

SUPOR 苏泊尔

Zhejiang Supor Co., Ltd.

2020 Annual Report

April 2021

SECTION I IMPORTANT NOTES, TABLE OF CONTENTS AND DEFINITIONS

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

Mr. Thierry de LA TOUR D'ARTAISE, person in charge of the Company, and Mr. Xu Bo, person in charge of accounting and person in charge of accounting department (accountant in charge), hereby confirm that the financial statement enclosed in this Annual Report is true, accurate and complete.

All directors have attended the Board Meeting in person.

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

As for the risk factors confronted by the Company, see Part 9 "Prospects for

Future Development" of Section IV "BUSINESS OPERATION DISCUSSION & ANALYSIS".

The profit distribution plan adopted at this Board Meeting specifies that: based on 815,173,860 (total share capital of 821,083,860 shares at the end of 2020 deducted by 5,910,000 shares in the Company's special securities account for repurchase), the Company distributes cash dividend of RMB12.90 per 10 shares (tax-inclusive) to all shareholders, issues 0 bonus share (tax-inclusive) and will not convert capital reserves to capital. During the period from the disclosure of this profit distribution plan to the actual implementation date, if the Company's share capital changes due to conversion of convertible bonds into stocks, share repurchases, equity incentive exercise, and refinancing and new share listing, it will be executed based on the changed share capital, and the above distribution ratio remains unchanged.

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Definitions

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

SECTION II COMPANY FILE AND MAJOR FINANCIAL INDICATORS

I. Company Information

Short Form of the Stock:	Supor	Stock Code	002032
Stock Exchange for Stock Listing	Shenzhen Stock Exchange		
Chinese Name of the Company	Zhejiang Supor Co., Ltd.		
Chinese Name of the Company	Supor		
English Name of the Company (if any)	ZHEJIANG SUPOR CO., LTD.		
Abbreviated English Name of the Company (if any)	SUPOR		
Legal Representative	Thierry de LA TOUR D'ARTAISE		
Registration Place	Damaiyu Economic Development Zone, Yuhuan, Zhejiang		
Postal Code	317604		
Office Address	15F of Supor Building, No.1772 Jianghui Road, New & High Tech Development Zone, Hangzhou, China		
Postal Code	310051		
Website	www.supor.com.cn		
Email	002032@supor.com		

II. Contact Person and Contact Information

	Board Secretary	Representative of Securities Affairs
Name	Ye Jide	Fang Lin
Address	Securities Department at 23F of Supor Building, No.1772 Jianghui Road, New & High Tech Development Zone, Hangzhou, China	Securities Department at 23F 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. Place for Information Disclosure and Archiving

Papers appointed by the Company for information disclosure:	Securities Times, Securities Daily and China Securities Journal
Website appointed by CSRC for information disclosure	www.cninfo.com.cn
Place for archiving of the Company's annual report:	Securities Department of the Company

IV. Changes of Registration

Organization Code	Unified social credit code: 913300007046976861
Change of main business since listing of the Company (if any)	No change
Change of controlling shareholders (if any)	No change

V. Other Relevant Information

Certified Public Accountants engaged by the Company

Name of the Certified Public Accountants	Zhong Shen Zhong Huan Certified Public Accountants (Special General Partnership)
Office Address of the Certified Public Accountants	No. 169, Donghu Road, Wuchang District, Wuhan City
Name of the Signatory Accountants	Li Wei, Xu Kaibo

Sponsor Institution engaged by the Company for performing continuous supervision duties in the reporting period

Applicable Not-applicable

Financial adviser engaged by the Company for performing continuous supervision duties in the reporting period

Applicable Not-applicable

VI. Major Accounting Data and Financial Indicators

Does the company need to retroactively adjust or restate previous year's accounting data?

Yes No

	2020	2019	Increase/decrease	2018
Operating income (RMB)	18,596,944,289.02	19,853,477,882.97	-6.33%	17,851,264,801.72
Net profit attributable to shareholders of listed company (RMB)	1,846,221,538.10	1,919,914,191.25	-3.84%	1,669,873,440.00
Net profit attributable to shareholders of listed company with non-recurring profit or loss deducted (RMB)	1,595,178,564.27	1,734,302,272.66	-8.02%	1,512,687,605.44
Net cash flows from operating activities (RMB)	2,076,592,774.00	1,732,940,977.12	19.83%	2,013,658,744.84
Basic earnings per share (RMB/share)	2.254	2.344	-3.84%	2.039
Diluted earnings per share (RMB/share)	2.248	2.338	-3.85%	2.034

Weighted average return on net assets	26.97%	30.54%	Decreased by 3.57%	28.84%
	End of 2020	End of 2019	Increase/decrease in the period (%)	End of 2018
Total assets (RMB)	12,292,270,384.71	11,847,953,986.45	3.75%	10,633,161,177.21
Net assets attributable to shareholders of listed company (RMB)	7,200,939,908.92	6,836,417,032.56	5.33%	5,907,337,461.81

Note: The total sales during the reporting period decreased on a YoY basis due to the effects of the COVID-19 epidemic and sales offsetting under the New Income Standards. The Ministry of Finance modified and promulgated the Accounting Standards for Business Enterprises No. 14 - Income (hereinafter referred to "New Income Standards" on July 5, 2017 that domestic listing enterprises shall implement the New Income Standards from January 1, 2020. In accordance with the new standards and related transition regulations, the Group implemented the New Income Standards from January 1, 2020. Under the New Income Standards, the Group's payable customer expenses that meet the sale offsetting requirements were offset by the operating income of "This reporting period" and "Same period last year" in the above table represents the operating income under original standards. Therefore, the total sales of the two periods are different in terms of standards. If the total sales of "This reporting period" is recalculated based on standards of that under "Same period last year", the total sales declined by 1.35% on a YoY basis.

The Company's net profit before or after non-recurring profit and loss are deducted for the last three fiscal years, whichever is lower, is negative, and the audit report for the latest year indicates uncertainty about its sustainable operation ability

Yes No

Net profit before or after non-recurring profit and loss are deducted, whichever is lower, is negative

Yes No

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

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

Applicable Not-applicable

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

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

Applicable Not-applicable

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

VIII. Quarter-based Major Financial Indicators

Unit: RMB

	The 1st quarter	The 2nd quarter	The 3rd quarter	The 4th quarter
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Operating income	3,581,192,389.40	4,606,044,168.84	5,117,457,143.46	5,292,250,587.32
Net profit attributable to shareholders of listed company	306,697,847.90	359,782,935.86	414,411,763.41	765,328,990.93
Net profit attributable to shareholders of listed company deducted by non-recurring profit or loss	293,127,328.99	297,987,216.47	391,077,395.53	612,986,623.28
Net cash flows from operating activities	103,090,780.09	-180,692,737.85	691,142,073.23	1,463,052,658.53

Any difference between financial indicators or the total and relevant financial indicators disclosed in quarter-based report or semiannual report

Yes No

IX. Non-recurring Profit or Loss Items and Amount

Applicable Not-applicable

Unit: RMB

Item	Amount of 2020	Amount in 2019	Amount in 2018	Notes
Profit and loss on disposal of non-current assets (including the write-off of provision for asset impairment)	-1,663,881.06	-2,105,177.52	501,295.73	
Government subsidy included into the current profits and losses (excluding government subsidies closely related to operating activities of the Company and subject to uniform national standards on amount and quantity)	202,566,619.42	165,824,087.78	109,921,377.76	
Net profit or loss from enterprise merger under the same control of a subsidiary in current period from the beginning of the period to the merger date			3,663,853.29	
Except the effective hedging business related to the normal operation of the company, the gain and loss in fair value changes from transactional financial assets, derivative financial assets, transactional financial liabilities, derivative financial liabilities and disposal of transactional financial assets, derivative financial assets, transactional financial liabilities, derivative financial liabilities and investment income from other debt investment	88,892,019.40	66,972,830.91		
Reversion of provision for impairment of			1,052,556.44	

receivables undergoing impairment test separately and contract assets				
Other non-operating incomes or expenditures except for the foregoing items	5,607,120.28	-21,635,004.92	142,393.13	
Other profit or loss conforming to the definition of non-recurring profit or loss	9,097,243.99	12,102,997.12	73,410,582.93	
Minus: influenced amount of income tax	53,320,043.15	35,547,895.67	31,506,588.26	
Influenced amount of minority shareholders' equities (after tax)	136,105.05	-80.89	-363.54	
Total	251,042,973.83	185,611,918.59	157,185,834.56	--

The Company should state reason for defining "non-recurring profit or loss items" defined in the Explanatory Announcement No.1 on Disclosure of the Information of Companies Offering Their Securities to the Public -- Non-recurring Profit or Loss and non-recurring profit or loss items listed in the Explanatory Announcement No.1 on Disclosure of the Information of Companies Offering Their Securities to the Public -- Non-recurring Profit or Loss as recurring profit or loss items.

Applicable Not-applicable

The Company did not define any non-recurring profit and loss that is defined and listed the Explanatory Announcement No.1 on Disclosure of the Information of Companies Offering Their Securities to the Public -- Non-recurring Profit or Loss as recurring profit and loss in the reporting period.

SECTION III ABSTRACT FOR COMPANY BUSINESSES

I. Main business during reporting period

As China's famous cookware R&D and manufacturing company, Zhejiang Supor Co., Ltd. (hereinafter referred to as "the Company") is a China's leading manufacturer of small domestic appliances and also the first listed company in China's cookware industry. Established in 1994, the headquarters of the Company locates in Hangzhou owning 5 R&D and manufacture bases located in Yuhuan City, Wuhan City, Hangzhou City, Shaoxing City and Ho Chi Minh City with more than 12,000 employees.

Developed strategic cooperation relationship with the Company since 2006, SEB Group is the actual controller of the Company. By the end of the reporting period, SEB Group held 81.20% shares of the Company. With a long history of more than 160 years, SEB Group is the world's famous cookware R&D manufacturer and small domestic appliance with about 350 million products sold to more than 150 countries worldwide per year.

Supor's main businesses include: open fire cookware, small domestic appliance, kitchen & electric appliance and H&PC appliance.

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

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

(3) The kitchen & electric appliance mainly includes: range hood, gas cooker, sterilizer, water purifier, embedded steaming oven, water heater, etc.

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

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

II. Significant Changes in Main Assets

1. Significant changes in main assets

Main assets	Descriptions of major changes
Equity assets	No significant change.
Fixed assets	Increased by 35.15%, mainly due to the transfer of applicable construction in progress of its subsidiaries into the current item during the reporting period.
Intangible assets	No significant change.
Construction in progress	Decreased by 78.08%, mainly due to the transfer of applicable construction in progress of its subsidiaries to fixed assets during the reporting period.
Monetary capital	Increased by 31.47%, mainly due to cash inflows from the company's business during the reporting period.
Transactional financial assets	Decreased by 90.83%, mainly due to the delivery of investments in floating-rate financial products

	during the reporting period.
Receivables financing	Decreased by 64.17%, mainly due to the increase of consumers direct sales business on e-commerce platform during the reporting period, the cash collection proportion increasing and bank acceptance decreased.
Advances paid	Decreased by 35.56%, mainly due to the decrease of prepayment for purchased materials during the reporting period.
Other receivables	Increased by 182.24%, mainly due to the increase in VAT export rebate receivable during the reporting period.
Other current assets	Increased by 64.89%, mainly due to the increase in investments in term deposit by the end of the reporting period.

2. Main overseas assets

Applicable Not-applicable

III. Core competitiveness analysis

1. Outstanding product innovation capability

As a company long time devoted to R&D, manufacturing and sales of open fire cookware and small domestic appliances, Supor has an acute observation and scientific research of the needs of Chinese consumers and has developed a systematic innovation system to ceaselessly launch new products in the market.

After 1994 when Supor launched the domestic first safety pressure cooker, the Company also launched the first electric rice cooker with ceramic crystal liner in 2005, pioneered the uncoated stainless iron pan technology in 2007, successfully introduced SEB flaming dot patented technology in 2009, launched the industrial first IH electric rice cooker in 2011, pioneered the spherical liner in 2013, ceremoniously launched the industrial first steam IH electric rice cooker with spherical liner in 2015, innovated technology of electric rice cooker liner and launched the Shallow Pot IH Rice Cooker in 2018 and launched the handy, lighter and healthier "Core Iron II" wok, and the "Air-cooled Xpress electric rice cooker" with the rice cooked within half the time under the same quality in 2020. Supor continues leading the industry. In addition, Supor's innovative, differentiated products, including its "IH high power electric pressure cooker", "detachable high-speed blender", and "multi-function cooking pot", are highly praised by consumers as well.

According to the market data of China's 30 key cities monitored by GFK in 2020 and online data by AVC, Supor dominated the cookware market, in terms of share; and according to the data of China's offline small domestic appliance market monitored by CMM in 2020 and online data by AVC, it was the second largest dominator of the small domestic appliance market, in terms of share.

2. Well-developed distributor network

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

3. Strong R&D and manufacturing capacity of open fire cookware and small domestic appliance

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

4. Synergistic effect of integration with SEB

Since 2006, the Company has started to establish strategic cooperation relationship with SEB which owns a long history of more than 160 years with leading market shares of cookware and small domestic appliances worldwide. The powerful cooperation between Supor and SEB has brought stable export orders to the Company, and increased its overall business size and manufacturing capacity.

Meanwhile, the cooperation in aspects of R&D and management will surely enhance the core competitiveness of the Company.

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

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

SECTION IV BUSINESS OPERATION DISCUSSION & ANALYSIS

I. Overview

The performance of the Company declined slightly in 2020 due to the outbreak of COVID-19. During the reporting period, the Company saw its total sales reaching RMB18,596,944,289.02, with a YoY decrease of 6.33% (the total sales decreasing 1.35% if sales offsetting was excluded); and total profit reaching RMB2,200,318,697.16, with a YoY decrease of 3.22%. Basic earnings per share reaching RMB2.254, with a YoY decrease of 3.84%. Among them, the realized revenue from the main business of cookware was RMB5,506,457,504.14, with a YoY decrease of 10.31%; the realized revenue from the main business of electric appliance was RMB12,914,536,288.80, with a YoY decrease of 4.51%; the realized revenue from the main business of domestic sales was RMB12,719,055,243.77, with a YoY decrease of 12.71%; the realized revenue from the main business of export sales was RMB5,727,200,509.45, with a YoY increase of 12.08%.

1. Domestic sales in the reporting period

(1) Product strategy

During the reporting period, Supor continued the "consumer-centric" strategy guiding its innovation and development of new products, and deeply explored the needs of segmented users under different scenarios by means of internet data, so as to constant provide smart and ingenious product solutions that meet diversified consumer needs and offer intimate, comprehensive consumer experiences.

In terms of cookware, despite the impact of COVID-19 on Supor's domestic sales of cookware and all its offline retail channels suffered from a dramatic decline in customer traffic in 2020, especially the key stores. But it still managed to outperform the industry's average in the retail end through the enrichment of new categories and innovative marketing. According to data regarding cookware market share of 30 Chinese big cities as monitored by GFK, the offline market shares of Supor's seven major categories of products, including wok, pressure cooker, frying pan, stockpot, steamer, cookware set and ceramic slow cooker, reached 49.2% in 2020, with a 1.4% YoY growth than 2019, further expanding its market share. As indicated by the network-wide market share data from AVC, in 2020, Supor was the undisputed leader in the online market of eleven categories of products, including wok, pressure cooker, frying pan, milk pot, stockpot, kettle, casserole, hot pot, steamer, enamel pot and cookware set. As for R&D of new products, the Company, through the in-depth exploration of consumer needs, launched the "Core Iron II" wok, featuring a novel appearance, unique producing technologies and an excellent user experience, a product very popular with consumers. At the same time, the Company actively developed potential markets and entered a new market for infants, where it's positioned as an expert of healthy, complementary food for babies, with the focus on complementary food pots and feeding supplies. With respect to new kitchenware, new products like chopping board, gadgets and bakeware marked excellent results. In terms of water glass, the cloud series was marketed by the brand spokesman Wang Yuan, so as to reach the Z generation from multiple dimensions. For high-end business, the high-end brand matrix built on WMF, KRUPS and LAGOSTINA was further perfected. According to GFK, the market share of WMF in the high-end cookware segment increased by 5.0% on a YoY basis in 2020.

