

**SUPOR 苏泊尔**

**Zhejiang Supor Co., Ltd.**

**Semiannual Report 2016**

**August 2016**

## **SECTION 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.**

**All directors have already attended the general meeting of the board of directors held for the semiannual report.**

**The Company does not plan to distribute cash dividends, bonus shares, or convert capital reserve into share capital.**

**Mr. Frédéric VERWAERDE Chairman of the Board of Directors, and Mr. Xu Bo, Chief Financial Officer of the Company, hereby confirm that the Financial Report enclosed in this Semiannual Report is true, accurate and complete.**

**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.**

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## Definitions

Items	means	Definitions
SZSE	means	Shenzhen Stock Exchange
CSRC	means	China Securities Regulatory Commission
Securities Clearing Corporation	means	Shenzhen Branch of China Securities Depository and Clearing Corporation Limited
The Company/this Company	means	Zhejiang Supor Co., Ltd.
SEB Internationale	means	SEB INTERNATIONALES.A.S
SEB Group	means	SEB S.A.
Zhejiang Electrical Appliances	means	Zhejiang Supor Electrical Appliance Manufacturing Co., Ltd.
Supor Electrical	means	Zhejaing Shaoxing Supor Domestic Electrical Appliances Co., Ltd.
Shaoxing Supor	means	Zhejiang Shaoxing Supor Domestic 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 Sales	means	Shanghai Supor Cookware Selling Co., Ltd.
P&R	means	Zhejiang Supor Plastic & Rubber Co., Ltd.
Wuhan Supor	means	Wuhan Supor Co., Ltd.
Yuhuan Recycling	means	Yuhuan Supor Recycling Co., Ltd.
Equity Incentive Plan for 2012	means	Stock Option and Restricted Stock Incentive Plan (Revised Draft)
Equity Incentive Plan for 2013	means	Restricted Stock Incentive Plan (Revised Draft)

## SECTION II COMPANY PROFILE

### I. Brief Introduction

Short Form of the Stock:	Supor	Stock Code	002032
Stock Exchange for Stock Listing	Shenzhen Stock Exchange		
Chinese Name of the Company	Zhejiang Supor Co., Ltd.		
Abbreviated Chinese Name of the Company (if any)	Supor		
English Name of the Company (if any)	ZHEJIANG SUPOR CO., LTD		
Abbreviated English Name of the Company (if any)	SUPOR		
Legal Representative	Frédéric VERWAERDE		

### 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

Change of the registered address, office address and postal code, website or email address of the Company during the reporting period

Applicable  Not Applicable

The registered address, office address and postal code, website and email address of the Company has not changed during the reporting period. Refer to Annual Report 2015 for specifics.

#### 2. Media for Information Disclosure and Archiving

Change of information disclosure or archiving media during 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 changed during the reporting period. Refer to Annual Report 2015 for specifics.

### **3. Changes of Registration**

Change of registration information during the reporting period

Applicable  Not Applicable

The registration date, registration place, registration number, tax registration number and organization code have not changed during the reporting period. Refer to Annual Report 2015 for specifics.

## SECTION III MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS

### I. 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

	This period	Amount YoY	Year-on-year increase/decrease
Total sales (yuan)	5,751,920,817.78	5,379,574,852.09	6.92%
Net profit attributed to shareholders of listed company (yuan)	470,536,171.34	395,081,399.38	19.10%
Net profit attributed to shareholders of listed company deducted by non-recurring profit or loss (yuan)	420,109,020.93	362,593,758.54	15.86%
Net cash flows resulting from operating activities (yuan)	206,636,530.62	111,878,359.38	84.70%
Basic earnings per share (yuan/share)	0.748	0.628	19.11%
Diluted earnings per share (yuan/share)	0.744	0.625	19.04%
Return on weighted average net assets	10.37%	10.03%	0.34%
	Amount at period-end	Amount at period-begin	Increase/decrease compared with last year-end
Total assets (yuan)	6,830,761,364.01	7,396,105,410.33	-7.64%
Net assets attributed to shareholders of listed company (yuan)	3,926,301,542.43	4,421,103,278.53	-11.19%

### II. 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 during 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 during the reporting period.

## III. 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)	-591,813.95	
Government grant included in current period profit or loss (excluding those closely related to operating activities or regular government grants)	16,961,225.00	
Other non-operating revenues or expenditures	807,428.28	
Other profit or loss defined as non-recurring profit or loss	51,012,609.76	Mainly investment income from financial products
Less: income tax impact	13,340,997.24	
Impact of minority interest (after tax)	4,421,301.44	
Total	50,427,150.41	--

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

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" during the reporting period.



## SECTION IV REPORT OF THE BOARD OF DIRECTORS

### I. Description

In the first half of 2016, the Company maintained growths in both total sales and profit. Under the general background of global economic recovery slowdown, the Company showed a stable growth in domestic sales revenue owing to the continuous optimization of domestic economic structure, but a slight decline from a year earlier in export sales revenue. Over the reporting period, the Company realized total sales RMB 5,751,920,817.78, growing by 6.92% from a year earlier; total profit RMB 670,418,267.90, growing by 22.84% from a year earlier; earning per share RMB 0.748, growing by 19.11% from a year earlier. To be specific, the cookware (CW) business realized revenue RMB 2,009,080,213.41, dropping by 10.24% from a year earlier; electrical appliance business RMB 3,708,792,762.40, rising by 19.53% from a year earlier; domestic sales business RMB 4,273,520,273.09, rising by 16.43% from a year earlier; export sales business RMB 1,454,311,358.55, dropping by 13.65% from a year earlier.

### II. Main Business Analysis

#### Overview

During the reporting period, the Company realized main business sales RMB 5,727,831,631.64 that increases by RMB 373,168,868.53 from a year earlier, i.e., growing by a rate of 6.97%, which is mainly resulted from the sound increases in domestic business sales and expansion of domestic market share from last year. The main business cost of the Company is RMB 3,984,012,140.10, increasing by RMB 183,666,871.89 from a year earlier, i.e., growing by a rate of 4.83%. The main business gross margin is 30.44%, rising by 1.42% from a year earlier, which is mainly owing to the optimization of the Company's products and customer structure.

#### Changes of main financial data

(Unit: RMB)

	This period	Amount YoY	YoY increase / decrease	Reason of change
Total sales	5,751,920,817.78	5,379,574,852.09	6.92%	
Operating Cost	4,012,799,751.80	3,826,621,021.75	4.87%	
Selling and distribution expenses	907,452,327.58	836,869,586.54	8.43%	
Management expenses	179,836,717.36	161,745,534.05	11.18%	
Financial expense	-8,175,484.32	-7,892,741.83	-3.58%	
Income tax expense	144,399,904.08	104,894,285.29	37.66%	Mainly resulted from the increase in total profit in current period and change in rate of subsidiary's income tax for high-tech industry
R&D investment	146,387,105.12	139,998,902.78	4.56%	
Net cash flows resulting from	206,636,530.62	111,878,359.38	84.70%	Mainly resulted from the increase in

operating activities				cash from product sales and service provision in the cash inflow of operating activity
Net cash flow from investment activities	-134,467,318.43	75,193,184.28	-278.83%	Mainly resulted from the increase in cash outflow of investment activities
Net cash flow from financing activities	-369,003,970.42	-272,136,330.79	-35.60%	Mainly resulted from the increase in current dividend from a year earlier
Net increase in cash and cash equivalents	-295,636,450.71	-86,170,337.65	-243.08%	Mainly resulted from the decrease of net cash flow arising from investment activities

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

Applicable  Not Applicable

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

Future development and planning disclosed in documents for public disclosure, such as prospectus and assets restructuring report that extended to the reporting period

Applicable  Not Applicable

No future development and planning disclosed in documents for public disclosure, such as prospectus and assets restructuring report that extended to the reporting period

Review of the implementation progress in the reporting period of the operation plans disclosed before

In 2016, there are still many uncertain factors in global economy. In the first half year, China's GDP growth rate fell to 6.7%, but its GDP structure kept being optimized. Consumption constitutes an increasing proportion of GDP, and final consumption expenditure contributes to economic growth much more than investment and export sales do which becomes the primary driving force of national economic development. The further improvement of residents' income and the increasingly -noticeable trend of consumption upgrading will bring more opportunities to brand enterprises.

A series of innovative products the Company promoted in the first half year are always popular among consumers since their launch, such as blue-eyed pressure-indicating stainless steel pressure cooker, thermospot Titanium Pro 3<sup>rd</sup> Generation fumeless wok, real grinding soy milk maker, precision control wall-breaking food processor, and double-side formaldehyde-scavenging air purifier. In the aspect of industrial design, totally 5 products, including Supor 3<sup>rd</sup> Generation thermospot fumeless wok, Jingyun series of thermos, and sharp edge series of knives, win Red Dot Design Awards. Supor will not let the consumption upgrading opportunity go and will implement the strategy of high-quality products; the Company will accelerate the development of new businesses by launching new categories in kitchen.

In the aspect of channel building, Supor exploits the tier-3 and 4 markets positively, maintains growths in terminal quantity and town coverage rate, and perfects its service system further; the Company keeps increasing investment in E-commercial channel, further improves its specialized operation capacity, and maintains a growth in online market share.

In the aspect of export sales business, the international market is still depressed. Supor positively promotes the product order transfer by using of SEB group's advantages in global market. Moreover, the Company takes advantage of SEB group's superiority in product R&D, design, manufacture, etc. to enhance the core competitiveness.

In the aspect of internal operation, Supor positively promotes projects enhancing industrial competitiveness, so that its production efficiency is gradually improved, organizational structure and management constantly optimized, and product quality continuously

enhanced.

### III. Contents of Main Business

(Unit: RMB)

	Total sales	Operating Cost	Gross profit margin	YoY Increase/decrease of sales	YoY Increase/decrease of operating cost	YoY increase/decrease of gross profit margin
<b>By Industries</b>						
CW industry	2,009,080,213.41	1,291,112,347.33	35.74%	-10.24%	-15.69%	4.15%
Electrical appliance industry	3,708,792,762.40	2,684,613,424.68	27.61%	19.53%	18.92%	0.37%
Rubber & plastic industry	9,958,655.83	8,286,368.09	16.79%	-27.12%	-28.73%	1.88%
Subtotal	5,727,831,631.64	3,984,012,140.10	30.44%	6.97%	4.83%	1.42%
<b>By Products</b>						
Electric pot	1,772,519,972.19	1,233,232,008.78	30.42%	13.86%	12.64%	0.75%
<b>By Areas</b>						
Domestic sales	4,273,520,273.09	2,796,824,040.04	34.55%	16.43%	15.72%	0.40%
Export sales	1,454,311,358.55	1,187,188,100.06	18.37%	-13.65%	-14.18%	0.51%
Subtotal	5,727,831,631.64	3,984,012,140.10	30.44%	6.97%	4.83%	1.42%

### IV. Analysis of Core Competitiveness

#### 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 to the market.

After promoting the first safety pressure cooker in China in 1994, the Company promoted the first electric rice cooker with ceramic inner pot in 2005 and the first uncoated stainless wok technology in 2007, introduced SEB thermospot technology in 2009 successfully, promoted the first IH electric rice cooker in 2011 and spherical inner pot in 2013; it promoted the first steam IH spherical pot rice cooker in 2015 to lead industrial development continuously. In the first half of this year, Supor launched the real grinding soy milk maker, precision control wall-breaking food processor, double-side formaldehyde-scavenging air purifier, blue-eyed pressure-indicating stainless steel pressure cooker, thermospot Titanium Pro 3<sup>rd</sup> Generation fumeless wok, and some other innovative products that are well received by consumers. Based on the monitoring data of a third party, among the main businesses of Supor, CW business has long been ranking first in domestic CW market; main categories such as electric RC, electric PC, induction hob, and electric kettle in small electrical appliance business ranking the second in domestic SDA market.

#### 2. Well-developed dealers network

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

### 3. Powerful R&D and manufacturing ability

Supor has built up five R&D and manufacturing sites, respectively in Yuhuan, Wuhan, Hangzhou, Shaoxing and Vietnam. Wuhan Site is the CW R&D and manufacturing base with highest deliverability in the world. Shaoxing Site also boasts leading manufacturing capacity of SDA products in the world. The strong R&D and manufacturing power and the highly professional R&D team provide a guarantee for the quality and innovation capacity of Supor products.

### 4. Synergistic effect of integration with SEB

The strategic cooperation between Supor and French SEB started in 2006, and SEB group held 81.17% of Supor's shares by the end of reporting period. SEB group has a history of more than 150 years, whose market shares in CW and small electrical appliance categories rank the first in the world. The powerful combination between Supor and SEB can not only bring Supor stable export orders every year but also help Supor enhance its overall scale and manufacturing capacity. Also, their in-depth cooperation in R&D, management, and other fields will definitely enhance the core competitiveness of Supor.

## V. Analysis of Investment Status

### 1. Foreign equity investment

#### (1) Foreign investment

Applicable     Not Applicable

No foreign investment was made in the reporting period.

#### (2) Holding of financial company's equity

Applicable     Not Applicable

No financial company's equity was held by the Company in the reporting period.

#### (3) Information on securities investment

Applicable     Not Applicable

No securities investment was made in the reporting period.

#### (4) Holding of other Listed Company's Equity

Applicable     Not Applicable

The Company did not hold equities of other listed companies at period-end.

### 2. Consigned financing, derivative investment and consigned loan

#### (1) Consigned financing

Applicable     Not Applicable

No consigned financing was made in the reporting period.

**(2) Derivative investment**

Applicable     Not Applicable

No derivative investment was made in the reporting period.

**(3) Consigned loan**

Applicable     Not Applicable

No consigned loan was made in the reporting period.

**3. Use of raised funds**

Applicable     Not Applicable

No use of raised funds happened in the reporting period

**4. Main subsidiaries and joint stock companies**

Applicable     Not Applicable

Information on main subsidiaries and joint stock companies

(Unit: RMB)

Company name	Business type	Industry	Main products or services	Registered capital	Total assets	Net assets	Total sale	Operating profit	Net profit
Wuhan Supor Pressure Cooker Co., Ltd.	Subsidiary	Manufacturing	Cookware	RMB 224.039M	296,196,543.38	292,415,449.61	8,500,200.00	324,695.18	243,521.29
Wuhan Supor Co., Ltd.	Subsidiary	Manufacturing	Electrical appliances	RMB5.18M	15,245,757.11	14,110,724.79		-212,401.54	-212,401.54
Wuhan Supor Cookware Co., Ltd.	Subsidiary	Manufacturing	Cookware	RMB 91.16M	1,917,865,436.08	1,246,400,021.19	1,467,982,498.77	126,551,948.17	109,114,679.96
Zhejiang Supor Electrical Appliance Manufacturing Co., Ltd.	Subsidiary	Manufacturing	Electrical appliances	RMB 133.6971M	1,866,195,298.11	1,204,095,865.15	1,439,405,176.58	143,994,583.69	108,661,004.70
Zhejiang Supor Plastic & Rubber Co., Ltd.	Subsidiary	Manufacturing	Plastic and rubber manufacturing	RMB 8.0447M	136,701,251.62	106,888,215.83	80,965,945.81	4,460,799.85	4,070,466.06

Yuhuan Supor Recycling Co., Ltd.	Subsidiary	Commercial	Recycling of used metal	RMB 500,000	3,024,866.10	3,024,866.10		144.73	128.52
Zhejiang Shaoxing Supor Domestic Appliances Co., Ltd.	Subsidiary	Manufacturing	Small appliance kitchen appliance	RMB 610M	1,827,641.39.73	1,016,128.517.56	2,283,381.00.82	283,352.199.57	219,747,400.78
Supor (Vietnam) Co., Ltd.	Subsidiary	Manufacturing	CW and electrical appliances	USD 15M	200,344.131.23	128,447.258.87	96,350,898.93	3,459,912.00	2,795,564.22
Wuhan Supor Recycling Co., Ltd.	Subsidiary	Manufacturing	Recycling of used metal	RMB 1M	1,788,823.26	1,635,093.05	4,296,973.24	18,682.74	16,814.46
Hangzhou Omega Commercial Trade Co., Ltd.	Subsidiary	Commercial	CW and electrical appliances	RMB 10M	24,175,728.54	-13,998,911.78	19,175,640.55	-2,091,962.40	-2,121,513.88
Shanghai Supor Cookware Selling Co., Ltd.	Subsidiary	Commercial	CW and electrical appliances	RMB 5M	10,479,923.99	7,265,656.30	32,222,253.56	53,965.22	22,052.89

## 5. Information on big projects invested by non-raised funds

Applicable     Not Applicable

No big projects invested by non-raised funds existed in the reporting period.

## VI. Forecast of Business Performance of Jan.-Sept. 2016

Operation forecast for Jan.-Sept. 2016: 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".

Fluctuation rate of net profit attributed to shareholders of the listed Company during Jan.-Sept. 2016	0.00%	to	30.00%
Fluctuation range of net profit attributed to the shareholders of the listed company during Jan.-Sept.2016 (10KRMB)	63,700.83	to	82,811.08
Net profit attributed to the shareholders of the listed company during Jan-Sept. 2015 (10KRMB)	63,700.83		
Explanation for the change	The domestic sales business in domestic CW and small electrical appliance		

	industries keep a rapid growth, compared with the corresponding period in 2015.
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## VII. Explanation of the Board of Directors and the Board of Supervisors of the "Non-standard Audit Report" by the Certified Public Accountants

Applicable     Not Applicable

## VIII. Explanation of the Board of Directors of the Previous Year's "Non-standard Audit Report"

Applicable     Not Applicable

## IX. Implementation of Profit Distribution during Reporting Period

Execution or adjustment of profit distribution plan in the reporting period, especially cash dividends plan and conversion of public reserves into capital stock plan

Applicable     Not Applicable

Adopted by the Annual General Meeting of Shareholders 2015 held on April 20, 2016, based on the total capital stock of 631,765,700 shares (total capital stock of 632,875,188 shares on December 31, 2015 deducted by 1,109,488 restricted stock repurchased and canceled by the Company), the Company has distributed cash dividend of 5.60 yuan (tax included) per 10 shares, and the total amount of cash profit distribution was 353,788,792.00 yuan. On May 7, 2016, the Company published Implementation of Profit Distribution Plan for 2015 in Securities Times, China Securities Journal, Securities Daily and <http://www.cninfo.com.cn>., and confirmed the date of registration was May 12, 2016, and the ex-dividend date was May 13, 2016.

Special explanation of the cash dividend policy	
Whether or not in compliance with the Articles of Association or resolutions of shareholders' meeting	Yes
Are the dividends issuance standard and percentage clear?	Yes
Are relevant policy-making procedures and mechanisms complete?	Yes
Have independent directors fulfilled their duties well?	Yes
Have minority shareholders fully expressed their opinions and appeals? Are their legitimate rights fully protected?	Yes
Are the conditions and procedures for altering of cash dividends policies transparent and rule-compliant?	N/A

## X. Pre-plan on Profit Distribution or Conversion of Public Reserves into Capital Stock

Applicable     Not Applicable

The Company does not plan to distribute cash dividends, bonus shares, or convert capital reserve into share capital in this reporting period.

## XI. Registration List of Receiving Investigation & Research, Communication and Interview Activities during the Reporting Period

√ Applicable    □ Not Applicable

Time of reception	Place of reception	Type of reception	Client type	Client	Topics and materials submitted
January 29,2016	Securities Department of the Company	Communication through telephone	Individual	Individual investor	Business condition of the Company, the strategic investment of controlling shareholder, no materials provided
February 23, 2016	Securities Department of the Company	On-site visit	Institution	Institutional investor	Production management condition of the Company, no materials provided
April 22,2016	Securities Department of the Company	Communication through telephone	Individual	Individual investor	Operating and share price conditions of the Company, no materials provided
April 25,2016	Securities Department of the Company	Communication through telephone	Individual	Individual investor	Production management and share price conditions of the Company, no materials provided
April 28,2016	Securities Department of the Company	Communication through telephone	Individual	Individual investor	Shareholder condition of the Company, no materials provided
May 18,2016	Securities Department of the Company	Communication through telephone	Individual	Individual investor	Shareholder condition of the Company, no materials provided



## SECTION V SIGNIFICANT EVENTS

### I. Corporate Governance of the Company

In the reporting period, the Company further standardized the operation of the Company and improved the governance by continuously establishing and strengthening the corporate governance system, improving the internal control and management system, and deepening the governing process strictly in accordance with the *Company Law*, the *Securities Law*, and the *Guidelines for the Listed Companies on the Small and Medium-sized Enterprise Board of Shenzhen Stock Exchange as well as other regulations of CSRC*.

The Company also revised the Articles of Association during the reporting period.

By the end of the reporting period, the actual governance of the Company is in compliance with the regulatory documents of CSRC and Shenzhen Stock Exchange. No any governance problem existed remain unsolved in this period. There were no discrepancies between the corporate governance and *Company Law* and CSRC regulations.

### II. Lawsuits

Significant Litigations and Arbitrations

Applicable  Not Applicable

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

Other lawsuits

Applicable  Not Applicable

### III. Questioning by Media

Applicable  Not Applicable

No issues questioned by media happened in the reporting period.

### IV. Bankruptcy or Reorganization

Applicable  Not Applicable

No bankruptcy or reorganization related matters happened in the reporting period.

### V. Transaction of Assets

#### 1. Assets acquisition

Applicable  Not Applicable

No asset was acquired during the reporting period.

#### 2. Sale of assets

Applicable  Not Applicable

No asset was sold during the reporting period.

### 3. Business combination

Applicable     Not Applicable

No business combination was made during the reporting period.

## VI. Implementation and Impact of the Company's Equity Incentive Plan

Applicable     Not Applicable

During the reporting period, the Company were implementing two equity incentive plans, respectively the *Stock Option and Restricted Stock Incentive Plan (Revised Draft)* passed on the First Interim General Meeting in 2012 (hereinafter referred to as “2012 Equity Incentive Plan”) and *Restricted Stock Incentive Plan (Revised Draft)* passed on the Second Interim General Meeting in 2013 (hereinafter referred to as “2013 Equity Incentive Plan”).

1. The Company adopted *Proposal on Annulling a Part of Stock Options and Repurchasing and Canceling a Part of Restricted Stock* on the 11th Session of the fifth Board of Directors held on March 24, 2016. Since evaluation index for *2012 Equity Incentive Plan* cannot meet relevant requirements of the year 2015 and some Incentive Objects cannot meet incentive conditions due to resignation, a total of 2,335,872 shares of stock options failing in reaching exercising conditions were annulled; and a total of 845,904 shares of restricted stocks failing in reaching unlocking conditions were repurchased and cancelled at the price of 0 yuan per share. Among these restricted stocks, 827,904 shares were repurchased and cancelled according to *2012 Equity Incentive Plan*; 18,000 shares according to *2013 Equity Incentive Plan*. The Company adopted *Proposal on Annulling a Part of Stock Options and Repurchasing and Canceling a Part of Restricted Stock* on the 7th Session of the fifth Board of Directors held on August 26, 2015. Since some Incentive Objects could not meet incentive conditions due to resignation, a total of 126,720 shares of stock options failing in reaching exercising conditions were annulled; and a total of 263,584 shares of restricted stocks failing in reaching unlocking conditions were repurchased and cancelled at the price of 0 yuan per share. Among these restricted stocks, 67,584 shares were repurchased and cancelled according to *2012 Equity Incentive Plan*; 196,000 shares according to *2013 Equity Incentive Plan*. After confirmed by Shenzhen Branch of China Securities Depository and Clearing Co., Ltd., the Company annulled stock options and purchased and cancelled restricted shares on April 29, 2016. This time, the Company annulled 2,462,592 shares of stock options in total, and repurchased and cancelled 1,109,488 shares of restricted stocks. Now, there are 0 stock option and 0 restricted stock of the Company remaining to be involved in *2012 Equity Incentive Plan*.

*For detailed contents, see Announcement of Annulling a Part of Stock Options and Repurchasing and Canceling a Part of Restricted Stock and Announcement of Completion of Annulment of Stock Option Granted and Repurchase and Cancellation of Restricted Stock disclosed on Securities Times, China Securities Journal, Securities Daily, and <http://www.cninfo.com.cn> on March 25, 2016 and May 4, 2016.*

2. The Company adopted *Proposal on Unlocking of Restricted Stock within the Third Unlock Period and Unlocking of Reserved Restricted Stock within the Second Unlock Period of Restricted Stock Incentive Plan* on the 11th Session of the fifth Board of Directors held on March 24, 2016, agreeing to unlock in the third unlock period of Restricted Stock and the second unlock period of Reserved Restricted Stock for 114 qualified Incentive Objects according to *2013 Equity Incentive Plan*. The unlocking number of Restricted Stock of third period was 1,486,500 and the unlocking number of Reserved Restricted Stock of second period was 34,041. There were 1,520,541 in total. The shares that could be unlocked in the second period for Reserved Restricted Stock will unlocked, circulated on October 14, 2016 and the shares that could be unlocked in the third period for Restricted Stock Incentive Plan will unlocked, circulated on January 4, 2017.

