,790.60
LAGOSTINA S.P.A.	Finished products	211,448.91	64,041.92
LAGOSTINA S.P.A.	Accessories	613,083.59	631,888.66
ALL-CLAD METALCRAFTERS LLC	Finished products	219,625.22	167,227.04
IMUSA USA LLC	Finished products	1,445,558.98	
WMF Consumer Goods (Shanghai) Co, Ltd.	Finished products	2,839,853.17	
WMF Groupe Gmbh	Finished products	1,250,588.22	
WMF CONSUMER ELECTRIC GMBH	Finished products	12,596,349.95	20,310,682.92
WMF CONSUMER ELECTRIC GMBH	Accessories		2,630.27
VIETNAM FAN JOINT STOCK COMPANY	Finished products	22,350,723.25	39,270,622.26
GROUPE SEB CANADA INC	Finished products	640,927.54	
CALOR SAS	Finished products	11,068,825.13	15,721,575.00

Descriptions of connected transactions of commodity sales and purchase, provision and acceptance of labor service

(2) Related party leases

The Company serves as the Lessee:

Unit: RMB

Lessor	Lessees	Lease income for current period	Lease income for the preceding period
Supor Group Co., Ltd.	The Company	377,579.75	234,484.20
Supor Group Co., Ltd.	Wuhan Cookware	1,411,574.75	1,053,895.00
Supor Group Co., Ltd.	Omegna	117,096.84	118,723.20
Supor Group Co., Ltd.	Zhejiang Supor Electrical	1,946,032.96	1,861,422.86
Supor Group Co., Ltd.	Wuhan Supor	Temporarily not collect rent	Temporarily not collect

			rent
Supor Group Co., Ltd.	P&R		17,942.16
WMF Consumer Goods (Shanghai) Co., Ltd.	WMF (Shanghai) Co., Ltd	962,520.09	

(3) Key management's emoluments

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Key management's emoluments	5,263,164.94	2,817,308.69

(4) Other related party transactions

(1) Water and electricity fee

Selling parties	Purchasing parties	Current period cumulative	Preceding period comparative
Supor Group Co., Ltd	Zhejiang Supor Electrical	205,572.68	115,918.91
	Wuhan Cookware	101,499.35	160,598.95
	Omegna	10,806.40	12,623.60
	The Company	353,532.29	258,553.92

(2) Property management fee and berth fee

Service renderer	Purchasing parties	Current period cumulative	Preceding period comparative
Hangzhou Supor Property Management Co., Ltd.	Wuhan Cookware	150,845.67	90,932.40
	Omegna	6,148.00	12,349.40
	The Company	48,000.00	67,682.39
	Zhejiang Supor Electrical	227,633.13	250,880.58

(3) Consulting fee

Service renderer	Service receiver	Current period cumulative	Preceding period comparative
SEB ASIA LTD.	The Company	1,161,963.11	2,037,169.23
	Wuhan Cookware	715,726.98	715,726.98
	Shaoxing Supor	1,004,094.00	1,004,092.98
	Zhejiang Supor Electrical	648,168.00	1,506,253.54

(4) Cost of international shopping center

Service renderer	Service receiver	Current period cumulative	Preceding period comparative
SEB DEVELOPMENT SAS	Shaoxing Supor	3,671,220.00	3,671,221.98
	Zhejiang Supor Electrical	2,838,780.00	2,838,778.02
	Wuhan Cookware	6,510,000.00	6,510,000.00

(5) Pursuant to the *Technical License Contract* entered into between Wuhan Supor Cookware Co., Ltd. and TEFAL S.A.S on January 21, 2009, TEFAL S.A.S licensed Wuhan Supor Cookware Co., Ltd. compensated use of its patent of "heating element covered with color-changing decorative layer", and patent use charges are accrued at 3% of revenue from sales of products using licensed patent. In the current period, Wuhan Supor Cookware Co., Ltd. accrued patent use charges of RMB 7,034,871.17, and as of June 30, 2018, a balance of RMB 3,644,835.62 has not been paid.