In terms of electric appliances, Supor was likewise affected by the decline in traffic in offline channels due to the pandemic in 2020. Adhering to product innovation, the Company launched a row of innovative, intelligent and creative products with healthy and nutritious cooking functions. About its product innovation, an "air-cooled, Xpress electric rice cooker" that cooks delicacies in half the time, catering people's demand for cooking efficiency in an era stressing rapidness, was released during the reporting period; the "IH high power electric pressure cooker" cooks fast, and redefines the speed of electric pressure cookers; the "detachable high-speed blender" solves the two challenges - noise and cleaning, thereby bringing consumers a better experience; and the "multi-function cooking pot" is competent in various tasks, with a stylish and compact build. Considering China's traditional cooking and dietary habits,

existing products were enriched and expanded constantly to meet young consumers' needs. New categories such as air fryer, sandwich maker, electric heating glass, disinfection & sterilization series, electric grill, grinder, and dough mixer, featuring exquisite, novel and bright appearances that young consumers find more attractive, were developed, so as to drive growth points for new products. According to monitoring data of market survey company CMM, Supor's offline market shares of nine major categories, including electric rice cooker, electric pressure cooker, induction hob, electric kettle, soymilk maker, electric slow cooker, blender, juice extractor and electric baking pan, reached 31.5% in 2020, increasing by 1.6% on a YoY basis; as shown by monitoring data of market survey company AVC, Supor's cumulative online market shares of twelve major categories, including electric rice cooker, electric pressure cooker, induction hob, electric kettle, soymilk maker, electric slow cooker, food processor, juice extractor, electric baking pan, electric steamer, electric oven and health kettle, reached 18.9% in 2020, ranking the second in the industry. In addition, Supor was also insisted on promoting the development of H&PC appliances. As indicated by CMM data, the cumulative offline market share of its garment steamer increased by 2.2 percentage points on a YoY basis, and reached 33.1% in 2020, further stabilizing its status as the industry leader. According to AVC, the total proportion of Supor garment steamers sold online reached 10.5%, ranking the second in the industry. In terms of large kitchen appliances, the construction of Supor's brand image was sustained and strengthened. According to AVC data, the online market shares of Supor cooking utensils ranked the first in the industry in 2020.

(2) Channel strategy

With the accelerated integration of online and offline markets, Supor remained "consumer-centric" and kept optimizing its layout of channels based on the changes in consumers' purchase path, thereby meeting the needs of various consumers through a multi-channel, multi-mode layout matrix. The Company insisted on winning consumers' trust with high-quality products, and winning distributors' and retailers' support with excellent services.

With respect to E-commerce channels, Supor continued to strengthen the construction of such channels, thereby maintaining a rapid growth in E-commerce business, and the proportion of sales through E-commerce channels kept expanding. The Company further optimized the layout of E-commerce stores, so as to meet the needs of users and changes in purchase patterns at different levels by means of professional service providers and polymorphic operation modes. At the same time, a matrix of live streaming talents, with "product" as its core and "live streaming" as its tipping point, was established to standardize the self-sustained operation of each store, thus realizing new growth in sales. In terms of social E-commerce, the Company improved its layout of stores, refined the operation and management of each store, and enriched new ways of resource utilization. In November 11 Promotion Activity, the sales volumes of Supor's several single products from different categories ranked the first.

Turing to offline channels, the pandemic had a great impact on the offline retail system. While offline channels were facing a significant drop in consumer flow, Supor made a positive response and initiated changes to promote marketing activities such as live streaming, internal purchases and WeChat flash sale, thus stabilizing its overall market standing. Meanwhile, Supor also took active part in implementing and further deepening its development strategy for tier-3 and 4 markets, and facilitated the comprehensive cooperation with E-commerce platforms in O2O channels in lower-tier market, where its advantages in the differentiation of mid- to high-end products and stable distributors can be leverage to create new growth points in tier-3 and 4 markets.

(3) Brand building

During the reporting period, the Company continued to rejuvenate its brand and entered into contracts with new generation young star Wang Yuan as spokesperson to reach younger consumer groups. It was active in IP marketing, and launched co-branded products with popular IPs, such as Minions, Doraemon, Pac-Man and Dunhuang, thereby drawing young consumers' attention to the brand and increasing their willingness to purchase. In response to the pandemic, it proactively adapted to changes in consumers' purchasing habits, and consciously invested more in internet marketing resources, and helped to rejuvenate its brand image and E-commerce sales by engaging in events like Tmall Super Brand Day. The Company also set up a membership center for the operation of private traffic, improved brand loyalty and higher repurchase rates. Supor, once again was listed in the BrandZ Top 100 Most Valuable Chinese Brands in 2020, which is a significant increase in brand value.

2. Export sales in the reporting period

As for export business, which was affected by the global pandemic, most countries took preventive and control measures in

stages, resulting in the shut-down of some foreign factories, and as a result, the supply of cookware and electric appliances was urged to transfer into China. Meanwhile, thanks to the continuous transfer of orders from SEB Groupe, the Company's revenue from its main export business marked an all-round year-on-year increase by 12.08%.

3. Progress of SEB integration project in the reporting period

In reporting period, SEB integration project ran smoothly and synergistic effect was further intensified. Both parties' integration in R&D, design and manufacturing was further deepened and the Company's overall competitiveness was further improved.

II. Main Business Analysis

1. Overview

During the reporting period, the Company obtained main business income of RMB18,446,255,753.22, resulting in a gap of RMB1,235,224,200.63 less than that in the corresponding period, with a decrease of 6.28% (the total main business income decreasing 1.25% if sales offsetting was excluded), which was mainly due to decreased total sales affected by COVID-19. The Company's main operating costs were RMB13,547,127,633.39, up by RMB27,952,901.53 than that in the corresponding period of last year, with an increase of 0.21%. The gross margin of main business was 25.56%, decreasing by 4.75% compared with the same period of the last year.

2. Revenues and costs

(1) Contents of total sale

Unit: RMB

	2020		2019		Increase / decrease YoY (%)
	Amount	Percentage to total operating income	Amount	Percentage to total operating income	
Total operating income	18,596,944,289.02	100%	19,853,477,882.97	100%	-6.33%
By Industry					
Cookware	5,506,457,504.14	29.61%	6,139,116,531.65	30.92%	-10.31%
Electric appliances	12,914,536,288.80	69.44%	13,524,375,233.08	68.12%	-4.51%
Plastic & rubber	25,261,960.28	0.14%	17,988,189.12	0.09%	40.44%
Others	150,688,535.80	0.81%	171,997,929.12	0.87%	-12.39%
By products					
Electric pots	3,971,436,887.17	21.36%	4,859,761,871.46	24.48%	-18.28%
Others	14,625,507,401.85	78.64%	14,993,716,011.51	75.52%	-2.46%
By areas					
Domestic sales	12,869,743,779.57	69.20%	14,743,547,920.98	74.26%	-12.71%
Export sales	5,727,200,509.45	30.80%	5,109,929,961.99	25.74%	12.08%

1) If income is calculated by industries, income of "cookware, electrical appliances and plastic & rubber" is main business income. Income in "others" column is other business income;

2) Among the “Domestic sales” of the income by areas: the main business income in 2020 was RMB 12,719,055,243.77, and the income of other business was RMB 150,688,535.80; in 2019, the main business income was RMB 14,571,549,991.86 and the other business income was RMB 171,997,929.12.

3) If income is calculated by products, income in “others” column includes other business income; of which, income in 2020 is RMB 150,688,535.80 and income in 2019 is RMB 171,997,929.12.

(2) The Company's industry, products or area with occupying more than 10% of total sales or operating profits

Applicable Not-applicable

Unit: RMB

	Operating income	Operating cost	Gross margin	Operating income increased or decreased compared with the same period last year	Increase / decrease YoY (%) for operating cost	Increase / decrease YoY (%) for gross profit
By industry						
Cookware	5,506,457,504.14	3,787,663,375.63	31.21%	-10.31%	-5.15%	-3.74%
Electric appliance	12,914,536,288.80	9,740,223,128.35	24.58%	-4.51%	2.40%	-5.09%
By products						
Electric pots	3,971,436,887.17	2,990,533,699.16	24.70%	-18.28%	-13.21%	-4.40%
By areas						
Domestic sales	12,869,743,779.57	9,084,162,425.15	29.41%	-12.71%	-4.58%	-6.01%
Export sales	5,727,200,509.45	4,599,113,899.16	19.70%	12.08%	10.87%	0.87%

If the statistical caliber of the Company's operation business data is adjusted in the reporting period, the main operation business data for the latest year after the statistical caliber is adjusted.

Applicable Not-applicable

The Gross margin during the reporting period decreased on a YoY basis due to the effects of the COVID-19 epidemic and sales offsetting under the New Income Standards.

(3) Practical sales revenue greater than labor income

Yes No

Industrial classification	Item	Unit	2020	2019	Increase / decrease YoY (%)
Cookware	Sales volume	pcs/set	72,313,680	66,285,102	9.09%
	Output	pcs/set	44,789,300	44,921,055	-0.29%
	Stock	pcs/set	11,690,673	10,207,960	14.53%

Electrical appliances	Sales volume	pcs/set	90,540,127	85,469,581	5.93%
	Output	pcs/set	59,816,199	58,826,004	1.68%
	Stock	pcs/set	10,160,169	9,652,867	5.26%
Total	Sales volume	pcs/set	162,853,807	151,754,683	7.31%
	Output	pcs/set	104,605,499	103,747,059	0.83%
	Stock	pcs/set	21,850,842	19,860,827	10.02%

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

Applicable Not-applicable

(4) Performance of important sales contracts signed till this reporting period

Applicable Not-applicable

(5) Structure of operating costs

Category of industry and product

Unit: RMB

Industrial classification	Item	2020		2019		Increase / decrease YoY (%)
		Amount	Proportion of operating cost	Amount	Proportion of operating cost	
Cookware	Operating cost	3,787,663,375.63	27.68%	3,993,149,204.58	29.21%	-5.15%
Electric appliance	Operating cost	9,740,223,128.35	71.18%	9,512,065,792.45	69.59%	2.40%
Plastic & rubber	Operating cost	19,241,129.41	0.14%	13,959,734.83	0.10%	37.83%
Others	Operating cost	136,148,690.92	1.00%	149,053,664.10	1.09%	-8.66%
Subtotal	Operating cost	13,683,276,324.31	100.00%	13,668,228,395.96	100.00%	0.11%

Unit: RMB

Category of product	Item	2020		2019		Increase / decrease YoY (%)
		Amount	Proportion of operating cost	Amount	Proportion of operating cost	
Electric pots	Operating cost	2,990,533,699.16	21.86%	3,445,666,382.43	25.21%	-13.21%
Others	Operating cost	10,692,742,625.16	78.14%	10,222,562,013.53	74.79%	4.60%
Subtotal	Operating cost	13,683,276,324.31	100.00%	13,668,228,395.96	100.00%	0.11%

Notes

1) The cost of "cookware, electric appliance and rubber and plastic products" calculated by industries belongs to the Company's main business cost while the cost of "others" belongs to the Company's other business cost;

2) The cost of "others" calculated by products includes other business costs, with RMB136,148,690.92 in 2020 and 149,053,664.10 in 2019, respectively.

(6) Change of merger scope during reporting period

√ Yes □ No

For details, please see "VIII. Change on merger scope" of SECTION XII "FINANCIAL STATEMENT".

(7) Important change or adjustment for the Company's businesses, products or services in the reporting period

□ Applicable √ Not-applicable

(8) Main sales customers and suppliers

Main sales customers

Total amount of sales of top 5 customers (RMB)	7,277,723,461.48
Proportion of total amount of sales of top 5 customers in the year's total sales (%)	39.13%
Proportion for related party's sales amount of sales amount of top 5 customers in annual total sales amount	28.43%

Information of the Company's five major customers

SN	Customer	Sales amount (RMB)	Proportion in the total sales amount of the year (%)
1	SEB ASIA LTD	5,287,738,454.27	28.43%
2	Customer 1	923,108,114.45	4.96%
3	Customer 2	414,405,877.27	2.23%
4	Customer 3	345,292,844.19	1.86%
5	Customer 4	307,178,171.30	1.65%
Total	--	7,277,723,461.48	39.13%

Instruction for main customers' other cases

□ Applicable √ Not-applicable

The Company's main supplier

Total purchasing value of top 5 suppliers (RMB)	1,378,390,337.46
Proportion of total purchasing value of top 5 suppliers in the year's total purchasing value	9.37%
Proportion for related party's purchase amount of purchase amount of top 5 suppliers in annual total purchase amount	1.76%

Information on top 5 suppliers

SN	Supplier	Purchasing value (RMB)	Proportion in the total purchasing amount of the year
1	Supplier 1	302,703,837.41	2.06%
2	Supplier 2	291,374,733.69	1.98%

3	Supplier 3	273,973,075.47	1.86%
4	Wuhan Anzai Cookware Co., Ltd.	258,836,763.19	1.76%
5	Supplier 4	251,501,927.72	1.71%
Total	--	1,378,390,337.48	9.37%

Instruction for main suppliers' other cases

Applicable Not-applicable

3. Expenses

Unit: RMB

	2020	2019	Increase / decrease YoY (%)	Descriptions of major changes
Sales expense	2,123,746,792.97	3,206,043,042.00	-33.76%	This is mainly due to the adoption of New Revenue Standards during the reporting period, under which expenses payable to customers, which are qualified as tax credits from sales, were offset against operating income and included into "sales expenses" of the same period. Another reason is COVID-19, which led to fewer promotional activities during the reporting period, compared with the corresponding period. The tax credits from sales were RMB989 million, and after reduction, sales expenses dropped by 2.90% on a YoY basis.
Administrative expenses	317,729,288.60	345,732,916.45	-8.10%	
Financial expenses	-9,027,790.05	-43,325,692.27	79.16%	Mainly due to the exchange loss caused by the fluctuation of RMB exchange rate in the reporting period
R&D expenses	441,725,804.62	452,560,910.68	-2.39%	

4. R&D investment

Applicable Not-applicable

Oriented by consumers' demand, the Company engages in R & D of the differential products that meet kitchen demand and local eating and life habits. The Company lays emphasis on R & D investment, boosts technical innovation actively, further explores product category and adds product additional value; respects customer's experience and focuses on all details of consumer use in order to realize safe, environmentally friendly, convenient and fashionable products. R & D expenditure in this year accounts for 6.10% and 2.38% of net assets and business income audited in the recent period.

R&D investment of the Company

	2020	2019	Change proportion
Qty. of R&D personnel (person)	1,312	1,414	-7.21%
Proportion of R&D personnel	10.89%	11.50%	-0.61%
Amount of R&D input (RMB)	441,725,804.62	452,560,910.68	-2.39%
Proportion of R&D input in total operating income	2.38%	2.28%	0.10%
Capitalization amount of R&D input (RMB)	0.00	0.00	0.00%
Proportion of Capitalization R&D input in R&D input	0.00%	0.00%	0.00%

Reason for large change for proportion of total R&D input in operating income compared with that of last year

Applicable Not-applicable

Reason and rational introduction for large capitalization change of R&D input

Applicable Not-applicable

5. Cash flow

Unit: RMB

Item	2020	2019	Increase / decrease YoY (%)
Subtotal of cash inflows from operating activities	20,505,327,169.66	21,548,615,719.66	-4.84%
Subtotal of cash outflows from operating activities	18,428,734,395.66	19,815,674,742.54	-7.00%
Net cash flows from operating activities	2,076,592,774.00	1,732,940,977.12	19.83%
Subtotal of cash inflows from investing activities	2,844,303,755.55	2,398,037,111.20	18.61%
Subtotal of cash outflows from investing activities	2,995,178,445.02	3,264,911,537.10	-8.26%
Net cash flows from investing activities	-150,874,689.47	-866,874,425.90	82.60%
Subtotal of cash inflows from financing activities	31,608,611.26	12,747,688.67	147.96%
Subtotal of cash outflows from financing activities	1,496,504,335.83	1,050,955,948.54	42.39%
Net cash flows from financing activities	-1,464,895,724.57	-1,038,208,259.87	-41.10%
Net increase in cash and cash equivalents	421,653,261.88	-166,629,917.67	353.05%

Instruction for main influence factors of relevant data with YoY (%) changed seriously

Applicable Not-applicable

Change reasons:

1. Net cash flow from investing activities increased by 82.60% compared with the same period of the last year, which was mainly due to the increase in return of investment of cash inflows from investing activities in the current period.
2. Net cash flow from financing activities decreased by 41.10% compared with the same period of the last year, which was mainly due to the increase in cash dividend and share repurchase of cash outflows from financing activities in the current period.
2. Net increase in cash and cash equivalents increased by 353.05% compared with that of the same period last year, which was attributable to the increase in net amount of cash flows from investing activities in the current period.