*For detailed contents, see Announcement on Unlocking of Restricted Stock within the Third Unlock Period and Unlocking of Reserved Restricted Stock within the Second Unlock Period of Restricted Stock Incentive Plan disclosed on Securities Times, China*

Securities Journal, Securities Daily, and <http://www.cninfo.com.cn> on March 25, 2016.**VII. Substantive Connected Transaction****1. Connected transaction related to daily business**

√ Applicable    □ Not Applicable

Parties involved	Relation	Type of connected transactions	Content of connected transaction	Pricing rule of connected transaction	Price of connected transaction	Amount of connected transactions (10K RMB)	Proportion in similar transactions	Transaction Quota granted (10K RMB)	Whether or not beyond the limit	Settlement type of connected transactions	Market price of similar trading achievable	Date of disclosure	Reference for disclosure
Wuhan Anzai Cookware Co., Ltd.	Affiliated companies	Goods purchasing	Finished products	Contract price	0	13,143.03	3.39%		No	Bank transfer or bills	0		
Wuhan Anzai Cookware Co., Ltd.	Affiliated companies	Goods purchasing	Accessories	Contract price	0	8.66	0.00%		No	Bank transfer or bills	0		
GROUPE SEB EXPORT	Same controlling shareholder with the controlling shareholder	Goods purchasing	Finished products	Contract price	0	28.02	0.01%		No	Bank transfer or bills	0		
S.A.S. GROUPE SEB MOULIN EX	Same controlling shareholder with the controlling shareholder	Goods purchasing	Accessories	Contract price	0	1,508.6	0.39%		No	Bank transfer or bills	0		
LAGOSTI NA S.P.A.	Same controlling shareholder	Goods purchasing	Finished products	Contract price	0	338.85	0.09%		No	Bank transfer or bills	0		

	r												
SIS	Same controlling shareholder with the controlling shareholder	Goods purchasing	Finished products	Contract price	0	1.66	0.00%		No	Bank transfer or bills	0		
TEFAL S.A.S.	Same controlling shareholder with the controlling shareholder	Goods purchasing	Accessories	Contract price	0	130.57	0.03%		No	Bank transfer or bills	0		
SHANGHAI SEB	Same controlling shareholder	Goods purchasing	Accessories	Contract price	0	2.94	0.00%		No	Bank transfer or bills	0		
SEB ASIA LTD.	Same controlling shareholder	Commodity selling	Finished products	Contract price	0	130,280.6	22.65%		No	Bank transfer or bills	0		
SEB ASIA LTD.	Same controlling shareholder	Commodity selling	Accessories	Contract price	0	349.04	0.06%		No	Bank transfer or bills	0		
S.A.S. SEB	Same controlling shareholder with the controlling shareholder	Commodity selling	Finished products	Contract price	0	1,509.09	0.26%		No	Bank transfer or bills	0		
S.A.S. SEB	Same controlling shareholder with the controlling shareholder	Commodity selling	Accessories	Contract price	0	92.62	0.02%		No	Bank transfer or bills	0		
TEFAL	Same	Commo	Finished	Contra	0	323.02	0.06%		No	Bank	0		

S.A.S.	controlling shareholder with the controlling shareholder	dity selling	products	ct price						transfer or bills			
TEFAL S.A.S.	Same controlling shareholder with the controlling shareholder	Commodity selling	Accessories	Contract price	0	738.93	0.13%		No	Bank transfer or bills	0		
S.A.S. GROUPE SEB MOULIN EX	Same controlling shareholder with the controlling shareholder	Commodity selling	Finished products	Contract price	0	1,818.59	0.32%		No	Bank transfer or bills	0		
S.A.S. GROUPE SEB MOULIN EX	Same controlling shareholder with the controlling shareholder	Commodity selling	Accessories	Contract price	0	21.4	0.00%		No	Bank transfer or bills	0		
Supor Group co., Ltd.	Shareholder	Commodity selling	Finished products	Market price	0	520.11	0.09%		No	Bank transfer or bills	0		
SEB INTERNATIONAL SERVICE S.A.S.	Same controlling shareholder with the controlling shareholder	Commodity selling	Accessories	Contract price	0	264.58	0.05%		No	Bank transfer or bills	0		
ALL-CLAD METALCRAFTERS LLC	Same controlling shareholder	Commodity selling	Finished products	Contract price	0	32.68	0.01%		No	Bank transfer or bills	0		

Wuhan Anzai Cookware Co., Ltd.	Affiliated companies	Commodity selling	Accessories	Contract price	0	0.02	0.00%		No	Bank transfer or bills	0		
SEB COLOMBIA	Same controlling shareholder	Commodity selling	Accessories	Contract price	0	6.69	0.00%		No	Bank transfer or bills	0		
LAGOSTINA S.P.A.	Same controlling shareholder	Commodity selling	Finished products	Contract price	0	10.53	0.00%		No	Bank transfer or bills	0		
LAGOSTINA S.P.A.	Same controlling shareholder	Commodity selling	Accessories	Contract price	0	60.32	0.01%		No	Bank transfer or bills	0		
SHANGHAI SEB	Same controlling shareholder	Commodity selling	Finished products	Contract price	0	0.94	0.00%		No	Bank transfer or bills	0		
Total					--	--	151,191.49	--	0	--	--	--	--
Return of large sales				N/A									
Actual performance of daily connected transactions expected to happen in the reporting period with total amount estimated (if any)				During Jan.-June 2016, the amount of connected transactions actually happened between the Company and SEB with its affiliates was 1,375,196,700 yuan.									
Reason for big discrepancy between transaction value and market reference price (if applicable)				N/A									

## 2. Connected transactions arising from assets purchasing or sale

√ Applicable    □ Not Applicable

Connected party	Association relationship	Type of connected transaction	Content of connected transaction	Pricing principle of connected transaction	Book value of transferred assets (RMB 10,000)	Appraisal value of transferred assets (RMB 10,000) (if any)	Market fair value (RMB 10,000) (if any)	Transfer price (RMB 10,000)	Settling method of connected transaction	Profit or loss of transaction (RMB 10,000)	Date of disclosure	Disclosure index
Grain Harvest Development Limited (禾丰发展有限公司)	The connected party is the wholly-owned subsidiary of SEB Internationale, the controlling shareholder of the Company	Purchase of asset from connected party	The Company purchased 25% equity interest of the subsidiary, Zhejiang Electrical Appliance Manufacturing Co., Ltd. held by the connected party, with own fund of 642.5 million yuan.	The appraisal value in the HDZZPBZ [2016] No. 0230143 <i>Business Valuation Report on Total Equity of Zhejiang Supor Electrical Appliance Manufacturing Co., Ltd with regard to Zhejiang Supor Co., Ltd's Purchasing Grain Harvest Development Limited's 25% Equity in Zhejiang Supor Electrical Appliance Manufacturing Co., Ltd</i> issued by Shanghai Orient Appraisal Co., Ltd. (with the qualification to engage in securities and futures), on the base date of December 31, 2015.	27,370.42	64,250	0	64,250	Cash payment	0	June 28, 2016	See the No. 2016-034 <i>Announcement of Completion of Registration Changes on Acquiring Equity Interest of Zhejiang Supor Electrical Appliance Manufacturing Co., Ltd.</i> disclosed on <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> for details
Grain Harvest Development Limited (禾丰发展有限公司)	The connected party is the wholly-owned subsidiary of SEB Internationale, the controlling	Purchase of asset from connected party	The Company purchased 25% equity interest of the sub-sub-sidiary, Wuhan Supor Cookware Co.,	The appraisal value in the HDZZPBZ [2016] No. 0231143 <i>Business Valuation Report on Total Equity of Wuhan Supor Cookware Co., Ltd with regard to Zhejiang Supor Co., Ltd's Purchasing Grain Harvest Development Limited's 25% Equity in</i>	28,421.91	58,000	0	58,000	Cash payment	0	August 19, 2016	See the No. 2016-039 <i>Announcement of Obtaining New Business License on Acquiring Equity Interest of Wuhan Supor Cookware Co., Ltd.</i> disclosed on

	shareholder of the Company		Ltd. held by the connected party with own fund of 580 million yuan.	Wuhan Supor Cookware Co., Ltd issued by Shanghai Orient Appraisal Co., Ltd. (with the qualification to engage in securities and futures), on the base date of December 31, 2015.								<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> for details
The reason for large difference between transfer price and book value or appraisal value (if any )				After negotiation and confirmation by both parties based on appraisal value.								
Influence on the business performance and financial status of the Company				The Company maintains sufficient cash flow and its purchase of 25% equity interest of each of the aforesaid two subsidiaries can further improve its fund utilization efficiency. After completing purchasing the equities of the two subsidiaries, it will benefit the net profit attributable to shareholders of listed company.								



### **3. Connected transactions arising from joint foreign investment**

Applicable     Not Applicable

No connected transactions arising from joint foreign investment happened during the reporting period.

### **4. Connected credit and indebtedness**

Applicable     Not Applicable

No connected credit or indebtedness existed in the reporting period

### **5. Other connected transactions**

Applicable     Not Applicable

No other connected transactions existed in the reporting period.

## **VIII. Major Contracts and Fulfillment Conditions**

### **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 happened in the reporting period.

### **2. Warranties**

Applicable     Not Applicable

No warranties happened in the reporting period

### **3. Other major contracts**

Applicable     Not Applicable

No other major contracts existed in the reporting period.

**4. Other substantive transactions**

Applicable     Not Applicable

No other substantive transactions existed in the reporting period

**IX. Commitments made in or continued to the Reporting Period by the Company or Shareholders Holding more than 5% Shares**

Applicable     Not Applicable

Undertaking	Undertaken by	Contents of undertaking	Time of undertaking	Term of undertaking	Performance
Commitment of share merger reform					
Undertaking made in Acquisition Report or Equity Change Report	SEB Internationale	SEB Internationale undertook in the Acquisition Report signed on October 19, 2011 that it would not transfer or entrust others to manage, or sell back to Supor the shares obtained from this transfer, within three years as of the date of obtaining them. Meanwhile, within three years since the settlement day, the acquirer undertook that it would neither make any decisions nor conduct any behaviors that will cause delisting of Supor or deprive its listing qualifications.	October 19, 2011	December 22, 2011 - December 21, 2014	Completed
		SEB Internationale undertook in the Acquisition Report signed on October 19, 2011 that it would retain at least 25% of Supor's present or future total stock within ten years.		December 22, 2011 - December 21, 2021	Strictly performed
Commitment made during asset restructuring					
Commitment made during IPO or refinancing					
Other commitments made to minority shareholders	SEB Internationale	SEB Internationale undertook following in the Framework Agreement of Strategic Investment signed on August 14, 2006: to retain 25% of the present or future total stock within ten years from December 25, 2007.	August 14, 2006	December 25, 2007 - December 24, 2017	Strictly performed
	SEB	On August 3, 2015, SEB Internationale	August 3,	August 3,	Strictly

	Internationale	completed the purchase of 10 million of Supor shares held by Supor Group by means of contract transfer, and undertook that within three years as of the date of transfer registration, it would not transfer or entrust others to manage, or sell back to Supor the shares obtained from this transfer.	2015	2015-August 2, 2018	performed
	SEB Internationale	SEB Internationale undertook that it would not reduce any Company shares it holds by any means, within 12 months (from January 15, 2016 to January 14, 2017).	January 15 2016	January 15, 2016-January 14, 2017	Strictly performed
	SEB Internationale	On June 23, 2016, SEB Internationale completed the purchase of 50,000,000 shares of Supor shares held by Supor Group by means of contract transfer, and undertook that: shares acquired by them under the Strategic Investment cannot be transferred, or entrusted to others to manage or repurchased by Supor for a lock-up period of 36 months.	June 23, 2016	June 23, 2016-June 22, 2019	Strictly performed
Timely fulfillment	Yes				
Reason of unfulfillment and next plans (if any)	N/A				

## X. 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.

## XI. Punishment and Rectification

Applicable     Not Applicable

No punishment or rectification issues happened in the reporting period.

## XII. Other Significant Issues

Applicable     Not Applicable

The controlling shareholder SEB Internationale received the *Letter of Confirmation of Share Transfer Registration* issued by CSDCC on June 23, 2016, indicating the completion of purchase of 50,000,000 shares of Supor shares from Supor Group by means of contract transfer at the price of 29 yuan per share. SEB Internationale undertook that shares acquired by them under the Strategic Investment cannot be transferred, or entrusted to others to manage or repurchased by Supor for a lock-up period of 36 months. See *Announcement of Completion of Shares Transfer Registration for Strategic Investment in the Company by Controlling Shareholder*

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and *Announcement of Additional Commitment of Trading Restriction of Shares by Controlling Shareholder* disclosed on *Securities Times*, *China Securities Journal*, *Securities Daily*, and <http://www.cninfo.com.cn> on June 24, 2016 and June 28, 2016 for details.

### **XIII. Corporate Bond Related Information**

The Company does not have any corporate bonds that are not only public offered and listed in a securities exchange but also immature, or mature but not cashed in full amount, by the date of authorized issue of semiannual report.

## SECION 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	Pct.	New shares	Shares bonus	Converted capital	Others	Subtotal	Quantity	Pct.
I. Restricted outstanding shares	165,399,495	26.13%				48,298,015	48,298,015	213,697,510	33.83%
1. Shares held by the State	0	0.00%				0	0	0	0.00%
2. Shares held by state-owned legal entities	0	0.00%				0	0	0	0.00%
3. Shares held by other domestic investors	6,655,195	1.05%				-1,701,985	-1,701,985	4,953,210	0.79%
In which: Shares held by domestic legal entities	0	0.00%				0	0	0	0.00%
Shares held by domestic natural persons	6,655,195	1.05%				-1,701,985	-1,701,985	4,953,210	0.79%
4. Shares held by foreign investors	158,744,300	25.08%				50,000,000	50,000,000	208,744,300	33.04%
In which: Shares held by foreign legal entities	158,744,300	25.08%				50,000,000	50,000,000	208,744,300	33.04%
Shares held by foreign natural persons	0	0.00%				0	0	0	0.00%
II. Non-restricted outstanding shares	467,475,693	73.87%				-49,407,503	-49,407,503	418,068,190	66.17%
1. RMB common shares	467,475,693	73.87%				-49,407,503	-49,407,503	418,068,190	66.17%
2. Domestically listed foreign shares	0	0.00%				0	0	0	0.00%
3. Overseas listed foreign	0	0.00%				0	0	0	0.00%

shares									
4. Others	0	0.00%				0	0	0	0.00%
III. Total shares	632,875,188	100.00%				-1,109,488	-1,109,488	631,765,700	100.00%

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 April 29, 2016, the Company repurchased and canceled 895,488 shares of restricted stock that had been granted to incentive objects who had resigned and restricted stock that not meeting the set requirements of 2015 according to Equity Incentive Plan 2012; the Company repurchased and canceled 214,000 shares of restricted stock that had been granted to incentive objects who had resigned according to Equity Incentive Plan 2013. In total, the Company repurchased and canceled 1,109,488 shares of restricted stock. After the repurchase and cancellation, the capital stock of the Company was reduced from 632,875,188 shares to 631,765,700 shares.

3. On June 28, 2016, the controlling shareholder SEB Internationale undertook an additional commitment to change the type of 50 million shares from unrestricted outstanding shares to restricted outstanding shares in Shenzhen Branch of China Securities Depository and Clearing Corporation.

Approval of stock changes

Applicable  Not Applicable

1. The Company adopted *Proposal on Annuling a Part of Stock Options and Repurchasing and Canceling a Part of Restricted Stock* on the 11th Session of the fifth Board of Directors held on March 24, 2016. Since evaluation index for *2012 Equity Incentive Plan* cannot meet relevant requirements of the year 2015 and some Incentive Objects cannot meet incentive conditions due to resignation, a total of 2,335,872 shares of stock options failing in reaching exercising conditions were annulled; and a total of 845,904 shares of restricted stocks failing in reaching unlocking conditions were repurchased and cancelled at the price of 0 yuan per share. Among these restricted stocks, 827,904 shares were repurchased and cancelled according to *2012 Equity Incentive Plan*; 18,000 shares according to *2013 Equity Incentive Plan*. The Company adopted *Proposal on Annuling a Part of Stock Options and Repurchasing and Canceling a Part of Restricted Stock* on the 7th Session of the fifth Board of Directors held on August 26, 2015. Since some Incentive Objects could not meet incentive conditions due to resignation, a total of 126,720 shares of stock options failing in reaching exercising conditions were annulled; and a total of 263,584 shares of restricted stocks failing in reaching unlocking conditions were repurchased and cancelled at the price of 0 yuan per share. Among these restricted stocks, 67,584 shares were repurchased and cancelled according to *2012 Equity Incentive Plan*; 196,000 shares according to *2013 Equity Incentive Plan*. After confirmed by Shenzhen Branch of China Securities Depository and Clearing Co., Ltd., the Company annulled stock options and purchased and cancelled restricted shares on April 29, 2016.

2. The controlling shareholder SEB Internationale completed all procedures of purchasing 50,000,000 shares of Supor shares held by Supor Group by means of contract transfer on June 23, 2016. SEB Internationale undertook that shares acquired by them under the Strategic Investment cannot be transferred, or entrusted to others to manage or repurchased by Supor for a lock-up period of 36 months. The Registration procedures of changing the type of 50,000,000 shares from unrestricted outstanding shares to restricted outstanding shares were completed in Shenzhen Branch of China Securities Depository and Clearing Corporation Limited on June 30, 2016.

Ownership transfer due to stock change

Applicable  Not Applicable

Influence of share capital change on the past year's and the past period's basic EPS and diluted EPS, and net assets belonging to common shareholders of the Company

Applicable  Not Applicable

During this reporting period, totally 1,109,488 shares were repurchased and canceled, which would cause minimal effect on basic EPS and diluted EPS, and no effect on net assets belonging to common shareholders of the Company and other financial indicators.

Other information deemed necessary or required by securities regulatory commission for disclosure

Applicable  Not Applicable

Total shares of the Company, change of shareholder structure, and changes of the Company's assets and liabilities structure

Applicable  Not Applicable

On April 29, 2016, the Company repurchased and canceled 895,488 shares of restricted stock that had been granted to incentive objects who had resigned and restricted stock that not meeting the set requirements of 2015 according to Equity Incentive Plan 2012; the Company repurchased and canceled 214,000 shares of restricted stock that had been granted to incentive objects who had resigned according to Equity Incentive Plan 2013. In total, the Company repurchased and canceled 1,109,488 shares of restricted stock. After the repurchase and cancellation, the capital stock of the Company was reduced from 632,875,188 shares to 631,765,700 shares.

## 2. Changes of the Shares with Trading Limited Conditions

Applicable  Not Applicable

(Unit: Shares)

Shareholders name	Number of shares with trading limited conditions at the beginning of period	Number of shares with trading limited conditions released within this period	Number of shares with trading limited conditions added within this period	Number of shares with trading limited conditions at the end of period	Reason for trading limited conditions	Date of release of trading limited conditions
SEB INTERNATIONAL S.A.S	158,744,300	0	50,000,000	208,744,300	Commitment to limited trading conditions added by strategic investment	June 22, 2019
Su Xianze	1,887,934	548,772	0	1,339,162	Shares locked by top management	Unlocking 25% of the shares registered under his name on the last trading day of the previous year
Ye Jide	57,109	43,725	0	13,384	Shares locked by top management	Unlocking 25% of the shares registered under his name on the last trading day of the previous year
Incentive objects of Equity Incentive Plan 2012	895,488	895,488	0	0	Restricted stock of Equity Incentive Plan 2012	Since the business performance of 2015 failed to meet the requirements of Equity Incentive Plan 2012 and several incentive objects resigned, 895,488 shares of restricted stock were repurchased

						and canceled, which was completed on April 29, 2016
Incentive objects of Equity Incentive Plan 2013	3,814,664	214,000	0	3,600,664	Restricted stock of Equity Incentive Plan 2013	Since several incentive objects resigned, 214,000 shares of restricted stock were repurchased and canceled, which was completed on April 29, 2016
Total	165,399,495	1,701,985	50,000,000	213,697,510	--	--

## II. Number of shareholders of the Company and Share-holding Conditions

(Unit: Shares)

Total number of common shareholders by reporting period-end			9,341	Number of preferred shareholders recovered with voting power at the end of reporting (if any)			0	
Information on common shareholders holding more than 5% shares or information on top 10 common shareholders								
Shareholder's name	Nature of shareholder	Proportion of share-holding	Number of common shares held at period-end	Increase/decrease in the reporting period	Number of restricted common shares	Number of non-restricted common shares	Number of shares pledged or frozen	
							State of shares	Quantity
SEB INTERNATIONALE S.A.S	Foreign legal entity	81.17%	512,832,233	50000000	208,744,300	304,087,933		
DEUTSCHE BANK AKTIENGESELLSCHAFT	Foreign legal entity	3.02%	19,107,007	-3062089	0	19,107,007		
Fidelity Mutual Fund & Investment Management -clients' capital	Foreign legal entity	2.10%	13,277,469	-2481054	0	13,277,469		
China Construction Bank-Rongtong Leading Growth Complex Securities Investment Funds (LOF)	Others	0.78%	4,958,474	4958474	0	4,958,474		
Supor Group Co., Ltd.	Domestic non state-owned legal entity	0.55%	3,497,301	-52468836	0	3,497,301		
Central Huijin Investment Limited	State-owned legal entity	0.54%	3,402,800	0	0	3,402,800		
Taikang Life Insurance -bonus -individual bonus	Others	0.35%	2,230,200	989181	0	2,230,200		



-019L-FH002 Shen								
Baosteel Group Corporation	State-owned legal entity	0.34%	2,148,894	2148894	0	2,148,894		
Noregs Bank-Own Funds	Foreign legal entity	0.32%	1,996,980	1996980	0	1,996,980		
China Construction Bank-Harvest Consumption Securities Investment Fund	Others	0.31%	1,943,638	791993	0	1,943,638		
Strategic investor or general corporate investor who becomes top 10 common stockholders as the result of rights issue (if any )	No							
Association relationship among the above shareholders or concerted actions	The Company is not aware of any association relationship among top 10 shareholders or any connections as concerted parties as stipulated in <i>Administration of the Takeover of Listed Companies Procedures</i> .							
Shareholding conditions of top 10 non-restricted common shareholders								
Shareholder's name	Number of non-restricted common shares at period-end	Nature of share						
		Nature of share	Qty					
SEB INTERNATIONALE S.A.S	304,087,933	RMB ordinary shares	304,087,933					
DEUTSCHE BANK AKTIENGESELLSCHAFT	19,107,007	RMB ordinary shares	19,107,007					
Fidelity Mutual Fund & Investment Management -clients' capital	13,277,469	RMB ordinary shares	13,277,469					
China Construction Bank- Rongtong Leading Growth Complex Securities Investment Funds (LOF)	4,958,474	RMB ordinary shares	4,958,474					
Supor Group Co. Ltd.	3,497,301	RMB ordinary shares	3,497,301					
Central Huijin Investment Limited	3,402,800	RMB ordinary shares	3,402,800					
Taikang Life Insurance -bonus -individual bonus -019L-FH002 Shen	2,230,200	RMB ordinary shares	2,230,200					
Baosteel Group Corporation	2,148,894	RMB ordinary shares	2,148,894					
Noregs Bank-Own Funds	1,996,980	RMB ordinary shares	1,996,980					
China Construction Bank- Harvest Consumption Securities Investment Fund	1,943,638	RMB ordinary shares	1,943,638					
Description of the related relationship and concerted action within the top 10 non-restricted common shareholders, and between the top 10 non-restricted common shareholders and top 10 common shareholders.	The Company is not aware of any association relationship among top 10 common shareholders or any connections as concerted parties as stipulated in <i>Administration of the Takeover of Listed Companies Procedures</i> .							
Description of top 10 common shareholders participating in margin trading and short selling (if any)	No							

Have top 10 common shareholders and top 10 non-restricted common shareholders repurchased securities at agreed price during the reporting period?

Yes  No

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

### **III. Changes of the Controlling Shareholder or the 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 PARTICULARS ABOUT DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT STAFFS

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

√ Applicable    □ Not Applicable

Name	Position	Post-holding status	Number of shares held at period-begin (shares)	Number of Shares Increased (shares)	Number of Shares reduced (shares)	Number of shares held at period-end (shares)	Number of restricted stock offered at period begin (shares)	Number of restricted stock offered in this period (shares)	Number restricted stock offered at period end (shares)
Frédéric VERWAERDE	Board Chairman	Holding	0	0	0	0	0	0	0
Thierry de La Tour d'Artaise	Director	Holding	0	0	0	0	0	0	0
Su Xianze	Director	Holding	2,195,086	0	645,924	1,549,162	0	0	0
Harry TOURET	Director	Holding	0	0	0	0	0	0	0
Vincent LEONARD	Director	Holding	0	0	0	0	0	0	0
Bertrand NEUSCHWANDER	Director	Holding	0	0	0	0	0	0	0
Frederic BERAHA	Independent Director	Holding	0	0	0	0	0	0	0
Xiaoqing PELLEMELE	Independent Director	Holding	0	0	0	0	0	0	0
Wang Baoqing	Independent Director	Holding	0	0	0	0	0	0	0
Philippe SUMEIRE	Chairman of Supervisors	Holding	0	0	0	0	0	0	0
Zhang Junfa	Supervisor	Holding	0	0	0	0	0	0	0
Lu Lanhua	Supervisor	Holding	0	0	0	0	0	0	0
Vincent Tai	General Manager	Holding	0	0	0	0	0	0	0
Xu Bo	Chief Financial	Holding	316,032	0	76,032	240,000	0	0	0

	Officer								
Ye Jide	Deputy GM and Board Secretary	Holding	174,901	0	77,517	97,384	0	0	0
Su Yan	Director	Leaving the office	0	0	0	0	0	0	0
Chia wahhock	Supervisor	Leaving the office	0	0	0	0	0	0	0
Total	--	--	2,686,019	0	799,473	1,886,546	0	0	0

Note: The share reduction of directors and top management during the reporting period includes the restricted stock defined in Equity Incentive Plan 2012 repurchased and canceled for not meeting set requirements of 2015.

## II. Change of Directors, Supervisors and Senior Management Staffs

Applicable     Not Applicable

Name	Post	Type	Date	Reason
Lu Lanhua	Supervisor	Elected	March 17, 2016	Elected as the supervisor of staff representative
Bertrand NEUSCHWANDER	Director	Elected	April 20, 2016	Added as the member of Board of Directors of the Company

## SECTION IX FINANCIAL REPORT

### I. Audit report

Is the semiannual report audited?

Yes     No

The financial report enclosed in this semiannual report has not been audited.

### II. Financial Statement

Notes to financial statements are in: RMB yuan

#### 1. Consolidated Balance Sheet

Compiled by: Zhejiang Supor Co., Ltd.