(6) Pursuant to the *Technical License Contract* entered into between Wuhan Supor Cookware Co., Ltd. And SEB S.A. on December

29, 2013, SEB S.A. licensed Wuhan Supor Cookware Co., Ltd. compensated use of its patent of “with the safety valve of elastomer used in pressure cooking” and other four utility patents, and patents use charges are accrued at 3% of revenue from sales of products using licensed patent. In the current period, Wuhan Supor Cookware Co., Ltd. accrued patent use charges of RMB 220,379.3, and as of June 30, 2018, a balance of RMB 109,410.42 has not been paid.

(7) Pursuant to the *Technical License Contract* entered into between Wuhan Supor Cookware Co., Ltd. and LAGOSTINA SPA. on December 15, 2014, LAGOSTINA SPA. licensed Wuhan Supor Cookware Co., Ltd. compensated use of its patent of “home appliances is equipped with elastomer relief valve used for cooking food under pressure” other five utility patents, and patent use charges are accrued at 4% of revenue from sales of products using licensed patent. In the current period, Wuhan Supor Cookware Co., Ltd. accrued patent use charges of RMB 153,390.91, and as of June 30, 2018, a balance of RMB 128,880.17 has not been paid.

(8) Pursuant to the *Technical License Contract* entered into between Shaoxing Supor Company and Rowenta France SAS on July 23, 2014, Rowenta France SAS licensed Shaoxing Supor Company. Compensated use of its patent of “Air purifier equipped with degradation of formaldehyde” other two utility patents, and patent use charges are accrued at 3% of revenue from sales of products using licensed patent. In the current period, Shaoxing Supor Cookware Co., Ltd. accrued patent use charges of RMB 22,708.67, and as of June 30, 2018, all fees have been paid.

(9) Pursuant to the *Patent License Contract* entered into between Omegna and LAGOSTINA SPA. on December 5, 2016, Rowenta France SAS licensed Omegna compensated use of its trademark “LAGE”, and patent use charges are accrued at 4% of revenue from sales of products using licensed patent. In the current period, Omegna accrued patent use charges of RMB 829,672.19, and as of June 30, 2018, a balance of RMB 1,244,203.44 has not been paid.

(10) Shaoxing Supor Company purchased and used particles product of air purifier and relevant technology in accordance with *Agreement on Purchase and Using for Particles of Air Purifier* signed by Shaoxing Supor Company on April 25, 2016 with ETHERA. According to relevant terms in the contract signed by both parties, Shaoxing Supor Company should pay technology transfer fee RMB 319,744.80 to ETHERA in current year, which was calculated as per corresponding unit price of actual total sales. Until June 30, 2018, the remaining RMB 54,242.7 had not been paid yet.

(11) Supor acquired 100% equity interests of SSEAC held by the controlling shareholder SEB INTERNATIONALE S.A.S at the price of RMB 274,000,000.00 with self-owned fund on January 25, 2018.

6. Receivables and payables by connected parties

(1) Items receivable

Unit: RMB

Items	Related parties	Closing balance		Opening balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable					
	ALL-CLAD METALCRAFTERS LLC	138,181.17	6,909.06	76,308.60	3,815.43
	CALOR SAS	1,359,008.31	67,950.42	7,000,551.49	350,027.57
	GROUPE SEB CANADA INC	113,038.37	5,651.92		
	GROUPE SEB COLOMBIA S.A.	17,277.27	863.86		
	IMUSA USA	814,396.93	40,719.85	144,101.25	7,205.06