Reason for great change between net cash flow caused by operating activities and annual net profits during the reporting period

Applicable Not-applicable

III. Analysis on non-primary business

□ Applicable √ Not-applicable

IV. Analysis on Assets and Liabilities

1. Significant changes in assets

Adjustment of related items in the financial statements at the beginning of the year from 2020 following the first implementation of the New Revenue Standards and the New Lease Standards

Applicable

Unit: RMB

	End of 2020		Beginning of 2020		Increase/decrease in proportion	Descriptions of major changes
	Amount	Percentage to total assets	Amount	Percentage to total assets		
Monetary capital	1,719,785,919.04	13.99%	1,308,132,657.16	11.04%	2.95%	Mainly due to cash inflows from the Company's operating business during the reporting period.
Accounts receivable	2,228,302,318.44	18.13%	1,796,909,432.40	15.17%	2.96%	Mainly due to the increase in accounts receivable from expanded foreign sales during the reporting period.
Inventories	2,409,298,690.29	19.60%	2,247,612,900.00	18.97%	0.63%	No significant change in the reporting period.
Long-term equity investment	64,448,318.46	0.52%	61,917,730.62	0.52%	0.00%	No significant change in the reporting period.
Fixed assets	1,228,535,067.85	9.99%	908,982,690.72	7.67%	2.32%	Mainly due to the transfer of applicable construction in progress of its subsidiaries into the current item during the reporting period.
Construction in progress	47,175,324.72	0.38%	215,167,399.12	1.82%	-1.44%	Mainly due to the transfer of applicable construction in progress of its subsidiaries to fixed assets during the reporting period.
Transactional financial assets	115,992,105.03	0.94%	1,264,563,042.79	10.67%	-9.73%	Mainly due to the delivery of investments in floating-rate financial products during the reporting period.
Receivables financing	321,162,886.99	2.61%	896,394,337.71	7.57%	-4.96%	Mainly due to the increase of consumers direct sales business on e-commerce platform during the reporting period, the cash collection proportion

						increasing and bank acceptance decreased..
Advances paid	179,491,969.23	1.46%	278,545,463.04	2.35%	-0.89%	Mainly due to the decrease of prepayment for purchased materials during the reporting period.
Other receivables	40,164,877.32	0.33%	14,230,736.62	0.12%	0.21%	Mainly due to the increase in VAT export rebate receivable during the reporting period.
Other current assets	2,857,567,546.59	23.25%	1,732,984,689.16	14.63%	8.62%	Mainly due to the increase in investments in term deposit by the end of the reporting period.

2. Assets and liabilities measured at the fair value

√ Applicable □ Not-applicable

Unit: RMB

Item	Opening balance	Profit and loss from fair value changes in the current period	Accumulated fair value changes included into equity	Impairment loss of the current period	Amount of purchasing of the current period	Amount of selling of the current period	Other changes	Closing balance
Financial assets								
1. Transactional financial assets (excluding derivative financial assets)	1,264,563,042.79	27,066,318.10			2,815,003,017.64	3,990,640,273.50		115,992,105.03
2. Receivables financing	896,394,337.71						575,231,450.72	321,162,886.99
Total	2,160,957,380.50	27,066,318.10			2,815,003,017.64	3,990,640,273.50	575,231,450.72	437,154,992.02
Financial liabilities	0.00	0.00						0.00

Content of other changes

As the demand of daily fund management, the Group will discount or transfer an endorsed bill, the management mode of related

bank acceptance including not only collect contract cash flow but sales as the target, so reclass the bank acceptance as financial assets measured at the fair value with their changes included into other comprehensive incomes.

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

Yes No

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

Please see the detail in 48. "Assets with title or use right restrictions", VII "Notes to items of consolidated financial statements", SECTION XII "FINANCIAL REPORT".

V. Analysis on Investment

1. General conditions

Applicable Not-applicable

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

Applicable Not-applicable

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

Applicable Not-applicable

4. Investments in financial assets

(1) Conditions of the securities investment

Applicable Not-applicable

The Company involves no securities investment in the reporting period.

(2) Derivative investment

Applicable Not-applicable

Unit: RMB10,000

Name of derivative investment operating side	Correlated relation	Whether to be related transactions	Derivative investment type	Initial investment amount for derivative investment	Start date	Expiry date	Investment amount at the beginning of the period	Purchase amount during the reporting period	Sales amount during the reporting period	Amount of impairment provision accrued (if any)	Investment amount at the end of the period	Proportion of investment amount at the end of the period in the Company	Actual profit and loss amount during the reporting period

													y's net assets at the end of the reporting period	
Banks	None	No	FX derivatives	0	January 01, 2020	December 31, 2020	0	101,747.87	89,083.71	0	12,664.16	1.76%	-257.87	
Total				0	--	--	0	101,747.87	89,083.71	0	12,664.16	1.76%	-257.87	
Capital source of derivative investment				Self-owned capital										
Litigation-related situation (if applicable)				Not-applicable										
As for examination and approval of derivative investment, the Board of Directors will announce disclosure date (if any)				April 29, 2020										
As for examination and approval of derivative investment, the Board of Shareholders will announce disclosure date (if any)														
Risk analysis and control measure explanation for derivative holding a position during the reporting period (including but not limited to market risk, liquidity risk, credit risk, operation risk and law risk)				<p>To reduce the risks arising from fluctuations in exchange and interest rates, and to strengthen the monitoring and control of foreign currency-denominated asset positions, the Company has conducted trading business of FX derivatives.</p> <p>(I) Risks of conducting FX derivatives transactions</p> <ol style="list-style-type: none"> 1. Price fluctuation risk: market risks, such as losses resulted from changes in the price of foreign exchange derivatives due to the fluctuated underlying interest rate, exchange rate or other market price, may arise. 2. Internal control risk: considering the specialty and complexity of FX derivatives trading business, inadequate internal control mechanisms may lead to risks. 3. Liquidity risks: risk of failure to complete transactions due to lack of market liquidity. 4. Performance risk: FX derivatives business faces the risk of default due to failed contract fulfillment when the contract expires. 5. Legal risks: changes in relevant laws or violations of the relevant legal system by counterparty, resulting the contract cannot be executed properly, may cause losses to the Company. <p>(II) Risk control measures</p> <ol style="list-style-type: none"> 1. Clarify the principles of foreign exchange derivatives trading. FX derivatives trading is based on the hedging principle to avoid risks from exchange rate fluctuations to the greatest extent, and based on market conditions, operation strategies shall be adjusted in time to improve hedging effects. 2. System construction: the Company has established the Management Measures for Foreign Exchange Derivatives Transactions, in which the scope of authorization, approval procedures, key operation points, risk management and information disclosure concerning derivatives transactions are well defined, so that the conduct and risks of FX derivatives training can be effectively regulated. 3. Product selection: prior to any FX derivative transactions, it's necessary to select an FX derivative that suits the company's business context best, and is highly liquid and risk through 										

	<p>a comparative analysis of various counterparties and products, before conducting business.</p> <p>4. Counterparty management: be prudent when selecting counterparties for FX derivatives business. The company only conducts foreign exchange derivatives trading business with large commercial banks and other foreign exchange organization with legal qualifications, thus avoiding potential legal risks.</p> <p>5. Management by specially-assigned persons: a special working group, set up by the Company's management representatives, Fund Department, Financial Sharing Center, Audit Department, Securities Department and other departments concerned, is responsible for the risk assessment, operation, recording and supervision of FX derivatives transactions. The working group is supposed to decide on emergency mitigations in case of any significant changes in the market.</p>
Changes in market prices or product fair values of invested derivatives during the reporting period, specific methods used for analysis of the fair value of derivatives and the setting of related assumptions and parameters	The profit and loss incurred by FX derivatives was RMB-2.5787 million during the reporting period; which were obtained from the evaluation of spot and forward foreign exchange quotes from banking institutions.
Explanation on whether the Company's accounting policies and specific accounting principles of derivatives have significantly changed during the reporting period compared with the previous reporting period	Not-applicable
Special opinion on situations of the Company's derivative investment and risk control from independent directors	Independent directors of the Company believe: the FX derivatives trading business of the Company is closely related to its daily operation needs, and conducive to the aversion of risks caused by exchange rate fluctuations, which enhances the Company's financial soundness and is in line with its operational development requirements. The Company has developed the Management Measures for Foreign Exchange Derivatives Transactions and relevant risk control measures, which are conducive to strengthening the risk management and control of foreign exchange derivatives transactions. The Company has fulfilled corresponding obligations with respect to approval procedures and information disclosure, and there're no such circumstances that would harm the interests of the Company and all of its shareholders, especially minority ones.

5. Application of capital raised

Applicable Not-applicable

No capital raised was used in reporting period.

VI. Sales for Major Assets and Equity

1. Sales for major assets

Applicable Not-applicable

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

2. Sales for major equities

Applicable Not-applicable

VII. Analysis for Main Holding Companies and Joint Stock Companies

√ Applicable □ Not-applicable

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

Unit: RMB

Company name	Company type	Main business	Registered capital	Total assets	Net assets	Operating income	Operating profit	Net profit
Wuhan Supor Cookware Co., Ltd.	Subsidiary	Cookware	RMB91.16 million	1,909,380,622.77	1,192,572,898.03	3,200,519,637.87	128,120,616.23	100,221,570.80
Zhejiang Supor Household Appliances Manufacturing Co., Ltd.	Subsidiary	Electrical products	RMB133.6971 million	1,713,120,122.26	1,045,576,911.44	3,408,309,843.07	190,584,747.69	146,176,909.52
Zhejiang Shaoxing Supor Domestic Electrical Appliances Co., Ltd.	Subsidiary	Small appliance, kitchen appliance	RMB610 million	5,106,482,445.71	3,008,555,271.81	6,142,733,437.09	1,228,283,233.48	1,074,612,995.98

Acquiring/disposing subsidiary during reporting period

√ Applicable □ Not-applicable

Company name	Company obtaining and disposal mode in the reporting period	Influence on overall production, operation and performance
Wuhan Supor Co., Ltd.	Cancelled	The company without production and operating activities has no influence on overall production or operating activities.

Description of the main holding companies and joint stock companies

XIII. Structural Subject under the Company's Control

□ Applicable √ Not-applicable

IX. Prospects for Future Development

1. Future development strategy and operation plan of the Company

As a new development pattern with domestic circulation as the core is constructed, under which domestic and international circulations reinforce each other, the policies of expanding domestic demand and promoting consumption will continue to take effect. The strong magnetic force of China's enormous domestic market remains unchanged, where the middle class and youngsters boost consumption growth constantly. At the same time, under the current pandemic situation, industrial evolution and consumption upgrade are to advance toward a trend stressing health and quality, in accordance with the changes in consumer needs.

In 2021, when China has controlled the pandemic to a stable state, public activities begin to flourish, and most consumers and business activities have recovered to a level approximately equivalent to that before COVID-19, or part returned to growth. However, due to the fact that confirmed cases still appear in single digits in local regions and the overseas situation is grim, the risk and impact of the epidemic haven't been cleared. The Company will prioritize the protection of employees, as it always does, through a series of epidemic prevention and control systems and protective measures for employees. The Company will implement the established strategic route firmly, advance product innovation and fine works strategies constantly according to consumers' demands and keep

improving the Company's development strategy of multiple brands and categories; seize the opportunity of consumption upgrading, cultivate new business and new category and promote development of sub-divisional category.

With respect to channels, the Company will further develop E-commerce, fully exert the professionalism and flexibility of its diversified business modes, make the cooperation with major online retailers and resource utilization more efficient, innovate promotion patterns, thereby continuously expanding its online sales and market share. The Company will continue improving the service level and efficiency in the major retail systems in China and in international supermarkets to strive to become the strategic supplier of more key retail channels, continue to develop tier-3 and 4 markets, improve the coverage and density of outlets, further strengthen cooperation with E-commerce platforms in O2O channels, and enlarge the output of each store.

With respect to brand building, the Company will advance the construction of younger brand image, focus on product design and market promotion of segmented market, and take advantage of more accurate and segmented digital media to provide direct access to user requirements more efficiently and enhance brand status. In this internet era, the Company, relying on its membership center, has built a big data center, and developed data analysis capabilities to precisely reach target consumers, thus improving the conversion efficiency. Additionally, it will subdivide target groups and integrate cross-industry, livestreaming, content and other marketing media matrix to enhance the ability of multiple-contact communication of brand, reach young consumer groups in multiple dimensions, and strengthen user penetration.

With respect to export business, the Company, regardless of uncertain international situation aggravated by the epidemic, will keep advancing the cooperation with SEB in links such as R&D, design and manufacturing, enlarge production scale, acquire scale-based competitive advantage and improve core competence in virtue of internal order transfer advantage of SEB.

With regard to industrial aspect, the Company will further conduct cost optimization and lean economy program, actively respond to adverse effect caused by price rise of raw materials, strengthen basic management over R&D, promote market's rapid response capacity of industrial system, and continuously improve cost competitiveness. Aside from the continuous rigorous emphasis on production safety, all epidemic prevention and control measures are implemented to ensure the safety and health of employees.

With respect to talent training, the Company will strengthen talent echelon construction and improve long-term incentive mechanism continuously; improve management level of basic and medium management personnel, enhance subjective initiative of employees and build an active and efficient working atmosphere for employees.

2. Possible risks and countermeasures

1) Risk from macroeconomic fluctuation

In 2021, the pandemic continues, with more uncertainty and downward pressure on global economic growth, and global economic recovery is still being challenged. If macro economy fluctuates or national macro-control policy changes, especially if national economy and household disposable income slows down in growing, people's willingness and capacity to consume will be directly affected. Consequently, the cookware and small domestic appliance industry that Supor is in will slow down in growing, and the sales growth of relevant products may thus be affected.

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

2) Risk from production element price change

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

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

3) Risk of intensifying market competitiveness

As the operating cost of enterprise rises, industry brand concentration will be further improved, and there is the risk of intensifying market competition in the field of cookware and small domestic appliances. In order to seize market share, high-end brand will continue to sink channel and regulate product and price strategy, and some high-end brand will enter shopping market channels by the way of point redemption to participate in high-end market competition, which will further intensify the competitiveness of industry.

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

4) Overseas market expansion risks

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

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

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

The export business currently accounts for 30% of the overall business of the Company. The fluctuation in foreign exchange is possible to bring benefits, or the adverse influence, so it will cause the exchange loss to the Company in the end.

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

X. Reception of Investigation & Research, Communication and Interview Activities in the Reporting Period

1. Registration form for reception of investigation& research, communication and interview activities in the reporting period

√ Applicable □ Not-applicable

Reception time	Reception place	Reception manner	Type of reception object	Reception object	Main content talked about and materials provided	Index for basic condition of investigation and survey
April 29, 2020	The Company	Conference Call	Institution	Analysts and institutional investors	performance and operating conditions in 2019	See the Management File for Investor Relations of Supor on April 30, 2020 disclosed by the Company in http://www.cninfo.com.cn on April 30, 2020 for details.
August 28, 2020	The Company	Conference Call	Institution	Analysts and institutional investors	performance and operating conditions in the first half of 2020	See the Management File for Investor Relations of Supor on August 31, 2020 disclosed by the Company in http://www.cninfo.com.cn on August 31, 2020 for details.
September 22, 2020	The Company	On-site investigation and research	Institution	Analysts and institutional investors	performance and operating conditions in the	See the Management File for Investor Relations of Supor on September 23, 2020 disclosed by the

					first half of 2020	Company in http://www.cninfo.com.cn on September 23, 2020 for details.
October 27, 2020	The Company	Conference Call	Institution	Analysts and institutional investors	performance and operating conditions in the third quarter of 2020	See the Management File for Investor Relations of Supor on October 28, 2020 disclosed by the Company in http://www.cninfo.com.cn on October 28, 2020 for details.