(Unit: RMB)

Item	Ending balance	Beginning balance
Current Assets:		
Monetary funds	638,985,853.81	1,041,013,222.62
Settlement fund reserve		
Funds for inter-bank lending		
Financial assets measured at fair value with variation included in current profits and losses	331,868,902.78	402,218,888.89
Derivative financial assets		
Notes receivable	956,676,846.02	604,773,313.11
Accounts receivable	1,271,407,998.22	1,057,146,368.61
Accounts paid in advance	175,747,171.80	108,843,307.15
Premiums receivable		
Dividend payable for reinsurance		
Reserves for reinsurance contract receivable		
Interest receivable	2,618,316.94	1,211,839.09
Dividends receivable		
Other accounts receivable	16,477,980.87	34,924,752.46
Financial assets purchased under agreements to resell		
Inventories	1,057,725,660.29	1,426,745,280.93
Available for sale assets		
Non-current assets due within 1 year		

Other current assets	988,594,808.14	1,375,173,953.91
Total current assets	5,440,103,538.87	6,052,050,926.77
Non-current assets		
Loans and advance		
Loans and advance		
Held to maturity investments		
Long-term account receivable		
Long-term equity investment	53,121,774.78	51,328,807.28
Investing property		
Fixed assets	882,037,067.98	920,306,368.97
Construction in progress	31,504,596.77	22,568,331.63
Construction material		
Fixed asset disposal		
Capitalized biological assets		
Oil assets		
Intangible assets	261,465,307.84	220,715,082.65
Development expense		
Goodwill		
Long-term expenses to be apportioned		
Deferred tax assets	162,529,077.77	129,135,893.03
Other non-current assets		
Total non-current assets	1,390,657,825.14	1,344,054,483.56
Total assets	6,830,761,364.01	7,396,105,410.33
Current liabilities:		
Short-term borrowings		
Borrowing from Central Bank		
Deposits from customers and interbank		
Funds borrowed from interbank lendings		
Financial liabilities measured at fair value with variation included in current profits and losses		
Derivative financial liabilities		
Notes payable		
Accounts payable	1,635,356,280.09	1,639,633,692.92
Accounts received in advance	271,983,107.54	363,052,756.96

Financial assets sold under agreements to repurchase		
Handling charges and commission payable		
Wages & welfare payable	178,221,558.86	209,100,501.70
Tax payable	199,657,611.34	95,969,798.95
Interests payable		
Dividends payable		
Other accounts payable	587,947,344.21	66,612,278.63
Reinsurance payable		
Insurance contract reserve		
Acting trading securities		
Acting underwriting securities		
Available for sale liabilities		
Non-current liabilities due within 1 year		
Other current liabilities		
Total current liabilities	2,873,165,902.04	2,374,369,029.16
Non-current liabilities:		
Long-term borrowings		
Debentures payable		
In which: preferred stock		
Perpetual capital securities		
Long-term payables		
Long-term wages & welfare payable	6,739,979.92	7,345,426.97
Special payables		
Estimated liabilities	3,000,000.00	3,000,000.00
Deferred income		
Deferred income tax liabilities	4,595,275.10	1,660,392.12
Other non-current liabilities		
Total non-current liabilities	14,335,255.02	12,005,819.09
Total liabilities	2,887,501,157.06	2,386,374,848.25
Owners' equity:		
Share capital	631,765,700.00	632,875,188.00
Other equity instruments		
In which: preferred stock		
Perpetual capital securities		



Capital reserve	36,265,478.32	557,582,021.72
Less: treasury stock		
Other comprehensive earnings	-24,538,839.49	-20,233,714.96
Appropriative reserve		
Surplus public reserve	188,929,186.04	197,410,981.99
General risk preparation		
Retained profits	3,093,880,017.56	3,053,468,801.78
Total owners' equity attributed to shareholders of the listed company	3,926,301,542.43	4,421,103,278.53
Minority shareholders' equity	16,958,664.52	588,627,283.55
Total owners' equity	3,943,260,206.95	5,009,730,562.08
Total liabilities and owner's equity	6,830,761,364.01	7,396,105,410.33

Legal Representative: Frédéric VERWAERDE

Head of accounting work: Xu Bo

Head of the accounting body: Xu Bo

## 2. Balance Sheet of the Parent Company

(Unit: RMB)

Item	Ending balance	Beginning balance
Current Assets:		
Monetary funds	76,150,624.81	452,950,870.93
Financial assets measured at fair value with variation included in current profits and losses		
Derivative financial assets		
Notes receivable	39,455,341.85	11,320,927.60
Accounts receivable	206,918,898.90	228,924,203.60
Accounts paid in advance	35,491,312.86	28,350,644.22
Interest receivable	2,419.44	175,101.25
Dividends receivable		250,000,000.00
Other accounts receivable	136,359,835.08	81,493,789.67
Inventories	124,166,484.93	132,568,386.14
Available for sale assets		
Non-current assets due within 1 year		
Other current assets	557,816,054.79	943,191,673.45
Total current assets	1,176,360,972.66	2,128,975,596.86
Non-current assets:		
Available-for-sale financial assets		

Held to maturity investments		
Long-term account receivable		
Long-term equity investment	2,376,486,481.04	1,152,063,788.11
Investing property		
Fixed assets	155,795,657.54	163,971,358.61
Construction in progress	3,130,091.38	4,178,856.02
Construction material		
Fixed asset disposal		
Capitalized biological assets		
Oil asset		
Intangible assets	95,717,092.59	51,572,145.81
Development expense		
Goodwill		
Long-term expenses to be apportioned		
Deferred tax assets	7,256,598.83	7,732,658.46
Other non-current assets		
Total non-current assets	2,638,385,921.38	1,379,518,807.01
Total assets	3,814,746,894.04	3,508,494,403.87
Current liabilities:		
Short-term borrowings		
Financial liabilities measured at fair value with variation included in current profits and losses		
Derivative financial liabilities		
Notes payable		
Accounts payable	122,604,499.30	134,383,127.66
Accounts received in advance	4,932,379.57	5,807,828.15
Wages & welfare payable	35,633,735.68	40,687,386.65
Tax payable	69,727,156.35	27,151,680.91
Interests payable		
Dividends payable		
Other accounts payable	1,233,472,747.71	1,516,287,576.78
Available for sale liabilities		
Non-current liabilities due within 1 year		
Other current liabilities		

Total current liabilities	1,466,370,518.61	1,724,317,600.15
Non-current liabilities:		
Long-term borrowings		
Debentures payable		
In which: preferred stock		
Perpetual capital securities		
Long-term payables		
Long-term wages & welfare payable		
Special payables		
Estimated liabilities		
Deferred income		
Deferred income tax liabilities		1,123,500.80
Other non-current liabilities		
Total non-current liabilities		1,123,500.80
Total liabilities	1,466,370,518.61	1,725,441,100.95
Owners' equity:		
Share capital	631,765,700.00	632,875,188.00
Other equity instruments		
In which: preferred stock		
Perpetual capital securities		
Capital reserve	562,542,467.10	557,812,603.10
Less: treasury stock		
Other comprehensive earnings		
Appropriative reserve		
Surplus public reserve	197,410,981.99	197,410,981.99
Retained profits	956,657,226.34	394,954,529.83
Total owners' equity	2,348,376,375.43	1,783,053,302.92
Total liabilities and owner's equity	3,814,746,894.04	3,508,494,403.87

### 3. Consolidated Income Statement

(Unit: RMB)

Item	Amount of this period	Amount of last period
I. Total sales	5,751,920,817.78	5,379,574,852.09
Including: Operating income	5,751,920,817.78	5,379,574,852.09

Interest income		
Premium income		
Handling charges and commission income		
II. Total cost of sales	5,147,946,137.68	4,873,873,502.54
In which: Operating cost	4,012,799,751.80	3,826,621,021.75
Interest expenses		
Handling charges and commission expenses		
Surrender payment		
Net claims paid		
Net provision for insurance contract reserve		
Policyholder dividend expense		
Expenses for reinsurance accepted		
Business taxes and associate charges	42,812,300.27	33,897,319.04
Selling and distribution expenses	907,452,327.58	836,869,586.54
Management expenses	179,836,717.36	161,745,534.05
Financial expense	-8,175,484.32	-7,892,741.83
Impairment loss	13,220,524.99	22,632,782.99
Plus: Gain/loss from change in fair value (“-” means loss)	-349,986.11	-1,966,929.68
Gain/loss from investment (“-” means loss)	53,398,678.80	27,358,833.38
Including: income from investment in related enterprise and joint ventures		
Foreign exchange gain/loss (“-” means loss)		
III. Business Profit (“-” means deficit)	657,023,372.79	531,093,253.25
Plus: non-operating income	19,343,027.72	19,887,567.43
In which: gains from non-current asset disposal	487,923.34	186,698.28
Minus: non-operating expense	5,948,132.61	5,219,796.35
In which: loss from non-current asset disposal	1,079,737.29	461,888.08
V. Total Profit (“-” means total loss)	670,418,267.90	545,761,024.33
Less: Income tax expense	144,399,904.08	104,894,285.29
V. Net Profit (“-” means net loss)	526,018,363.82	440,866,739.04
Net profit attributed to shareholders of the listed company	470,536,171.34	395,081,399.38
Minority interest	55,482,192.48	45,785,339.66
VI. Net of tax of other comprehensive income	-4,305,124.53	-3,912,380.81
Net of tax of other comprehensive income attributed to owners of parent company	-4,305,124.53	-4,000,137.03

(i) Other comprehensive income which will not be classified in profits and losses in future		
1. Variation in net indebtedness or net assets with defined benefit plans re-measured		
2. Shares in other comprehensive income of invested company which will not be classified in profits and losses accounted by equity method		
(ii) Other comprehensive income which will be classified in profits and losses in future	-4,305,124.53	-4,000,137.03
1. Shares in other comprehensive income of invested company which will be classified in profits and losses accounted by equity method		
2. Variable profit and loss of fair value of available-for-sale financial assets		
3. Profit and loss of held-to-maturity investment re-classified into available-for-sale financial assets		
4. Effective part in profit and loss of cash-flow hedging		2,794,228.27
5. Translation difference of foreign currency financial statements	-4,305,124.53	-6,794,365.30
6. Others		
Net of tax of other comprehensive income attributable to minority shareholders	0.00	87,756.22
VII. Total comprehensive earnings	521,713,239.29	436,954,358.23
Total comprehensive earnings attributed to shareholders of the parent company	466,231,046.81	391,081,262.35
Total comprehensive earnings attributed to minority shareholders	55,482,192.48	45,873,095.88
VIII. Earnings per share:		
(i) Basic earnings per share	0.748	0.628
(ii) Diluted earnings per share	0.744	0.625

In the merger under the same control happened in this reporting period, the merged party has realized net profit of 0.00 yuan before the merger. The net profit of last period was 0.00 yuan.

Legal Representative: Fr á d é ric VERWAERDE

Head of accounting work: Xu Bo

Head of the accounting body: Xu Bo

#### 4. Income Statement of the Parent Company

(Unit: RMB)

Item	Amount of this period	Amount of last period
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I. Sales	628,065,992.42	838,513,628.11
Minus: Operating Cost	500,613,395.38	681,444,590.51
Business taxes and associate charges	6,312,653.42	4,810,375.62
Selling and distribution expenses	16,927,219.34	24,362,999.71
Management expenses	50,271,198.76	45,480,696.59
Financial expense	-678,173.90	1,043,206.11
Impairment loss	-10,137,982.84	3,490,108.27
Plus: Gain/loss from change in fair value (“-” means loss)		-621,863.01
Gain/loss from investment (“-” means loss)	863,519,737.02	18,443,577.82
Including: income from investment in related enterprise and joint ventures		
II. Business Profit (“-” means loss)	928,277,419.28	95,703,366.11
Plus: non-operating income	5,380,941.50	3,183,751.67
In which: gains from non-current asset disposal	169,338.14	57,390.40
Minus: non-operating expense	1,150,309.40	1,359,386.13
In which: loss from non-current asset disposal	34,043.97	43,415.21
III. Total Profit (“-” means total loss)	932,508,051.38	97,527,731.65
Less: Income tax expense	17,016,562.87	24,043,186.60
IV. Net Profit (“-” means net loss)	915,491,488.51	73,484,545.05
V. Net of tax of other comprehensive income		2,435,940.00
(i) Other comprehensive income which will not be classified in profits and losses later		
1. Variation in net indebtedness or net assets with defined benefit plans re-measured		
2. Shares in other comprehensive income of invested company which will not be classified in profits and losses accounted by equity method		
(ii) Other comprehensive income which will be classified in profits and losses in future		2,435,940.00
1. Shares in other comprehensive income of invested company which will be classified in profits and losses accounted by equity method		
2. Variable profit and loss of fair value of available-for-sale financial assets		
3. Profit and loss of held-to-maturity investment re-classified into available-for-sale financial assets		

4. Effective part in profit and loss of cash-flow hedging		2,435,940.00
5. Translation difference of foreign currency financial statements		
6. Others		
VI. Total comprehensive income	915,491,488.51	75,920,485.05
VII. Earnings per share:		
(i) Basic earnings per share		
(ii) Diluted earnings per share		

## 5. Consolidated Cash Flow Statement

(Unit: RMB)

Item	Amount of this period	Amount of last period
I Cash flows from operating activities:		
Cash received from sales of goods or rendering of services	3,511,182,907.70	3,115,784,479.70
Net increase of deposits from customers and other banks		
Net increase of borrowings from central bank		
Net increase of funds borrowed from other financial institutions		
Premium received		
Net cash received from reinsurance		
Net increase of policyholder deposit and investment		
Net increase of financial assets measured at fair value with variation included in current profits and losses		
Interests, handling charges and commission received		
Net increase of funds borrowed from interbank lendings		
Net increase of funds received from repurchase		
Refund of tax and fare received	44,054,370.25	66,158,353.47
Cash received relating to other operating activities	23,718,648.60	30,875,351.72
Sub-total of cash inflows from operating activities	3,578,955,926.55	3,212,818,184.89
Cash paid for goods and services	2,161,394,169.28	1,953,209,952.21
Net increase of customer lending and advance		
Net increase of deposit in central bank and other banks		
Claims paid		
Interests, handling charges and commission paid		
Cash paid as policy dividend		

Cash paid to or for employees	561,340,860.62	538,089,807.92
Tax and fare paid	420,609,666.48	388,509,781.37
Cash paid relating to other operating activities	228,974,699.55	221,130,284.01
Sub-total of cash outflows from operating activities	3,372,319,395.93	3,100,939,825.51
Net cash flows resulting from operating activities	206,636,530.62	111,878,359.38
II. Cash Flows from Investment Activities:		
Cash received from return of investments		
Cash received from investment income	24,915,253.41	17,000,206.66
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	66,909.00	74,234.00
Net cash received from sale of subsidiaries and other operating units		
Cash received relating to other investment activities	1,827,949,233.26	916,308,013.12
Sub-total of cash inflows from investment activities	1,852,931,395.67	933,382,453.78
Cash paid for acquiring fixed assets, intangible assets and other long-term assets	87,298,714.10	47,484,814.40
Cash paid for acquiring investments	642,500,000.00	
Net increase of pledge loans		
Net cash used for acquiring subsidiaries and other operating units		
Cash paid for other investment activities	1,257,600,000.00	810,704,455.10
Sub-total of cash outflows from investment activities	1,987,398,714.10	858,189,269.50
Net cash flow from investment activities	-134,467,318.43	75,193,184.28
III. Cash Flows from Financing Activities:		
Cash received from absorbing investment		
Including: Cash received from issuing shares of minority shareholders		
Cash received from borrowings		
Cash received from issuing bonds		
Other cash received relating to financing activities		
Sub-total of cash inflows from financing activities		
Cash repayments of amounts borrowed		
Cash payments for interest expenses and distribution of dividends or profit	369,003,970.42	272,136,330.79
Including: dividends or profit paid to minority shareholders	15,215,178.42	
Cash payments relating to other financing activities		



Sub-total of cash outflows from financing activities	369,003,970.42	272,136,330.79
Net cash flow from financing activities	-369,003,970.42	-272,136,330.79
IV. Impact of exchange rate fluctuation on cash and cash equivalents	1,198,307.52	-1,105,550.52
V. Net increase of cash and cash equivalents	-295,636,450.71	-86,170,337.65
Plus: Cash and cash equivalents at period-begin	887,822,304.52	416,878,114.31
VI. Cash and cash equivalents at period-end	592,185,853.81	330,707,776.66

## 6. Cash Flow Statement of the Parent Company

(Unit: RMB)

Item	Amount of this period	Amount of last period
I Cash flows from operating activities:		
Cash received from sales of goods or rendering of services	654,631,233.62	668,688,031.01
Refund of tax and fare received	10,396,223.95	42,802,554.15
Cash received relating to other operating activities	5,625,421.39	4,431,746.47
Sub-total of cash inflows from operating activities	670,652,878.96	715,922,331.63
Cash paid for goods and services	489,101,130.33	517,319,369.77
Cash paid to or on behalf of employees	77,197,199.79	95,655,229.73
Tax and fare paid	45,741,086.40	59,076,542.17
Cash paid relating to other operating activities	13,201,171.70	10,798,408.73
Sub-total of cash outflows from operating activities	625,240,588.22	682,849,550.40
Net cash flows resulting from operating activities	45,412,290.74	33,072,781.23
II. Cash Flows from Investment Activities:		
Cash received from return of investments	1,400,000.00	
Cash received from investment income	1,100,982,503.41	8,084,951.10
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	63,000.00	
Net cash received from sale of subsidiaries and other operating units		
Cash received relating to other investment activities	716,064,239.88	393,212,541.39
Sub-total of cash inflows from investment activities	1,818,509,743.29	401,297,492.49
Cash paid for acquiring fixed assets, intangible assets and other long-term assets	55,881,126.19	17,639,852.73
Cash paid for acquiring investments	642,500,000.00	
Net cash used for acquiring subsidiaries and other operating		

units		
Cash paid for other investment activities	1,205,271,561.20	878,332,936.25
Sub-total of cash outflows from investment activities	1,903,652,687.39	895,972,788.98
Net cash flow from investment activities	-85,142,944.10	-494,675,296.49
III. Cash Flows from Financing Activities:		
Cash received from absorbing investment		
Cash received from borrowings		
Cash received from issuing bonds		
Other cash received relating to financing activities	16,974,701.83	697,644,326.11
Sub-total of cash inflows from financing activities	16,974,701.83	697,644,326.11
Cash repayments of amounts borrowed		
Cash payments for interest expenses and distribution of dividends or profit	353,788,792.00	272,136,330.79
Cash payments relating to other financing activities		
Sub-total of cash outflows from financing activities	353,788,792.00	272,136,330.79
Net cash flow from financing activities	-336,814,090.17	425,507,995.32
IV. Impact of exchange rate fluctuation on cash and cash equivalents	-255,502.59	-324,187.25
V. Net increase in cash and cash equivalents	-376,800,246.12	-36,418,707.19
Plus: Cash and cash equivalents at period-begin	452,950,870.93	132,101,639.38
VI. Cash and cash equivalents at period-end	76,150,624.81	95,682,932.19

## 7. Statement of Changes in Consolidated Owners' Equity

Amount of this period

(Unit: RMB)

Item	This period												
	Owners' equity attributed to the listed company											Minority shareholders' equity	Total owners' equity
	Share capital	Other equity instruments			Capital reserve	Less: treasury Stock	Other comprehensive earning	Appropriative reserve	Surplus public reserve	General risk reserve	Retained profits		
	Preferred stock	Perpetual capital securities	Others										
I. Balance at period-end of previous year	632,875,188.00				557,582,021.72		-20,233,714.96		197,410,981.99		3,053,468,801.78	588,627,283.55	5,009,730,562.08
Add: change of accounting policies													
Correction of errors in previous period													
Business combination under the same control													
Others													
II. Balance at period-begin of this year	632,875,188.00				557,582,021.72		-20,233,714.96		197,410,981.99		3,053,468,801.78	588,627,283.55	5,009,730,562.08
III. Increase/ decrease in this period (put "-" for decrease)	-1,109,488.00				-521,316,543.40		-4,305,124.53		-8,481,795.95		40,411,215.78	-571,668,619.03	-1,066,470,355.13
(i) Total comprehensive earnings							-4,305,124.53				470,536,171.34	55,482,192.48	521,713,239.29
(ii) Capital invested and	-1,109,488.00				4,729,800.00								3,620,376.00

reduced by the owners	488.00				64.00								
1. Common shares invested by shareholders													
2. Capital invested by other equity instrument holders													
3. Amount of share-based payments recorded into the owner's equities	-1,109,488.00				4,729,864.00								3,620,376.00
4. Others													
(iii) Profit distribution										-353,788,792.00	-15,515,178.42		-369,303,970.42
1. Provision of surplus reserve													
2. Provision of general risk reserve													
3. Distribution to all owners (shareholders)										-353,788,792.00	-15,515,178.42		-369,303,970.42
4. Others													
(iv) Internal transfer of owners' equity													
1. Conversion of capital reserves to capital (or stock)													
2. Conversion of surplus reserves to capital (or													

stock)													
3. Loss covered by surplus reserves													
4. Others													
(v) Appropriative reserve													
1. Withdrawn in this period													
2. Used in this period													
(vi) Others					-526,046,407.40				-8,481,795.95		-76,336,163.56	-611,635,633.09	-1,222,500,000.00
IV. Balance at period-end	631,765,700.00				36,265,478.32		-24,538,839.49		188,929,186.04		3,093,880,017.56	16,958,664.52	3,943,260,206.95

Amount in last year

(Unit: RMB)

Item	Last period												
	Owners' equity attributed to the listed company											Minority shareholders' equity	Total owners' equity
	Share capital	Other equity instruments			Capital reserve	Less: treasury Stock	Other comprehensive earning	Appropriative reserve	Surplus public reserve	General risk reserve	Retained profits		
	Preferr ed stock	Perpetual capital securities	Others										
I. Balance at period-end of previous year	633,853,440.00				544,286,532.15		-24,083,236.09		154,971,348.50		2,479,039,992.07	490,748,238.51	4,278,816,315.14
Add: change of													

accounting policies													
Correction of errors in previous period													
Business combination under the same control													
Others													
II. Balance at period-begin of this year	633,853,440.00				544,286,532.15		-24,083,236.09		154,971,348.50		2,479,039,992.07	490,748,238.51	4,278,816,315.14
III. Increase/ decrease in this period (put “-” for decrease)	-978,252.00				7,287,498.00		-4,000,137.03				122,945,068.59	45,873,095.88	171,127,273.44
(i) Total comprehensive earnings							-4,000,137.03				395,081,399.38	45,873,095.88	436,954,358.23
(ii) Capital invested and reduced by the owners	-978,252.00				7,287,498.00								6,309,246.00
1. Common shares invested by shareholders													
2. Capital invested by other equity instrument holders													
3. Amount of share-based payments recorded into the owner's equities	-978,252.00				7,287,498.00								6,309,246.00
4. Others													

(iii) Profit distribution												-272,136,330.79		-272,136,330.79
1. Provision of surplus reserve														
2. Provision of general risk reserve														
3. Distribution to all owners (shareholders)												-272,136,330.79		-272,136,330.79
4. Others														
(iv) Internal transfer of owners' equity														
1. Conversion of capital reserves to capital (or stock)														
2. Conversion of surplus reserves to capital (or stock)														
3. Loss covered by surplus reserves														
4. Others														
(v) Appropriative reserve														
1. Withdrawn in this period														
2. Used in this period														
(vi) Others														

IV. Balance at period-end	632,875,188.00			551,574,030.15		-28,083,373.12		154,971,348.50		2,601,985,060.66	536,621,334.39	4,449,943,588.58
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### 8. Statement of Changes in Owners' Equity of the Parent Company

Amount of this period

(Unit: RMB)

Item	This period										
	Share capital	Other equity instruments			Capital reserve	Less: treasury Stock	Other comprehensive earning	Appropriative reserve	Surplus public reserve	Retained profits	Total owners' equity
		Preferred stock	Perpetual capital securities	Others							
I. Balance at period-end of previous year	632,875,188.00				557,812,603.10				197,410,981.99	394,954,529.83	1,783,053,302.92
Add: change of accounting policies											
Correction of errors in previous period											
Others											
II. Balance at period-begin of this year	632,875,188.00				557,812,603.10				197,410,981.99	394,954,529.83	1,783,053,302.92
III. Increase/ decrease in this period (put "-" for decrease)	-1,109,488.00				4,729,864.00					561,702,696.51	565,323,072.51
(i) Total comprehensive earnings										915,491,488.51	915,491,488.51



(ii) Capital invested and reduced by the owners	-1,109,488.00				4,729,864.00						3,620,376.00
1. Common shares invested by shareholders											
2. Capital invested by other equity instrument holders											
3. Amount of share-based payments recorded into the owner's equities	-1,109,488.00				4,729,864.00						3,620,376.00
4. Others											
(iii) Profit distribution										-353,788,792.00	-353,788,792.00
1. Provision of surplus reserve											
2. Distribution to all owners (shareholders)										-353,788,792.00	-353,788,792.00
3. Others											
(iv) Internal transfer of owners' equity											
1. Conversion of capital reserves to capital (or stock)											
2. Conversion of surplus reserves to capital (or stock)											
3. Loss covered by surplus reserves											
4. Others											

(v) Appropriative reserve											
1. Withdrawn in this period											
2. Used in this period											
(vi) Others											
IV. Balance at period-end	631,765,700.00				562,542,467.10				197,410,981.99	956,657,226.34	2,348,376,375.43

Amount in last year

(Unit: RMB)

Item	Last period										
	Share capital	Other equity instruments			Capital reserve	Less: treasury Stock	Other comprehensive earning	Appropriative reserve	Surplus public reserve	Retained profits	Total owners' equity
		Preferred stock	Perpetual capital securities	Others							
I. Balance at period-end of previous year	633,853,440.00				544,139,433.78				154,971,348.50	285,134,159.20	1,618,098,381.48
Add: change of accounting policies											
Correction of errors in previous period											
Others											
II. Balance at period-begin of this year	633,853,440.00				544,139,433.78				154,971,348.50	285,134,159.20	1,618,098,381.48
III. Increase/ decrease in this period (put "-" for decrease)	-978,252.00				7,287,498.00		2,435,940.00			-198,651,785.74	-189,906,599.74

(i) Total comprehensive earnings							2,435,940.00			73,484,545.05	75,920,485.05
(ii) Capital invested and reduced by the owners	-978,252.00				7,287,498.00						6,309,246.00
1. Common shares invested by shareholders											
2. Capital invested by other equity instrument holders											
3. Amount of share-based payments recorded into the owner's equities	-978,252.00				7,287,498.00						6,309,246.00
4. Others											
(iii) Profit distribution										-272,136,330.79	-272,136,330.79
1. Provision of surplus reserve											
2. Distribution to all owners (shareholders)										-272,136,330.79	-272,136,330.79
3. Others											
(iv) Internal transfer of owners' equity											
1. Conversion of capital reserves to capital (or stock)											

2. Conversion of surplus reserves to capital (or stock)											
3. Loss covered by surplus reserves											
4. Others											
(v) Appropriative reserve											
1. Withdrawn in this period											
2. Used in this period											
(vi) Others											
IV. Balance at period-end	632,875,188.00				551,426,931.78		2,435,940.00		154,971,348.50	86,482,373.46	1,428,191,781.74

### **III. Company Profile**

Zhejiang Supor Co., Ltd. (hereinafter referred to as “the Company”) is a joint stock company restructured from Zhejiang Supor Cookware Co., Ltd. approved by [2004] No. 24 document from the Leading Group for Enterprise Listed of the People's Government of Zhejiang Province, and transacted registration change in Zhejiang Administration for Industry & Commerce on Nov. 10, 2000, and obtained business license for legal corporation with registration number of 913300007046976861. At present, the Company holds registered capital RMB 631,765,700.00 and a total of 631,765,700 shares (par value RMB 1 per share), including 213,697,510 shares (A shares) of restricted circulating share and 418,068,190 shares (A shares) of unrestricted circulating shares. The Company's stocks were listed for trading on SME board of Shenzhen securities exchange on August 17, 2004.

The Company belongs to metal products manufacturing industry. Its business scope includes R&D, production and selling of kitchenware, stainless steel products, general hardware, small electrical home appliances and cooker; import & export (for the specific scope, please refer to the Qualification Certificate for Import and Export Enterprises of the People's Republic of China), and assembly and repair of electrical appliances. The main products are CW and kitchen SDA.

Our company included 12 subsidiaries, including Zhejiang Shaoxing Supor Domestic Appliances Co., Ltd. Zhejiang Supor Electrical Appliance Manufacturing Co., Ltd. and Wuhan Supor Pressure Cooker Co., Ltd. in the scope of current *Consolidated Financial Statement*. See Foot notes “VIII Change of Consolidation Scope” and “IX Descriptions of Rights and Interests in Other Entities” to this financial statement for details.

### **IV. Preparation Basis of Financial Statement**

#### **1. Preparation basis**

This financial report is prepared on the basis of sustainable operation of the Company.

#### **2. Sustainable operation**

The Company was not involved in any matters or situations that would cause substantial doubts about the sustainable operation of the Company 12 months after period-end.

### **V. Principal Accounting Policies and Accounting Estimates**

Detailed accounting policies and accounting estimate tips: N/A

#### **1. Announcement of compliance with the Accounting Standards**

The Company implements the Accounting Standards for Business Enterprises (ASBE) promulgated by the Ministry of Finance in February 2006. The financial statements of the Company give a true and fair view of the state of affairs of the Company regarding the financial position and operating results & cash flows.

#### **2. Accounting period**

The fiscal year is from January 1 to December 31 of each calendar year.

### 3. Operating cycle

The operating cycle is 12 months, as the liquidity categorization standard of assets and liabilities.

### 4. Reporting currency

The reporting currency is RMB.