	LAGOSTINA S.P.A.	306,361.10	15,318.06		
	SAS SEB	7,330,809.06	366,540.45	5,099,366.60	254,968.33
	SAS GROUPE SEB MOULINEX	7,084,127.14	354,206.36	8,232,525.31	411,626.27
	SEB ASIA LTD	998,014,213.01	49,900,710.65	1,190,848,986.85	59,542,449.35
	SEB INTERNATIONAL SERVICE S.A.S	2,821,332.63	141,066.63	814,432.61	40,721.63
	TEFAL SAS	5,458,311.89	272,915.59	5,183,707.42	259,185.37
	VIETNAM FAN JOINT STOCK COMPANY	18,831,870.30	941,593.51	23,514,023.18	1,175,701.16
	WMF CONSUMER ELECTRIC GMBH	857,359.44	42,867.97	4,848,786.96	242,439.35
	WMF Groupe GmbH	870,995.76	43,549.79	309,313.55	15,465.68
	GROUPE SEB COLOMBIA S.A.			9,440.61	472.03
	WMF (Shanghai) Co., Ltd	1,915,058.49	95,752.92		
	Supor Group Co., Ltd.	342,126.72	17,106.34	49,995.66	2,499.78
	Subtotal	1,046,274,467.58	52,313,723.38	1,246,131,540.09	62,306,577.01
Other receivables					
	Supor Group Co., Ltd.	30,000.00	1,500.00		
	Subtotal	30,000.00	1,500.00		
Advanced payment					
	Supor Group Co., Ltd.	245,979.75			
	Subtotal	245,979.75			

(2) Items payable

Unit: RMB

Items	Related parties	Closing balance	Opening balance
Accounts payable			
	Wuhan Anzai Cookware Co., Ltd.	21,942,815.79	37,286,307.26
	CALOR SAS	1,350,928.76	2,974,083.85
	EMSA GmbH	1,334,383.65	
	GROUPE SEB EXPORT	5,561,290.98	2,740,380.49
	LAGOSTINA SPA.	3,746,321.68	2,856,517.12
	S.A.S SEB	2,000,831.35	2,331,761.82

	SEB DEVELOPPEMENT S.A.S	18,261,037.60	551,309.24
	SIS	93,405.07	8,824.16
	TEFAL S.A.S	4,371,162.36	1,828,313.22
	WMF (HE SHAN) MANUFACTURING COMPANY LIMITED	246,022.56	
	WMF Group Gmbh	13,179,817.89	
	WMF (Shanghai) Co., Ltd	4,659,316.26	
	ETHERA	1,096,732.13	120,280.26
	S.A.S GROUPE SEB MOULINEX	4,369,167.68	3,146,098.49
	Supor Group Co., Ltd.		20,476.20
	ROWENTA FRANCE		42,196.79
	Subtotal	82,213,233.76	53,906,548.90
Advances received			
	Supor Group Co., Ltd.	185,761.60	1,613,266.02
	Subtotal	185,761.60	1,613,266.02
Other payables			
	Hangzhou Supor Property Management Co., Ltd.		94,724.40
	Subtotal		94,724.40

XIII. Share-based Payment

1. Overall information

Applicable Not Applicable

Unit: RMB

Total equity instruments granted in current period	0.00
Total equity instruments vested in current period	387,400.00
Total equity instruments expired in current period	43,650.00
The range of exercise prices of equity instruments at the end of the period and the remaining contractual life	2013 Equity Incentive Plan: RMB 0/share, 0.46 year; 2017 Equity Incentive Plan: RMB 1/share, 4.43 years

Other remarks

(1) As of the end of this reporting period, the restricted stock granted to incentive objects according to 2013 equity incentive plan have been unlocked and circulated.

(2) Pursuant to the “*Proposal for Restricted Share Incentive Plan (Revised Draft) of Zhejiang Supor Co., Ltd. and Its Summary* (hereinafter referred to as “2017 Incentive Plan”) ratified in the Second Interim General Meeting of Shareholders 2017 via deliberation held on November 16, 2017, the Company was to grant 4,300,000 restricted shares to incentive objects, and repurchased 4,300,000 share capital successfully during the period from November 6, 2017 to November 28, 2017. The Company granted 3,874,000 shares initially on December 4, 2017 and reserved 426,000 shares, with price of shares granted for RMB 1/share.