SECTION V SIGNIFICANT EVENTS

I. Profit Distribution of the Company's Common Shares and Conversion from Capital Reserves to Share Capital

According to profit distribution policy for common shares in the reporting period, especially establishment, execution or adjustment for cash dividend policy

Applicable Not-applicable

The profit distribution plan for the Company's common shares (preparedness) and conversion from capital reserves to share capital (preparedness) for the latest 3 years (including the reporting period).

1. Semiannual profit distribution plan for 2018

Based on the 820,817,960 shares (total share capital of 821,243,960 shares at the end of June in 2018 deducted by 426,000 shares of Reserved Restricted Stock without the profit distribution rights), the Company distributes cash dividend of RMB4.60 per 10 shares (tax-inclusive) to all shareholders and the total cash dividend was RMB377,576,261.60. The plan has been implemented.

2. Profit distribution plan for 2018

Based on the total share capital of 821,243,960 shares at the end of 2018, the Company distributes cash dividend of RMB10.20 (tax-inclusive) per 10 shares to all shareholders and the total cash dividend was RMB837,668,839.20. The plan has been implemented.

3. Semiannual profit distribution plan for 2019

Based on the 821,119,910 shares (total share capital of 821,243,960 shares at the end of June in 2019 deducted by 124,050 shares of Reserved Restricted Stock repurchased and canceled), the Company distributes cash dividend of RMB2.58 per 10 shares (tax-inclusive) to all shareholders and the total cash dividend was RMB211,848,936.78. The plan has been implemented.

4. Profit distribution plan for 2019

Based on the 817,523,010 shares (total share capital of 821,119,910 shares at the end of 2019 deducted by 3,596,900 shares in the Company's special securities account for repurchase), the Company distributes cash dividend of RMB13.30 per 10 shares (tax-inclusive) to all shareholders and the total cash dividend was RMB1,087,305,603.30. No bonus share will be distributed or conversion from capital reserves to share capital is made this year. The plan has been implemented.

5. Profit distribution preplan for 2020

Based on the 815,173,860 shares (total share capital of 821,083,860 shares at the end of 2020 deducted by 5,910,000 shares in the Company's special securities account for repurchase), the Company distributes cash dividend of RMB12.90 per 10 shares (tax-inclusive) to all shareholders and the total cash dividend was RMB1,051,574,279.40. No bonus share will be distributed or conversion from capital reserves to share capital is made this year.

During the period from the disclosure of this profit distribution plan to the actual implementation date, if the Company's share capital changes due to conversion of convertible bonds into stocks, share repurchases, equity incentive exercise, and refinancing and new share listing, it will be executed based on the changed share capital, and the above distribution ratio remains unchanged. This profit distribution plan shall be submitted to the Annual General Meeting of Shareholders for 2020 Fiscal Year for approval after adopted by the Board of Directors.

Distribution of cash dividends of ordinary shares over the past 3 years (including this reporting period)

Unit: RMB

Year of dividends	Amount of cash dividends (tax-inclusive)	Net profit in the consolidated	Proportion of cash dividends in net profit in	Amount of cash dividends by other means	Proportion of amount of cash dividends by	Total cash dividends (including	Proportion of total cash dividends in

		statement attributable to the common shareholders of the listed company	the consolidated statement attributable to the common shareholders of the listed company	(e.g. repurchased shares)	other means in net profit in the consolidated statement attributable to the common shareholders of the listed company	other modes)	net profit in the consolidated statement attributable to the common shareholders of the listed company
2020	1,051,574,279.40	1,846,221,538.10	56.96%	409,113,586.34	22.16%	1,460,687,865.74	79.12%
2019	1,299,154,540.08	1,919,914,191.25	67.67%	1,438,000.00	0.07%	1,300,592,540.08	67.74%
2018	1,215,245,100.80	1,669,873,440.00	72.77%			1,215,245,100.80	72.77%

Information on profit-making in the reporting period and positive undistributed profit of parent company for common shareholders but without cash dividends plan for common shares

Applicable Not-applicable

II. Profit Distribution and Conversion from Capital Reserves To Share Capital during the Reporting Period

Applicable Not-applicable

Number of bonus stock per 10 shares (shares)	0
Amount of dividend (RMB) per 10 shares (tax-inclusive)	12.90
Equity base in distribution plan (shares)	815,173,860
Amount of cash dividends (tax-inclusive)	1,051,574,279.40
Amount of cash dividends realized in other modes (e.g. repurchased shares) (RMB)	409,113,586.34
Total cash dividends (including other modes) (RMB)	1,460,687,865.74
Distributable profits (RMB)	1,255,631,844.17
Proportion of total cash dividends (including other modes) in total distribution of profits	100%
Cash Dividends of This Time	
Others	
Detailed information on profit distribution and conversion of capital reserve to capital pre-proposal	
<p>In accordance with the standard unqualified audit report provided by Zhong Shen Zhong Huan Certified Public Accountants (Special General Partnership), the parent company of Zhejiang Supor Co., Ltd. realized the net profit of RMB1,242,435,479.75 in 2020, and could distribute profits of RMB1,255,631,844.17 to shareholders at the end of the year based on relevant provisions of Company Law and the Articles of Association, after allocating RMB0 as legal surplus reserve (note: the amount reached 50% of share capital), plus the undistributed profit of RMB1,100,501,967.72 at the beginning of this reporting period, deducting the cash dividends for 2019 fiscal year of RMB1,087,305,603.30 distributed on June 23, 2020.</p> <p>The 2020 annual profit distribution plan: based on the 815,173,860 shares (total share capital of 821,083,860 shares at the end of 2020 deducted by 5,910,000 shares of repurchased shares in the Company's special stock repurchase account), the Company distributes cash dividend of RMB12.90 per 10 shares (tax-inclusive) to all shareholders and the total cash dividend was RMB1,051,574,279.40. No bonus share will be distributed or conversion from capital reserves to share capital is made this year.</p> <p>During the period from the disclosure of this profit distribution plan to the actual implementation date, if the Company's share capital changes due to conversion of convertible bonds into stocks, share repurchases, equity incentive exercise, and refinancing and new share listing, it will be executed based on the changed share capital, and the above distribution ratio remains unchanged.</p>	

III. Fulfillment of Commitments

1. Commitments that were fulfilled in the reporting period and had not been fulfilled till the end of reporting period by actual controller, shareholder, related party, purchaser and other commitment parties of the Company

Applicable Not-applicable

Cause of commitment	Party making the commitment	Type of commitment	Content of commitment	Time of commitment	Term of commitment	Fulfillment
Commitment on non-tradable shares reform						
Commitments in acquisition report or equity change report	SEB Internationale	Other commitments	SEB Internationale committed in Acquisition Report signed on October 19, 2011: retain 25% of Supor's existing or any future share capital in ten years.	October 19, 2011	December 22, 2011 - December 21, 2021	Performed strictly
Commitments made during asset restructuring						
Commitments made during initial public offering and refinancing						
Equity incentive commitments						
Other commitments to minority shareholders of the Company						
Has the commitments been fulfilled timely?	Yes					
Reason of un-fulfillment and next plans (if any) if the commitments cannot be fulfilled timely.	Not-applicable					

2. Where assets or projects of the Company are expected to make profit, and the expected profiting period is in the reporting period, the Company hereby explains profiting expectation and reasons

Applicable Not-applicable

IV. Occupied non-business capital of listed company for controlling shareholders and related parties

Applicable Not-applicable

There was no non-operating occupation of capital of listed companies by controlling shareholders and their related parties of the Company during the reporting period.

V. Explanation of the Board of Directors, the Board of Supervisors and independent directors (if any) on the "Non-standard Audit Report" during the reporting period

Applicable Not-applicable

VI. Change of Accounting Policy, Accounting Estimate and Calculation Method Compared with Last Year's Financial Statement

Applicable Not-applicable

1. Change of accounting policies caused by the adoption of the New Revenue Standards

The Ministry of Finance issued the Accounting Standards for Business Enterprises No. 14 - Revenue (Revised in 2017) (CK [2017] No. 22) (hereinafter referred to as "New Revenue Standards") on July 5, 2017. The Group began to implement the New Revenue Standards from January 1, 2020.

New Revenue Standards establish a new revenue recognition model that regulates the revenue derived from the contract with customers. For the purpose of implementing New Revenue Standards, the Group re-evaluates the confirmation, measurement, accounting and reporting of main contract revenue. Under New Revenue Standards, only the accumulated amount affected by the contract outstanding by January 1, 2020 is adjusted, and contractual changes before the beginning of the earliest comparable period (i.e. January 1, 2019) or January 1, 2020 are simplified, that is, the identification of performance obligations fulfilled and outstanding, and the determination of the transaction price and its apportionment between performed and outstanding performance obligations in accordance with the final arrangements for contractual changes. The retained earnings at the beginning of the current adjustment of cumulative influence amount for the first time (namely on January 1, 2020) and the amount of the other relevant items in financial statement aren't adjusted in the comparable period.

For details, please refer to "V Important accounting policies and estimates" and "32. Change of important accounting policies and estimates" of SECTION XII "FINANCIAL STATEMENT".

VII. Instruction for Important Accounting Errors, Correction and Restatement in Reporting Period

Applicable Not-applicable

No necessary restatement on the correction of important accounting errors in the reporting period.

VIII. Information on Change of the Scope of Consolidated Statement Compared with the Previous Year's Financial Statements

Applicable Not-applicable

For details, please see "VIII. Change on merger scope" of SECTION XII "FINANCIAL STATEMENT".

IX. Employment and Disengagement of Certified Public Accountants

Certified public accountants engaged at the moment

Name of domestic certified public accountants	Zhong Shen Zhong Huan Certified Public Accountants (Special General Partnership)
Reward for domestic certified public accountants (RMB10,000)	190
Service years of audit for the Company	5
Names of CPAs from domestic certified public accountants	Li Wei, Xu Kaibo
Service years of audit of the CPAs	5 years for Li Wei, 1 year for Xu Kaibo

The Company has received the Letter on Replacement of the Certified Public Accountant on the Audit Report for 2020 issued by Zhong Shen Zhong Huan Certified Public Accountants (Special General Partnership). As the Company's audit institution in 2020, Zhong Shen

Zhong Huan Certified Public Accountants (Special General Partnership) originally appointed Mr. Li Wei and Mr. Li Huihui to provide audit services to the Company as the signed certified public accountants. Due to work arrangement, Mr. Li Huihui no longer serves as the certified public accountant who signs on the audit report for 2020. To ensure the Company's audit goes smoothly, Mr. Xu Kaibo is appointed to be in charge of audit work of the audit report for 2020 and complete works concerned. The signed certified public accountants after change are Li Wei and Xu Kaibo.

Information on the new signed certified public accountant:

Mr. Xu Kaibo, the Chinese certified public accountant, has been engaging in securities and future for seven years, with rich audit experience. There is no violation against the requirement for independence under the Code of Ethics for Certified Public Accountants of China. In the past three years, he has not been subject to any criminal punishment, administrative penalty, administrative supervision regulations, disciplinary sanction or bad credit record.

During the process of change, related work has been handed over. The change does not exert any influence on the audit of financial statement in the year of 2020 for the Company.

Intension of changing certified public accountants

Yes No

Employment of internal control counting firm, financial consultant or sponsor

Applicable Not-applicable

X. Delisting after Disclosure of Annual Report

Applicable Not-applicable

XI. Bankruptcy or Reorganization

Applicable Not-applicable

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

XII. Significant Litigations and Arbitrations

Applicable Not-applicable

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

XIII. Punishment and Rectification

Applicable Not-applicable

There was no punishment and rectification in the reporting period.

XIV. Integrity of the Company, its Controlling Shareholders and Actual Controllers

Applicable Not-applicable

XV. Implementation of Company's Equity Incentive Plan, Employee Equity Holding Plan or Other Employee Incentive Measures

Applicable Not-applicable

1. On April 28, 2020, the 16th Session of the Sixth Board of Directors reviewed and adopted the Proposal on Unlocking of Restricted Stock within the Third Unlock Period and the Reserved Restricted Stock within the Second Unlock Period of 2017 Restricted Stock Incentive Plan, agreeing to unlock the Restricted Stock for 210 qualified Incentive Objects in the third unlock period as well as unlock Reserved Restricted Stock in the second unlock period. Totally 1,213,050 shares of restricted stock will be unlocked, in which the Restricted Stock unlocked during the third unlock period is 1,093,650 shares and Reserved Restricted Stock unlocked during the second unlock period is 119,400 shares. The Restricted Stock in the third unlock period was listed on December 30, 2020, and the Reserved Restricted Stock in the second unlock period was listed on November 16, 2020.

For detailed contents, see Announcement of Unlocking of Restricted Stock within the Third Unlock Period and the Reserved Restricted Stock of the Second Unlock Period of 2017 Restricted Stock Incentive Plan, the Suggestive Announcement on Listing of Reserved Restricted Stock Unlockable during the Second Unlock Period of 2017 Restricted Stock Incentive Plan and the Suggestive Announcement on Listing of Restricted Stock Unlockable during the Third Unlock Period of 2017 Restricted Stock Incentive Plan disclosed on Securities Times, China Securities Journal, Securities Daily, and cninfo.com.cn dated on April 29, November 11, and December 25, 2020.

2. On April 28, 2020, the 16th Session of the Sixth Board of Directors reviewed and adopted Proposal on Repurchasing and Canceling a Part of Restricted Stock. For disqualification of eight Incentive Objects due to their resignation, the Company has decided to repurchase and cancel 32,550 shares of Restricted Stock at the price of RMB1 per share. On August 29, 2019, the 14th Meeting of the 6th Session of the Board of Directors reviewed and adopted Proposal on Repurchasing and Canceling a Part of Restricted Stock. For disqualification of one Incentive Object due to his/her resignation, the Company has decided to repurchase and cancel 3,500 shares of Restricted Stock at the price of RMB1 per share, totaling 36,050 shares. The Proposal on Repurchasing and Canceling a Part of Restricted Stock has been adopted by the Annual General Meeting of Shareholders for 2019 Fiscal Year held on May 20, 2020. The Company has repurchased and canceled 36,050 shares of Restricted Stock at the price of RMB1 per share and paid totally RMB36,050 to the above incentive objects. After confirmed by Shenzhen Branch of CSDCC, the Company completed repurchase and cancellation on July 31, 2020.

For detailed contents, see Announcement of Repurchasing and Canceling a Part of Restricted Stock and Announcement of Completion Repurchasing and Canceling a Part of Restricted Stock disclosed on Securities Times, China Securities Journal, Securities Daily and cninfo.com.cn dated on August 30, 2019, April 29, and August 4 2020.

3. On August 27, 2020, the 2nd Session of the Seven Board of Directors reviewed and adopted Proposal on Repurchasing and Canceling a Part of Restricted Stock. For disqualification of five Incentive Objects due to their resignation, the Company has decided to repurchase and cancel 26,000 shares of Restricted Stock at the price of RMB1 per share. This proposal shall be submitted to the Annual General Meeting of Shareholders for 2020 Fiscal Year for approval.

For detailed contents, see Announcement of Repurchasing and Canceling a Part of Restricted Stock disclosed on Securities Times, China Securities Journal, Securities Daily and cninfo.com.cn dated on August 28, 2020.