### 5. Accounting treatment for business combination under and not under the same control

#### (1) Accounting methods for merger under the same control

The assets and liabilities acquired from business acquisition shall be measured based on the book value of the mergee in the consolidated financial statements of the final controller on the date of combination. The difference between the book value of mergee in the consolidated financial statements of the final controller and the book value of combination consideration paid (or the total amount of the par value of share issued) shall offset against the capital reserve. If the capital reserve is insufficient to offset, the retained earnings shall be adjusted.

#### (2) Accounting methods for merger under different control

The balance that merging cost's exceeding definable net assets fair proportion is validated as Goodwill. If the merging cost is less than the definable net assets fair proportion, the measurement of all definable net assets, liabilities, fair value and merging cost shall be re-validated first. After validation, balance shall be recorded in the current profits and losses if it is still less.

### 6. Preparation method of the Consolidated Financial Statement

The parent company shall bring all subsidiaries under its control into the consolidation scope. In line with the Accounting Standard for Business Enterprise No. 33 Consolidated Financial Statement, the consolidated financial statement shall be prepared by the parent company on the basis of both financial statements of the parent company and its subsidiaries in accordance with other relevant information.

#### (1) Increasing subsidiaries or businesses

In the reporting period, if subsidiaries or businesses are increased due to merger under the same control, then the number of beginnings of period should be adjusted; the income, expense, and profit from the beginning of period during which subsidiaries or businesses are merged to the end of reporting period should be included in *Consolidated Statement of Income*, and the cash flow included in *Consolidated Statement of Cash Flow*. Meanwhile, adjustments should be made to the items in *Comparative Statement*. It is deemed that the reporting entity after merger exists since the final controlling party starts control.

If the investor may control the investee under the same control for such reason as additional investment, it is deemed that parties involved in merger are adjusted in the current statuses since the final controlling party starts control. For the equities held before acquisition of control power, if related profit and loss, other comprehensive incomes, and other changes in net assets are recognized from the date of acquisition of original equity or the date when the merging party and the party being merged are under the same control, whichever is later, to the merger date, then the earning retained at the beginning of comparative statement period or current profit and loss should be written down.

In the reporting period, if subsidiaries or businesses are increased due to merger under different control, then the number of beginnings of period should not be adjusted; the income, expense, and profit from acquisition date to the end of reporting period should be included in *Consolidated Statement of Income*, and the cash flow included in *Consolidated Statement of Cash Flow*.

If the investor may control the investee under different control for such reason as additional investment, out company will re-measure the equity investment in the acquiree held before acquisition date at its fair value on the acquisition date, and include the margin

between fair value and book value in the current income from investment. If the equity investment in the acquiree held before acquisition date involves the other comprehensive incomes and changes in owner's equities other than net profit and loss, other comprehensive incomes, and profit distribution accounted with equity method, then the related other comprehensive incomes and changes in other changes in owner's equities turn into the income from investment in the period of acquisition, except other comprehensive incomes arisen from the investee's re-measurement of the changes in net liabilities or assets in defined benefit plans.

#### (2) Disposing subsidiary or business

① General handling method: In case our company disposes subsidiary or business within report period, the income, expense and profit of this subsidiary or business from the beginning of this period to disposal date should be included in consolidated statement of income; the cash flow of this subsidiary or business from the beginning of this period to disposal date should be included the consolidated statement of cash flow. In case the control power over the investee is lost for disposal of part of equity investments or for other reasons, our company will calculate the equity investment left after disposal according to the fair value of the day losing control power. The balance obtained from the sum of consideration from equity disposal and the fair value of residual equity minus the sum of enjoyed share of net assets, which are continuously calculated from the purchase date or consolidation date based on original shareholding ratio, and goodwill of the original subsidiary; is included in the return on investment of the period during which control power is lost. Changes of other comprehensive incomes related to the equity investment of original subsidiary, or other owner's equities except for net income and loss, other comprehensive incomes and profit allocation should be changed into current investment income of the current period when the control power is lost, excluding other comprehensive incomes generated for the net liability or net asset changes caused by the re-measurement and resetting of benefit plan by the investee.

② Stepped disposal of subsidiary: In case the control power is lost due to the disposal of equity investment by several transaction steps, and the influence of disposal on the clauses, conditions and economy of various transactions relating to subsidiary equity investment conforms to one or several of the following conditions, it is usually indicated that these transactions should be considered as a package deal for accounting treatment: i. These transactions are set up simultaneously or based on the consideration of their mutual influence; ii. These transactions can only achieve a complete business result together; iii. The occurrence of a transaction depends on the occurrence of one other transaction at least; iv. One transaction is not economic independently but economic together with other transactions. In case the transactions relating to disposal of equity investment and resulting in loss of control power belong to one package deal, our company will regard these transactions as one transaction relating to subsidiary disposal and resulting in loss of control power for accounting treatment; however, the balance between each disposal price and the share of the net assets of this subsidiary enjoyed corresponding to disposal investment should be confirmed as other comprehensive income in consolidated financial statement before losing control power, and be transferred into the income and loss of the period during which control power is lost when the control power is lost. In case the transactions relating to disposal of equity investment and resulting in loss of control power do not belong to one package deal, part of the policies on equity investment of subsidiary should be accounted with the control power deemed not lost before the control power is lost; the policies on equity investment should be accounted with general accounting treatment methods of the subsidiary when the control power is lost.

#### (3) Purchasing minority equity

In case the premium on capital stock of capital reserves in consolidated balance sheet is adjusted for the balance between the long-term equity investments obtained from purchasing of minority equity, and the share of net assets of the subsidiary that should be enjoyed and is continuously calculated since the purchasing date (or consolidating date) based on increased shareholding ratio, while the premium on capital stock of capital reserves is not sufficient for write-down, the retained earnings should be adjusted.

#### (4) Disposing part of the equity investments of subsidiary without the control power lost

In case the premium on capital stock of capital reserves in consolidated balance sheet is adjusted for the balance between the disposal price obtained from the disposal of long-term equity investment of the subsidiary and the share of net assets that should be enjoyed and is continuously calculated since the purchasing date or consolidating date corresponding to the disposal of long-term equity investment, while the premium on capital stock of capital reserves is not sufficient for write-down, the retained earnings should be adjusted.

## **7. Classification of joint venture arrangements and accounting treatment method of joint operation**

(1) Joint venture arrangements are divided into joint venture and affiliated business.

(2) If the company is a party of a joint venture, it shall confirm following items that are related to the interest quantum of the joint operation:

- 1) To confirm assets possessed separately, and confirm assets co-possessed based on the holding quantum;
- 2) To confirm liabilities undertaken separately, and confirm liabilities co-undertaken based on the holding quantum;
- 3) To confirm the income generated from selling the company's production shares from joint operation;
- 4) To confirm the income generated from selling assets from joint operation;
- 5) To confirm expenses generated separately, and confirm expenses generated from joint operation based on the holding quantum.

## **8. Determination criteria for cash and cash equivalent**

Cash listed in the Cash Flow Statement refers to cash on hand and deposit ready for payment. Cash equivalent refers to short-term, high liquid investments that are readily convertible to known amounts of cash, and with insignificant value variation risks.

## **9. Conversion of foreign currency business and foreign currency statements**

### **(1) Conversion of foreign currency transaction**

For foreign currency transactions occurred, the amount in the foreign currency shall be converted to the amount in the reporting currency at the spot exchange rate of the transaction date. For the balance sheet date, the foreign currency monetary items shall be converted at the spot exchange rate on the balance sheet date. The exchange loss of foreign exchange, except for those of the capital and interests of foreign currency borrowings arising from buying assets in compliance with the capitalization conditions, shall be recorded into the profits and losses account at the current period; the foreign currency non-monetary items measured at the historical cost shall still be converted at the spot exchange rate on the transaction date; except the gain or loss of foreign exchange of the principle and interests of special fund for capital expenditure, the foreign currency non-monetary items measured at the fair value shall be converted at the spot exchange rate on the fair value confirming date; the difference is taken as the current profit and loss or other comprehensive income.

### **(2) Conversion of financial statements in foreign currency**

The asset and liability items in the balance sheets shall be converted at the spot exchange rate on the balance sheet date. Among the owner's equity items, apart from "retained profit", others shall be converted at the historical rate. The income and expenses items in the profit statements shall be converted at the approximate exchange rate with the spot exchange rate of the transaction date. The balance arising from the translation of foreign currency financial statements shall be included in other comprehensive income.

## **10. Financial instrument**

### **(1) Classification of financial assets and financial liabilities**

Financial assets shall be classified into following four categories when they are initially recognized: (i) the financial assets which are measured at their fair values and the variation of which is recorded into the profits and losses of the current period, including tradable financial assets and the financial assets which are measured at their fair values when initially recognized and of which the variation is included in the current profits and losses; (ii) the investments which will be held to their maturity; (iii) loans and the accounts receivables; and (iv) financial assets available for sale.

Financial liabilities shall be classified into the following two categories when they are initially recognized: (i) the financial liabilities which are measured at their fair values and of which the variation is included in the current profits and losses, including tradable



financial liabilities and the designated financial liabilities which are measured at their fair values when initially recognized and of which the variation is included in the current profits and losses; and (ii) other financial liabilities.

## **(2) Confirmation basis, measuring method and de-recognition condition of financial assets and financial liability**

When the Company is engaged to a financial instrument, it shall recognize a financial asset or financial liability. The financial assets and financial liabilities initially recognized by the Company shall be measured at their fair values. For the financial assets and liabilities measured at their fair values and of which the variation is recorded into the profits and losses of the current period, the related trading expenses thereof shall be directly recorded into the profits and losses of the current period; for other categories of financial assets and financial liabilities, the trading expenses thereof shall be included into the initially recognized amount.

The Company shall make subsequent impairment test on its financial assets according to their fair values, and can not deduct the transaction expenses that may occur when it disposes the said financial asset in future. But following circumstances shall be excluded: (i) The investments held to their maturity, loans and accounts receivable shall be measured on the basis of the post-amortization costs by adopting the actual interest rate method; (ii) The equity instrument investments for which there is no quotation in the active market and whose fair value cannot be measured reliably, and the derivative financial assets which are connected with the said equity instrument and must be settled by delivering the said equity instrument shall be measured on the basis of their costs.

The Company shall make subsequent impairment test on its financial liabilities on the basis of the post-amortization costs by adopting the actual interest rate method, with the exception of those under the following circumstances: 1) For the financial liabilities measured at their fair values and of which the variation is recorded into the profits and losses of the current period, they shall be measured at their fair values, and none of the trading expenses may be deducted, which may occur when the financial liabilities are settled in the future; 2) For the derivative financial liabilities, which are connected to the equity instrument for which there is no quotation in the active market and whose fair value cannot be reliably measured, and which must be settled by delivering the equity instrument, they shall be measured on the basis of their costs. 3) For the financial guarantee contracts which are not designated as a financial liability measured at its fair value and the variation thereof is recorded into the profits and losses of the current period, and for the commitments to grant loans which are not designated to be measured at the fair value and of which the variation is recorded into the profits and losses of the current period and which will enjoy an interest rate lower than that of the market, a subsequent impairment test shall be made after they are initially recognized according to the higher one of the following: (i) the amount defined by the Accounting Standards for Enterprises No. 13—Contingencies; or (ii) the balance of initially confirmed value deducting the accumulative amortization as determined according to the principles in Accounting Standards for Enterprises No. 14 - Income.

The profits and losses arising from the change in the fair value of a financial asset or financial liability shall be dealt with according to the following provisions, unless it is related to hedging: 1) The profits and losses, arising from the change in the fair value of the financial asset or financial liability which is measured at its fair value and of which the variation is recorded into the profits of the current period, shall be recorded into the profits and losses of the current period. The received interest or cash dividend shall be recorded as investment gain. When settling, the difference between the actual amount received and original book value should be recorded as investment gain or loss. At the same time, the gain from fair value change should be adjusted. (2) The fair value change of tradable financial assets shall be included in other comprehensive income; the interests calculated according to the effective interest method shall be recorded as investment gain. The cash dividend arising from the investment of tradable equity instrument shall be recorded in the investment gain on the date when the investor declares the dividend. When settling, the difference between the actual amount received and the book value deducted by the accumulated fair value changes originally directly included in other comprehensive income should be recorded as investment gain or loss.

When the contractual right of receiving the cash flow of certain financial assets has been ceased, or almost all risks and benefit of such financial assets have been transferred, the financial assets shall be ceased. When the obligations of the financial liabilities are completely or partially released, the corresponding complete or partial financial liabilities shall be ceased.

## **(3) Recognition and measurement of transfer of financial assets**

Where the Company has transferred nearly all of the risks and benefits related to the ownership of the financial asset to the transferee, it shall cease recognition of the financial asset. If it retains nearly all of the risks and benefits related to the ownership of the financial asset, it shall continue to recognize the entire financial asset to be transferred and shall recognize the consideration it receives as a financial liability. Where the Company does not transfer or retain nearly all of the risks and benefits related to the ownership of a financial asset, it shall refer to following circumstances: 1) If it gives up its control over the financial asset, it shall terminate recognition of the financial asset; 2) If it does not give up its control over the financial asset, it shall, according to the extent of its continuous involvement in the transferred financial asset, recognize the related financial asset and recognize the relevant liability accordingly.

If the transfer of an entire financial asset satisfies the conditions for termination of the recognition, the difference between the amounts of the following two items shall be recorded in the profits and losses of the current period: 1) The book value of the converted financial asset; 2) The sum of consideration received from the transfer, and the accumulative amount of the changes of the fair value originally recorded in the owner's equities. If the transfer of partial financial asset satisfies the conditions to terminate the recognition, the total book value of the transferred financial asset shall, between the portion whose recognition has been terminated and the portion whose recognition has not been terminated, be apportioned according to their respective relative fair value, and the difference between the amounts of the following two items shall be included into the profits and losses of the current period: 1) The book value of the portion whose recognition has been terminated; 2) The sum of consideration of the portion whose recognition has been terminated, and the portion of the accumulative amount of the changes in the fair value originally recorded in the owner's equities which is corresponding to the portion whose recognition has been terminated.

#### **(4) Determination method of fair value of financial assets and financial liabilities**

The Company determines the fair value of financial assets and financial liabilities based on the currently applicable valuation technique supported by sufficiently available data and other information. The Company classifies the input values used by valuation technique into following levels:

- 1) First-level input values are the unadjusted quotation of same assets or liabilities that can be acquired on the measurement date in active market;
- 2) Second-level input values are the input values of related assets or liabilities outside first-level input values that can be directly or indirectly observed, including quotation of similar assets or liabilities in active market; quotation of same or similar assets or liabilities in inactive market; other input values that can be observed other than quotation, such as interest rate and yield curve that can be observed during normal quotation intervals; input values of market validation.
- 3) Third-level input values are the input values of related assets or liabilities that cannot be observed, including interest rate that cannot be observed directly or validated by observable market data, stock volatility, future cash flow for asset retirement obligation undertaken in business combination, and financial forecasting made based on own data.

#### **(5) Accrual of provision for impairment test and impairment preparation of financial assets**

1) The Company shall carry out an impairment test, on the balance sheet date, on the carrying amount of the financial assets other than those measured at their fair values. If there is sound evidence for the depreciation of those financial assets, the provision shall be accrued.

2) For held-to-maturity investments, loans and receivables, single significant amounts of financial assets accounts should be separated for impairment test; for non-significant single amounts of financial assets, impairment test can be carried out separately, or they can be combined with financial assets of similar credit risk characteristics in impairment test; financial assets without impairment in separate tests (including significant single amounts of financial assets and non-significant single amounts of financial assets), should be included in the portfolios of financial assets of similar credit risks for impairment test. If the test result indicates that impairment occurs, the impairment loss should be confirmed based on the difference of book value and present value of future cash flow.

##### 3) Available-for-sale financial assets

- ① Objective evidences that can prove the impairment of a tradable financial asset investment shall include:

- A. Serious financial difficulty occurs to the debtor,
- B. The debtor breaches any of the contractual stipulations, for example, failing to pay or delaying the payment of interests or the principal,
- C. The Company makes any concession to the debtor which is in financial difficulties due to economic or legal consideration,
- D. The debtor will probably become bankrupt or carry out other financial reorganizations,
- E. The financial asset can no longer be traded in the active market due to serious financial difficulties of the issuer;
- F. Other objective evidences showing the impairment of the financial asset.

② Objective evidences that show the impairment of available-for-sale equity instrument investments include serious or non-transient drop of the fair value of equity instrument investments, and the possible failure to recoup investment costs due to the major disadvantageous changes of the technical, market, economic or legal environment that the investee is in.

Our company inspects various available-for-sale equity instruments separately on the date of balance sheet. For equity instrument investments measured based on cost, our company will judge if the equity instrument is impaired by comprehensively considering if the technical, market, economic or legal environment where the investee is in is significantly and disadvantageously changed.

When the available-for-sale financial assets are impaired, the accumulated losses that are originally included in other comprehensive incomes and formed due to the decline in fair value should be transferred out and included in impairment loss. For available-for-sale liability instrument investments with their impairment loss confirmed, the originally confirmed impairment loss should be returned and included in the income and loss of the current period if the fair value rises after the period and is objectively related to the matters occurring after original impairment loss is confirmed. For the available-for-sale equity instrument investments with their impairment loss confirmed, the fair value rise after the period can be directly included in other comprehensive incomes.

When the available-for-sale equity instruments measured based on cost are impaired, the balance between the book value of the equity instrument investment and the present value of cashed future cash flow according to the market profitability at that time of similar financial assets should be determined as impairment loss and be included in the income and loss of current period. Once confirmed, the impairment loss occurred will not be returned.

## 11. Accounts receivable

### (1) Accounts receivable of significant single amount and separately accrued for bad debt provision

Determination basis for significant single amount	Account receivable valued at more than 1 million yuan (including) and accounting for more than 10% of the total book value of accounts receivable
Method of calculation	For those under separate test, the accrual of bad debt provision shall be made according to the difference between the current value of the NPV and its book value

### (2) Accounts receivable accrued for bad debt provision in combination based on credit risks

Name of combination	Method of calculation
Age combination	Age analysis

Account receivable using age analysis method for bad debt provision:

Applicable    Not Applicable

Age	Accrual percentage for accounts receivable	Accrual percentage for other receivable

	(%)	(%)
Less than 1 year (including)	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)Accounts receivable not of significant single amount but separately accrued for bad debt provision

Reasons for bad debt provision of insignificant single amount	There is significant deference between the NPV of accounts receivable and the NPV of accounts receivable combination with the characteristics of credit risk based on the age
Method of calculation	For those under separate test, the accrual of bad debt provision shall be made according to the difference between the current value of the NPV and its book value

## 12. Inventory

### (1) Classification

The term "inventories" refers to finished products or merchandise possessed by an enterprise for sale in daily business, or work in progress, or materials and supplies to be consumed in production process or for providing services.

### (2) Valuation method of shipped-out inventories.

The one-off weighted average method at month end.

### (3) Determination basis of the net realizable value of inventories

On the date of balance sheet, the inventories shall be measured whichever is lower in accordance with the cost and the net realized value. The Company shall make provisions for loss on decline in value of inventories by the balance of the cost of single inventory and the net realized value. For such merchandise inventory for sale directly as finished goods inventories, merchandise and materials for sale, their net realizable value shall be the amount after deducting estimated sale expense and relevant taxes from the estimated sale price of the inventories in course of normal production and operation; the net realizable value of materials inventories for processing shall be the amount after deducting the estimated cost of completion, estimated sale expense and the relevant taxes from the estimated sale price of finished products in course of normal production and operation; on the balance sheet date, for inventories with the contract price and inventories without the contract price in the same inventories, their net realizable value shall be measured separately, and comparing with their corresponding costs, their amounts of provision for loss on decline in value of inventories withdrawn or carried forward shall be confirmed respectively.

### (4) Stocktaking system

Perpetual stocktaking system

### (5) Amortization of low-cost consumables and packing

1) Low-value consumables

It should be amortized according to one-time write-off.

2) Packaging

It should be amortized according to one-time write-off.

### 13. Available-for-sale assets

The Company classifies non-current assets (excluding financial assets) simultaneously meeting following conditions into available-for-sale assets: 1) the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets; 2) resolution has been made regarding disposal of the asset; 3) irrevocable transfer agreement has been signed with transferee; 4) the transfer will be quite probably completed within one year.

### 14. Long-term equity investment

#### (1) Determination of joint control and significant influence

Joint control shall mean the control over certain arrangement according to relevant agreement, and decision making of activities of the arrangement must be subject to consensus of participants sharing the control power. Significant influence shall mean having the authority to participate in decision-making of invested company's finance and operating policies, but not having the authority to control or joint control with other parties the making of these policies.

#### (2) Determination of initial cost of investment

1) For business combination under the same control, if the combining enterprise pays in cash, transfers non-cash assets or bears its debts or issue equity securities, it shall, on the date of combination, regard the share of the book value of the owner's equity of the combined enterprise in the consolidated financial statements of the final controller as the initial cost of the long-term equity investment. The difference between the initial cost of the long-term equity investment and the book value of combination consideration paid or the total amount of the par value of share issued shall offset the capital reserve. If the capital reserve is insufficient to offset, the retained earnings shall be adjusted.

The company determines "package deal" based on long-term equity investment from business combination under the same control formed through several deals.

If it is a "package deal", several deals are taken as one deal that acquires control power. If it is not a "package deal", it shall, on the date of combination, regard the share of the book value of the net assets of the combined enterprise in the consolidated financial statements of the final controller as the initial cost. The difference between the initial cost of long term equity investment on the date of combination and the book value of long-term equity investment before the combination plus the book value of new pay consideration of stock further obtained on the date of combination, shall offset against the capital reserve. If the capital reserve is insufficient to offset, the retained earnings shall be adjusted.

2) For business combination not under the same control, the Company, on the date of combination, shall regard the fair value of the combination consideration paid as the initial cost of the long-term equity investment.

For long-term equity investment formed through business combination not under the same control, accounting treatment shall distinguish individual financial statement and consolidated financial statement:

① for individual financial statement, the book value of equity investment of the acquiree held before plus the new investment cost on the purchase date shall be recognized as the initial investment cost;

② In consolidated financial statements, determine whether it belongs to "package deal".

If it is a "package deal", several deals are taken as one deal that acquires control power. If it is not a "package deal", the equity of the acquiree held before the purchase date shall be re-measured according to the fair value of the equity on the purchase date. The

difference between fair value and book value shall be included in the current investment income. Where the equity of the acquiree held before the purchase date involves other comprehensive income accounted by equity method, such income shall be carried forward to the investment income of the period where the purchase date is in. But other comprehensive income generated from net liability or net asset change due to the invested party's re-measuring of defined benefit plans is excluded.

3) Besides the long-term equity investments formed by business combination, the initial cost of a long-term equity investment obtained by payment in cash shall be the purchase cost which is actually paid; the initial cost of a long-term equity investment obtained on the basis of issuing equity securities shall be the fair value of the equity securities issued; the initial cost of a long-term equity investment obtained on the basis of debt restructuring shall be confirmed according to Accounting Standards for Enterprises No.12 – Debt Restructuring; the initial cost of a long-term equity investment obtained on the basis of non-monetary assets exchange shall be confirmed according to Accounting Standards for Enterprises No.7 - Exchange of Non-monetary Assets.

### **(3) Confirmation method of subsequent measurement and gain/loss**

A long-term equity investment that controls the invested Company shall be accounted by the cost method; long-term equity investment in affiliated companies and joint ventures shall be accounted by the equity method.

### **(4) Making deals for several times to dispose step-by-step equity investment in subsidiaries till loss of control**

#### 1) Individual financial statement

The balance between the book value of disposal equity and the price actually obtained should be included in the income and loss of current period. Residual equities that can still affect the investee significantly or jointly controlled with other parties should be calculated by equity approach; the residual equities that cannot be controlled or jointly controlled by the investee or cannot affect the investee significantly should be confirmed as financial assets and be calculated according to relevant regulations of *Accounting Standards for Enterprises No. 22 – Recognition and Measurement of Financial Instruments*.

#### 2) Consolidated financial statement

① Several deals are made to dispose step-by-step equity investment in subsidiaries till loss of control, and it does not belong to a "package deal":

Before losing control, capital reserve (capital premium) shall be adjusted based on the difference between proceeds from disposal and the proportion in net assets of the subsidiary. Where capital premium is not sufficient for offset, retained earnings shall be offset

When the control over former subsidiary is lost, residual equity shall be re-calculated based on the fair value on the date of control loss. The sum of consideration for the disposal of equity and the fair value of residual equity, minus the shares of net assets of former subsidiary enjoyed on the basis of the original shareholding proportion and calculated continually since the date of purchase, this balance shall be included in the investment income of current period. Good will shall also be deducted. Other comprehensive income related to equity investment in former subsidiary shall be converted into current period investment income at the time of control loss.

② Several deals are made to dispose step-by-step equity investment in subsidiaries till loss of control, and it belongs to a "package deal":

For consolidated financial statements, accounting methods shall be based on taking several deals as one deal of disposing subsidiary till loss of control. However, the balance between every proceeds from disposal and the proportion in net assets of the subsidiary before loss of control shall be confirmed as other comprehensive income, which shall be included in the current period profit and loss at the time of control loss.

## **15. Investment real estate**

Measurement mode of investment real estate: N/A

## 16. Fixed assets

### (1) Determination conditions

Fixed assets are defined as tangible assets that are held for producing commodities, rendering services, renting or operation management, with service life longer than one fiscal year. Fixed assets can be recognized when its economic benefits are likely to flow into the Company and its cost can be measured.

### (2) Depreciation method

Category	Depreciation method	Depreciation life	Residuals ratio	Yearly depreciation
House and buildings	Straight-line depreciation	20-30	3-10	4.85-3.00
General equipment	Straight-line depreciation	5	3-10	19.40-18.00
Special device	Straight-line depreciation	10	3-10	9.70-9.00
Transportation facilities	Straight-line depreciation	6-10	3-10	16.17-9.00

### (3) Determination basis, pricing and depreciation method of fixed assets financed by financing leases

## 17. Construction in progress

(1) No construction in progress can be recognized unless it simultaneously meets the conditions as follows: a. the economic benefits are likely to flow into the Company; and b. the cost of the construction in progress can be measured reliably. The construction in progress shall be measured according to the actual cost before the assets are ready for their intended use.

(2) Constructions in progress are transferred to fixed assets according to their actual costs when completing and achieving estimated usable status. The fixed assets that are ready for their intended use but have not yet been through completion and settlement procedures are charged to an account according to their estimated values; adjustment will be conducted upon confirmation of their actual value. But the depreciation for the assets will not be adjusted.

## 18. Borrowing costs

### (1) Determination criteria for capitalization of borrowing costs

Where the borrowing costs incurred to the Company can be directly attributed to the acquisition and construction or production of assets eligible for capitalization, it shall be capitalized and recorded into the costs of relevant assets. Other borrowing costs shall be recognized as expenses when occurred, and shall be recorded into the current profits and losses.

### (2) Period of capitalization of borrowing costs

The borrowing costs shall not be capitalized unless they simultaneously meet the following requirements: (i) Asset disbursements have occurred; (ii) Borrowing costs have occurred; and (iii) Acquisition and construction or production activities which are necessary to prepare the assets for its intended use or sale have started.