The Incentive Plan 2017 is valid for five years from the grant date, within which, the first 12 months are the lock-up period for first grant, and the following 48 months are the unlocking period, which may be unlocked in four phases provided that all conditions for unlocking are met. Incentive targets may apply for unlocking 10%, 20%, 30% and 40% of the total restricted shares respectively in 12 months, 24 months, 36 months and 48 months after the grant date. The lock-up period of reservation is 12 months, and the unlocking period is 36 months, which may be unlocked in three phases provided that all conditions for unlocking are met. Incentive targets may apply for unlocking 20%, 20% and 60% of the total restricted shares respectively in 12 months, 24 months and 36 months after the grant date. As of December 31, 2017, the aforesaid incentive plan has a remaining term of 4.93 years.

According to the *Proposal on Unlocking of Restricted Stock within the First Unlock Period of 2017 Restricted Stock Incentive Plan* deliberated and adopted at the 6th Session of Sixth Board of Directors, totally 387,400 shares of restricted stock meet the assessment indicators of 2017 and can be unlocked.

Since some incentive objects resigned from the Company, totally 43,650 shares of restricted stock that have been granted to resigned incentive objects should be repurchased at the price of RMB 1 per share in accordance with the *Proposal for Repurchasing and Canceling a Part of Restricted Stock* deliberated and adopted in the 6th Session of Sixth Board of Directors.

2. Equity-settled share-based payment

Applicable Not Applicable

Unit: RMB

Determination method for fair value of equity instruments on Grant Date	Market price on the Grant Date.
Determination method for the best estimate of the number of equity instruments expected to vest	Based on the corresponding equity instruments of incentive targets, the performance of the Company and the forecast of future performance of the Company
Reasons for significant difference between the estimates in current period and preceding period	None
Capital reserve accumulated due to equity-settled share-based payment	-179,310,551.33元[Note 1]
Total expenses incurred due to equity-settled share-based payment transactions	2017 incentive plan: 31,566,045.33元[Note 21]

Other remarks

Note 1: Of which, accumulative amount of equity incentive plan at period-begin is RMB -210,876,596.66, current occurrence amount is RMB 31,566,045.33 and accumulative amount is RMB -179,310,551.33.

Note 2: 2017 Equity Incentive Plan:

Based on calculation of the domestic sales income and domestic operating profit by the Company in this reporting period, it is considered that the 2017 Equity Incentive Plan above can reach unlocking assessment index of restricted shares in *Proposal for Restricted Stock Incentive Plan (Revised Draft) of Zhejiang Supor Co., Ltd. and Its Summary*, and the determined share-based payment in current period totals RMB 31,566,045.33.

3. Cash-settled share-based payment

Applicable Not Applicable

XIV. Commitments and contingencies

1. Significant commitments

Up to the balance sheet date, the Company has no significant commitments to be disclosed

2. Contingencies

(1) Contingent liabilities incurred by pending lawsuit/arbitration and the financial effect

In 2016, a non-governmental patent holder filed a lawsuit to the subsidiary Shaoxing Supor Company in the name of infringing its patent. This case has not been settled yet. Based on the principle of conservatism, the Company withdrew RMB 10,150,000 accrued liabilities.

(2) A statement should be given even if the Company has no significant contingencies to disclose.

The Company has no significant contingencies to disclose.

XV. Events after the Balance Sheet Date

1. Description on other events after the balance sheet date

According to the semiannual profit distribution plan in 2018 approved by the 8th Session of the Sixth Board of Directors on August 29, 2018, the Company will distribute profits based on 820,817,960 shares calculated with the Company's total capital stock at the end of June 30th, 2018 (821,243,960 shares) deducted by the Reserved Restrict Stock not granted (426,000 shares) and distributes RMB 4.60 (tax inclusive) per 10 shares to all shareholders. Total amount of RMB 377,576,261.60 cash dividends will be distributed. In the reporting period, no bonus share or conversion from capital reserves to share capital is made. After the distribution plan is approved by the Board of Directors through deliberation, it shall be submitted to the First Interim General Meeting of Shareholders 2018 for review.