XVI. Significant Related Transactions

1. Related transaction related to daily business

√ Applicable □ Not-applicable

Related party	Correlated relation	Type of related transaction	Contents of related transaction	Pricing principle of related transaction	Price of related transaction	Amount of related transaction (RMB10,000)	Percentage to amount of same transaction	Approved transaction limit (RMB10,000)	Exceeding approved limit or not	Means of payments of related transaction	Market price of available same transaction	Date of disclosure	Reference for disclosure
Wuhan Anzai	Associated	Purchase of	Finished products	Contract price	-	16,433.42	1.12%		No	Bank transfer	0		

Cookware Co., Ltd.	enterprise	commodity								or notes			
Wuhan Anzai Cookware Co., Ltd.	Associated enterprise	Purchase of commodity	Accessories	Market price	-	9,450.25	0.64%		No	Bank transfer or notes	0		
GROUPE SEB EXPORT	Same controlling shareholder with the controlling shareholder	Purchase of commodity	Finished products	Contract price	-	2,092.59	0.14%		No	Bank transfer or notes	0		
S.A.S. GROUPE SEB MOULIN EX	Same controlling shareholder with the controlling shareholder	Purchase of commodity	Accessories	Market price	-	611.27	0.04%		No	Bank transfer or notes	0		
LAGOSTINA S.P.A.	Same controlling shareholder	Purchase of commodity	Finished products	Contract price	-	309.92	0.02%		No	Bank transfer or notes	0		
TEFAL S.A.S.	Same controlling shareholder with the controlling shareholder	Purchase of commodity	Accessories	Market price	-	1,592.46	0.11%		No	Bank transfer or notes	0		
CALOR SAS	Same controlling shareholder with the controlling shareholder	Purchase of commodity	Accessories	Market price	-	612.09	0.04%		No	Bank transfer or notes	0		
EMSA GMBH	Same controlling shareholder	Purchase of commodity	Finished products	Contract price	-	80.94	0.01%		No	Bank transfer or notes	0		
GROUPE SEB THAILAND	Same controlling shareholder	Purchase of commodity	Finished products	Contract price	-	58.88	0.00%		No	Bank transfer or notes	0		
SEB ASIA LTD.	Same controlling shareholder	Purchase of commodity	Finished products	Contract price	-	56.61	0.00%		No	Bank transfer or notes	0		

Heshan Demei Tableware Co., Ltd.	Same controlling shareholder	Purchase of commodity	Finished products	Contract price	-	33.14	0.00%		No	Bank transfer or notes	0		
WMF GROUPE GMBH	Same controlling shareholder	Purchase of commodity	Finished products	Contract price	-	2,931.58	0.20%		No	Bank transfer or notes	0		
Emsa Taicang Co., Ltd.	Same controlling shareholder	Purchase of commodity	Finished products	Contract price	-	6.22	0.00%		No	Bank transfer or notes	0		
WMF Consumer Goods (Shanghai) Co., Ltd.	Same controlling shareholder	Purchase of commodity	Finished products	Contract price	-	0.05	0.00%		No	Bank transfer or notes	0		
SEB INTERNATIONAL SERVICE S.A.S.	Same controlling shareholder with the controlling shareholder	Purchase of commodity	Finished products	Contract price	-	29.53	0.00%		No	Bank transfer or notes	0		
ETHERA	Same controlling shareholder with the controlling shareholder	Purchase of commodity	Accessories	Market price	-	333.45	0.02%		No	Bank transfer or notes	0		
Supor Group	Company controlled by related natural person	Purchase of commodity	Finished products	Market price	-	20	0.00%		No	Bank transfer or notes	0		
SEB ASIA LTD.	Same controlling shareholder	Sale of commodities	Finished products	Contract price	-	528,318.67	28.41%		No	Bank transfer or notes	0		
SEB ASIA LTD.	Same controlling shareholder	Sale of commodities	Accessories	Contract price	-	455.17	0.02%		No	Bank transfer or notes	0		
S.A.S. SEB	Same controlling shareholder with the controlling shareholder	Sale of commodities	Finished products	Contract price	-	1,801.71	0.10%		No	Bank transfer or notes	0		

	der												
S.A.S. SEB	Same controlling shareholder with the controlling shareholder	Sale of commodities	Accessories	Contract price	-	84.29	0.00%		No	Bank transfer or notes	0		
TEFAL S.A.S.	Same controlling shareholder with the controlling shareholder	Sale of commodities	Finished products	Contract price	-	813.29	0.04%		No	Bank transfer or notes	0		
TEFAL S.A.S.	Same controlling shareholder with the controlling shareholder	Sale of commodities	Accessories	Contract price	-	1,618.45	0.09%		No	Bank transfer or notes	0		
S.A.S. GROUPE SEB MOULIN EX	Same controlling shareholder with the controlling shareholder	Sale of commodities	Finished products	Contract price	-	3,230.83	0.17%		No	Bank transfer or notes	0		
CALOR SAS	Same controlling shareholder with the controlling shareholder	Sale of commodities	Finished products	Contract price	-	2,925.7	0.16%		No	Bank transfer or notes	0		
Supor Group	Company controlled by related natural person	Sale of commodities	Finished products	Market price	-	363.38	0.02%		No	Bank transfer or notes	0		
SEB INTERNATIONAL SERVICE S.A.S.	Same controlling shareholder with the controlling shareholder	Sale of commodities	Finished products	Contract price	-	57.14	0.00%		No	Bank transfer or notes	0		

	der												
SEB INTERNATIONAL SERVICE S.A.S.	Same controlling shareholder with the controlling shareholder	Sale of commodities	Accessories	Contract price	-	941.47	0.05%		No	Bank transfer or notes	0		
ALL-CLAD METALCRAFTER S LLC	Same controlling shareholder	Sale of commodities	Finished products	Contract price	-	31.85	0.00%		No	Bank transfer or notes	0		
LAGOSTINA S.P.A.	Same controlling shareholder	Sale of commodities	Finished products	Contract price	-	7.17	0.00%		No	Bank transfer or notes	0		
LAGOSTINA S.P.A.	Same controlling shareholder	Sale of commodities	Accessories	Contract price	-	60.2	0.00%		No	Bank transfer or notes	0		
GROUPE SEB CANADA	Same controlling shareholder	Sale of commodities	Finished products	Contract price	-	2,017.42	0.11%		No	Bank transfer or notes	0		
IMUSA USA LLC	Same controlling shareholder	Sale of commodities	Finished products	Contract price	-	364.45	0.02%		No	Bank transfer or notes	0		
IMUSA USA LLC	Same controlling shareholder	Sale of commodities	Accessories	Contract price	-	5.31	0.00%		No	Bank transfer or notes	0		
WMF Consumer Goods (Shanghai) Co, Ltd.	Same controlling shareholder	Sale of commodities	Finished products	Contract price	-	36.18	0.00%		No	Bank transfer or notes	0		
WMF GROUPE GMBH	Same controlling shareholder	Sale of commodities	Finished products	Contract price	-	10.32	0.00%		No	Bank transfer or notes	0		
VIETNAM FAN JOINT STOCK COMPANY	Same controlling shareholder	Sale of commodities	Finished products	Contract price	-	2,627.87	0.14%		No	Bank transfer or notes	0		
VIETNAM FAN JOINT STOCK COMPANY	Same controlling shareholder	Sale of commodities	Accessories	Contract price	-	1.02	0.00%		No	Bank transfer or notes	0		
GROUPE SEB ANDEA	Same controlling shareholder	Sale of commodities	Accessories	Contract price	-	28.58	0.00%		No	Bank transfer or notes	0		

N S.A.	shareholder												
GROUPE SEB THAILAND	Same controlling shareholder	Sale of commodities	Accessories	Contract price	-	0.93	0.00%		No	Bank transfer or notes	0		
GROUPE SEB SINGAPORE	Same controlling shareholder	Sale of commodities	Finished products	Contract price	-	54.81	0.00%		No	Bank transfer or notes	0		
Wuhan Anzai Cookware Co., Ltd.	Associated enterprise	Sale of commodities	Finished products	Contract price	-	22.77	0.00%		No	Bank transfer or notes	0		
Total					--	--	580,531.38	--		--	--	--	--
Details of large sales return				Not-applicable									
Actual implementation of estimated total amount of related transaction by category incurred during the period in the reporting period (if any)				In 2020, the annual daily related transaction amount between the Company and SEB as well as its related parties was estimated to be RMB5,557,070,000 and the actual daily related transaction amount was RMB5,542,415,600, decreasing by RMB14,654,400. (References can be made to No.2020-017 Announcement on Estimated Annual Daily Related Transactions of 2020 disclosed on http://www.cninfo.com.cn and No.2020-057 Announcement on Increasing Estimated Quota of Annual Daily Related Transactions of 2020 on April 29, 2020 and October 27, 2020.									
Reason for the big difference between transacted price and market reference price (if applicable)				Not-applicable									

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

Applicable Not-applicable

There were no related transactions from purchase and sales for assets or equity in the reporting period.

3. Related transaction for co-investment abroad

Applicable Not-applicable

There is no related transaction involving joint external investment during the reporting period.

4. Connected creditor's rights and debts

Applicable Not-applicable

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

5. Other important Related transactions

Applicable Not-applicable

There were no significant related transactions in the reporting period.

XVII. Significant Contracts and Performance

1. Custody, contracting, and leasing

(1) Custody

Applicable Not-applicable

No custody was made in the reporting period.

(2) Contracting

Applicable Not-applicable

No contracting was made in the reporting period.

(3) Leasing

Applicable Not-applicable

No leasing existed in the reporting period.

2 Important guarantee.

Applicable Not-applicable

Unit: RMB10,000

External guarantee of the company and its subsidiaries (excluding the guarantee towards subsidiaries)								
Name of guaranteed object	Disclosure date of announcement related to the guaranteed amount	Guaranteed amount	Actual occurring date	Actual guaranteed amount	Guarantee type	Guarantee period	Fulfilled or not	Whether it is guaranteed by related parties
The distributors meeting certain requirements	Not-applicable	122,667.08	July 2019-December 2020	109,226.56	General warranty & cash pledge	Year 2019-2021	264,165,000 not fulfilled	No
Total approved external guaranteed amount within the reporting period (A1)				90,000.00	Total actual external guaranteed amount occurred within the reporting period (A2)			109,226.56
Total approved external guaranteed amount at the end of the reporting period				122,667.08	Total balance of actual external guarantee at the end of the reporting period (A4)			26,416.50

(A3)			
Descriptions of un-matured guarantee with guarantee liabilities or possible related discharge duty within the reporting period (if any)			
Descriptions for external guarantee provided against the established procedures (if any)	<p>During the reporting period, the Company has carried out advance payment financing business. The operation mode of the business is that the bank, the Company and the distributor sign the "cooperation agreement", and then the distributor deposits a certain amount of deposit security in the cooperative banks. After above conditions are met, the banks issue an electronic acceptance bill according to the distributor's capital demands for goods replenishment. The Company shall undertake responsibility of making up difference between the security and the amount of the acceptance bill the distributor fails to repay after the maturity of the acceptance bill deducted the agreed part the bank shall bear. The maximum potential net risk exposure of this business was CNY264.165 million at the end of 2020. However, the Board of Directors of the Company failed to review and approve this issue on external guarantee according to related regulations and failed to fulfill information disclosure obligations. Shenzhen Stock Exchange issued a Regulatory Letter to the Company. The Board of Directors have taken active rectification regarding above issue and reviewed and adopted the Proposal during the 4th Session of the Seventh Board of Directors held on January 20, 2021 and disclosed to public accordingly on January 22, 2021.</p>		

3. Entrusting others for cash asset management

(1) Entrustment for financial management

Applicable Not-applicable

Overview of entrusted financing in the reporting period

Unit: RMB10,000

Specific type	Source of fund for entrusted financing	Amount incurred of entrusted financing	Undue balance	Overdue amount unclaimed
Bank financial products	Self-owned capital	181,000	11,500.3	0
Total		181,000	11,500.3	0

Financial products purchased during reporting period and corresponding principal collection and income are shown below:

See the Announcement of Progress of Using Excessive Cash to Purchase Short-term Financial Products (No. 2020-011), the Announcement of Progress of Using Excessive Cash to Purchase Short-term Financial Products (No. 2020-018), the Announcement of Using Excessive Cash to Purchase Short-term Financial Products (No. 2020-040), the Announcement of Progress of Using Excessive Cash to Purchase Short-term Financial Products (No. 2020-053) and the Announcement of Progress of Using Excessive Cash to Purchase Short-term Financial Products (No. 2021-004) disclosed at <http://www.cninfo.com.cn> for details of Short-term financial products purchased in 2020.

Specific description for high-risk entrusted finance with single significant amount, low security, poor liquidity and unguaranteed

principal

Applicable Not-applicable

Circumstances in which principal of entrusted financing may not be recovered or which may result in decrease in value:

Applicable Not-applicable

(2) Entrustment for loan

Applicable Not-applicable

No entrustment for loan was made in the reporting period.

4. Major contracts for daily operations

Applicable Not-applicable

5. Other important contracts

Applicable Not-applicable

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

XVIII. CSR Building

1. CSR fulfillment for accurate poverty alleviation

During the reporting period, the Company kept running the "Supor primary school" charity project to work with love partners to support the improvement of rural education conditions in remote mountainous areas in the central and western regions, build school buildings for improvement of the school environment, and comprehensively improve the school-running ability of rural schools by means of various online and offline methods. Meanwhile, the sixth "Charity Week" internal event was held to call on employees, together with the Company, to engage in social activities for the public good and donate books for children in remote areas. As a result, 8 employees volunteered to convey warmth to and accompany kids at Supor primary schools in mountainous areas of Guizhou.

2. Performance of the social responsibility of targeted poverty alleviation

(1) Targeted poverty alleviation plan

"Letting children in remote mountainous areas get fair education opportunities" is the purpose aim that the Company has upheld for more than 10 years. At present, the Company has been joining hand with local governments to improve the environment of the schools in remote and backward villages, promote village teacher teams to grow, care stay-at-home children, etc. with the hope to change the education situation in these areas through continuous efforts. The Company was also proactive in encouraging and supporting employees to take part in charity activities to contribute to the social progress.

(2) Overview of annual targeted poverty alleviation

In the reporting period, the Company continued donating resources to middle and west China's remote mountainous areas to improve the schooling conditions, constructed Supor primary schools and supported the following development of these schools. At present, the Company's commonweal map has covered the mountainous areas in 12 provinces and autonomous regions, including Qinghai, Yunnan, Guizhou, Sichuan, Hubei, Jiangxi, Hunan, Guangxi, Henan, Shaanxi, Gansu and Hebei; it now has built 27 schools. In addition to school buildings, the Company built "NenYa Er" libraries, constructed "Li Li Xiang" canteens, provided training and overseas study opportunities for the teachers of Supor primary schools, and introduced live online courses of music, fine arts and English to rural primary schools that lack teacher resources, fully improving their philosophy of schooling and schooling level and enabling children in villages to have faire education opportunities.

In the reporting period, the Company completed a Supor primary school, carried forward the construction of 3 schools, and set up art course via online streaming in 8 Supor primary schools. It also provided financial support to those Supor primary schools that need to be maintained and renovated, and applicable company products were donated to rural teachers and students. Its employee volunteered to visit and sponsor poor students, and donated supplies like forehead thermometers and face masks to more than 20 Supor primary schools, thereby supporting epidemic prevention in each school.

(3) Effects of targeted poverty alleviation

Indicator	Measurement unit	Quantity/fulfillment
Including: 4.1 Investment amounts for funding poor students	RMB10,000	5
4.2 Number of poverty-stricken students aided	Person	40
4.3 Amount invested to improve the education resources in poor areas	RMB10,000	170
Zhejiang Province Social Responsibility Award for East-West Poverty Alleviation Collaboration		Granted by Zhejiang Province at the meeting of pushing forward poverty alleviation and appraisal meeting of East-West Poverty Alleviation Collaboration Award to honor the Company's concrete investment in basic education in remote, poverty-stricken areas of central and western China over the years

(4) Subsequent targeted poverty alleviation plan

The Company will stay on and continue its Supor primary school project, and aside from donating to build primary schools in mountainous rural villages and improving school conditions, more will be done to further strengthen the growth of rural teachers in mountainous areas. In addition, it will work together with online and offline channels and related organizations to conduct activities in favor of the development of these schools.