### (3) Borrowing cost capitalization rate and the amount of capitalization

As for specifically borrowed loans for the acquisition and construction or production of assets eligible for capitalization, the to-be capitalized amount of interests shall be determined in light of the actual cost (including amortization of depreciation or premium recognized by the actual rate method) incurred of the specially borrowed loan at the present period minus the income of interests earned on the unused financial loans as a deposit in the bank or as a temporary investment; Where a general financial is used for the acquisition

and construction or production of assets eligible for capitalization, the Company shall calculate and determine the to-be capitalized amount of interests on the general financial by multiplying the weighted average asset disbursement of the part of the accumulative asset disbursements minus the general financial by the capitalization rate of the general financial used.

## 19. Intangible assets

### (1) Valuation method, service life and impairment test

- 1) Intangible assets include land-use right, patent right and non-patented technology. They shall be initially measured based on cost.
- 2) Intangible assets with limited service life shall be amortized reasonably in accordance with the expected realization form of the economic benefits relevant to the intangible assets within the service life. If it is unable to determine the expected realization pattern reliably, intangible assets shall be amortized with the straight-line method. Detailed duration is as below:

Item	Amortization period (year)
Land-use right	43-50
Application software	2-10

### (2) Accounting policies for in-house R&D expenditures

The research and development expenditures for its internal research and development projects of the Company shall be recorded into the profit or loss for the current period. Expenditure during the development phase of internal R&D projects shall be confirmed as intangible assets when meeting all following conditions: (1) It is feasible technically to finish intangible assets for use or sale; (2) It is intended to finish and use or sell the intangible assets; (3) The usefulness of methods for intangible assets to generate economic benefits can be proved, including being able to prove that there is a potential market for the products manufactured by applying the intangible assets or there is a potential market for the intangible assets itself or the intangible assets will be used internally; (4) It is able to finish the development of the intangible assets, and able to use or sell the intangible assets, with the support of sufficient technologies, financial resources and other resources; and (5) The research and development expenditures of the intangible assets can be reliably measured.

## 20. Long-term assets impairment

For long-term equity investment, fixed assets, construction in progress, intangible assets with limited useful life and other long-term assets for which there exist depreciation signs on the balance date, the recoverable amount shall be estimated. For good will from business combination and intangible assets with uncertain useful life, for which whether or not depreciation signs exist, impairment test shall be made every year. Good will shall be impairment tested in combination with relevant asset group or combination of asset groups. If the recoverable amount of the aforesaid long-term asset is lower than its book value, then asset impairment preparation should be determined according to their balance and be included in the income and loss of current period.

## 21. Long-term unamortized expenses

Long-term unamortized expenses refer to expenses that the company has spent, with amortization period over one year (not including one year). Long-term unamortized expenses shall be entered according to the actual amount, and averagely amortized over the period benefited from such expenses or specified period. If the long-term unamortized expense could not benefit future accounting period, the value not amortized shall be all included into the profits and losses of the current period.



## 22. Employee compensation

### (1) Accounting treatment method of short-term compensation

During the accounting period where employees provided services to the Company, the short-term compensation actually happened shall be recognized as liabilities, and recorded into current profits and losses or corresponding asset cost.

### (2) Accounting treatment method of post-employment benefit

Post-employment benefit is classified into defined contribution plan and defined benefit plan.

1) During the accounting period where employees provided services to the Company, the amount payable calculated according to defined contribution plan shall be recognized as liabilities, and recorded into current profits and losses or corresponding asset cost.

2) Accounting treatment steps of defined benefit plans:

①The company should use unbiased and mutually compatible assumptions to estimate related demographic variables and financial variables, and measure the obligations under the defined benefit plan, as well as determining the period of corresponding obligations. Meanwhile, the company should discount the obligations under the defined benefit plan to present value to determine the present value of the obligations under the defined benefit plan and the current service cost.

②If assets exist under the defined benefit plan, deduce the deficit or surplus generated by the fair value of assets under defined benefit plan from the obligations under the defined benefit plan, and confirm it as a net liability and net asset under the defined benefit plan. Where there is surplus, the lower of surplus of defined benefit plan or upper limit of asset shall be used to measure the net assets under the defined benefit plan.

③By period-end, confirm the employee compensation cost generated from defined benefit plan as three parts: service cost, the net interest of net liabilities or net assets under the defined benefit plan, and the variable generated from re-measurement of net liabilities or net assets under the defined benefit plan. Among them, service cost and net interest of net liabilities or net assets under the defined benefit plan shall be included in current profit and loss or related assets cost, and the variable generated from re-measurement of net liabilities or net assets under the defined benefit plan shall be included in other comprehensive income, and shall not be transferred back to profit and loss, but may be transferred within the scope of rights and interests.

### (3) Accounting treatment method of dismiss benefit

Determine employee compensation liabilities generated from employee dismiss benefit on the earlier of the following, and include in the current profit and loss: 1) the company is not allowed to unilaterally withdraw dismiss benefit provided due to cancellation of labor relationship or proposal on voluntary layoff; 2) the company is confirming the cost or expense related to restructuring that involves payment of dismiss benefit.

### (4) Accounting treatment method of other long-term employee benefits

Long-term employee benefits fit in defined contribution plans shall be accounting treated based on the provisions of defined contribution plans. Other long-term employee benefits shall be accounting treated based on the provisions of defined benefit plans. To simplify the relevant accounting treatment, confirm the employee compensation cost generated as service cost, net interest of net liabilities or net assets of other long-term employee benefits, and the variable generated from re-measurement of net liabilities or net assets of other long-term employee benefit. These three parts get the total net value, included in current profit and loss or related assets cost.

## 23. Estimated liabilities

1) Where liabilities formed by providing external guarantees, litigations, product quality assurance, onerous contract and other contingencies becomes the Company's current obligation, performance of the obligation would possibly results in flow of economic profits out of the Company, and the value of the obligation can be clearly measured, the Company will determine this obligation as estimated liabilities.

2) The Company will initially measure the estimated liabilities based on the best estimated expenditure required for performing the current obligations, and will verify the book value of estimated liabilities on the balance sheet date.

## 24. Share-based Payment

### (1) Share-based payment types

Share-based payment shall consist of equity-settled share-based payments and cash-settled share-based payments.

### (2) Relevant accounting treatment of implementing, revising and terminating share-based payment plans

#### 1) Equity-settled share-based payment

As to an equity-settled share-based payment in return for services of employees, if the right may be exercised immediately after the grant, the fair value of the equity instruments shall, on the date of the grant, be included in the relevant cost or expense and the capital reserves shall be adjusted accordingly. As to an equity-settled share-based payment in return for employee services, if the right cannot be exercised until the vesting period comes to an end or until the prescribed performance conditions are met, then on each balance sheet date within the vesting period, the services obtained in the current period shall, based on the best estimate of the number of vested equity instruments, be included in the relevant costs or expenses at the fair value of the equities instruments on the date of the grant, and the capital reserves shall be adjusted accordingly.

An equity-settled share-based payment in return for the service of any other party shall be measured in accordance with the fair value of the service on the acquisition date by any other service party if the fair value of the service of any other party can be measured in a reliable way; while it shall be measured in accordance with the fair value of the equity instruments on date of the service acquisition, and be included in relevant cost or expenses if the fair value of the service of any other party cannot be measured in a reliable way but the fair value of the equity instruments can be measured in a reliable way. Owner's equity shall be increased correspondingly.

#### 2) Cash-settled share-based payments

As to a cash-settled share-based payment, if the right may be exercised immediately after the grant, the fair value of the liability undertaken by the enterprise shall, on the date of the grant, be included in the relevant costs or expenses, and the liabilities shall be increased accordingly. As to a cash-settled share-based payment, if the right may not be exercised until the vesting period comes to an end or until the specified performance conditions are met, on each balance sheet date with in the vesting period, the services obtained in the current period shall, based on the best estimate of the information about the exercisable right, be included in the relevant costs or expenses and the corresponding liabilities at the fair value of the liability undertaken by the enterprise.

#### 3) Revision and termination of share-based payment plan

If the fair value of equity instruments granted is increased after revision, the company will recognize the increase of the fair value of equity instruments as increase of services; if the quantity of equity instruments is increased after revision, the company will recognize the increased fair value of equity instruments as increase of services; if the company revises vesting conditions in the way conducive to employees, the company may consider the revised conditions when dealing with vesting conditions.

If the fair value of equity instruments granted is decreased after revision, the company will determine the value of services received based on the fair value of equity instruments on the grant date, with no considerations of the decrease of the fair value; if the quantity of equity instruments is decreased after revision, the company will recognize the decreased part as cancellation of equity instruments granted; if the company revises vesting conditions in the way not conducive to employees, the company may not consider the revised

conditions when dealing with vesting conditions.

If a grant of equity instruments is canceled or settled during the vesting period (other than a grant canceled by forfeiture when the vesting conditions are not satisfied), the entity shall account for the cancellation or settlement as an acceleration of vesting, and shall therefore recognize immediately the amount that otherwise would have been recognized for services received over the remainder of the vesting period.

## 25. Preferred stock, perpetual note, and other financial instruments

## 26. Income

### (1). Revenue recognition principle

#### 1) Goods selling

No revenue from selling goods shall be recognized unless all following conditions are met simultaneously: (i) The major risks and benefits of ownership of the goods have been transferred to the buyer; (ii) The enterprise retains neither continuous management right that usually keeps relation with the ownership nor effective control over the sold goods; (iii) The relevant amount of revenue could be measured reliably; (iv) The relevant economic benefits may flow into the enterprise; (v) The relevant costs occurred or to be occurred could be reliably measured.

#### 2) Labor providing

If the revenue from rendering of service can be reliably estimated on the date of the balance sheet (the amount of revenue could be measured; relevant economic benefits flow into the enterprise is in all probability; the schedule of completion on the transaction could be soundly confirmed; the costs occurred or to be occurred in the transaction could be measured), take the percentage-of-completion method to confirm the revenue of the services provided, and confirm the schedule of progress on the transaction concerning the services providing according to the work completed. If the result of the services providing transaction could not be reliably estimated on the date of the balance sheet, it should be treated in accordance with the following conditions respectively: If the cost of the services occurred is expected to be compensated, the revenue from the providing of the services should be recognized in accordance with the amount of the cost of the services occurred, and the cost of the services shall be carried forward at the same amount. If the cost of the services occurred could not be compensated, the cost occurred should be included in the current profits and losses, and no revenue from the providing of the services shall be recognized.

#### 3) Assets usufruct alienation

No revenue from assets usufruct alienation shall be recognized unless the following conditions are met simultaneously: the relevant economic benefits flow into the enterprise in sound probability; and the amount of revenues could be measured reliably. The amount of interest income should be measured and confirmed in accordance with the length of time for which the enterprise's cash is used by others and the actual interest rate; or the amount of royalty revenue should be measured and confirmed in accordance with the period and method of charging as stipulated in the relevant contract or agreement.

### (2) Revenue recognition methods

The Company mainly sells cookware and electrical appliances. Revenue recognition for domestic products shall satisfy following conditions: the Company has delivered products to purchaser according to contractual agreements; the sales amount has been confirmed; payment has been retrieved or receipt voucher has been got; the relevant economic benefits are likely to flow into the enterprise; the cost related to product sales can be reliably measured. Revenue recognition for export products shall satisfy following conditions: the Company has cleared customs for the products, the products have departed from port, and bill of lading has been got; the sales amount has been confirmed; payment has been retrieved or receipt voucher has been got; the relevant economic benefits are likely to flow into the enterprise; the cost related to product sales can be reliably measured.

## 27、Government grants

### (1) Determination basis and accounting treatment of government subsidies related to assets

The government subsidies pertinent to assets mean the government assets that are obtained by enterprises used for purchase or construction, or forming the long-term assets by other ways. Governmental subsidies related to assets confirmed as deferred income are equally distributed within the useful life of the assets and recorded in the current profits and losses. Government subsidies measured based on the nominal amount shall be directly recorded in the current profits and losses.

### (2) Determination basis and accounting treatment of government subsidies related to income

The government subsidies pertinent to income refer to all the government subsidies except those pertinent to assets. Income-related governmental subsidies used to compensate for future expenses or losses are confirmed as deferred income, and are recorded in the current profits and losses during the confirmation of relevant expenses. Income-related governmental subsidies used to compensate for previous expenses or losses are directly recorded in the current profits and losses.

## 28、Deferred income tax/deferred income liabilities

(1) Where there is difference between the book value of the assets or liabilities and its tax base (the difference between the tax base and its book value for the item that has not been recognized as an asset or liability and if its tax base can be determined in light of the tax law), the deferred income tax assets or the deferred income tax liabilities shall be determined according to the applicable tax rate in the course of prospective recovering assets or discharging liabilities.

(2) The enterprise shall recognize the deferred income tax assets in accordance with the extent of the amount of the taxable income which it is most likely to obtain and which could be deducted from the deductible temporary difference. On the balance sheet date, where there is any exact evidence showing that it is likely to acquire sufficient amount of taxable income tax in a future period to offset the deductible temporary difference, the deferred income tax assets unrecognized in prior periods shall be recognized.

(3) The carrying amount of deferred income tax assets should be reexamined on balance sheet date. If it is unlikely to obtain sufficient taxable income taxes to offset the benefit of the deferred income tax assets, the carrying amount of the deferred income tax assets should be written off. When it is probable to obtain sufficient taxable income taxes, such written-off amount should be subsequently reversed.

(4) The current income tax and deferred income tax as the expenses or revenue of income taxes should be realized in the current profit and loss, but not including the following income taxes: (i) merge (ii) the confirmed deals or transactions directly counted in owner's equity.

## 29、Leasing

### (1) Accounting treatment method for operating lease

When the Company is the lessee, the rental shall be recorded in the corresponding asset cost by the straight-line method or confirmed as current profits and losses. The initial direct costs occurred shall be recorded in the current profits and losses directly or when the rental actually occurred. Contingent rental shall be recorded in the current profits and losses when the rental actually occurred.

When the Company is the lessor, the rental shall be confirmed as current profits and losses by the straight-line method. The initial direct costs occurred, except for those of large amount that can be capitalized and recorded in profits and losses by installments, shall be recorded directly in the current profits and losses. Contingent rental shall be recorded in the current profits and losses when the rental

actually occurred.

**(2) Accounting method for financial leasing**

**30、Change of Major Accounting Policies and Accounting Estimates**

**(1) Change of major accounting policies**

Applicable     Not Applicable

**(2) Change of major accounting estimates**

Applicable     Not Applicable

**VI. Tax**

**1. Major tax categories and rates**

Tax category	Taxation basis	Tax rate
VAT	Selling goods or rendering taxable services	The tax rate for selling water and steam is 13%; for the other items, the rate is 17%.
Business tax	Taxable sales	5%
Urban maintenance and construction tax	Turnover tax payable	The tax rate for Supor P&R and Yuhuan Recycling is 5%; for other subsidiaries, the rate is 7%.
Enterprise income tax	Taxable amount of income	25%
Property tax	For Ad valorem taxation, Wuhan Supor PC and Wuhan Supor CW shall pay 1.2% of 75% of the original property value, and other companies shall pay 1.2% of 70% of the original property value; For those levied on prices, Wuhan Supor PC and Wuhan Supor CW shall pay 8% of rental income, and other companies shall pay 12% of rental income.	1.2%、12%
Educational surtax	Turnover tax payable	3%
Local educational surtax	Turnover tax payable	2%

Taxpaying bodies with different corporate income tax rates

Taxpaying body	Income tax rate
This Company	15%

Wuhan Supor Cookware CO., Ltd.	15%
Other taxpaying bodies	25%

## 2. Tax preference

(1) According to the document GKH(2015)256, our company passed the review of high-tech enterprise in 2015. Its corporate income tax should be counted and paid at a reduced rate of 15% within 3 years after January 1, 2015.

(2) According to the document ERDB(2015)8, Wuhan Supor Pressure Cooker Co., Ltd. passed the review of high-tech enterprise in 2015. Its corporate income tax should be counted and paid at a reduced rate of 15% within 3 years after January 1, 2015.

## VII. Notes to the Consolidated Financial Statement

### 1. Monetary funds

(Unit: RMB)

Item	Ending balance	Beginning balance
Cash on hand	196,884.70	186,935.21
Bank deposit	637,963,511.53	1,040,816,287.41
Other monetary fund	825,457.58	10,000.00
Total	638,985,853.81	1,041,013,222.62
In which: total amounts deposited in overseas	65,149,956.43	65,930,613.08

Other notes

1) At the ending of period, the restricted amount is RMB46,863,000.00 in total. In bank deposit, the fixed deposit which will be held to maturity in preparation is RMB 46,800,000.00; in other monetary funds, the futures margin is RMB 10,000.00 and Alipay money bag RMB 53,000.00.

2) The money deposited in Vietnam at -period-end was equivalent to 65,149,956.43 yuan, including cash in treasury of 11,720.36 USD (equivalent to 77,720.05 RMB) and 106,678,497.00 VND (equivalent to 31,715.20 RMB), and bank deposit of 9,270,308.77 USD (equivalent to 61,473,271.52 RMB) and 11,998,942,657.00 VND (equivalent to 3,567,249.66 RMB).

### 2. Financial assets measured at fair value with variation included in current profits and losses

(Unit: RMB)

Item	Ending balance	Beginning balance
Financial assets measured at fair value with variation included in current profits and losses	331,868,902.78	402,218,888.89
In which: Debt instruments investment	331,868,902.78	402,218,888.89
Tota	331,868,902.78	402,218,888.89

Other notes:

Note: It is the financial product that Wuhan Cookware Co., Ltd. purchases at a cost of RMB 250,000,000 and Shaoxing Supor Company at a cost of RMB 80,000,000. The fluctuation in earning from such financial product is linked up with interest rate, exchange rate, etc. At the end of period in 2016, the recognized earning from change in fair value is RMB 1,868,902.78.

### 3. Notes receivable

#### (1) Categorized listing of notes receivable

(Unit: RMB)

Item	Ending balance	Beginning balance
Bank acceptance bill	956,676,846.02	604,773,313.11
Total	956,676,846.02	604,773,313.11

#### (2) Notes receivable endorsed or discounted at period-end, and undue on the balance sheet date

(Unit: RMB)

Item	Derecognized amount at period-end	Non-derecognized amount at period-end
Bank acceptance bill	1,399,754,347.91	
Total	1,399,754,347.91	

### 4. Accounts receivable

#### (1) Classification of accounts receivable

(Unit: RMB)

Category	Ending balance					Beginning balance				
	Book balance		Bad debt reserve		Book value	Book balance		Bad debt reserve		Book value
	Amount	Scale	Amount	Accrual percentage		Amount	Scale	Amount	Accrual percentage	
Account receivable with significant ending balance of single item and individually-accrued bad debt reserve	12,985,255.76	0.96%	12,985,255.76	100.00%	0.00	0.00				
Accounts receivable accrued for bad debt provision in combination based on credit risks	1,321,902,791.81	97.66%	67,333,406.71	5.09%	1,254,569,385.10	1,068,992,883.17	96.06%	53,866,551.59	5.04%	1,015,126,331.58
Accounts receivable of insignificant single amount but separately accrued for bad debt provision	18,654,207.05	1.38%	1,815,593.93	9.73%	16,838,613.12	43,835,630.96	3.94%	1,815,593.93	4.14%	42,020,037.03
Total	1,353,54	100.00%	82,134,2	6.07%	1,271,40	1,112,82	100.00%	55,682,14	5.00%	1,057,146

	2,254.62		56.40		7,998.22	8,514.13		5.52		,368.61
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Accounts receivable with significant single amount and accrual of bad debt provision at period-end:

Applicable  Not Applicable

(Unit: RMB)

Account receivable (by organization)	Ending balance			
	Accounts receivable	Bad debt reserve	Accrual percentage	Accrual reason
Beijing Xingmeida Economic & Trade Co., Ltd.	12,985,255.76	12,985,255.76	100.00%	The Company has a tense capital chain. There is a major risk of account receivable
Total	12,985,255.76	12,985,255.76	--	--

Receivables with provision made on group basis with age analysis method

Applicable  Not Applicable

(Unit: RMB)

Age	Ending balance		
	Accounts receivable	Bad debt reserve	Accrual percentage
Subitem within 1 year			
Subtotal within 1 year	1,316,919,875.15	65,845,993.76	5.00%
1 - 2 years	3,056,295.66	244,503.65	8.00%
2 - 3 years	423,625.75	63,543.86	15.00%
3 - 4 years	211,040.20	105,520.10	50.00%
4 - 5 years	1,090,548.55	872,438.84	80.00%
Over 5 years	201,406.50	201,406.50	100.00%
Total	1,321,902,791.81	67,333,406.71	5.09%

Determination basis:

Account receivable using balance fraction method for bad debt provision:

Applicable  Not Applicable

Account receivable using other method for bad debt provision:

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

Name of organization	Book balance	Bad debt reserves	Accruing proportion (%)	Accrual reason
Insured receivables of WMF CONSUMER ELECTRIC GMBH	16,838,613.12	0	0	It is the payment for exported goods, and the export insurance is transacted. It is expected that there is no bad debt risk, thus the bad debt reserve is not counted and withdrawn.
Wuxi Heshunjin Trading Co., Ltd.	1,815,593.93	1,815,593.93	100.00%	It is an account receivable of long age, and cannot be received in estimation. Thus, the bad debt reserve is counted and withdrawn in full amount.



Subtotal	18,654,207.05	1,815,593.93	9.73%	
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**(2) Bad debt provisions accrued and recovered**

During the period, bad debt provision accrued was 26,452,110.88 yuan; bad debt provision recovered was 0.00 yuan.

**(3) First five accounts receivables classified by debt parties**

Company	Book balance	Proportions in the balance of accounts (%)	Bad debt reserve
SEB ASIA LTD	755,499,273.35	55.82%	37,774,963.67
Customer 1	104,352,447.74	7.71%	5,217,622.38
Customer 2	19,860,928.63	1.47%	993,046.43
Customer 3	17,176,594.88	1.27%	858,829.74
Customer 4	17,023,269.87	1.26%	851,163.49
Subtotal	913,912,514.47	67.52%	45,695,625.71

The accounts receivable of organizations ranking top 5 in the ending balance are added up to RMB 913,912,514.47, taking up 67.52% of the total ending balance of accounts receivable. The corresponding total amount of accrued bad debt reserve is RMB 45,695,625.71.

**5. Accounts paid in advance****(1) Listing by ages**

(Unit: RMB)

Age	Ending balance		Beginning balance	
	Amount	Scale	Amount	Scale
Within 1 year	175,640,994.02	99.94%	108,680,546.77	99.85%
1 - 2 years			144.00	0.00%
2 - 3 years			36,000.00	0.03%
Over 3 years	106,177.78	0.06%	126,616.38	0.12%
Total	175,747,171.80	--	108,843,307.15	--

Reason for overdue clearing of prepayment with account age of over 1 year and significant amount:

**(2) First five prepayments classified by prepaid objects**

Company	Book balance	Percentage in prepayment (%)
Supplier 1	61,520,407.99	35.01%
Supplier 2	16,559,757.57	9.42%
Supplier 3	11,522,478.15	6.56%
Supplier 4	10,080,000.00	5.74%

Supplier 5	8,986,306.24	5.11%
Subtotal	108,668,949.95	61.83%

## 6. Interest receivable

### (1) Classification of interest receivable

(Unit: RMB)

Item	Ending balance	Beginning balance
Time deposit	2,618,316.94	1,211,839.09
Total	2,618,316.94	1,211,839.09

## 7. Other accounts receivable

### (1) Type of other accounts receivable

(Unit: RMB)

Category	Ending balance					Beginning balance				
	Book balance		Bad debt reserve		Book value	Book balance		Bad debt reserve		Book value
	Amount	Scale	Amount	Accrual percentage		Amount	Scale	Amount	Accrual percentage	
Other accounts receivable with significant single amount and separate accrual of bad debt provision	9,993,732.53	53.74%	0.00	0.00%	9,993,732.53	25,789,417.08	68.74%	0.00	0.00%	25,789,417.08
Other accounts receivable with significant single amount and separate accrual of bad debt provision	8,603,264.54	46.26%	2,119,016.20	24.63%	6,484,248.34	11,728,762.84	31.26%	2,593,427.46	22.11%	9,135,335.38
Total	18,596,997.07	100.00%	2,119,016.20	11.39%	16,477,980.87	37,518,179.92	100.00%	2,593,427.46	6.91%	34,924,752.46

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

√Applicable    □ Not Applicable

(Unit: RMB)

Other account receivable (by organization)	Ending balance			
	Other account receivable	Bad debt reserves	Accruing proportion	Accrual reason

Value-added tax rebate receivable	9,993,732.53	0.00	0.00%	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.
Total	9,993,732.53	0.00	--	--

Other receivables with provision made on group basis with age analysis method

Applicable  Not Applicable

(Unit: RMB)

Age	Ending balance		
	Other accounts receivable	Bad debt reserve	Accrual percentage
Subitem within 1 year			
Subtotal	5,935,526.35	296,776.32	5.00%
1 - 2 years	678,611.83	54,288.95	8.00%
2 - 3 years	188,158.27	28,223.74	15.00%
2 - 3 years	22,234.00	11,117.00	50.00%
4 - 5 years	250,619.50	200,495.60	80.00%
Over 5 years	1,528,114.59	1,528,114.59	100.00%
Total	8,603,264.54	2,119,016.20	24.63%

Determination basis:

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) Bad debt provisions accrued and recovered

During the period, bad debt provision accrued was -474,411.26 yuan; bad debt provision recovered was 14,830.36 yuan.