The undistributed profits at the end of this reporting period are RMB 543,540,236.32, including the cash dividends to be distributed of RMB 377,576,261.60.

XVI. Other Major Events

1. Segment information

(1) Determination basis and accounting policy of report segment

The Company establishes operating segment according to internal organizational structure, management requirement and internal report system; determines report segment and disclose segment information based on Operating Segment.

Operating Segment refers to the Company's organization meeting following conditions: (1) The organization can yield income and cost in daily activity; (2) The Company's management can appraise operating result of the organization regularly, so as to allocate resources on a targeted basis and evaluate its performance; (3) The Company can obtain financial information, operating result, cash flow and other relevant accounting information of the organization. Two or more operating segments, which have similar economic characteristics and meet a certain condition, can be combined into an operating segment.

The Company, with main product focused on cookware and SDA (small domestic appliances) in kitchen, establishes report segment based on product and geographic segments and assets and liabilities shared by product segments is unable to be clearly distinguished.

(2) Financial information of reportable segments

(1) Products segment

Items	Cooking products	Electrical products	R&P products	Inter-segment offset	Total
Revenue from main operations	3,405,326,214.38	6,305,579,722.47	81,916,151.58	983,501,635.30	8,809,320,453.13
Cost of main operations	2,459,747,885.93	4,586,484,591.07	76,913,323.92	983,339,943.20	6,139,805,857.72

(2) Geographic segment

Items	Domestic	Overseas	Inter-segment offsetting	Total
Revenue from main operations	7,819,954,193.58	1,972,867,894.85	983,501,635.30	8,809,320,453.13
Cost of main operations	5,487,590,909.79	1,635,554,891.13	983,339,943.20	6,139,805,857.72

XVII. Notes to items of parent company financial statements

1. Accounts receivable

(1) Details on categories

Unit: RMB

Categories	Closing balance					Opening balance				
	Book balance		Provision for bad debts		Carrying amount	Book balance		Provision for bad debts		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Receivables with provision made on a collective basis using portfolios with similar credit risk features	357,159,083.37	79.69%	17,857,954.16	5.00%	339,301,129.21	358,605,968.81	96.59%	17,930,298.44	5.00%	340,675,670.37
Receivable of individually insignificant amount but with provision made on an individual basis	91,029,268.15	20.31%			91,029,268.15	12,670,806.88	3.41%			12,670,806.88
Total	448,188,351.52	100.00%	17,857,954.16	3.98%	430,330,397.36	371,276,775.69	100.00%	17,930,298.44	4.83%	353,346,477.25

Accounts receivable with significant single amount and accrual of bad debt provision at period-end

Applicable Not Applicable

Receivables with provision made on group basis with age analysis method

Applicable Not Applicable

Unit: RMB

Ages	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Sub-item within 1 year			
Subtotal within 1 year	357,159,083.37	17,857,954.16	5.00%
Total	357,159,083.37	17,857,954.16	5.00%

Determination basis:

None

Account receivable using balance fraction method for bad debt provision

Applicable Not Applicable

Account receivable using other method for bad debt provision

Debtors	Book balance	Provision for bad debts	Provision proportion (%)	Reasons for provision made
MACY'S and other receivables covered by insurance policy	20,868,863.85			No provision for bad debts is made as such receivables are arising from export sales and covered by export insurance.
Shanghai WMF Enterprise Development Co., Ltd.	70,160,404.30			No provision for bad debts is made as such receivables are no risk in retrieving of receivable from connected parties.
Total	91,029,268.15			

(2) Provisions made, collected or reversed in current period

During the period, bad debt provision accrued was RMB 0.00; bad debt provision recovered was RMB 72,344.28.