3. Environmental protection related situations

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

√ Yes □ No

Name of the Company or subsidiary	Name of main pollutant or specific pollutant	Discharge mode	Number of discharge ports	Distribution of discharge ports	Discharge concentration	Executive pollutant discharge standard	Total discharge amount	Total discharge amount checked	Excessive discharge
Zhejiang Supor Co., Ltd.	COD	Included into urban pipeline after pollutants are treated up to standards	2	Wastewater discharge port of the wastewater station in plant area	≤30mg/L (count according to the indexes of design parameters of effluent quality of Damaiyu Wastewater Treatment Station in Yuhuan after discharging into piping)	"Quasi-IV" standards in the Table of Effluent Indexes and Standard Limits for Urban Sewage Treatment Stations in Taizhou"	9.73893t	85.5t	None
Zhejiang Supor Co., Ltd.	Ammoniacal nitrogen		2		≤1.5mg/L (count according to the indexes of design parameters of effluent quality of Damaiyu Wastewater Treatment Station in Yuhuan after discharging into piping)	"Quasi-IV" standards in the Table of Effluent Indexes and Standard Limits for Urban Sewage Treatment Stations in Taizhou"	0.48695t	7.875t	None
Zhejiang Supor Household Appliances Manufacturing Co., Ltd.	COD		1		10.908mg/L (count according to the indexes of parameters of effluent quality of Qianjiang Wastewater Treatment Station in Xiaoshan after discharging into piping)	Grade I-A in the Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB18918-2002)	2.539t	14.6t	None
Zhejiang Supor Household Appliances Manufacturing Co., Ltd.	Ammoniacal nitrogen		1		0.212mg/L (count according to the indexes of parameters of effluent quality of Qianjiang Wastewater Treatment Station in Xiaoshan after discharging into piping)	Indirect Discharge for Emission Limitation of Nitrogen and Phosphorus for Industrial Wastewater (DB33/887-2013)	0.0493t	0.73t	None
Zhejiang Shaoxing Supor Domestic Electrical Appliances Co., Ltd.	COD		1		28mg/L (count according to the indexes of design parameters of effluent quality of Shaoxing Water Treatment Development Co., Ltd. after discharging into piping)	Grade III in Form 4 of the Integrated Wastewater Discharge Standard (GB8978-1996)	20.533156t	25.83t	None
Zhejiang Shaoxing Supor Domestic Electrical Appliances	Ammoniacal nitrogen		1		1.6mg/L (count according to the indexes of design parameters of	Indirect Discharge for Emission Limitation of Nitrogen and Phosphorus	1.1733232t	5.38t	None

Co., Ltd.				effluent quality of Shaoxing Water Treatment Development Co., Ltd. after discharging into piping)	for Industrial Wastewater (DB33/887-2013)			
Wuhan Supor Cookware Co., Ltd.	COD	Intermittent discharge, whose flow rate is neither stable nor regular, but it's not an impulsive discharge	1	48mg/L (Entering sewage plant of the park after being discharged into municipal network)	Integrated Wastewater Discharge Standard (GB8978-1996) COD≤500mg/L;	9.0896t	10.34t	None
Wuhan Supor Cookware Co., Ltd.	Ammoniacal nitrogen		1	14.52mg/L (Entering sewage plant of the park after being discharged into municipal network)	Wastewater Quality Standards for Discharge to Municipal Sewers (GB/T 31962-2015); Ammonia nitrogen≤45mg/L	0.2930t	1.95t	None

Construction and operation of pollution prevention facilities

Under special sewage treatment mechanism in the Company, all wastewater generated will gather at this station for central treatment. After chemical precipitation and autocatalyzed oxidation, wastewater will meet the first grade discharge standards and then be discharged into urban wastewater pipes. At the same time, the Company has reclaimed water reuse facilities that can arrange water treatment plan according to water quality. The production wastewater is first treated at the sewage treatment station and then disposed through the reclaimed water system for production. After that, part of the sanitary sewage after combined treatment enters municipal sewage network. In reporting period, the environmental protection department monitored the wastewater treatment station online and found it operating normally and discharging water up to standard.

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

In the reporting period, Shaoxing Supor, a wholly-owned subsidiary of the Company, proposed a technical improvement project, aiming at an annual production capacity of 40 million sets of H&PC appliances. The project is in line with the national and local requirements for industrial development, the overall urban planning of Shaoxing City, the land use planning and "Three Lines and One List" ecological and environmental zoning control plan of Yuecheng District, Shaoxing City. Its site location is basically reasonable; and its measures for clean production are feasible. Pollutants of the project, after being treated by the pollution prevention and control measures proposed in the EIA, can be discharged up to standard, and satisfy the total amount control requirements, with little impacts on the surrounding ambient air, water and acoustic environment, and the target object to be protected. The quality of ambient air, surface water, groundwater and acoustic environment near the project site can meet their corresponding functional requirements. According to the Notice on Strengthened Management of Environmental Impact Assessment Focusing on Improving Environmental Quality (HHP No.[2016] 150), the project is not located within an ecologically protected area, and environmental quality meets the relevant requirements, as the project takes effective control measures. As a result, project construction conforms to the requirements of "Three Lines and One List" (HHP No. [2016] 150). In summary, the project is in line with the principles of environmental protection approval, and is feasible to be constructed at the site proposed, from the perspective of environmental protection.

In the reporting period, Zhejiang Supor Electrical, a wholly-owned subsidiary of the Company, proposed a renovation project of spray coating lines. After investigating the current environmental situation near the project, conducting an engineering analysis, and performing a predictive analysis of post-operation impacts on the environment, it's concluded in this assessment that the construction of the project is feasible from the perspective of environmental protection, so long as the construction organization conscientiously implements the pollution prevention measures and countermeasures proposed herein, effectively achieves the "three simultaneous" to secure investment in environmental protection facilities, strengthens management after it's completed and put into operation, and does well in environmental pollution prevention.

In the reporting period, Zhejiang WMF, a wholly-owned subsidiary of the Company, obtained the Approval of Environmental Impact Report about the Technical Reform Project with Annual Production of Stainless Steel Production Line with an Annual Capacity of 20 Million Pieces at Zhejiang WMF Housewares Co., Ltd. (THJ (Y) [2020] No. 256) issued by Taizhou Municipal Ecology and Environment Bureau on August 25, 2020, permitting the construction of the project by Zhejiang WMF in Wuyi Village, Dafaiyu Sub-district, Yuhuan City.

Environmental emergency plan

Environmental Emergency Plan of Zhejiang Supor Co., Ltd.

Environmental monitoring scheme

(1) Monitoring contents

Discharge of water pollutants;

(2) Monitoring mode

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

(3) Monitoring indicators, monitoring frequency and monitoring method

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

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

Other environmental information that shall be made public

None

Other environmental protection related information

None

XIX. Introduction for Other Important Matters

Applicable Not-applicable

There were no other important contracts to be noted in the reporting period.

XX. Significant Event of the Company's Subsidiaries

Applicable Not-applicable

SECTION VI CHANGES IN SHARE CAPITAL AND PARTICULARS ABOUT SHAREHOLDERS

I. Changes in Share Capital

1. Changes in share capital

Unit: share

	Before change		Increase/decrease in the period (+, -)					After change	
	Share number	Proportion	New shares	Shares bonus	Converted capital	Others	Subtotal	Share number	Proportion
I. Restricted outstanding shares	210,377,667	25.62%				-1,433,545	-1,433,545	208,944,122	25.45%
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	4,010,077	0.49%				-1,433,545	-1,433,545	2,576,532	0.32%
Including: Shares held by domestic legal entities	0	0.00%				0	0	0	0.00%
Shares held by domestic natural persons	4,010,077	0.49%				-1,433,545	-1,433,545	2,576,532	0.32%
4. Shares held by foreign investors	206,367,590	25.13%				0	0	206,367,590	25.13%
Including: Shares held by foreign legal entities	206,367,590	25.13%				0	0	206,367,590	25.13%
Shares held by foreign natural persons	0	0.00%				0	0	0	0.00%
II. Non-restricted outstanding shares	610,742,243	74.38%				1,397,495	1,397,495	612,139,738	74.55%
1. RMB common shares	610,742,243	74.38%				1,397,495	1,397,495	612,139,738	74.55%
2. Domestically listed foreign shares	0	0.00%				0	0	0	0.00%
3. Overseas listed foreign shares	0	0.00%				0	0	0	0.00%
4. Others	0	0.00%				0	0	0	0.00%
III. Total shares	821,119,910	100.00%				-36,050	-36,050	821,083,860	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 transaction date of the previous year.
2. On July 31, 2020, totally 36,050 shares of restricted stock that have been granted to resigned incentive objects but have not been unlocked from restriction in 2017 restricted stock incentive plan were repurchased and cancelled. Upon the repurchase and cancellation, the Company's total share capital decreased from 821,119,910 to 821,083,860 shares.
3. On November 16, 2020, totally 119,400 shares of the Reserved Restricted Stock in the second unlock period under the 2017 Restricted Stock Incentive Plan were unlocked and circulated on the market.

4. On December 30, 2020, totally 1,093,650 shares of Restricted Stock unlockable in the third unlock period under the 2017 Restricted Stock Incentive Plan were unlocked and circulated on the market.

Approval of change in stock

Applicable Not-applicable

1. On August 29, 2019, the 14th Session of Sixth Board of Directors reviewed and adopted Proposal on Repurchasing and Canceling a Part of Restricted Stock. For disqualification of one Incentive Object due to her resignation, the Company has decided to repurchase and cancel 3,500 shares of Restricted Stock at the price of RMB1 per share. On April 28, 2020, the 16th Session of Sixth Board of Directors reviewed and adopted Proposal on Repurchasing and Canceling a Part of Restricted Stock. For disqualification of eight Incentive Objects due to their resignation, the Company has decided to repurchase and cancel 32,550 shares of Restricted Stock at the price of RMB1 per share. The repurchase and cancellation were approved upon deliberation by Annual General Meeting of Shareholders for 2019 Fiscal Year and totally 36,050 Restricted Stock granted to these nine resigned incentive objects that failed in reaching unlocking conditions were repurchased and cancelled at the price of RMB1 per share. After confirmed by Shenzhen Branch of CSDCC, the Company completed repurchase and cancellation of the above restricted stocks on July 31, 2020.

2. On April 28, 2020, the 16th Session of Sixth Board of Directors reviewed and adopted the Proposal on Unlocking of Restricted Stock within the Third Unlock Period and the Reserved Restricted Stock within the Second Unlock Period of 2017 Restricted Stock Incentive Plan, agreeing to unlock the Restricted Stock for 210 qualified Incentive Objects in the third unlock period as well as unlock Reserved Restricted Stock in the second unlock period. Totally 1,213,050 shares of restricted stock will be unlocked, in which the Restricted Stock unlocked during the third unlock period is 1,093,650 shares and Reserved Restricted Stock unlocked during the second unlock period is 119,400 shares. The Restricted Stock in the third unlock period was listed on December 30, 2020, and the Reserved Restricted Stock in the second unlock period was listed on November 16, 2020.

3. On August 27, 2020, the 2nd Session of the Seventh Board of Directors reviewed and adopted Proposal on Repurchasing and Canceling a Part of Restricted Stock. For disqualification of five Incentive Objects due to their resignation, the Company has decided to repurchase and cancel 26,000 shares of Restricted Stock at the price of RMB1 per share. This proposal shall be submitted to the Annual General Meeting of Shareholders for 2020 Fiscal Year for approval.

Transfer of shares changed

Applicable Not-applicable

Progress in the implementation of share repurchase

Applicable Not-applicable

The Proposal on Public Shares Repurchase Plan was reviewed and approved by the 14th Session of the Sixth Board of Directors held on August 29, 2019. With the confidence in the Company's future development, in order to effectively protect the interests of shareholders and enhance investor confidence, and in consideration of the Company's overall financial situation, the Company planned to repurchase the Company's shares with self-owned capital for reducing registered capital and implementing equity incentive. The Proposal on Adjusting Public Shares Repurchase Plan was reviewed and approved by the 2nd Session of the Seventh Board of Directors held on August 27, 2020, approving the Company to adjust the maximum price for repurchasing shares, the total fund amount used for repurchasing shares and the implementation period of shares repurchase plan to ensure the smooth implementation of this public shares repurchase plan. The Company will repurchase the shares of the Company from secondary market through centralized bidding with the highest price of CNY90.97 per share. The top limitation of shares to be repurchased will not exceed 8,211,199 shares and the bottom limitation of shares will not be lower than 4,105,600 shares. As of the end of the reporting period, the Company repurchased 5,910,000 shares accounting for 0.72% of the total shares of the Company. The minimum and maximum transaction prices were RMB79.89 per share and RMB62.88 per share, respectively, and the total amount paid was RMB410,551,600 (excluding transaction costs).

This Public Share Repurchase Plan has been approved by the Second Interim General Meeting of Shareholders in 2019 held on September 23, 2019 and the *Repurchase Report on Public Shares* was published on September 25, 2019. And the adjustment to the

Share Repurchase Plan has been approved by the 2nd Session of the Seventh Board of Directors held on August 27, 2020 and the *Repurchase Report on Public Shares (Revised)* was published on August 28, 2020. For detailed contents, please see the *Repurchase Report on Public Shares* (Announcement No.: 2019-058), *Announcement on Adjusting Share Price for Public Shares Repurchase Plan* (Announcement No.: 2019-064 and 2020-036), *Announcement on Adjusting Public Shares Repurchase Plan* (Announcement No.: 2020-049), the *Repurchase Report on Public Shares (Revised)* (Announcement No.: 2020-050), *Announcement on the Progress of Public Shares Repurchase* (Announcement No.: 2019-059, 2019-070, 2019-074, 2020-001, 2020-005, 2020-008, 2020-009, 2020-027, 2020-034, 2020-037, 2020-043, 2020-051, 2020-052, 2020-059, 2020-062 and 2021-001) and the *Announcement on the First Share Repurchase* (Announcement No.: 2019-073) disclosed on Securities Times, China Securities Daily, Securities Daily, and <http://www.cninfo.com.cn>.

Progress in the reduction of shareholding of repurchased shares through auction

Applicable Not-applicable

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

Applicable Not-applicable

Since tiny influence on basic EPS and diluted EPS, the 36,050 restricted shares repurchased and cancelled in this period generate no effect on other financial indicators (e.g. net assets per share belonging to the Company's common stockholder).

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

Applicable Not-applicable

2. Changes of Restricted Stock

Applicable Not-applicable

Unit: share

Name	Restricted outstanding stocks at year-begin	Restricted outstanding stocks increased in current period	Restricted outstanding stocks unlocked in current period	Restricted outstanding stocks the end of the period	Restriction reason	Date of unlocking restriction
Su Xianze	864,243	0	216,061	648,182	Locked stocks of top management	Unlocking 25% of the shares registered under his name on the last transaction date of the previous year.
Xu Bo	184,750	52,500	77,188	160,062	Locked stocks of top management	Unlocking 25% of the shares registered under his name on the last transaction date of the previous year.
Ye Jide	43,784	21,000	23,196	41,588	Locked stocks of top management	Unlocking 25% of the shares registered under his name on the last transaction date of the previous year.
Su Ming-Jui	13,000	71,500	13,000	71,500	Locked stocks of top management	Unlocking 25% of the shares registered under his name on the last transaction date of the previous year.
Incentive objects of 2017 Equity Incentive Plan	2,904,300	0	1,249,100	1,655,200	36,050 shares of restricted stock were repurchased and cancelled in consideration that	Under the 2017 Equity Incentive Plan, 119,400 reserved restricted stocks unlockable in the second period were listed and

					parts of incentive objects resigned.	circulated on November 16, 2020, and 1,093,650 reserved restricted stocks unlockable were listed and circulated on December 30, 2020.
Total	4,010,077	145,000	1,578,545	2,576,532	--	--

II. Security Offering and Listing Information

1. Security offering (excluding preferred share) in the reporting period

Applicable Not-applicable

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

Applicable Not-applicable

On July 31, 2020, totally 36,050 shares of restricted stock that have been granted to resigned incentive objects but have not been unlocked from restriction in 2017 restricted stock incentive plan were repurchased and cancelled. Upon the repurchase and cancellation, the Company's total share capital decreased from 821,119,910 to 821,083,860 shares.