## (3) Other accounts receivable written off in current period

(Unit: RMB)

Item	Written-off account
Individual reserve	14,830.36

## (4) Other accounts receivable classified by nature of accounts

(Unit: RMB)

Nature	Book balance at period-end	Book balance at period-begin
Deposit	2,367,059.75	2,938,330.40
Export rebate	9,993,732.53	25,789,417.08
Temporary payments receivable	2,004,240.84	2,412,767.06

Personal deposit	3,618,233.99	3,292,590.86
Others	613,729.96	3,085,074.52
Total	18,596,997.07	37,518,179.92

**(5) First five other accounts receivables classified by debt parties**

(Unit: RMB)

Company	Nature of accounts	Ending balance	Age	Percentage in ending balance of other accounts receivable	Ending balance of bad debt reserve
Value-added tax rebate receivable	Export rebate	9,993,732.53	Within 1 year	53.74%	
Yuhuan Yuhuayuan Co., Ltd.	Temporary payments receivable	342,475.00	Over 5 years	1.84%	342,475.00
Chongqing JD Haijia E-Commerce Co., Ltd.	Temporary payments receivable	300,000.00	Within 1 year	1.61%	15,000.00
Anhui Kingpower Equipment & Mould Manufacture Co., Ltd.	Temporary payments receivable	291,000.00	Over 5 years	1.56%	291,000.00
Natural Arts (China) Co. Ltd	House rent deposit	250,000.00	Within 2 years	1.34%	20,000.00
Total	--	11,177,207.53	--	60.09%	668,475.00

**8. Inventory****(1) Category**

(Unit: RMB)

Item	Ending balance			Beginning balance		
	Book balance	Falling price reserves	Book value	Book balance	Falling price reserves	Book value
RM	322,523,500.27	11,925,069.55	310,598,430.72	375,793,675.40	15,900,483.44	359,893,191.96
WIP	14,826,627.62		14,826,627.62	16,757,809.28		16,757,809.28
Inventory	768,831,777.75	45,190,901.82	723,640,875.93	1,094,593,496.55	53,987,492.92	1,040,606,003.63
Packing	8,659,726.02		8,659,726.02	9,488,276.06		9,488,276.06
Total	1,114,841,631.66	57,115,971.37	1,057,725,660.29	1,496,633,257.29	69,887,976.36	1,426,745,280.93

**(2) Provision for inventory depreciation**

(Unit: RMB)

Item	Beginning	Increase	Decrease	Ending balance
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	balance	Provision	Others	Turned back or written off	Others	
RM	15,900,483.44	1,260,698.70		6,182,550.77		11,925,069.55
Inventory	53,987,492.92	6,418,673.61		14,268,826.53		45,190,901.82
Total	69,887,976.36	7,679,372.31		20,451,377.30		57,115,971.37

## 9. Other current assets

(Unit: RMB)

Item	Ending balance	Beginning balance
Deductible input VAT	24,832,561.57	47,519,481.09
Financial products	963,762,246.57	1,327,314,904.11
Others		339,568.71
Total	988,594,808.14	1,375,173,953.91

## 10. Available-for-sale financial assets

### (1) About available-for-sale financial assets

(Unit: RMB)

Item	Ending balance			Beginning balance		
	Book balance	Depreciation reserve	Book value	Book balance	Depreciation reserve	Book value
available-for-sale debt Instrument	300,000.00	300,000.00	0.00	300,000.00	300,000.00	0.00
Cost-measured	300,000.00	300,000.00	0.00	300,000.00	300,000.00	0.00
Total	300,000.00	300,000.00		300,000.00	300,000.00	

### (2) Cost-measured available-for-sale financial assets at period-end

(Unit: RMB)

Company invested	Book balance				Depreciation reserve				Shareholding ratio in invested company	Cash dividend of current period
	Beginning	Increase	Decrease	Closing	Beginning	Increase	Decrease	Closing		
Yuhuan Dalu Island Tourism Development Co.,Ltd.	300,000.00			300,000.00	300,000.00			300,000.00	3.00%	
Total	300,000.00			300,000.00	300,000.00			300,000.00	--	

**11. Long-term equity investment**

(Unit: RMB)

Company invested	Beginning balance	Increase/decrease								Ending balance	Ending balance of depreciation reserves
		Additional investment	Negative investment	Profit and loss on investments confirmed under equity law	Adjustment of other comprehensive income	Other equities alteration	Declaring issuing cash dividends or profits	Provision for impairment loss	Others		
<b>I. Joint ventures</b>											
Wuhan Anzai Cookware Co., Ltd.	51,328,807.28			1,792,967.50						53,121,774.78	
Subtotal	51,328,807.28			1,792,967.50						53,121,774.78	
<b>II. Affiliated companies</b>											
Total	51,328,807.28			1,792,967.50						53,121,774.78	

Other notes

Note: In the net profit of Wuhan Anzai Cookware Co., Ltd. recognized by proportion of shareholding in current period, the income from investment assigned to our company is RMB 2,036,082.93 in total. Additionally, the recognized upstream transaction cost is RMB -243,115.43.

**12. Fixed assets****(1) Details of fixed assets**

(Unit: RMB)

Item	House and buildings	General equipment	Special device	Transportation facilities	Total
<b>I. Original book value</b>					
1. Beginning balance	731,874,928.28	153,786,495.89	649,586,917.78	28,259,304.98	1,563,507,646.93
2. Increase	65,473.59	3,313,119.37	9,575,579.71	3,052,819.18	16,006,991.86
(1) Purchase	65,473.59	3,313,119.37	9,006,348.95	3,052,819.18	15,437,761.10
(2) Transfer					

from construction in progress					
(3) Increase from business combination					
3.Decrease		642,862.22	7,732,586.42	1,589,325.68	9,964,774.32
(1) Disposal or scrapping		642,862.22	7,732,586.42	1,589,325.68	9,964,774.32
4.Ending balance	731,940,401.87	156,456,753.05	651,429,911.07	29,722,798.48	1,569,549,864.47
二、Accumulated depreciation					
1.Beginning balance	167,125,290.95	108,727,236.30	347,508,236.21	19,840,514.50	643,201,277.96
2.Increase	11,829,993.78	8,017,517.75	30,261,489.01	1,900,419.43	52,009,419.98
(1) Provision	11,829,993.78	8,017,517.75	30,261,489.01	1,900,419.43	52,009,419.98
3.Decrease		565,617.26	6,110,412.08	1,021,872.11	7,697,901.45
(1) Disposal or scrapping		565,617.26	6,110,412.08	1,021,872.11	7,697,901.45
4.Ending balance	178,955,284.72	116,179,136.80	371,659,313.15	20,719,061.82	687,512,796.49
III. Depreciation reserve					
1.Beginning balance					
2.Increase					
(1) Provision					
3.Decrease					
(1) Disposal or scrapping					
4.Ending balance					
IV. Book value					

1.Book value at period-end	552,985,117.15	40,277,616.25	279,770,597.92	9,003,736.66	882,037,067.98
2.Book value at period-begin	564,749,637.33	45,059,259.59	302,078,681.57	8,418,790.48	920,306,368.97

**(2) Fixed assets without certificate**

(Unit: RMB)

Item	Book value	Reasons for not obtaining certificate of title
Shaoxing Supor 35KV Transformer Substation	4,424,618.96	To apply for housing property certificate after all construction works and settlement procedures are completed.
Shaoxing Supor 3# Factory Building	36,159,892.35	To apply for housing property certificate after all construction works and settlement procedures are completed.
Shaoxing Supor 1# Factory Building	33,148,207.44	To apply for housing property certificate after all construction works and settlement procedures are completed.
Dining Room for Shaoxing Supor Multi-function Hall	16,423,625.29	To apply for housing property certificate after all construction works and settlement procedures are completed.
Dormitory Building for Shaoxing Supor Multi-function Hall	50,046,365.86	To apply for housing property certificate after all construction works and settlement procedures are completed.
Shaoxing Supor 8# Factory Building	37,820,530.77	To apply for housing property certificate after all construction works and settlement procedures are completed.
Stainless steel workshop of Wuhan Cookware	20,455,970.98	Housing property certificate is under transaction.
Pump room and building of P&R Company	220,168.96	The transfer procedure of land-use right certificate is not settled.
P&R Company 10# Workshop	326,349.45	The transfer procedure of land-use right certificate is not settled.
Expansion of bakelite workshop of P&R Company	485,968.07	The transfer procedure of land-use right certificate is not settled.
Polishing workshop of P&R Company	210,240.00	The transfer procedure of land-use right certificate is not settled.
P&R Company 11#Workshop and building	3,911,032.55	The transfer procedure of land-use right



		certificate is not settled.
Total	203,632,970.68	

### 13. Construction in progress

#### (1) Construction in progress

(Unit: RMB)

Item	Ending balance			Beginning balance		
	Book balance	Depreciation reserve	Book value	Book balance	Depreciation reserve	Book value
Shaoxing workshop	4,968,644.15		4,968,644.15	3,498,000.15		3,498,000.15
Wuhan workshop	13,054,082.43		13,054,082.43	9,038,249.36		9,038,249.36
Advance payment for project and equipment	8,221,996.35		8,221,996.35	8,411,018.74		8,411,018.74
Small projects	5,259,873.84		5,259,873.84	1,621,063.38		1,621,063.38
Total	31,504,596.77		31,504,596.77	22,568,331.63		22,568,331.63

#### (2) Change of significant projects in construction

(Unit: RMB)

Project name	Budget	Beginning balance	Increase	Amount transferred into fixed assets	Other reduced amount	Ending balance	Percentage of accumulated investment in budget	Construction progress	Accumulated amount of interest capitalization	In which: capitalization of interest of current period	Capitalization rate of interest of current period	Capital resource
Shaoxing workshop	450,000.00	3,498,000.15	1,470,644.00			4,968,644.15	91.00%	91%				Amount collected by issuing share
Wuhan workshop		9,038,249.36	4,015,833.07			13,054,082.43						Others
Advance payment		8,411,018.74	3,495,296.75	3,939,410.00		7,966,905.49						Others

for project and equipment												
Small projects		1,621,063.38	5,646,232.12	1,192,330.80	560,000.00	5,514,964.70						Others
Total	450,000,000.00	22,568,331.63	14,628,005.94	5,131,740.80	560,000.00	31,504,596.77	--	--				--

## 14、Intangible assets

### (1) Details

(Unit: RMB)

Item	Land-use right	Patent right	Non-patent technology	Right to use the trademark	Software system	Total
一、 Original book value						
1.Beginning balance	249,050,075.69				29,388,892.32	278,438,968.01
2.Increase	-855,862.42			47,169,811.32	813,301.94	47,127,250.84
(1) Purchase	-855,862.42			47,169,811.32	253,301.94	46,567,250.84
(2) In-house R&D						
(3) Increase from business combination						
(4) Transfer from construction in progress					560,000.00	560,000.00
3.Decrease						
(1) Disposal						
4.Ending balance	248,194,213.27			47,169,811.32	30,202,194.26	325,566,218.85
二、 Accumulated amortization						
1.Beginning balance	44,081,039.90				13,642,845.46	57,723,885.36
2. Increase	2,608,010.65			2,358,490.57	1,410,524.43	6,377,025.65
(1) Provision	2,608,010.65			2,358,490.57	1,410,524.43	6,377,025.65

3.Decrease						
(1) Disposal						
4.Ending balance	46,689,050.55	0.00	0.00	2,358,490.57	15,053,369.89	64,100,911.01
三、 Depreciation reserve						
1.Beginning balance						
2.Increase						
(1) Provision						
3.Decrease						
(1) Disposal						
4.Ending balance						
四、 Book value						
1.Book value at period-end	201,505,162.72			44,811,320.75	15,148,824.37	261,465,307.84
2.Book value at period-begin	204,969,035.79			0.00	15,746,046.86	220,715,082.65

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

## 15、 Goodwill

### (1) Original book value of goodwill

(Unit: RMB)

Name of invested company or item forming goodwill	Beginning balance	Increase		Decrease		Ending balance
Yuhuan Recycling	122,071.40					122,071.40
Total	122,071.40					122,071.40

### (2) Depreciation reserve for goodwill

(Unit: RMB)

Name of invested company or item forming goodwill	Beginning balance	Increase		Decrease		Ending balance
Yuhuan Recycling	122,071.40					122,071.40
Total	122,071.40					122,071.40

**16、Deferred income tax assets/deferred income tax liabilities****(1) Un-offset deferred income tax assets**

(Unit: RMB)

Item	Ending balance		Beginning balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Depreciation reserve for assets	130,409,987.40	27,845,751.21	116,833,678.73	18,653,027.27
General expenses accrued	632,498,509.37	115,695,919.40	485,489,842.72	90,529,577.98
Salary accrued	61,231,812.61	9,447,097.42	72,010,274.14	11,124,455.91
Temporary differences in internal sales profit and loss incurred in <i>Consolidated Financial Statement</i> due to unrealized offset	18,234,327.77	2,855,275.79	21,778,135.39	3,286,666.27
Estimated liabilities	3,000,000.00	750,000.00	3,000,000.00	450,000.00
Total confirmed amount of share-based payment	34,144,543.32	5,935,033.95	30,524,167.32	5,092,165.60
<b>Total</b>	<b>879,519,180.47</b>	<b>162,529,077.77</b>	<b>729,636,098.30</b>	<b>129,135,893.03</b>

**(2) Un-offset deferred income tax liabilities**

(Unit: RMB)

Item	Ending balance		Beginning balance	
	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities
Interest receivable	2,419,022.50	506,591.73	1,098,973.20	230,323.18
Return on investment of financing products	15,946,191.78	3,986,547.95	7,314,904.11	1,097,235.61
Gain or loss from changes of fair value	680,902.78	102,135.42	2,218,888.89	332,833.33
<b>Total</b>	<b>19,046,117.06</b>	<b>4,595,275.10</b>	<b>10,632,766.20</b>	<b>1,660,392.12</b>

**(3) Deferred income tax or liabilities listed as net value after deduction**

(Unit: RMB)

Item	Offset amount of deferred income tax	Ending balance of deferred income tax	Offset amount of deferred income tax	Beginning balance of deferred income tax
------	--------------------------------------	---------------------------------------	--------------------------------------	--

	assets and liabilities at period-end	assets or liabilities after offset	assets and liabilities at period-begin	assets or liabilities after offset
Deferred tax assets		162,529,077.77		129,135,893.03
Deferred income tax liabilities		4,595,275.10		1,660,392.12

## 17. Financial liabilities measured at fair value, with changes included the current profit and loss

### 18. Accounts payable

#### (1) Listing of accounts payable

(Unit: RMB)

Item	Ending balance	Beginning balance
Payment for goods	856,941,887.42	1,078,550,688.74
Payment for equipment	12,155,066.39	35,552,829.39
Expense	766,259,326.28	525,530,174.79
Total	1,635,356,280.09	1,639,633,692.92

### 19. Accounts received in advance

#### (1) Listing of accounts received in advance

(Unit: RMB)

Item	Ending balance	Beginning balance
Payment for goods	271,983,107.54	363,052,756.96
Total	271,983,107.54	363,052,756.96

### 20. Employee compensation payable

#### (1) Listing of employee compensation payable

(Unit: RMB)

Item	Beginning balance	Increase	Decrease	Ending balance
I. Short-term compensation	205,292,977.63	524,428,494.43	555,927,162.79	173,794,309.27
II. Post-employment benefit - defined contribution plan	2,253,348.93	26,586,626.28	25,643,102.29	3,196,872.92
III. Dismiss compensation	1,554,175.14	605,447.05	929,245.52	1,230,376.67
Total	209,100,501.70	551,620,567.76	582,499,510.60	178,221,558.86

**(2) Listing of short-term compensation**

(Unit: RMB)

Item	Beginning balance	Increase	Decrease	Ending balance
1、 Salary, bonus, allowance and subsidy	188,711,910.06	489,991,855.96	518,256,560.53	160,447,205.49
2、 Welfare for staff	2,382,134.77	5,149,509.88	7,457,695.28	73,949.37
3、 Social insurance	1,532,254.62	11,155,087.66	11,160,315.57	1,527,026.71
Including: Medical insurance	1,254,269.95	9,485,143.73	9,490,371.64	1,249,042.04
Industrial injury insurance	137,710.68	889,085.46	887,983.59	138,812.55
Maternity insurance	140,273.99	780,858.47	781,960.34	139,172.12
4、 Public accumulation fund for housing construction	0.00	8,870,305.45	8,870,305.45	0.00
5、 Labor union funds and personnel education fund	12,666,678.18	9,261,735.48	10,182,285.96	11,746,127.70
Total	205,292,977.63	524,428,494.43	555,927,162.79	173,794,309.27

**(3) Listing of defined contribution plans**

(Unit: RMB)

Item	Beginning balance	Increase	Decrease	Ending balance
1、 Basic pension insurance	2,037,698.39	24,961,143.91	24,037,387.15	2,961,455.15
2、 Unemployment insurance	215,650.54	1,625,482.37	1,605,715.14	235,417.77
Total	2,253,348.93	26,586,626.28	25,643,102.29	3,196,872.92

**21、 Taxes and rates payable**

(Unit: RMB)

Item	Ending balance	Beginning balance
VAT	20,641,707.04	19,419,108.51
Business tax	107,634.89	228,982.69
Enterprise income tax	166,582,228.47	59,393,379.45
Personal income tax	4,284,951.74	5,541,536.35
Urban maintenance and construction tax	3,109,846.99	3,603,559.49
Property tax	850,180.58	557,491.94
Land-use tax	636,173.39	612,376.50
Stamp tax	614,056.52	1,940,462.98

Special fund for water conservancy construction	402,096.22	1,548,851.76
Educational surtax	1,524,495.57	1,845,337.34
Local educational surtax	903,141.89	1,277,462.99
Dike expense	1,098.04	1,248.95
<b>Total</b>	<b>199,657,611.34</b>	<b>95,969,798.95</b>

## 22、 Other payables

### (1) Other payables listed by nature

(Unit: RMB)

Item	Ending balance	Beginning balance
Deposit	53,149,178.78	52,860,192.87
Temporary receipt payable	4,131,276.06	6,819,008.70
Others	530,666,889.37	6,933,077.06
<b>Total</b>	<b>587,947,344.21</b>	<b>66,612,278.63</b>

## 23、 Long-term wages & welfare payable

### (1) Long-term wages & welfare payable

(Unit: RMB)

Item	Ending balance	Beginning balance
II. Dismiss compensation	6,739,979.92	7,345,426.97
<b>Total</b>	<b>6,739,979.92</b>	<b>7,345,426.97</b>

## 24、 Estimated liabilities

(Unit: RMB)

Item	Ending balance	Beginning balance	Forming reason
Pending litigation	3,000,000.00	3,000,000.00	See Foot note “XIV Descriptions of Contingency” to this financial statement for details.
<b>Total</b>	<b>3,000,000.00</b>	<b>3,000,000.00</b>	--

## 25、 Stock

(Unit: RMB)

	Beginning balance	Increase/decrease in the period (+, -)					Ending balance
		New shares	Shares bonus	Converted capital	Others	Subtotal	

Total stock	632,875,188.00				-1,109,488.00	-1,109,488.00	631,765,700.00
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Other notes

In the current period, the share capital decreases by RMB 1,109,488, which is because the Company repurchases and cancels 1,109,488 shares of restricted stocks (par value RMB 1 per share) at the price of RMB 0 per share, according to the resolution made on the 7<sup>th</sup> Session and 11<sup>th</sup> Session of the fifth Board of Directors. This reduction of capital that has not been approved will be completed by the end of 2016.

## 26、Capital reserve

(Unit: RMB)

Item	Beginning balance	Increase	Decrease	Ending balance
Premium on capital stock	524,936,919.40	1,109,488.00	526,046,407.40	0.00
Other capital reserve	32,645,102.32	3,620,376.00		36,265,478.32
Total	557,582,021.72	4,729,864.00	526,046,407.40	36,265,478.32

Other notes, including increase/decrease information of the reporting period, and reasons of the change

Note 1: In June 2016, the Company acquired 25% of minority shareholder's equity in the subsidiary Zhejiang Supor Household Appliances Manufacturing Co., Ltd. at the price of RMB 642,500,000.00 and 25% of minority shareholder's equity in the subsidiary Wuhan Supor Pressure Cooker Co., Ltd. at the price of RMB 580,000,000.00. The margin is RMB 610,864,366.91 between acquisition price and share that is owned by minority shareholder's equity on the acquisition date, including RMB 526,046,407.40 used for writing down the capital reserve (capital surplus) during merger.

## 27、Treasury stock

## 28、Other comprehensive income

(Unit: RMB)

Item	Beginning balance	Amount of this period					Ending balance
		Amount before income tax	Less: Profit and loss previously included in other comprehensive income and currently transferred in	Less: Income tax expense	Amount attributed to parent company after tax	Amount attributed to minority shareholders after tax	
II. Other comprehensive income which will be classified in profits and losses later	-20,233,714.96	-4,305,124.53			-4,305,124.53		-24,538,839.49
Translation difference of foreign currency financial statements	-20,233,714.96	-4,305,124.53			-4,305,124.53		-24,538,839.49
Total of other comprehensive income	-20,233,714.96	-4,305,124.53			-4,305,124.53	0.00	-24,538,839.49



**29、 Surplus reserve**

(Unit: RMB)

Item	Beginning balance	Increase	Decrease	Ending balance
Legal surplus reserve	197,410,981.99		8,481,795.95	188,929,186.04
Total	197,410,981.99		8,481,795.95	188,929,186.04

Descriptions of surplus reserve, including current change (increase or decrease) and cause of change:

Note 1: In June 2016, the Company acquired 25% of equity interest of subsidiary Zhejiang Supor Electrical Appliance Manufacturing Co., Ltd. at the price of RMB 642,500,000.00 and 25% of equity interest of subsidiary Wuhan Supor Cookware Co., Ltd. at the price of RMB 580,000,000.00. The difference is RMB 610,864,366.91 between acquisition price and share that is owned by minority shareholder's equity on the acquisition date, including RMB 8,481,795.95 used for writing down the surplus reserve during merger.

**30、 Undistributed profits**

(Unit: RMB)

Item	This period	Last period
Retained earnings at last period end before adjustment	3,053,468,801.78	2,479,039,992.07
Retained profits at period beginning after adjustment	3,053,468,801.78	2,479,039,992.07
Plus: Net profit attributed to the owners of parent company	470,536,171.34	395,081,399.38
Decrease: withdrawing the legal surplus reserve	0.00	0.00
Common stock dividend payable	353,788,792.00	272,136,330.79
Acquisition of minority shareholder's equity	76,336,163.56	0.00
Undistributed profits at period end	3,093,880,017.56	2,601,985,060.66

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 0.00 yuan.
- 2) Due to change of accounting policies, undistributed profit at period beginning was changed by 0.00 yuan.
- 3) Due to rectification of major accounting errors, undistributed profit at period beginning was changed by 0.00 yuan.
- 4) Due to change of combination scope resulted from same control, undistributed profit at period beginning was changed by 0.00 yuan.
- 5) Due to other adjustment, undistributed profit at period beginning was changed by 0.00 yuan.

**31、 Sales and operating cost**

(Unit: RMB)

Item	Amount of this period		Amount of last period	
	income	cost	income	cost
Main business	5,727,831,631.64	3,984,012,140.10	5,354,662,763.11	3,800,345,268.21
Other business	24,089,186.14	28,787,611.71	24,912,088.98	26,275,753.54
Total	5,751,920,817.78	4,012,799,751.81	5,379,574,852.09	3,826,621,021.75

**32、Taxes & surcharge for operations**

(Unit: RMB)

Item	Amount of this period	Amount of last period
Business tax	92,589.71	178,166.32
Urban maintenance and construction tax	24,441,138.80	19,236,837.93
Educational surtax	11,051,214.31	8,689,388.90
Sur-charges for local education	7,227,357.45	5,792,925.89
Total	42,812,300.27	33,897,319.04

**33、Selling expenses**

(Unit: RMB)

Item	Amount of this period	Amount of last period
Commercials, sales promotion and premium charges	372,994,231.13	301,322,409.85
Transportation expense	145,187,271.31	139,943,884.80
Salary	76,331,282.64	74,930,250.99
Office, travel and entertainment expenses	38,709,020.49	34,399,131.82
Others	274,230,522.01	286,273,909.08
Total	907,452,327.58	836,869,586.54

**34、Administrative expenses**

(Unit: RMB)

Item	Amount of this period	Amount of last period
Salary	72,554,335.18	66,223,507.98
Product development and experiment expenses	53,089,145.06	47,010,246.35
Office, travel, entertainment expenses and depreciation amortization fees	23,449,146.99	23,929,549.62
Tax	8,233,009.16	7,472,751.96
Stock option incentive expense	3,620,376.00	6,309,246.00
Others	18,890,704.97	10,800,232.14
Total	179,836,717.36	161,745,534.05

**35、Financial expenses**

(Unit: RMB)

Item	Amount of this period	Amount of last period
Interest income	-4,963,349.95	-6,235,907.78

Exchange gain and loss	-3,500,895.30	-842,150.14
Commission and others	288,760.92	264,369.05
Exchange gains or losses of hedging		-1,079,052.95
Total	-8,175,484.32	-7,892,741.83

**36、Assets impairment loss**

(Unit: RMB)

Item	Amount of this period	Amount of last period
一、Bad debt	25,992,529.98	16,122,688.76
二、Inventory devaluation	-12,772,004.99	6,510,094.23
Total	13,220,524.99	22,632,782.99

**37、Gains from changes of fair value**

(Unit: RMB)

Resource for gains from changes of fair value	Amount of this period	Amount of last period
Variation in fair value of financial products	-349,986.11	-1,966,929.68
Total	-349,986.11	-1,966,929.68

**38、Return on investment**

(Unit: RMB)

Item	Amount of this period	Amount of last period
Long-term equity investment income calculated by the Equity Method	2,036,082.93	1,849,147.27
Return on investment of financing products	51,362,595.87	25,509,686.11
Total	53,398,678.80	27,358,833.38

**39、Non-operating income**

(Unit: RMB)

Item	Amount of this period	Amount of last period	Amount included in non-recurring profit and loss
Gains from disposal of non-current assets	487,923.34	186,698.28	487,923.34
Including: gains from disposal of fixed assets	487,923.34	186,698.28	487,923.34
Gain on disposal of intangible assets	0.00	0.00	0.00

Government grants	16,961,225.00	19,303,260.00	16,961,225.00
Default fine revenue	1,565,868.42	397,609.15	1,565,868.42
Others	328,010.96		328,010.96
Total	19,343,027.72	19,887,567.43	19,343,027.72

Governmental subsidies recorded in the current profits

(Unit: RMB)

Items of allowance	Granted by	Granted for	Nature	Impacting the profit and loss in current year or not?	Special or not?	Amount incurred in current period	Amount incurred in last period	Related to asset or income?
Program subsidy		Allowance		No		11,986,785.00	1,600,600.00	Related to income
Government grant		Reward		No		4,974,440.00	17,702,660.00	Related to income
Total	--	--	--	--	--	16,961,225.00	19,303,260.00	--

#### 40、Non-operating expenses

(Unit: RMB)

Item	Amount of this period	Amount of last period	Amount included in non-recurring profit and loss
Losses on disposal of non-current assets	1,079,737.29	461,888.08	1,079,737.29
Including: Losses on disposal of fixed assets	1,079,737.29	461,888.08	1,079,737.29
Donation expenditures	510,486.90	400,000.00	510,486.90
Fine and confiscation	471,852.02	46,079.85	471,852.02
Water conservancy construction fund/dike expenses	3,781,944.22	4,169,957.87	
Others	104,112.18	141,870.55	104,112.18
Total	5,948,132.61	5,219,796.35	2,166,188.39

#### 41、Income tax expenses

##### (1) Income tax expenses statement

(Unit: RMB)

Item	Amount of this period	Amount of last period
Current income tax expense	174,858,205.84	170,275,883.99
Deferred income tax expense	-30,458,301.76	-65,381,598.70

Total	144,399,904.08	104,894,285.29
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**(2) Adjustment of accounting profit and income tax expenses**

(Unit: RMB)

Item	Amount of this period
Total profit	670,418,267.90
Income tax expenses calculated based on legal/applicable tax rate	167,604,566.98
Influence from subsidiaries' use of different tax rates	-22,756,881.15
Influence from adjustment of former income taxes	-142,369.31
Impact of nontaxable income	-305,412.44
Income tax expense	144,399,904.08

**42、 Other comprehensive income**

See Annotation 7 and Note 28 of Consolidated Financial Statement for details.