(3) Details of the top 5 debtors with largest balances

Debtors	Book balance	Proportion to the total balance of accounts receivable (%)	Provision for bad debts
SEB ASIA LTD.	352,444,448.27	78.64	17,622,222.41
Shanghai WMF Enterprise Development Co., Ltd.	70,160,404.30	15.65	
Client 1	15,889,238.15	3.55	
TEFAL SAS	2,153,665.58	0.48	107,683.28

Client 2	852,819.13	0.19	
Total	441,500,575.43	98.51	17,729,905.69

2. Other receivables

(1) Type of other accounts receivable

Unit: RMB

Categories	Closing balance					Opening balance				
	Book balance		Provision for bad debts		Carrying amount	Book balance		Provision for bad debts		Carrying amount
	Amount	Proportion	Amount	Provision proportion		Amount	Proportion	Amount	Provision proportion	
Receivables of individually significant amount and with provision made on an individual basis	43,801,614.11	95.95%			43,801,614.11	36,931,567.45	95.12%			36,931,567.45
Receivables with provision made on a collective basis using portfolios with similar credit risk features	1,847,199.40	4.05%	726,178.08	39.31%	1,121,021.32	1,644,587.33	4.24%	703,494.30	42.78%	941,093.03
Receivable of individually insignificant amount but with provision made on an individual basis						247,156.10	0.64%			247,156.10
Total	45,648,813.51	100.00%	726,178.08	1.59%	44,922,635.43	38,823,310.88	100.00%	703,494.30	1.81%	38,119,816.58

Other accounts receivable with significant single amount and accrual of bad debt provision at period end

√ Applicable □ Not Applicable

Unit: RMB

Debtors	Closing balance			Reasons for provision made
	Book balance	Provision for bad debts	Provision proportion (%)	
Omega	43,801,614.11			No provision is made as it is principal and interest of borrowings due from subsidiaries, and it is estimated with no risk in recoverability.

Subtotal	43,801,614.11		--	--
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Other receivables with provision made on group basis with age analysis method:

Applicable Not Applicable

Unit: RMB

Ages	Closing balance		
	Other receivables	Provision for bad debts	Provision proportion (%)
Sub-item within 1 year			
Within 1 year (with 1 year)	1,077,233.55	53,861.68	5.00%
1-2 years (with 2 years)	212.38	16.99	8.00%
2-3 years (with 3 years)	90,000.00	13,500.00	15.00%
4-5 years (with 5 years)	24,000.00	12,000.00	50.00%
Over 5 years	44,770.29	35,816.23	80.00%
Within 1 year (with 1 year)	610,983.18	610,983.18	100.00%
Total	1,847,199.40	726,178.08	39.31%

Determination basis:

None

Other account receivable using balance fraction method for bad debt provision

Applicable Not Applicable

Other account receivable using other method for bad debt provision

Applicable Not Applicable

(2) Provisions made, collected or reversed in current period

During the period, bad debt provision accrued was RMB 22,683.78; bad debt provision recovered was 0.00.

(3) Other receivables categorized by nature

Unit: RMB

Nature of receivables	Closing balance	Opening balance
Deposit as security	200,000.00	200,000.00
Temporary advance payment receivable	1,232,213.41	1,246,836.01
Cash pooling	43,801,614.11	36,931,567.45
Personal deposit	414,985.99	444,907.42
Total	45,648,813.51	38,823,310.88

(4) Other receivables of the top 5 ending balances by the debtor

Unit: RMB

Debtors	Nature of receivables	Ending balance	Age	Proportion of the total balance of other receivables (%)	Ending balance of provision for bad debt
Omegna	Loans	43,801,614.10	Within one year	95.95%	
Client 1	Temporary payment receivable	587,006.15	Within one year	1.29%	29,350.31
Client 2	Temporary payment receivable	342,475.00	Over 5 years	0.75%	342,475.00
Client 3	Temporary payment receivable	248,451.00	Over 5 years	0.54%	248,451.00
Client 4	Personal deposit	43,000.00	Within one year	0.09%	2,150.00
Subtotal	--	45,022,546.25	--	98.63%	622,426.31