3. Staff shares

Applicable Not-applicable

III. Shareholders and the Actual Controller

1. Number of shareholders of the Company and share-holding conditions

Unit: share

Total number of common shareholders at the end of the reporting period	15,390	Number of common shareholders at the end of last month before the disclosure date of the annual report	13,416	Total number of preferred shareholder whose voting right is recovered at the end of reporting period (if any) (refer to Note 8)	0	Total number of preferred shareholders with restored voting right at the end of last month before the disclosure date of the annual report (if any) (see Note 8)	0	
Information on shareholders holding more than 5% shares or information on top 10 shareholders								
Name	Nature	Shareholding ratio	Number of shares held at the end of the reporting period	Increase/decrease in the reporting period	Number of restricted shares	Number of non-restricted outstanding shares	Pledged or frozen	
							Status of share	Share number
SEB INTERNATIONALE S.A.S	Foreign legal entity	81.20%	666,681,904	0	206,367,590	460,314,314		
Hong Kong Securities Clearing Company Ltd.	Foreign legal entity	5.50%	45,130,713	-4204304	0	45,130,713		
Bank of China- E-Fund Medium and Small Cap	Others	2.64%	21,700,078	9200078	0	21,700,078		

Complex Securities Investment Fund								
ABC- E-Fund Consumption Industry Securities Investment Fund	Others	0.88%	7,257,537	2337995	0	7,257,537		
E-Fund Management Co., Ltd. - Social Security Fund No. 1104 Portfolio	Others	0.69%	5,700,068	4800000	0	5,700,068		
BNP Paribas - Own funds	Foreign legal entity	0.63%	5,174,498	-410948	0	5,174,498		
Central Huijin Investment Ltd.	State-owned legal person	0.54%	4,423,640	0	0	4,423,640		
China Construction Bank-E-Fund New Silk Road Flexible Complex Securities Investment Fund	Others	0.49%	4,000,000	-1549250	0	4,000,000		
Bank of Communication-ICBC Credit Suisse Dual-Interest Bond-type Securities Investment Fund	Others	0.44%	3,600,070	3600070	0	3,600,070		
Fidelity Mutual Fund & Investment Management - Clients' capital	Foreign legal entity	0.32%	2,627,022	-2845415	0	2,627,022		
Strategic investor or general corporate investor who becomes top 10 shareholder as a result of rights issue (if any) (see Note 3)	None							
Description on the above-mentioned shareholder relationships or concerted actions	Bank of China – E-Fund Medium and Small Cap Complex Securities Investment Fund, ABC- E-Fund Consumption Industry Securities Investment Fund, and China Construction Bank- E-Fund New Silk Road Flexible Complex Securities Investment Fund all belong to E-Fund. It is unknown whether other shareholders are associated with each other, and whether they are persons acting in concert as stipulated in the Measures for the Administration of the Acquisition of Listed Companies. The Company is not aware of whether other shareholders are associated with each other, and whether they are persons acting in concert as stipulated in the Measures for the Administration of the Acquisition of Listed Companies.							
Description of the above shareholders on entrusting/entrusted voting rights and abstaining from voting rights	None							
Shareholdings of top 10 shareholders holding non-restricted shares								
Name	Number of non-restricted outstanding shares held at the end of the reporting period	Type of share						
		Type of share	Share number					
SEB INTERNATIONALE S.A.S	460,314,314	RMB common share	460,314,314					
Hong Kong Securities Clearing Company Ltd.	45,130,713	RMB common share	45,130,713					
Bank of China- E-Fund Medium and Small Cap Complex Securities Investment Fund	21,700,078	RMB common share	21,700,078					
ABC- E-Fund Consumption Industry Securities Investment Fund	7,257,537	RMB common share	7,257,537					
E-Fund Management Co., Ltd. - Social Security Fund No. 1104 Portfolio	5,700,068	RMB common share	5,700,068					
BNP Paribas - Own funds	5,174,498	RMB common share	5,174,498					
Central Huijin Investment Ltd.	4,423,640	RMB common share	4,423,640					
China Construction Bank-E- Fund New Silk Road Flexible Complex Securities Investment Fund	4,000,000	RMB common share	4,000,000					

Bank of Communication-ICBC Credit Suisse Dual-Interest Bond-type Securities Investment Fund	3,600,070	RMB common share	3,600,070
Fidelity Mutual Fund & Investment Management - Clients' capital	2,627,022	RMB common share	2,627,022
Connected relationship or concerted parties among the top 10 shareholders holding non-restricted outstanding shares, and between the top 10 shareholders holding non-restricted outstanding shares and top 10 shareholders	Same as above		
Information on top 10 common shareholders involved in securities margin trading business (if any) (see Note 4)	None		

Did the top 10 common shareholders and the top 10 common shareholders holding non-restricted shares conduct the agreed repurchase transaction during the reporting period?

Yes No

The top 10 common shareholders and the top 10 common shareholders holding non-restricted shares did not conduct the agreed repurchase transaction during the reporting period.

2. The controlling shareholder

Property of controlling shareholder: foreign-controlled shareholding

Type of controlling shareholder: legal entity

Name of controlling shareholder	Legal representative/person in charge	Date of establishment	Organization Code	Main business
SEB INTERNATIONALE S.A.S	Thierry de LA TOUR D'ARTAISE	December 26, 1978	None	Financial participation for all kinds of French and overseas enterprises, i.e., purchasing and subscribing stock, bond, share and interests, securities and negotiable securities, transfer of such securities, participation in all financial activities related to the aforesaid financial participation, purchasing, manufacturing and sales of all kinds of household devices for the purpose of marketing and involvement in related service; all activities for helping realize the Company's operation either directly or indirectly, particularly the activities in personal estate, real estate, finance, commerce and industrial field.
Shareholding of other overseas listed companies by the Company's controlling shareholder in the reporting period	None			

Change of controlling shareholder in the reporting period

Applicable Not-applicable

No change of controlling shareholder occurred in the reporting period.

3. Actual controller and persons acting in concert

Property of actual controller: other foreign organization

Type of actual controller: legal entity

Name of the actual controller	Legal representative/person in charge	Date of establishment	Organization code	Main business
SEB S.A.	Thierry de LA TOUR D'ARTAISE	December 28, 1973	None	Holding or equity participation and management for various enterprises
Holding of other overseas listed companies by the Company's actual controller in the reporting period	None			

Change of actual controller in the reporting period

Applicable Not-applicable

No change of actual controller occurred in the reporting period.

Property right and controlling relationship diagram between the Company and the actual controller



Actual controller controlling the Company by trust or other assets management types

Applicable Not-applicable

4. Other corporate shareholders holding more than 10% shares

Applicable Not-applicable

5. Share restriction reduction of commitment subjects such as controlling shareholder, actual controller and the restructuring party

Applicable Not-applicable

SECTION VII INFORMATION ON PREFERRED SHARE

Applicable Not-applicable

No preferred share existed in the reporting period.

SECTION VIII COMPANY'S CONVERTIBLE BONDS

Applicable Not-applicable

No convertible bonds existed in the reporting period.

SECTION IX PARTICULARS ABOUT DIRECTORS, SUPERVISORS, SENIOR EXECUTIVE AND EMPLOYEES

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

Name	Position	Position status	Gender	Age	Commencement date of term of office	Expiry date of term of office	Beginning quantity of stocks	Quantity of increased stocks in this period	Quantity of decreased stocks in this period	Number of other shares increased or reduced (shares)	Closing quantity of stocks
Thierry de LA TOUR D'ARTEISE	Chairman	On-service	Male	66	May 20, 2020	May 19, 2023	0	0	0	0	0
Su Xianze	Director	On-service	Male	53	May 20, 2020	May 19, 2023	864,243	0	216,061	0	648,182
Harry TOURET	Director	Retirement	Male	66	May 20, 2020	December 31, 2020	0	0	0	0	0
Stanislas de GRAMONT	Director	On-service	Male	56	May 20, 2020	May 19, 2023	0	0	0	0	0
Nathalie LOMON	Director	On-service	Female	50	May 20, 2020	May 19, 2023	0	0	0	0	0
Tai Wai Chung	Director	On-service	Male	61	May 20, 2020	May 19, 2023	0	0	0	0	0
Wang Baoqing	Independent director	Retirement	Male	57	April 20, 2017	April 20, 2020	0	0	0	0	0
Chen Jun	Independent director	On-service	Male	44	May 20, 2020	May 19, 2023	0	0	0	0	0
Hervé MACHENAUD	Independent director	On-service	Male	74	May 20, 2020	May 19, 2023	0	0	0	0	0
Jean-Michel PIVETEAU	Independent director	On-service	Male	74	May 20, 2020	May 19, 2023	0	0	0	0	0
Philippe SUMEIRE	Chairman	On-	Male	61	May 20,	May 19,	0	0	0	0	0

	Number of Board of Supervisors	Service			2020	2023					
Zhang Junfa	Supervisor	On-service	Male	44	May 20, 2020	May 19, 2023	0	0	0	0	0
Lu Lanhua	Supervisor	On-service	Female	43	May 20, 2020	May 19, 2023	0	0	0	0	0
Su Ming-Jui	General Manager	On-service	Male	53	May 20, 2020	May 19, 2023	234,000	0	52,000	0	182,000
Xu Bo	Chief Financial Officer	On-service	Male	53	May 20, 2020	May 19, 2023	308,750	0	77,100	0	231,650
Ye Jide	Vice General Manager, Board Secretary	On-service	Male	45	May 20, 2020	May 19, 2020	92,784	0	23,196	0	69,588
Total	--	--	--	--	--	--	1,499,777	0	368,357	0	1,131,420

II. Change of Directors, Supervisors and Senior Executives

√ Applicable □ Not-applicable

Name	Position	Type	Date	Cause
Wang Baoqing	Independent director	Retired after the expiry of term of office	April 20, 2020	Six-year term of office expired
Chen Jun	Independent director	Elected	May 20, 2020	Elected as independent director of the Company by the general meeting of shareholders
The 7th Session of the Board of Directors/Supervisors	Director and supervisor	Elected	May 20, 2020	In the reporting period, the Company organized the general election of the 7th Session of the Board of Directors and the Board of Supervisors, and held their first meetings on May 20, 2020. Chairman of the Company and Chairman of the Board of Supervisors were elected, respectively, and senior executives, such as General Manager, Chief Financial Officer, and Board Secretary, were appointed at the new session of the Board of Directors.
Harry TOURET	Director	Retirement	December 31, 2020	Resigned for retirement

III. Incumbency of Office

Professional backgrounds, main working experiences, and main responsibilities in the Company of present directors, supervisors and senior executives

1. Directors

Mr. Thierry de LA TOUR D'ARTAISE: Chairman, Master of Management of Paris ESCP; chartered accountant. Chairman and CEO of Group SEB; has served previously as Vice President of Group SEB, Chairman of CALOR, CFO and CEO of CROISIERES PAQUET, audit manager of Coopers & Lybrand.

Mr. Harry TOURET: Director, post-graduate diplomas in management science and corporate organizational development, currently Senior Executive Vice President of HR for SEB Group. He currently serves as Senior Executive Vice President of Human Resources of SEB Group, and was former Executive VP HR WW of Aventis CropScience.

Mr. Stanislas de GRAMONTL: Director, graduated from ESSEC Business School (Paris). He currently serves as the Chief Operating Officer of SEB Group, and has served previously as senior executive of Danone and president of Suntory Beverage & Food Limited (Europe).

Ms. Nathalie LOMON: Director, graduated from NEOMA Business School; chief financial officer of SEB Group. She has served previously as Executive Vice President and Financial Director of Ingenico, France, Financial Supervisor of Rio Tinto Alcan, etc.

Mr. Su Xianze: Director, CEIBS EMBA, senior economist. Chairman and General Manager of Supor Group, Chairman of Zhejiang Supor Real Estate Development Co., Ltd., Executive Director and General Manager of Hangzhou Shuoyuan Investment Co., Ltd., Executive Director of Supor Investment Co., Ltd., Executive Director of Hangzhou Supor Equity Investment Co., Ltd., Executive Director of Taizhou Yinxing Investment Co., Ltd., Executive Director and General Manager of Shangrao Xiangfa Technology Co., Ltd., and Chairman of Zhejiang Supor Water Heater Co., Ltd. He has served as Chairman of the Company from 2001 to April 2014, and General Manager from 2001 to March 2010.

Mr. Tai Wai Chung: Director, graduated from Industrial Engineering Specialty of University of Hong Kong; Executive Vice President of Asia region of SEB Group. He has served previously as Chairman and General Manager of Apple (China), CMO of Electrolux, Chairman of Shanghai SEB and General Manager of the Company.

Mr. Hervé MACHENAUD: Independent director, graduated from Sciences Po; President of Hong Ma Consulting Services (Beijing) Co., Ltd., Partner of France-Sino Investment Fund Dadao Capital. He formerly served as Chief Representative in China and Executive Vice President of EDF, DPI General Manager of the Group's Engineering Design & Power Generation Department and General Manager of Asia Pacific.

Mr. Jean-Michel PIVETEAU: Independent director, doctor of business administration, and master of political science; Senior Partner of B&A Investment Bank, Chairman of the Board of Supervisors of MicroCred China, Vice Chairman of the Board of Supervisors of BAOBAB, and board member of the French Foreign Trade Advisors. He formerly served as Adviser for China to BNP Paribas Chairman, Senior Adviser to BNP Paribas for China, Country Head of Paribas Bank in numerous Asian countries and Middle East countries, and Honorary Retired Chairman of the "French Foreign Trade Advisors" of China.

Mr. Chen Jun: Independent director, doctor of accountancy from Xiamen University, and postdoctoral of business administration (Accounting) from Zhejiang University. He is currently Dean of the Department of Finance and Accounting, professor and doctoral supervisor of the Management College of Zhejiang University, Director of the Institute of Finance and Accounting of Zhejiang University, Deputy Director of Zhejiang University's Global Entrepreneurship Research Center, Director of Research Center of Listed Companies of the Academy of Global Zheshang Entrepreneurship at Zhejiang University, Vice President of Zhejiang Association of Accountants, and independent director of Listed Companies.

2. Supervisors

Mr. Philippe SUMEIRE: Supervisor, graduated from Aix-en-Provence Law School with PHD's degree of Private Law and Comparative Law. He is Vice President Legal Affairs of Groupe SEB and Board Secretary. He has worked first for PEUGEOT S.A and ATOCHEM (chemical industry) and then held the position of General Counsel and Company Secretary for CLUB MED, GIAT

INDUSTRIES and MOULINEX S.A.

Mr. Zhang Junfa: Supervisor, graduated from Northwestern Polytechnical University. Chairman of the Trade Union of the Company and office head of Yuhuan Site, he was working for security section, and then worked in legal affairs department and office.

Ms. Lu Lanhua: Supervisor, graduated from Shanghai University of Finance and Economics and MBA of University of Manchester, member of ACCA. Financial planning & analysis manager; has worked for Greif Flexible Products & Service (China) as accounting manager, UNSA (Hangzhou) Packaging Manufacturing Ltd. as financial manager.

3. Senior executives

Mr. Su Ming-Jui: General Manager, enterprise management master of National Chengchi University and bachelor of electromechanical engineering of National Chiao Tung University. He has served successively as CEO of F&B Business Division of Ting Hsin International Group, president of YongHe King and Executive Vice President of Tesco Supermarket (China).

Mr. Xu Bo: Chief Financial Officer, graduated from Central University of Finance and Economics; member of CICPA and ACCA; previously worked successively as the senior auditing manager of Shenzhen Zhonghua Certified Public Accountants, Chief Financial Officer of Yue Sai Kan Cosmetics Limited, Chief Financial Officer of Molex Interconnect (Shanghai) Co., Ltd., Chief Financial Officer of Microsoft China.

Mr. Ye Jide: Board Secretary, Vice General Manager, and manager of securities department, CEIBS EMBA. Independent director of Energy Explorer Electric Power Co., Ltd. since May, 2015, has worked successively the chief of equipment sector, office head and assistant of General Manager of the Company.