**43、 Cash Flow Statement****(1) Other cash receipts related to operating activities**

(Unit: RMB)

Item	Amount of this period	Amount of last period
Government's subsidy	16,961,225.00	19,303,260.00
Collection of employee's petty cash, deposit and guarantee money	2,061,701.64	2,432,931.16
Interest on deposit and other income	4,695,721.96	9,139,160.56
Total	23,718,648.60	30,875,351.72

**(2) Other cash payments related to operating activities**

(Unit: RMB)

Item	Amount of this period	Amount of last period
Cash sales expense	141,787,227.75	150,817,453.93
Cash management expense	80,979,221.02	65,246,624.42
Payment of employee's petty cash, deposit and guarantee money	3,336,530.67	3,697,702.00
Donation, bank commission and other expenditures	2,871,720.11	1,368,503.66
Total	228,974,699.55	221,130,284.01

**(3) Other cash payments related to investment activities**

(Unit: RMB)

Item	Amount of this period	Amount of last period
Financial products, deposits and interests withdrawn	1,827,949,233.26	916,308,013.12
Total	1,827,949,233.26	916,308,013.12

**(4) Other cash receipts related to investment activities**

(Unit: RMB)

Item	Amount of this period	Amount of last period
Investment of financial products and time deposits	1,257,600,000.00	810,704,455.10
Total	1,257,600,000.00	810,704,455.10

**44、Supplementary to Cash Flow Statement****(1) Supplementary to Cash Flow Statement**

(Unit: RMB)

Supplemental information	Amount of this period	Amount of last period
1. Adjusting net profit into cash flows of operating activities:	--	--
Net profit	526,018,363.82	440,866,739.04
Plus: Provision for asset depreciation	13,220,524.99	22,632,782.99
Depreciation of fixed assets, oil and gas assets and productive biological assets	48,709,243.92	48,482,029.89
Amortization of intangible assets	6,406,874.07	3,916,119.51
Loss for disposal of fixed assets, intangible assets and other long-term assets (income is listed as "-")	-259,987.64	70,957.15
Losses on scrapping of fixed assets (income is listed as "--")	917,796.10	276,851.62
Losses on change in fair value (income is listed as "-")	349,986.11	1,966,929.68
Financial expense (income is listed as "--")	-7,459,203.54	-7,892,741.83
Losses arising from investment (income is listed as "--")	-53,398,678.80	-27,358,833.38
Decrease of deferred income tax assets (increase is listed as "--")	-33,393,184.74	-68,026,142.72
Increase of deferred income tax liabilities (decrease is listed as "--")	2,934,882.98	3,605,205.53
Decrease of inventories (increase is listed as "-")	381,745,258.07	463,138,339.63
Decrease in operating receivables (increase is listed as "--")	-614,622,255.58	-524,743,471.55
Increase in operating payables (decrease is listed as "--")	-64,533,089.14	-245,056,406.18
Net cash flows resulting from operating activities	206,636,530.62	111,878,359.38
2. Investing and financing activities not involving significant cash receipts	--	--

and payments:		
3. Net change in cash and cash equivalents:	--	--
Balance of cash at the end of the period	592,185,853.81	330,707,776.66
Minus: Balance of cash at the beginning of the period	887,822,304.52	416,878,114.31
Net increase in cash and cash equivalents	-295,636,450.71	-86,170,337.65

**(2) Net cash from subsidiary disposal in current period**

(Unit: RMB)

	Amount
Thereinto:	--
Thereinto:	--
Thereinto:	--

**(3) Composition of cash and cash equivalents**

(Unit: RMB)

Item	Ending balance	Beginning balance
I. Cash	592,185,853.81	887,822,304.52
III. Balance of cash and cash equivalents at period-end	592,185,853.81	887,822,304.52

**45. Annotation to the items in Change Statement of Owner's Equity**

Describe the name of "other" items adjusting the ending balance of last year, the adjustment amount, etc.

**46. Assets with restricted ownership or right to use**

(Unit: RMB)

Item	Book value at the end of period	Restriction reason
Cash and bank balances	46,863,000.00	Time deposits for investment purposes and deposit for L/C
Total	46,863,000.00	

**47. Foreign currency monetary item****(1) Foreign currency monetary item**

(Unit: RMB)

Item	Final balance of foreigncurrency	Exchange rate convert	Ending balance in RMB after conversion
In which: US dollars	12,212,480.34	6.6312	80,983,399.63

Euro	565,741.19	7.3750	4,172,341.28
Pound	3.16	8.9212	28.19
VND	12,105,621,154.00	0.000297297	3,598,964.86
In which: US dollars	11,915,813.00	6.6312	79,016,139.17
VND	30,817,515,196.01	0.000297297	9,161,954.82
Account payable			
In which: US dollars	4,232,034.56	6.6312	28,063,467.57
Euro	34,394.45	7.3750	253,659.07
VND	58,597,295,198.44	0.000297297	17,420,800.07

## VIII. Changes in Consolidation Scope

### 1. Change in consolidation scope for other reasons

Describe the change in consolidation scope caused by other reasons (such as new establishment and clearing of subsidiary) and relevant information:

Name of company	Purpose of acquiring and disposing the subsidiary in the reporting period	Methods for acquiring and disposing the subsidiary in the reporting period	Impact on overall production and performance
Zhejiang Shaoxing Supor Domestic Electrical Appliances Co., Ltd.	Original businesses have been combined into the Company's wholly-owned subsidiary Zhejiang Shaoxing Supor Domestic Appliances Co., Ltd.	Cancellation	No significant impact on the annual profit of the Company; no impact on the overall business development and production management of the Company

## IX. Equity in other entities

### 1. Equity in subsidiaries

#### (1) Structure of enterprise group

Subsidiary name	Main business address	Registration place	Business property	Proportion of share-holding		Mode of acquisition
				direct	indirect	
Zhejiang Supor Electrical Appliance Manufacturing Co., Ltd. [Note 1]	Hangzhou	Hangzhou	Manufacturing	100.00%		Establishment
Zhejiang Shaoxing Supor Domestic Appliances Co.,Ltd. [Note 1]	Shaoxing	Shaoxing	Manufacturing	100.00%		Establishment
Supor (Vietnam) Co., Ltd. [Note 1]	Vietnam	Vietnam	Manufacturing	100.00%		Establishment
Wuhan Supor Recycling Co.,Ltd. [Note 1]	Wuhan	Wuhan	Commercial	100.00%		Establishment



Wuhan Supor Cookware CO.,Ltd. [Note 1, 2]	Wuhan	Wuhan	Manufacturing	25.00%	75.00%	Establishment
Hangzhou Omega Commercial Trade Co., Ltd.[Note 1]	Hangzhou	Hangzhou	Commercial	100.00%		Establishment
Shanghai Supor Cookware Selling Co., Ltd. [Note 1]	Shanghai	Shanghai	Commercial	100.00%		Establishment
Wuhan Supor Pressure Cooker Co., Ltd. [Note 1]	Wuhan	Wuhan	Manufacturing	99.36%		Business combination under the same control
Zhejiang Supor Plastic & Rubber Co., Ltd. [Note 1]	Yuhuan	Yuhuan	Manufacturing	93.23%		Business combination under the same control
Wuhan Supor CO., Ltd. [Note 1]	Wuhan	Wuhan	Manufacturing	96.53%		Business combination under the same control
Yuhuan Supor Recycling Co.,Ltd. [Note 1]	Yuhuan	Yuhuan	Commercial	60.00%		Business combination under the same control

Other descriptions:

Note 1: Hereinafter referred to as Zhejiang Electrical Appliances, Shaoxing Supor, Vietnam Supor, Wuhan Recycling, Wuhan Cookware, Omega, Shanghai Sales, Wuhan PC, R&P, Wuhan Supor and Yuhuan Recycling.

Note 2: It is the subsidiary of Wuhan Supor PC. The shareholding ratio here is for Wuhan Supor PC.

## (2) Important non wholly-owned subsidiaries

(Unit: RMB)

Subsidiary name	Shareholding ratio by minority shareholders	Profit/loss attributed to minority shareholders	Dividend declared for minority shareholders	Ending balance of equity for minority shareholders
Zhejiang Electrical Appliances	0.00%	27,212,252.59		0.00
Supor Electrical[Note 3]	30.00%	1,625.38	15,515,178.42	0.00
Wuhan Cookware	0.48%	27,500,997.32		120,112.83
Wuhan PC	0.64%	525,309.00		7,806,802.93
P&R	6.77%	249,327.12		7,210,088.78
Wuhan Supor	3.47%	-7,370.33		489,642.15
Yuhuan Recycling	40.00%	51.40		1,332,017.83

Other descriptions:

Note 3: Shaoxing Supor Electrical Appliance Co., Ltd. is referred to as "Supor Electrical".

## (3) Main financial information of important non wholly-owned subsidiaries

(Unit: RMB)

Subsidiary name	Ending balance						Beginning 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
Zhejiang Electrical Appliances	1,660,852,973.48	205,342,324.63	1,866,195,298.11	657,511,541.89	4,587,891.07	662,099,432.96	1,551,743,282.32	191,079,453.73	1,742,822,736.05	647,842,368.61	163,692,999	648,006,061.60
Wuhan Cookware	1,718,370,976.40	199,494,459.68	1,917,865,436.08	671,361,231.97	104,182.92	671,465,414.89	1,638,143,857.98	193,980,455.06	1,832,124,313.04	688,320,220.00	6,927,609.81	695,247,829.81
Wuhan PC	1,745,527,350.63	387,918,440.92	2,133,445,791.55	666,642,125.74	104,182.92	666,746,308.66	1,671,346,333.34	388,873,861.98	2,060,220,195.32	696,511,454.66	6,927,609.81	703,439,064.47
P&R	122,056,492.85	14,644,758.77	136,701,251.62	29,813,035.79	0.00	29,813,035.79	117,867,785.12	15,390,220.13	133,258,005.25	30,440,255.48		30,440,255.48
Wuhan Supor	15,204,486.12	41,270.99	15,245,757.11	1,135,032.32	0.00	1,135,032.32	15,526,870.96	41,270.99	15,568,141.95	599,198.46	645,817.16	1,245,015.62
Yuhuan Recycling	3,024,866.10		3,024,866.10	0.00	0.00	0.00	3,033,043.34		3,033,043.34	8,305.76		8,305.76

(Unit: RMB)

Subsidiary name	Amount of this period				Amount of last period			
	Total sales	Net profit	Total comprehensive earnings	Cash outflows from operating activities	Total sales	Net profit	Total comprehensive earnings	Cash outflows from operating activities
Zhejiang Electrical Appliances	1,439,405,176.58	108,661,004.70	108,661,004.70	-84,960,295.34	1,233,438,932.50	76,348,067.69	76,348,067.69	-121,881,375.12
Wuhan Cookware	1,467,982,498.77	109,114,679.96	109,114,679.96	138,088,052.05	1,432,610,683.64	101,962,968.42	101,962,968.42	121,352,276.46
Wuhan PC	1,467,982,498.77	109,358,201.25	109,358,201.25	134,776,122.00	1,432,610,683.64	105,447,341.31	105,447,341.31	123,871,904.85
P&R	80,965,945.81	4,070,466.06	4,070,466.06	4,785,675.54	97,394,328.05	5,998,381.36	5,998,381.36	3,549,943.12
Wuhan Supor		-212,401.54	-212,401.54	-495,238.78		-166,933.48	-166,933.48	-273,456.52
Yuhuan Recycling		128.52	128.52	-8,177.24		997.01	997.01	-7,078.74

## 2. Transaction changing owner's equity shares in subsidiary, with the control power over subsidiary unchanged

### (1) Descriptions of change in subsidiary owner's equity shares

In June 2016, the Company acquired 25% of the equity interest of subsidiaries Zhejiang Electrical Appliances and Wuhan Cookware at the price of RMB 1,222,500,000.00. For adjustment of the difference between acquisition price and the share owned by minority shareholder's equities, the capital reserve is RMB 526,046,407.40; surplus reserve RMB 8,481,795.95; undistributed profit RMB 76,336,163.56.

### (2) Impacts of transaction on minority shareholder's equity and parent company owner's equity

(Unit: RMB)

cost of acquisition /consideration of disposal	1,222,500,000.00
--cash	1,222,500,000.00
cost of acquisition /consideration of disposal total	1,222,500,000.00
Decrease: the subsidiary's net asset share calculated at the proportion of acquired/disposed equity	611,635,633.09
Margin	610,864,366.91
Where, adjusted capital reserve	526,046,407.40
adjusted surplus reserve	8,481,795.95
Adjusted undistributed profit	76,336,163.56

## 3. Equity in joint venture arrangements or affiliated business

### (1) Important joint venture or affiliated business

Name of joint venture or affiliated business	Main business address	Registration place	Business property	Proportion of share-holding		Accounting treatment of investment in joint venture of affiliated business
				direct	indirect	
Wuhan Anzai Cookware Co.,Ltd.	Wuhan	Wuhan	Manufacturing	30.00%		Equity method

### (2) Main financial information of important affiliated business

(Unit: RMB)

	Ending balance/ amount incurred in current period	Beginning balance/amount incurred in previous period
Current Assets:	88,658,746.56	127,759,152.92

Non-current assets:	59,480,338.60	61,625,740.57
Total assets	148,139,085.16	189,384,893.49
Current liabilities:	43,489,185.80	90,524,638.36
Non-current liabilities:	1,140,000.00	1,140,000.00
Total liabilities	44,629,185.80	91,664,638.36
Shareholder's equity attributed to the parent company	103,509,899.36	97,720,255.13
Net assets calculated based on shareholding ratio	31,052,969.81	29,316,076.54
--goodwill	22,585,444.13	22,585,444.13
-- Unrealized profit of internal trading	243,115.43	690,179.08
Book value of equity investment in affiliated business	53,121,774.78	51,328,807.28
Total sales	140,618,102.04	122,473,445.95
Net profit	5,789,644.23	4,165,356.82
Total comprehensive earnings	5,789,644.23	4,165,356.82

## X. Risks associated with Financial Instruments

This Company has been engaged in risk management to achieve a balance between risks and benefits, minimize the negative effect of risk upon the company's business performance, and maximize the benefits for shareholders and other equity investors. With this purpose, this Company has adopted a basic risk management policy, which is to identify and analyze all risks confronting the company, set a risk bottom line and implement risk management, and timely and reliably supervise all risks and control risks within the defined limits.

The main risks associated with the company's financial instruments are credit risks, liquidity risk and market risk. The management layer have reviewed and approved the risk management policies, summarized as follows:

### (i) Credit risk

Credit risk refers to the risk of financial loss for one party of the financial instrument caused by the other party's failure to fulfill his obligations. Credit risk of this Company is mainly associated with accounts receivables. To control the risk, the Company has taken following measures:

#### 1. Notes receivable

Notes receivables of the Company are mainly bank acceptance bills receivable. The Company keeps supervisory control over bank acceptance bills to ensure no serious bad debt risks.

#### 2. Accounts receivable

This Company trades only with recognized third party in good standing. According to policies of the Company, all clients with whom the Company trades in the form of credit shall be subject to credit check. Additionally, the Company keeps continuous supervisory control over balance of accounts receivable to ensure no serious bad debt risks.

(1) Enhancing risk consciousness and strengthening risk management of accounts receivable Strengthen internal control of client's credit policy management. Adjustment of client's credit policy must be subject to necessary review and approval procedures.

(2) Making detailed business records and accounting work Client's payment records shall be used as the important reference for evaluation of his credit. Exercise dynamic management of client's information and understand their newest credit situation to make corresponding credit policies.

Since this Company trades only with recognized third party in good standing, no guaranty is required. Credit risks are centralized managed by clients. Among the accounts receivable at period-end, amount receivable from SEB ASIA LTD. accounting for 57.67% of ending balance (62.73% on December 31, 2014). The Company did not expect large credit risk about it. Risk points of other accounts receivable are distributed in several partners and clients. By June 30, 2015, accounts receivable from the top five clients (deducting accounts receivable from SEB ASIA LTD.) occupies 10.30% of ending balance of accounts receivable (10.09% on December 31, 2014). Therefore, there exist no major centralized credit risks.

### 3. Other accounts receivable

Other accounts receivable of the Company is mainly value-added tax rebate receivable. The Company will keep supervisory control over this amount and related business.

1) Amount in accounts receivable that is not overdue and not depreciated, the amount that is overdue but not depreciated, and the overdue age:

Item	Ending balance				
	Not overdue and not depreciated	Overdue but not depreciated			Total
		Within 1 year	1-2 years	Over 2 years	
Notes receivable	956,676,846.02				956,676,846.02
Subtotal	956,676,846.02				956,676,846.02

(Continued)

Item	Ending balance				
	Not overdue and not depreciated	Overdue but not depreciated			Total
		Within 1 year	1-2 years	Over 2 years	
Notes receivable	604,773,313.11				604,773,313.11
Subtotal	604,773,313.11				604,773,313.11

2) For accounts receivable with separate accrual of depreciation, refer to the accounts receivable in notes to the financial statements.

### (ii) Liquidity risk

Liquidity risk refers to capital shortage risks confronted by a company when fulfilling financial liability-related obligations. Its reason may be inability to sell financial assets as soon as possibly at fair value or the other party's inability to pay contract debt, or maturity accelerated debt, or being unable to achieve the estimated cash flow.

To control the risk, the Company keeps optimizing the assets and liabilities structure, and maintains the balance between the continuity and flexibility of debt financing.

Financial instruments classified by remaining maturity date

Item	Ending balance				
	Book value	Undiscounted contract value	Within 1 year	1-3 years	Over 3 years
Financial assets					
Monetary funds	638,985,853.81		638,985,853.81		

Financial assets measured at fair value with variation included in current profits and losses	331,868,902.78		331,868,902.78		
Notes receivable	956,676,846.02		956,676,846.02		
Accounts receivable	1,271,407,998.22		1,271,407,998.22		
Interest receivable	2,618,316.94		2,618,316.94		
Other accounts receivable	16,477,980.87		16,477,980.87		
Other current assets (Note)	963,762,246.57		963,762,246.57		
Subtotal	4,181,798,145.21		4,181,798,145.21		
Financial liabilities					
Accounts payable	1,635,356,280.09		1,635,356,280.09		
Other accounts payable	587,947,344.21		587,947,344.21		
Subtotal	2,223,303,624.30		2,223,303,624.30		

Note: financial products purchased

(Continued)

Item	Ending balance				
	Book value	Undiscounted contract value	Within 1 year	1-3 years	Over 3 years
Financial assets					
Monetary funds	1,041,013,222.62		1,041,013,222.62		
Financial assets measured at fair value with variation included in current profits and losses	402,218,888.89		402,218,888.89		
Notes receivable	604,773,313.11		604,773,313.11		
Accounts receivable	1,057,146,368.61		1,057,146,368.61		
Interest receivable	1,211,839.09		1,211,839.09		
Other accounts receivable	34,924,752.46		34,924,752.46		
Other current assets (Note)	1,327,314,904.11		1,327,314,904.11		
Subtotal	4,468,603,288.89		4,468,603,288.89		
Financial liabilities					
Accounts payable	1,639,633,692.92		1,639,633,692.92		
Other accounts payable	66,612,278.63		66,612,278.63		
Subtotal	1,706,245,971.55		1,706,245,971.55		

Note: The financial products purchased.

### (iii) Market risk

Market risk refers to fluctuation risk of fair value of financial instrument or future cash flow due to change of market price. Market risks mainly include interest rate risk and foreign exchange risk.

#### 1. Interest rate risk

Interest rate risk refers to fluctuation risk of fair value of financial instrument or future cash flow due to change of interest rate. By June 30, 2015, the Company has no bank loan. Therefore interest rate risk will not exert significant impact on the Company's total profit or shareholders' equity.

## 2. Foreign exchange risk

Foreign exchange risk refers to the risk of fluctuation of the fair value or future cash flow of financial instruments caused by foreign exchange rate changes. Risk of fluctuations in exchange faced by the Company is mainly related to the monetary asset and liability in foreign currency. In case of short-term imbalance of assets and liabilities in foreign currency, the Company will trade foreign currencies based on market exchange rate when necessary, in order to maintain the net risk exposure at an acceptable level.

See Note 47 Description of Foreign Currency Monetary Items for list of financial assets in foreign currency and financial liabilities in foreign currency at the end of this period.

## XI. Disclosure of Fair Value

### 1、Ending balance of assets and liabilities measured at the fair value

(Unit: RMB)

Item	Fair value at period-end			
	First-level Measurement of fair value	Second-level Measurement of fair value	Third-level Measurement of fair value	Total
I. Continued measurement of fair value	--	--	--	--
(i) Financial assets measured at fair value, with changes included in current profit and loss	331,868,902.78			331,868,902.78
2. Financial assets measured at fair value with variation included in current profits and losses	331,868,902.78			331,868,902.78
(1) Debt instruments investment	331,868,902.78			331,868,902.78
Total assets continuously measured at fair value	331,868,902.78			331,868,902.78
II. Non-continued measurement of fair value	--	--	--	--

## XII. Connected parties and Connected Transactions

### 1、Parent company

Company name	Registration place	Business property	Registered capital	Shareholding percentage of parent company in this Company	Voting right percentage of parent company in this Company

SEB INTERNATIONALE S.A.S	France	Investment company	Euro 80M	81.17%	81.17%
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Information on the parent company:

Business scope: Equity investment in France and overseas enterprises (despite business types), namely, purchasing and subscribing of stocks, bonds, company shares, equities, various securities and valuable securities, and transfer of such securities or notes; all financial operations related to equity participation, including purchasing, manufacturing and selling home appliances for the purpose of distribution and providing relevant services; all activities directly or indirectly contributing to the realization of these operations, particularly in the areas of movable properties, estate, finance, commerce and industry.

Final controller of the Company is SEB S.A.

## 2、 Branch companies

For details of our company's subsidiaries, see Foot note "IX Descriptions of Rights and Interests in Other Entities" to this financial statement.

## 3、 Joint ventures and affiliated companies

See "IX. Descriptions of Rights and Interests in Other Entities " to this financial statement.

Other joint ventures or affiliated companies having connected transactions with this Company during this period, or having connected transactions with this Company during the previous period where balance is generated:

Name of joint venture or affiliated business	Relationship with this Company
Wuhan Anzai Cookware Co., Ltd.	Affiliated companies

## 4、 Other connected parties

Name	Relationship with the Company
SEB S.A.	Controlling shareholders of controlling shareholders
SEB ASIA LTD.	Same controlling shareholder
TEFAL S.A.S	Same controlling shareholder with the controlling shareholder
ALL-CLAD METALCRAFTERS LLC	Same 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
SHANGHAI SEB	Same controlling shareholder
SEB COLOMBIA	Same controlling shareholder
S.A.S GROUPE SEB MOULINEX	Same controlling shareholder with the controlling shareholder
SEB USA	Same controlling shareholder
SEB GERMANY	Same controlling shareholder with the controlling shareholder
GROUPE SEB EXPORT	Same controlling shareholder with the controlling shareholder



GROUPESEB KOREA,LTD	Same controlling shareholder
SEB DEVELOPPEMENT SAS	Same controlling shareholder with the controlling shareholder
Supor Group Co., Ltd.	Shareholder of our company
GRAIN HARVEST DEVELOPMENT LIMITED	Same controlling shareholder
Hangzhou Supor Property Management Co., Ltd.	Subsidiary of shareholder
Zhejiang Supor Real Estate Development Co., Ltd.	Subsidiary of the shareholder

## 5、Connected transactions

### (1) Purchasing and sales of goods, rendering and receiving of services

Purchase and sale of goods, rendering and receiving services

(Unit: RMB)

Connected parties	Content of connected transactions	Amount of this period	Transaction quota granted	Whether or not exceeding transaction quota	Amount of last period
Wuhan Anzai Cookware Co., Ltd.	Finished products	131,430,324.93			69,694,604.29
Wuhan Anzai Cookware Co., Ltd.	Accessories	86,553.55			46,008,681.87
S.A.S GROUPESEB MOULINEX	Raw material	15,086,033.06			7,504,807.47
S.A.S GROUPESEB MOULINEX	Re-working fee	241,851.98			
TEFAL S.A.S	Accessories	1,305,932.29			1,424,348.82
LAGOSTINA S.P.A.	Finished products	3,388,512.87			1,990,663.58
GROUPESEB EXPORT	Finished products	280,190.60			1,375,142.89
SEB ASIA LTD.	Re-working fee	158,195.44			
SEB INTERNATIONAL SERVICE SAS	Re-working fee	28,187.72			
S.A.S SEB	Certification fee	18,932.74			
SIS	Finished products	16,629.72			
SHANGHAI SEB	Raw material	29,400.15			

Sale of goods and rendering of services

(Unit: RMB)

Connected parties	Content of connected transactions	Amount of this period	Amount of last period
SEB ASIA LTD.	Finished products	1,302,806,042.57	1,421,790,924.36

SEB ASIA LTD.	Accessories	3,490,416.56	5,442,864.09
Supor Group Co., Ltd.	Finished products	5,201,108.57	2,969,703.11
TEFAL SAS	Finished products	3,230,164.40	9,937,355.78
TEFAL SAS	Accessories	7,389,297.50	9,404,886.82
S.A.S GROUPE SEB MOULINEX	Finished products	18,185,910.94	10,556,598.16
S.A.S GROUPE SEB MOULINEX	Accessories	214,040.75	71,936.17
SAS SEB	Finished products	15,090,945.30	11,698,932.77
SAS SEB	Accessories	926,213.27	1,417,261.49
SEB INTERNATIONAL SERVICE SAS	Finished products		326,132.20
SEB INTERNATIONAL SERVICE SAS	Accessories	2,645,811.20	1,887,133.84
ALL-CLAD METALCRAFTERS LLC	Finished products	326,787.35	163,057.31
LAGOSTINA S.P.A.	Finished products	105,310.40	21,938.36
LAGOSTINA S.P.A.	Accessories	603,172.94	514,622.05
GROUPE SEB COLOMBIA S.A.	Accessories	66,900.00	116,676.02
SHANGHAI SEB	Finished products	9,417.95	
Wuhan Anzai Cookware Co., Ltd.	Accessories	246.10	15,353.08

## (2) Related leasing

Name of lessor	Name of lessee	Type of leased assets	Rental fee confirmed in this period	Rental fee confirmed in previous period
Supor Group Co., Ltd.	This Company	Real estate	234,484.20	189,648.00
	Wuhan Cookware	Real estate	297,835.62	285,551.94
	Omegna	Real estate	113,069.70	113,069.70
	Zhejiang Electrical Appliances	Real estate	1,882,751.00	1,245,646.45
	Wuhan Supor	Real estate	No charge of rental temporarily	No charge of rental temporarily
	P&R	Land	No charge of rental temporarily	No charge of rental temporarily

## (3) Remuneration for key management personnel

(Unit: RMB)

Item	Amount of this period	Amount of last period
Remuneration for key management personnel	2,755,761.42	3,878,844.99

**(4) Other connected transactions**

## 1) Water and electricity

Seller	Buyer	Water and electricity expenses confirmed in this period	Water and electricity expenses confirmed in same period last year
Hangzhou Supor Property Management Co., Ltd	Wuhan Cookware	338,238.00	290,400.00

## 2) Property management fee and parking fee

Party rendering service	Party receiving service	Property management fee and parking fee confirmed in this period	Property management fee and parking fee confirmed in same period last year
Hangzhou Supor Property Management Co., Ltd.	Wuhan Cookware	144,787.44	153,787.44
	Omegna	7,434.72	7,434.72
	This Company	52,250.00	102,000.00

## 3) Consulting fee and coordination &amp; promotion fee

Service provider	Service receiver	Consulting fee and coordination & promotion fee recognized in current period	Consulting fee recognized in the same period of last year
Supor Vietnam	SEB DEVELOPPEMENT	288,904.22	
This Company	SAS	374,816.16	
Shaoxing Supor		792,512.14	
Zhejiang Electrical Appliances		859,026.77	
Wuhan Cookware		9,001,221.04	
This Company	SEB ASIA LTD.	1,060,884.00	

4) In accordance with *Technology License Contract* signed by and between Shaoxing Supor Company and ROWENTA FRANCE SAS on July 23, 2014, ROWENTA FRANCE SAS permits Shaoxing Supor Company to use with pay 2 patents for invention, including *Formaldehyde-Scavenging Air Cleaner Technology*. As agreed in the signed contract, the charge for use is calculated as 3% of the realizable sales amount of licensed product. In current period, Shaoxing Supor Company should pay RMB 219,126.42, as the charge of technology use, to ROWENTA FRANCE SAS, and there was a balance RMB 219,126.42 unpaid by June 30, 2016.