3. Long-term equity investments

Unit: RMB

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Investment in subsidiaries	2,628,189,477.05		2,628,189,477.05	2,372,828,716.19		2,372,828,716.19
Investments in associates and joint ventures	58,454,158.02		58,454,158.02	56,683,593.31		56,683,593.31
Total	2,686,643,635.07		2,686,643,635.07	2,429,512,309.50		2,429,512,309.50

(1) Investments in subsidiaries

Unit: RMB

Investees	Opening balance	Increase [Note]	Decrease [Note]	Closing balance	Provision for impairment made in current period	Closing balance of provision for impairment
Wuhan Pressure Cooker	240,428,244.41			240,428,244.41		
Supor Electrical R & R Electrical	20,804,297.92			20,804,297.92		
Yuhuan Cookware	2,990,149.81			2,990,149.81		
Wuhan Supor	11,180,583.31			11,180,583.31		
Zhejiang Supor Electrical	750,759,142.93	4,211,219.34		754,970,362.27		
Shaoxing Supor	623,426,793.57	3,623,981.51		627,050,775.08		
Supor Vietnam	105,143,165.64			105,143,165.64		

Wuhan Recycling	1,000,000.00			1,000,000.00		
Omegna	10,000,000.00			10,000,000.00		
Shanghai Marketing	5,000,000.00			5,000,000.00		
Wuhan Supor Cookware	580,407,473.10	4,074,465.33		584,481,938.43		
SEADA	1,688,865.50			1,688,865.50		
WMF (Shanghai) Co., Ltd	20,000,000.00	30,000,000.00		50,000,000.00		
Shanghai SEB Electrical Appliances Co., Ltd.		213,451,094.68		213,451,094.68		
Subtotal	2,372,828,716.19	255,360,760.86		2,628,189,477.05		

(2) Investments in associates and joint ventures

Unit: RMB

Investees	Opening balance	Increase/decrease in this period									Closing balance	Closing balance of provision for impairment
		Investments increased	Investment decreased	Investment profit or loss confirmed by equity method	Adjustment in other comprehensive income	Changes in other equity	Cash dividend/profit declared for distribution	Provision for impairment	Others			
I. Associates												
II. Joint ventures												
Wuhan Anzai Cookware Co., Ltd.	56,683,593.31			1,770,564.71							58,454,158.02	
Subtotal	56,683,593.31			1,770,564.71							58,454,158.02	
Total	56,683,593.31			1,770,564.71							58,454,158.02	

4. Operating revenue/cost

Unit: RMB

Items	Current period cumulative		Preceding period comparative	
	Revenue	Cost	Revenue	Revenue
Revenue from main operations	1,210,903,032.19	993,474,067.39	823,885,861.23	657,163,037.36
Revenue from other operations	952,241.71	743,424.45	2,011,781.58	619,994.90

Total	1,211,855,273.90	994,217,491.84	825,897,642.81	657,783,032.26
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5. Investment income

Unit: RMB

Items	Current occurrence amount	Preceding occurrence amount
Investment income from long-term equity investments under the equity method	1,770,564.71	1,822,909.46
Investment income of financial assets in holding period	74,710.73	
Investment income from financial products	27,775,645.35	11,413,853.71
Total	29,620,920.79	13,236,763.17

XVIII. Other supplementary information**1. Breakdown of non-recurring profit or loss in the current period**

√ Applicable □ Not Applicable

Unit: RMB

Item	Amount	Explanation
Profit or loss on disposal of non-current assets	831,011.60	
Government grant included in current period profit or loss (excluding those regular government grants closely related to operating activities and enjoyed according to the national uniform quota or quantity)	4,191,063.48	
Other non-operating revenues or expenditures in addition to those items aforesaid	5,416,524.05	
Other profit or loss items complying with the non-recurring profit or loss	30,861,681.94	Mainly about the investment income from financial products
Less: Income tax impact	9,358,057.25	
Total	31,942,223.82	--

For the non-recurring profit or loss defined by the Company in accordance with the definition in the *Regulations of Questions and Responses of Information Disclosure Standard by Companies Publicly Issuing Securities No. 1 --- Non-recurring Profit or Loss*, and for defining the non-recurring profit or loss listed in the *Regulations of Questions and Responses of Information Disclosure Standard by Companies Publicly Issuing Securities No. 1 --- Non-recurring Profit or Loss* as recurring gains and losses, the Company shall specify the reason.

□ Applicable √ Not Applicable

2. RONA and EPS

Profit of the reporting period	Weighted average RONA (%)	EPS (RMB Yuan/share)
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		Basic EPS	Diluted EPS
Net profit attributable to shareholders of ordinary shares	13.21%	0.904	0.900
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	12.64%	0.865	0.861

3. Financial Data Difference on Principle of Domestic and Oversea Accounting

(1) Difference between net profits and net assets in financial statement disclosed according to *International Accounting Standard* and *China Accounting Standard*

Applicable Not Applicable

(2) Difference between net profits and net assets in financial statement disclosed according to *International Accounting Standard* and *China Accounting Standard*

Applicable Not Applicable

4) Calculation process of weighted average RONA

Items	No.	January-June 2018	January-June 2017
Net profits belonging to the Company's common stock shareholders	A	739,416,193.05	603,138,361.65
Non-recurring profit and loss	B	31,949,050.99	29,978,253.40
Net profits belonging to the Company's common stock shareholders after deducting non-recurring profit and loss	C=A-B	707,467,142.06	573,160,108.25
Net profits belonging to the Company's common stock shareholders at the beginning of the period	D	5,408,369,719.22	4,742,198,961.89
Net profits newly added by issuing new stocks or by transferring debts to stocks and belonging to the Company's common stock shareholders	E		
Accumulative months from the second month of newly added net assets to the end of the reporting period	F		
Net assets reduced by repurchase or cash dividend and belonging to the Company's common stock shareholders	G1	590,988,931.20	494,451,542.94
Accumulative months from the second month of decreased net assets to the end of the reporting period	H1	2	2
Net assets reduced by repurchase or cash dividend and belonging to the Company's common stock shareholders	G2		
Accumulative months from the second month after reduced net assets to the end of the reporting period	H2		
Amount of shares payment included in the owner's	I ₁	31,566,045.33	2,892,855.60

Others	equities			
	Accumulative months from the second month of newly added net assets to the end of the reporting period	J ₁	3	3
	Difference between the gains by purchasing the subsidiary's minority equity and acquiring long-term equity investment, and the recognizable net assets shares calculated constantly of subsidiary since the combining date according to the calculation of newly added shareholding ratio	I ₂		
	Accumulative months from the second month of decreased net assets to the end of the reporting period	J ₂		
	Increase of difference converted by foreign currency statement	I ₃	577,283.98	-3,302,294.75
	Accumulative months from the second month of newly added net assets to the end of the reporting period	J ₃	3	3
Number of months in the reporting period		K	6	6
Average weighted net assets		$L=D+A/2+E \times F/K-G \times H/K \pm I \times J/K$	5,597,153,170.00	4,878,746,242.16
Average weighted net assets yield (%)		$M=A/L$	13.21%	12.36%
Average weighted net assets yield after deducting non-recurring profit and loss (%)		$N=C/L$	12.64%	11.75%
Fully diluted net assets yield (%)		$O=A/\text{capital stock}$	13.90%	12.40%

SECTION XI CATALOG OF REFERENCE DOCUMENTS

- I. 2018 semiannual report of the Company and abstracts concerned with signature of legal representative;
 - II. Accounting statements with signature and seal of legal representative, person in charge of accounting and director of accounting body;
 - III. Original of all company documents and bulletins published in newspaper designated by CSRC.
- Reference documents above should be prepared by Securities Department of the Company.

Zhejiang Supor Co., Ltd.

Chairman: Thierry de La Tour d'Artaise

August 30, 2018