5) In accordance with *Technology License Contract* signed by and between Wuhan Cookware Co., Ltd. and TEFAL S.A.S on January 21, 2009, TEFAL S.A.S permits Wuhan Cookware Co., Ltd. to use with pay the patent for invention *Heating Element Coated with a Variable-Color Decorative Layer*. As agreed in the signed contract, the charge for use is calculated as 3% of the realizable sales amount of licensed product. In current period, Wuhan Cookware Co., Ltd. should pay RMB 6,219,882.49, as the charge of technology use, to TEFAL S.A.S, and there was a balance RMB 738,180.79 unpaid by June 30, 2016.

6) In accordance with *Technology License Contract* signed by and between Wuhan Cookware Co., Ltd. and SEB S.A. on December 29, 2013, SEB S.A. permits Wuhan Cookware Co., Ltd. to use with pay 5 patents for invention, including *Home Appliances Equipped with Elastic Safety Valve and Used for Cooking Foods under Pressure*. As agreed in the signed contract, the charge for use is calculated as 3% of the realizable sales amount of licensed product. In current period, Wuhan Cookware Co., Ltd. should pay RMB 247,659.26, as the charge of technology use, to SEB S.A, and there was a balance RMB 26,213.27 unpaid by June 30, 2016.

7) In accordance with *Trademark License Agreement* signed by and between Wuhan Cookware Co., Ltd. and LAGOSTINA SPA. on

December 15, 2014, LAGOSTINA SPA. permits Wuhan Cookware Co., Ltd. to use with pay the brand Lagostina. As agreed in the signed agreement, the charge for use is calculated as 4% of the realizable sales amount of licensed product. In current period, Wuhan Cookware Co., Ltd. should pay RMB 529,029.89, as the charge of trademark use, to LAGOSTINA SPA, and there was a balance RMB 310,824.74 unpaid by June 30, 2016.

8) Our company purchases some land parcels located at Nanyou Industrial Park, Damaiyu Street, Yuhuan County, Zhejiang Province from Supor Group. Among these land parcels, Parcel A is a piece of land with Land Certificate YGY(2004)093; Land Certificate for Parcel B has not been transacted. The total area of purchased land parcels is 2,990 m<sup>2</sup>, and the total price RMB 3,588,000.00. Till June 30, 2016, RMB 2,242,500.00 were paid.

## 6、Receivables and payables by connected parties

### (1) Items receivable

(Unit: RMB)

Project name	Connected parties	Ending balance		Beginning balance	
		Book balance	Bad debt reserve	Book balance	Bad debt reserve
Accounts receivable					
	SEB ASIA LTD.	755,499,273.35	37,774,963.67	707,780,977.97	35,389,048.90
	S.A.S SEB	9,531,516.99	476,575.85	5,401,929.87	270,096.49
	TEFAL S.A.S	5,669,643.51	283,482.18	7,299,327.00	364,966.35
	SEB INTERNATIONAL SERVICE S.A.S	1,223,224.64	61,161.23	983,211.09	49,160.55
	SEB COLOMBIA	67,329.49	3,366.47		
	LAGOSTINA S.P.A.	301,504.55	15,075.23	437,027.65	21,851.38
	ALL-CLAD METALCRAFTERS LLC	254,149.49	12,707.48	63,011.95	3,150.60
	S.A.S GROUPE SEB MOULINEX	6,647,361.16	332,368.06	7,849,204.64	392,460.23
	SUPOR VIETNAM CO.,LTD	807,744.68	40,387.23		
	Supor Group Co., Ltd.	823,833.17	41,191.66	688,207.00	34,410.35
Subtotal		780,825,581.03	39,041,279.06	730,502,897.17	36,525,144.85
Accounts paid in advance	Supor Group Co., Ltd.	1,493,409.21		153,516.72	
	Hangzhou Supor Property Management Co., Ltd.	52,250.00			
	SEB	16,878.02			

	DEVELOPPEMENT SAS				
Subtotal		1,562,537.23		153,516.72	
Other accounts receivable					
	Supor Group Co., Ltd.	30,000.00	2,100.00	10,000.00	500.00
Subtotal		30,000.00	2,100.00	10,000.00	500.00

**(2) Items payable**

(Unit: RMB)

Project name	Connected parties	Book balance at period-end	Book balance at period-begin
Accounts payable			
	Wuhan Anzai Cookware Co., Ltd.	15,203,823.07	26,705,510.44
	GROUPE SEB EXPORT	1,562,357.40	1,253,799.87
	TEFAL S.A.S	1,349,110.25	1,029,739.45
	SHANGHAI SEB	28,029.79	78,866.24
	S.A.S SEB	26,213.27	737,967.29
	LAGOSTINA S.P.A.	3,476,532.60	6,271,342.30
	S.A.S GROUPE SEB MOULINEX	4,900,346.99	969,104.21
	SEB ASIA LTD	884,070.00	
	SEB DEVELOPPEMENT SAS	16,322,910.52	18,304,880.60
	SIS	73,158.65	58,613.57
	ROWENTA FRANCE	219,126.42	590,496.49
Subtotal		44,045,678.96	56,000,320.46
Advance receipts	GROUPE SEB COLOMBIA		23,070.16
	Supor Group Co., Ltd.	25,250.00	149,160.00
Subtotal		25,250.00	172,230.16
Other payables			
	Wuhan Anzai Cookware Co., Ltd		20,000.00
	Hangzhou Supor Property Management Co., Ltd.	144,787.44	157,587.10
	GRAIN HARVEST DEVELOPMENT LIMITED	524,279,000.00	
Subtotal		524,423,787.44	177,587.10

### XIII. Share-based Payment

#### 1、 General information

Item	Description [note]
Total equity instruments granted in current period	
Total equity instruments exercised in current period	1,520,541 share
Total equity instruments void in current period	Stock option 2,335,872 shares , Restricted stock 845,904 shares
The range of exercise price of stock options by the end of the period and the remaining period of the contract	14.15 yuan/share, 1.0years
The range of exercise price of other equity instruments by the end of the period and the remaining period of the contract	0 yuan/share, 1.0 years and 2.46 years

##### (2) Other notes

1) According to the Proposal on the "Restricted Stock Incentive Plan (Revised Draft)" and its Abstract (hereinafter referred to as the "Equity Incentive Plan 2013") adopted at the Second Interim Shareholders Meeting of 2013 held on Oct. 28, 2013, and subject to the approval of China Securities Regulatory Commission, the Company would grant 5,720,205 shares of restricted stock to incentive objects, and completed the repurchase of 5,720,205 shares of company stock from November 6, 2013 to December 5, 2013. The Company first granted 5,540,000 shares in 2013, and then granted 180,205 shares in 2014, at the price of 0 yuan per share.

The Equity Incentive Plan 2013 is valid for five years from the first grant date. The lock-up period of the first part granted is 12 months, and the unlocking period is 48 months, divided into four periods. When reaching the unlocking conditions, the incentive objects may apply for unlocking by four times, respectively after 12 months, 24 months, 36 months and 48 months since the granted date and respectively for 10%, 20%, 30% and 40% of the total restricted stock granted. The lock-up period of reserved part is 12 months. The unlocking period is 36 months divided into three periods. When reaching the unlocking conditions, the incentive objects may apply for unlocking by three times, respectively after 12 months, 24 months and 36 months since the granted date and respectively for 20%, 20% and 60% of the total restricted stock granted. By June 30, 2016, the remaining term of this Incentive Plan is 2.46 years.

According to the Proposal on Unlocking of Restricted Stock within the First Unlock Period of Restricted Stock Incentive Plan reviewed and adopted at the 22nd Session of the Fourth Board of Directors, 554,000 shares of restricted stock were unlocked in 2014. According to the Proposal on Unlocking of Restricted Stock within the Second Unlock Period and Reserved Restricted Stock within the First Unlock Period reviewed and adopted at the 5th Session of the Fifth Board of Directors, a total of 1,104,041 shares of restricted stocks were unlocked in 2015. In accordance with Proposal on Unlocking of Restricted Stock within the Third Unlock Period and Reserved Restricted Stock within the Second Unlock Period reviewed and adopted at the 11th Session of the fifth Board of Directors, there are 1,486,500 shares of restricted stocks unlocked and 34,041 shares of reserved restricted stocks, totally 1,520,541 shares unlocked in current period.

In accordance with the resolution adopted at the 2nd Session of the fifth Board of Directors, the Company repurchased 180,000 shares of restricted stocks at the price of RMB 0 in 2014, for the resignation of some incentive objects; in accordance with the resolution adopted at the 5th Session of the fifth Board of Directors, the Company repurchased 67,500 shares of restricted stocks at the price of RMB 0 in 2015, for the resignation of some incentive objects; in accordance with the resolution adopted at the 7th Session of the fifth Board of Directors, the Company repurchased 196,000 shares of restricted stocks at the price of RMB 0 in 2015, for the resignation of some incentive objects; in accordance with the resolution adopted at the 11th Session of the fifth Board of Directors, the Company repurchased 18,000 shares of restricted stocks at the price of RMB 0 in current period.

2) According to the Stock Options and Restricted Stock Incentive Plan (revised draft) (hereinafter referred to as the "Equity Incentive Plan 2012") adopted at the First Interim Shareholders Meeting held on June 29, 2012, and subject to the approval of China Securities

Regulatory Commission, the Company completed grant to incentive objects a total of 7,275,840 shares of stock option and 2,640,000 shares of restricted stock in 2012, and reserved stock option and restricted stock respectively 794,640 shares and 110,000 shares. The grant price of stock option is 14.15 yuan per share; and the price of restricted stock is 0 yuan per share.

The incentive plan implemented in 2012 is valid for 5 years since the grant date. For the first time of grant, the lock-up period is 12 months, unlocking period 48 months, and unlocking conducted in four parts. If reaching the unlocking conditions, incentive participants may apply for unlocking in four parts. Application is made respectively in 12 months, 24 months, 36 months, and 48 months after grant date, for unlocking of 10%, 20%, 30%, and 40% of the sum of stock options and restricted stocks. For the reserved part, the lock-up period is 12 months, unlocking period 36 months, and unlocking conducted in three parts. If reaching the unlocking conditions, incentive participants may apply for unlocking in three parts. Application is made respectively in 12 months, 24 months, and 36 months after grant date, for unlocking of 20%, 20%, and 60% of the sum of stock options and restricted stocks. Till June 30, 2016, the remaining term of this incentive plan is 1.0 year.

Since unfulfillment of exercise and unlocking conditions and resignation of some incentive objects, the Company, according to the resolution adopted at the 14th Session of the Fourth Board of Directors, annulled 1,088,736 shares of stock option granted in 2013 and repurchased and canceled restricted stock granted totaling 473,088 shares at the price of 0 yuan. According to the resolution adopted at the 17th Session of the Fourth Board of Directors, Company canceled the grant of reserved stock option of 794,640 shares and restricted stock of 110,000 shares in 2013. Since unfulfillment of exercise and unlocking conditions and resignation of some incentive objects, the Company annulled 1,581,888 shares of stock options and repurchased and canceled 540,672 shares of granted restricted stocks at the price of RMB 0 in 2014 according to the resolution adopted at the 22<sup>nd</sup> Session of the fourth Board of Directors. For the resignation of some incentive objects, the Company annulled 221,760 shares of stock options and repurchased and canceled 36,960 shares of granted restricted stocks at the price of RMB 0 in 2014 according to the resolution adopted at the 2<sup>nd</sup> Session of the Fifth Board of Directors. Since unfulfillment of exercise and unlocking conditions and resignation of some incentive objects, the Company annulled 1,920,864 shares of stock options and repurchased and canceled 693,792 shares of granted restricted stocks at the price of RMB 0 according to the resolution adopted at the 5<sup>th</sup> Session of the fifth Board of Directors in 2015. For the resignation of some incentive objects, the Company annulled 126,720 shares of stock options and repurchased 67,584 shares of granted restricted stocks at the price of RMB 0 according to the resolution adopted at the 7th Session of the fifth Board of Directors in 2015.

Since unfulfillment of exercise and unlocking conditions in current period, the Company annulled 2,335,872 shares of stock options and repurchased and cancelled 827,904 shares of restricted stocks at the price of RMB 0 according to the resolution adopted at the 11th Session of the fifth Board of Directors.

## 2、Equity-settled share-based payment

Applicable     Not Applicable

(Unit: RMB)

Determination criteria of fair value of equity instruments at grant date	According to the revised Black-Scholes Option Pricing Model
Determination basis for the number of exercisable equity instruments	Based on the corresponding equity instruments of staff, the performance of the company in this period and the forecast of annual performance of the company
Reasons of significant difference between the estimates in the current period and the preceding period	No
Accumulated amount of equity-settled share-based payment included in capital reserve	-87,826,324.84

Total amount of equity-settled share-based payment in this period	3,620,376.00
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Other descriptions

Note 1: The accumulated amount at the beginning of period is RMB -91,446,700.84, and the amount incurred in current period RMB 3,620,376.00. Thus, the accumulated amount is RMB -87,826,324.84.

Note 2: The total amount of share-based payment in previous years is RMB 30,524,167.32. Based on the actual situation of the Company's domestic sales revenue and domestic sales business profit in 2015, the above 2013 incentive plan is expected to reach the KPIs of restricted stock unlocking specified in *Bill Proposing the Restricted Stock Incentive Plan (Amended Draft) and Its Summary*. The share-based payment recognized in current period is RMB 3,620,376.00 in total.

Summing up the above, the total amount of the equity-settled share-based payment recognized is RMB 34,144,543.32.

## XIV. Commitments and Contingencies

### 1、 Important Commitments

Important commitments on the balance sheet date

By the balance sheet date, there is no significant commitments that should be disclosed.

### 2、 Contingencies

#### (1) Important contingencies on the balance sheet date

Contingent liability incurred by attributions of pending action and its financial impact

Against the subsidiary Shaoxing Supor Company, a civil patent holder files an administrative complaint to Intellectual Property Office of Guangzhou Municipality for patent infringement, and claims the cease of infringement act and compensation for loss.

Intellectual Property Office of Guangzhou Municipality made the administrative decision on January 11, 2016: the Company's product constitutes patent infringement the Company is required to cease the infringement act. The Company has filed administrative reconsideration, and made estimation on the possibility that the complainant files a civil lawsuit and the result of judgment. The Company accrued the estimated liability RMB 3,000,000. Up to now, the first instance has not been opened.

#### (2) Important contingencies that should be disclosed

The Company has no important contingencies that should be disclosed.

## XV. Events after the Balance Sheet Date

## XVI. Other important matters

### 1. Segment information

#### (1) Determination basis and accounting policy of reportable segment

The Company determines the operating segment based on the internal organizational structure, management requirements, internal reporting system, etc. The operating segment is a constituent part that satisfies all of the following conditions:

- 1) This constituent part can produce revenue and incur expenditure in daily activities;
- 2) The management can appraise the operating results of this constituent part on a regular basis, so as to assign resources to it and assess its performance;



3) It is possible to analyze and obtain the financial condition, operating results, cash flow, and other related accounting information of this constituent part.

The main products of our company are CW, small electrical appliance in kitchen, etc. Our company determines the reportable segment based on product segments. The asset and liability shared by different product segments cannot be divided clearly.

## (2) Financial information of reportable segment

(Unit: RMB)

Item	CW products	Electrical appliance products	Rubber & plastic products	Offsetting between segments	Total
Main business revenue	2,231,938,967.87	3,714,911,383.86	80,755,937.63	299,774,657.72	5,727,831,631.64
Cost of main business	1,524,511,134.31	2,690,538,302.49	73,968,571.03	305,005,867.73	3,984,012,140.10

## (3) Financial information of reportable segment

Item	Domestic	Overseas	Offsetting between segments	Total
Main business revenue	4,562,663,366.71	1,464,942,922.65	299,774,657.72	5,727,831,631.64
Cost of main business	3,087,847,235.23	1,201,170,772.60	305,005,867.73	3,984,012,140.10

## XVII. Notes to the Main Items of the Financial Statements of the Parent Company

### 1、Accounts receivable

#### (1) Classification of accounts receivable

(Unit: RMB)

Category	Ending balance					Beginning balance				
	Book balance		Bad debt reserve		Book value	Book balance		Bad debt reserve		Book value
	Amount	Scale	Amount	Accrual percentage		Amount	Scale	Amount	Accrual percentage	
Accounts receivable accrued for bad debt provision in combination based on credit risks	206,600,921.08	95.10%	10,330,046.06	5.00%	196,270,875.02	213,627,815.83	89.16%	10,681,644.73	5.00%	202,946,171.10
Accounts receivable of insignificant single amount but separately accrued for bad debt	10,648,023.88	4.90%	0.00	0.00%	10,648,023.88	25,978,032.50	10.84%	0.00	0.00%	25,978,032.50

provision										
Total	217,248,944.96	100.00%	10,330,046.06	4.75%	206,918,898.90	239,605,848.33	100.00%	10,681,644.73	4.46%	228,924,203.60

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)

Age	Ending balance		
	Accounts receivable	Bad debt reserve	Accrual percentage
Sub-item within 1 year			
Subtotal	206,600,921.08	10,330,046.06	5.00%
Total	206,600,921.08	10,330,046.06	5.00%

Determination basis:

Account receivable using balance fraction method for bad debt provision

Applicable  Not Applicable

Account receivable using other method for bad debt provision

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

Name of organization	Book balance	Bad debt reserves	Accruing proportion (%)	Accrual reason
Insured receivables of Lidl Hong Kong Ltd	10,648,023.88			It is the payment for exported goods. The export insurance is transacted and it is expected that there is no bad debt risk, thus the bad debt reserve is not counted and withdrawn.
Subtotal	10,648,023.88			

## (2) Bad debt provisions accrued and recovered

During the period, bad debt provision accrued was -351,598.67 yuan; bad debt provision recovered was 0.00 yuan

## (3) First five accounts receivables classified by debt parties

Company	Book balance	Proportions in the balance of accounts receivable (%)	Bad debt reserve
SEB ASIA LTD	200,013,320.78	92.07%	10,000,666.04
Customer 1	3,549,613.20	1.63%	
Customer 2	3,312,569.05	1.52%	
Customer 3	2,390,570.28	1.10%	

TEFALSAS	1,293,292.96	0.60%	64,664.65
Total	210,559,366.27	96.92%	10,065,330.69

## 2、Other accounts receivable

### (1) Type of other accounts receivable

(Unit: RMB)

Category	Ending balance					Beginning balance				
	Book balance		Bad debt reserve		Book value	Book balance		Bad debt reserve		Book value
	Amount	Scale	Amount	Accrual percentage		Amount	Scale	Amount	Accrual percentage	
Other large sums of payables and payables with separate provision for bad debts	134,586,616.53	98.13%	0.00	0.00%	134,586,616.53	79,731,527.38	96.80%			79,731,527.38
Other accounts receivable accrued for bad debt provision in combination based on credit risks	2,563,915.17	1.87%	790,696.62	30.84%	1,773,218.55	2,639,244.43	3.20%	876,982.14	33.23%	1,762,262.29
Total	137,150,531.70	100.00%	790,696.62	0.58%	136,359,835.08	82,370,771.81	100.00%	876,982.14	1.06%	81,493,789.67

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

√ Applicable    □ Not Applicable

(Unit: RMB)

Other accounts receivable (by companies)	Ending balance			
	Other accounts receivable	Bad debt reserve	Accrual percentage	Accrual reason
Supor Vietnam	55,641,521.66	0.00	0.00%	As loan interest receivable from subsidiary, no bad debt is reserved for no risk is expected.
Omegna	27,080,123.72	0.00	0.00%	As loan interest receivable from subsidiary, no bad debt is reserved for no risk is expected.
Zhejiang Shaoxing Supor Domestic Appliances Co.,	51,864,971.15	0.00	0.00%	As loan interest receivable from subsidiary, no bad debt is

Ltd.				reserved for no risk is expected.
Total	134,586,616.53	0.00	--	--

Other receivables with provision made on group basis with age analysis method:

Applicable  Not Applicable

(Unit: RMB)

Age	Ending balance		
	Other accounts receivable	Bad debt reserve	Accrual percentage
Sub-item within 1 year			
Subtotal	1,716,753.82	85,837.69	5.00%
1 - 2 years	108,837.68	8,707.01	8.00%
2 - 3 years	44,770.29	6,715.54	15.00%
3 - 4 years	8,234.00	4,117.00	50.00%
Over 5 years	685,319.38	685,319.38	100.00%
Total	2,563,915.17	790,696.62	

Determination basis:

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) Bad debt provisions accrued and recovered

During the period, bad debt provision accrued was -86,285.52yuan; bad debt provision recovered was 5,269.00 yuan.

## (3) Other accounts receivable classified by nature of accounts

(Unit: RMB)

Nature	Book balance at period-end	Book balance at period-begin
Deposit		314,719.00
Borrowings	134,586,616.53	79,731,527.38
Temporary payments receivable	1,080,455.72	1,174,341.48
Personal deposit	1,483,459.45	1,150,183.95
Total	137,150,531.70	82,370,771.81

## (4) First five other accounts receivables classified by debt parties

(Unit: RMB)

Company	Nature of accounts	Ending balance	Age	Percentage in ending balance of other	Ending balance of bad debt reserve
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				accounts receivable	
Supor Vietnam	Borrowings	55,641,521.66		40.57%	
Omegna	Borrowings	27,080,123.72	Within 1 year	19.74%	
Zhejiang Shaoxing Supor Domestic Appliances Co., Ltd.	Borrowings	51,864,971.15	Within 1 year	37.82%	
Yuhuan Yuhuayuan o., Ltd.,	Temporary payments receivable	342,475.00	Over 5 years	0.25%	342,475.00
Dalian Wen Liushan Law Firm	Temporary payments receivable	248,451.00	Over 5 years	0.18%	248,451.00
Total	--	135,177,542.53	--	98.56%	590,926.00

### 3、Long-term equity investment

(Unit: RMB)

Item	Ending balance			Beginning balance		
	Book balance	Depreciation reserve	Book value	Book balance	Depreciation reserve	Book value
Investment in subsidiaries	2,324,049,732.88		2,324,049,732.88	1,101,663,122.88		1,101,663,122.88
Investment in joint ventures and affiliated business	52,436,748.16		52,436,748.16	50,400,665.23		50,400,665.23
Total	2,376,486,481.04		2,376,486,481.04	1,152,063,788.11		1,152,063,788.11

#### (1) Investment in subsidiaries

(Unit: RMB)

Company invested	Beginning balance	Increase	Decrease	Ending balance	Provision for impairment loss	Ending balance of depreciation reserves
Wuhan PC	224,842,366.96	408,858.00		225,251,224.96		
Supor Electrical	1,400,000.00		1,400,000.00	0.00		
P&R	13,131,408.04			13,131,408.04		
Yuhuan Recycling	1,762,595.51			1,762,595.51		
Wuhan Supor	10,700,959.54	580,000,000.00		590,700,959.54		
Zhejiang Electrical Appliances	106,289,023.43	643,118,186.00		749,407,209.43		

Shaoxing Supor	622,393,603.76	259,566.00		622,653,169.76		
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 Sales	5,000,000.00			5,000,000.00		
Total	1,101,663,122.88	1,223,786,610.00	1,400,000.00	2,324,049,732.88		

**(2) Investment in joint ventures and affiliated business**

(Unit: RMB)

Company invested	Beginning balance	Increase/decrease								Ending balance	Ending balance of depreciation reserves	
		Additional	Negative investment	Profit and loss on investments confirmed under equity law	Adjustment of other comprehensive income	Other equities alteration	Declaring issuing cash dividends or profits	Provision for impairment loss	Others			
一、 Joint ventures												
二、 Affiliated companies												
Wuhan Anzai Cookware Co.,Ltd.	50,400,665.23			2,036,082.93							52,436,748.16	
Subtotal	50,400,665.23			2,036,082.93							52,436,748.16	
Total	50,400,665.23			2,036,082.93							52,436,748.16	

**4、 Sales and operating cost**

(Unit: RMB)

Item	Amount of this period		Amount of last period	
	income	cost	income	cost
Main business	627,249,248.71	496,053,900.14	836,825,556.11	678,691,473.58
Other business	816,743.71	4,559,495.24	1,688,072.00	2,753,116.93
Total	628,065,992.42	500,613,395.38	838,513,628.11	681,444,590.51

**5、 Return on investment**

(Unit: RMB)

Item	Amount of this period	Amount of last period
Long-term equity investment income calculated by the Equity Method	2,036,082.93	1,849,147.27
Dividends	834,786,000.00	
Return on investment of financing products	26,697,654.09	16,594,430.55
Total	863,519,737.02	18,443,577.82

## 6、Other

### XVIII. Supplemental Information

#### 1、Non-recurring Profit and Loss Statement

Applicable     Not Applicable

(Unit: RMB)

Item	Amount	Explanation
Gains and losses on disposal of non-current assets	-591,813.95	
Government grant included in current period profit or loss (excluding those related to operating activities or regular government grants)	16,961,225.00	
Other non-operating revenues or expenditures	807,428.28	
Other profit or loss conforming to the definition of non-recurring profit or loss	51,012,609.76	Mainly investment income from financial products
Less: enterprise income tax incurred by taxable gains	13,340,997.24	
Influence on minority interests	4,421,301.44	
Total	50,427,150.41	--

For the non-recurring gains and losses 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 Gains and Losses", and for defining the non-recurring gains and losses listed in the "Regulations of Questions and Responses of Information Disclosure Standard by Companies Publicly Issuing Securities No. 1 --- Non-recurring Gains and Losses" into recurring gains and losses, the Company shall explain the reason.

Applicable     Not Applicable

#### 2、Net return on equity and earnings per share

Profit in the reporting period	Return on weighted average net assets	Earnings per share	
		Basic earnings per share (yuan/share)	Diluted earnings per share (yuan/share)

Net profit belonging to common shareholders of the Company	10.37%	0.748	0.744
Net profit belonging to common shareholders of the company after deducting non-recurring P&L	9.26%	0.668	0.664



## **SECTION X DOCUMENTS AVAILABLE FOR REFERENCE**

- I. Original 2016 Semiannual Report and Abstract bearing the signature of the legal representative of the Company.**
- II. The financial statements bearing the signature and official stamps of the legal representative, chief financial officer and head of accounting department.**
- III. The original copy of all documents and announcements disclosed in the reporting period in the websites designated by the CSRC.**

**Place for archiving the reference documents: Securities Department of the Company**

**Zhejiang Supor Co., Ltd.**  
**Board Chairman: Frédéric VERWAERDE**  
**August 31, 2016**