Post information in shareholders' companies

√ Applicable □ Not-applicable

Name	Shareholding company	Post in the shareholding company	Commencement date of term of office	Expiry date of term of office	Payment or allowance from the shareholding company
Thierry de LA TOUR D'ARTAISE	SEB Group	Chairman & CEO	May 01, 2000		Yes
Philippe SUMEIRE	SEB Group	Vice President Legal Affairs of Groupe SEB and Board Secretary	December 10, 2001		Yes
Harry TOURET	SEB Group	Senior Executive Vice President of HR	September 01, 2002	December 31, 2020	Yes
Nathalie LOMON	SEB Group	Chief Financial Officer	September 30, 2019		Yes
Stanislas de GRAMONT	SEB Group	Chief Operating Officer (COO)	December 03, 2018		Yes
Tai Wai Chung	SEB Group	Senior Executive Vice President of Asia Continental Division	October 01, 2017		Yes

Post information in other companies

√ Applicable □ Not-applicable

Name	Name of other unit	Post in the other companies	Commencement date of term of office	Expiry date of term of office	Payment or allowance from other companies

Su Xianze	Supor Group	Chairman and General Manager	March 08, 2018		Yes
Su Xianze	Zhejiang Supor Real Estate Development Co., Ltd.	Chairman	May 16, 2018		No
Su Xianze	Hangzhou Shuoyuan Investment Co., Ltd.	Executive Director and General Manager	February 07, 2018		No
Su Xianze	Supor Investment Co., Ltd.	Executive Director	February 26, 2019		No
Su Xianze	Hangzhou Supor Equity Investment Co., Ltd.	Executive Director	June 17, 2019		No
Su Xianze	Taizhou Yinxing Investment Co., Ltd.	Executive Director	September 26, 2017		No
Su Xianze	Shangrao Xiangfa Technology Co., Ltd.	Executive Director and General Manager	December 19, 2018		No
Su Xianze	Zhejiang Supor Water Heater Co., Ltd.	Chairman	November 15, 2019		No
Chen Jun	Zhejiang University	Dean of the Department of Finance and Accounting, Professor and Doctoral Supervisor	March 01, 2019		Yes
Chen Jun	Zhejiang CHNT Electric Co., Ltd.	Independent director	June 03, 2019	June 02, 2022	Yes
Chen Jun	Ningbo Techmation Co., Ltd.	Independent director	October 31, 2020	January 16, 2021	Yes
Hervé MACHENAUD	Hongma Consulting Services (Beijing) Co., Ltd.	President	January 01, 2017		Yes
Ye Jide	Energy Explorer Electric Power Co., Ltd.	Independent director	May 26, 2018	May 25, 2021	No

Punishment of securities regulatory commission on directors, supervisors and senior executives of the Company at present or leaving in the reporting period within the recent three years

Applicable Not-applicable

IV. Remuneration for Directors, Supervisors and Senior Executives

Decision-making procedures, determination basis of remuneration and actual payment for directors, supervisors and senior executives

Decision-making procedures of remuneration for directors, supervisors	The remuneration for directors, supervisors and senior executives of the Company shall be in strict compliance with the Rules and Procedures for Meetings of the Board of Directors and the Rules and Procedures for Meetings of Board of Shareholders, as well as the regulations of the Company's Articles of
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and senior executives	Association and the Company Law.
Determination basis of remuneration for directors, supervisors and senior executives	The directors, supervisors and senior executives of Company are paid according to their positions and corresponding responsibilities and the Company's salary system, with an annual bonus based on the performance evaluated.

Remuneration for Directors, Supervisors and Senior Executives in the Reporting Period

Unit: RMB10,000

Name	Position	Gender	Age	Position status	Remuneration receivable from the Company	Whether the remuneration is gained from the related party of the Company
Thierry de LA TOUR D'ARTAISE	Chairman	Male	66	On-service		
Harry TOURET	Director	Male	66			
Stanislas de GRAMONT	Director	Male	56	On-service		
Nathalie LOMON	Director	Female	50	On-service		
Su Xianze	Director	Male	53	On-service		
Tai Wai Chung	Director	Male	61	On-service		
Wang Baoqing	Independent director	Male	57	Retirement	5	No
Hervé MACHENAUD	Independent director	Male	74	On-service	15	No
Jean-Michel PIVETEAU	Independent director	Male	74	On-service	15	No
Chen Jun	Independent director	Male	44	On-service	10	No
Philippe SUMEIRE	Chairman of Board of Supervisors	Male	61	On-service		
Zhang Junfa	Supervisor	Male	44	On-service	45.95	No
Lu Lanhua	Supervisor	Female	43	On-service	72.21	No
Su Ming-Jui	General Manager	Male	53	On-service	676.64	No
Xu Bo	Chief Financial Officer	Male	53	On-service	256.41	No
Ye Jide	Vice General Manager, Board Secretary	Male	45	On-service	96.34	No
Total	--	--	--	--	1,192.55	--

Equity incentives for directors, supervisors and senior executives in the reporting period

√ Applicable □ Not-applicable

Unit: share

Name	Position	Shares which can be exercised in the reporting period	Shares exercised in the reporting period	Exercise price of exercised shares in the reporting period (RMB/share)	Market price at the end of reporting period (RMB/share)	Restricted stock held at the beginning of period	Shares unlocked in current period	Restricted stock newly granted in the reporting period	Granting price of restricted stock (RMB/share)	Restricted stock held at the end of period
Su Ming-Jui	General Manager	0	0	0	0	182,000	78,000	0	0	104,000
Xu Bo	Chief Financial Officer	0	0	0	0	124,000	52,500	0	0	71,500
Ye Jide	Vice General Manager, Board Secretary	0	0	0	0	49,000	21,000	0	0	28,000
Total	--	0	0	--	--	355,000	151,500	0	--	203,500
Remarks (if any)	<p>General Manager Mr. Su Ming-Jui: Under the 2017 Equity Incentive Plan, 78,000 restricted stocks unlockable in the third unlock period were listed and circulated on December 30, 2020.</p> <p>Chief Financial Officer Mr. Xu Bo: Under the 2017 Equity Incentive Plan, the 48,000 restricted stocks that can be unlocked in the third unlock period was listed and circulated on December 30, 2020, and the 4,500 shares of Reserved Restricted Stock that can be unlocked in the second unlock period was listed and circulated on November 16, 2020.</p> <p>Vice General Manager and Board Secretary Mr. Ye Jide: Under the 2017 Equity Incentive Plan, 21,000 restricted stocks unlockable in the third unlock period were listed and circulated on December 30, 2020.</p>									

V. Staffing Information

1. Number of Personnel, Professional and Education Conditions

Number of employees in parent company (person)	2,039
Number of employees in subsidiaries (person)	10,009
Total number of personnel (person)	12,048
Total number of personnel paid during current period (person)	12,048
Retired employees for whom the parent company and major subsidiaries should cover expenses (person)	0

Profession composition	
Job description	Qty. (person)
Production personnel	7,537
Sales personnel	1,544
Technician	2,022
Financial personnel	172
Administrative personnel	773
Total	12,048
Education	
Education category	Qty. (person)
Postgraduate and above	123
Junior college or university	4,028
Technical secondary school or high school	3,200
Others	4,697
Total	12,048

2. Remuneration Policy

The Company adopts floating salary system for all employees. Salary that we provide to employees includes pre-tax basic salary, performance salary and various incentive bonuses in the form of currency; we also offer various non-monetary welfares such as commercial insurance, internal and external training, internal development and comfortable working environment.

We provide employees with competitive salary and welfare to keep a certain degree of competitiveness and absorb talents; while in the Company, to stabilize those key employees, embody the Company's value orientation, motivate self-improvement of employee and create high performance.

3. Training Program

1) Supor is highly concerned with ability development of talents. We execute internally various trainings for specialized and general knowledge and skills and leadership actively based on the requirements of talent echelon construction. We also pay much attention to promotion, implementation and cultivation of the Company's core values and enterprise culture; our core values have become the benchmark for leading employees to exploit and innovate constantly. Meanwhile, Supor strengthens the summary and inheritance of organizational experience based on the Company's business value chain such as strategic markets, industrial development, marketing and other professional areas.

2) In order to coordinate the Company's development strategy and integrate management wisdoms from home and abroad and the Company's practical experience, we integrate internal and external resources, and organize various business departments and responsible centers to execute different levels and grades of diversified and colorful trainings under the leadership of Supor university; where necessary, we will go out for trans-border learning. The all-round, multi-level and multi-channel talent development system enables our comprehensive quality and working ability to continuously meet the needs of the Company to expand its businesses.

3) According to justice and fairness principle, we provide employees with targeted training opportunity based on employees' assessments, individual career development expectations and actual work demands; we also provide instructor and tutor resources

mainly from internal management to employees to improve the competence and speed up the growth of employees and practice our talent building and development policies.

4. Labor Outsourcing

Applicable Not-applicable

SECTION X CORPORATION GOVERNANCE

I. Basic Situation

In the reporting period, the Company further standardized the operation of the Company and improved the governance by continuously building up 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 Rules on the Corporate Governance of Listed Companies, Stocks Listing Rules of Shenzhen Stock Exchange and the Guidelines for the Standardized Operation of Listed Companies in Shenzhen Stock Exchange as well as other regulations of CSRC. By the end of the reporting period, the actual governance of the Company was basically in compliance with the relevant regulations of corporate governance of listed companies issued by the CSRC and Shenzhen Stock Exchange, and with the rules of established systems of the Company. No administrative regulation measures were taken by regulatory department upon the Company.

(I) Relating to Shareholders and the General Meeting of Shareholders

During the reporting period, the Company has convened and held the General Meetings of Shareholders strictly according to the Rules for the General Meetings of Shareholders of Listed Companies, Rules and Procedures for Meetings of Board of Shareholders, and other rules and requirements, and ensured the legality and validity of the convening. According to the Implementing Rules for the Online Voting at the Shareholders' Assembly of Listed Companies of Shenzhen Stock Exchange, the Company clearly defined the specific process of online voting and completely implemented online voting of general meeting of shareholders, in order to involve medium and small investors in the online voting more effectively, and guarantee the legitimate rights and interests of all shareholders, especially of the minority shareholders.

During reporting period, two general meetings of shareholders were held. The convening and holding procedures, qualifications of attended persons, voting procedures, voting results and resolution contents of the meeting conformed to laws and regulations and Articles of Association.

(II) Relating to the Company and the Controlling Shareholder

In the reporting period, the Company was autonomous in business and operation, and kept independent of its controlling shareholder in terms of assets, business, personnel, organization and finance. The Board of Directors, the Board of Supervisors and other internal organizations operate independently. The Controlling Shareholder of the Company exercised its rights through the General Meeting of Shareholders, and did not directly or indirectly intervene with the Company's decision-making or operating activities. The related transaction between the Company and its Controlling Shareholder was fair and reasonable; the decision-making rules were in compliance with the relevant provisions; no fund occupation by the Controlling Shareholder existed.

(III) Relating to Directors and the Board of Directors

The Company elected directors strictly according to the procedures stipulated in the Company Law and the Articles of Association, and ensured the open, fair, equitable and independent appointment and election of directors, and the number and composition of the Board of Directors follow relevant laws and regulations. Now the Company has three independent directors, representing 1/3 of its directors. All directors have actively participated in the Company's operation and decision-making activities, performed their duties, attended the relevant training sessions organized by supervisory departments, pursuant to the Company Law, the Guidelines for the Standardized Operation of Listed Companies in Shenzhen Stock Exchange, the Articles of Association and the Rules of Procedures for the Board of Directors. The Board of Directors consists of Strategy Committee, Audit Committee and Compensation Committee with independent directors fully exerting their specialties, which further improves the working efficiency and decision-making level of the Board of Directors and plays significant roles in the Company's normative operation.

During reporting period, four meetings of Board of Directors were held. The convening and holding procedures, qualifications of attended persons, voting procedures, voting results and resolution contents of the meeting conformed to laws and regulations and

Articles of Association. In addition, the Company organized a general election, and elected the members of the 7th Session of the Board of Directors at the 2020 annual general meeting of shareholders.

(IV) Relating to Supervisors and the Board of Supervisors

The Company elected supervisors strictly according to the provisions under the Company Law and the Articles of Association. The number of supervisors and composition of the Board of Supervisors met the requirement of relevant laws and regulations. All supervisors have performed their duties as required by the Regulations of Procedure of the Board of Supervisors, effectively supervised the legality and regulatory compliance of significant events, related transactions, financial conditions, and duty fulfillment of directors and senior executives of the Company, and maintained the legitimate rights and interests of the Company and its shareholders.

During reporting period, four meetings of Board of Supervisors were held. The convening and holding procedures, qualifications of attended persons, voting procedures, voting results and resolution contents of the meeting conformed to laws and regulations and Articles of Association. In addition, the Company organized a general election, and elected the members of the 7th Session of the Board of Supervisors at the 2020 annual general meeting of shareholders.

(V) Relating to Performance Appraisal and the Incentive and Restraining Mechanism

The Company established and constantly improved the performance appraisal system and the incentive restraining mechanism for supervisors, directors and senior executives. The appointment and remuneration for directors, supervisors and senior executives of the Company are open, clear and in line with relevant laws and regulations. During the reporting period, the Company unlocked the restricted stock allowed to be unlocked in the third unlock period and the reserved restricted stock unlockable in the second unlock period which are granted to senior executives who have restricted stocks in accordance with the *2017 Restricted Stock Incentive Plan (Revised Draft)* so as to achieve effective incentives for senior managers.

(VI) Relating to Information Disclosure and Transparency

The Securities Department of the Company is responsible for information disclosure and investor's relationship management. Abiding by requirements of the CSRC and Shenzhen Stock Exchange and provisions on compilation of periodic reports in good faith, the department, in association with the Financial Department of the Company, has timely and accurately compiled and submitted the 2019 Annual Report, 2020 First Quarterly Report, 2020 Semiannual Report and 2020 Third Quarterly Report, based on the strict compliance with the non-disclosure rules before the disclosure of the reports.

The Securities Department of the Company disclosed, after review and adoption by the Board of Directors or the General Meeting of Shareholders, the routine information (Board Meetings and Supervisors' Meetings), fatal information (external investments, related transactions), and significant events truly, accurately, completely, timely and fairly. In the reporting period, the Company has published 65 announcements on the basis of strict compliance with non-disclosure rules before the disclosure and kept the files in order after the disclosure. Information disclosure of the Company in the reporting period was timely, true, accurate, complete and fair, and has never been questioned by any related supervisory authorities. Besides, the Company will, in strict accordance with the requirements of Management System on Investors' Relationship, regulate the investor acceptance procedure and disclose the activity record of investors' relationship upon the completion of investor's relationship activity timely; actively receive the visiting and consulting shareholders and designate special person to be liable for replying the investors' questions on the interaction platform so as to ensure all shareholders of the Company, particularly the small and medium-sized investors can get access to the Company's information equality.

Is there any significant different between the actual situation of company governance and the regulations of corporate governance of listed companies issued by CSRC?

Yes No

There is no significant difference between the actual situation of company governance and the regulations of corporate governance of listed companies issued by CSRC.

II. Independence between the Company and Controlling Shareholders Regarding Business, Personnel, Assets, Organization and Finance

(I) Independent and complete assets structure

The Company had its production and business operation place independent from that of the controlling shareholder, and had independent and complete assets structure, independent production system, auxiliary production system and supporting facilities, land use right, housing ownership, as well as independent purchasing and selling systems.

(II) Independence of personnel

In terms of personnel, labor, personnel and salary management, the Company was completely independent. Such top management as the General Manager, Vice General Manager, Board Secretary of Directors and Chief Financial Officer did not hold any position concurrently in controlling shareholder or other subsidiaries excepting director and supervisors, nor receive any remuneration from the controlling shareholder or other subsidiaries.

(III) Independence of finance

The Company has an independent financial department, has established independent accounting system and financial management system, and makes financial decisions independently. It has opened independent bank accounts and pays taxes independently.

(IV) Independence of organization

The Company has set up the organization independent from the controlling shareholder completely, and there exists no mixed operation or management. It adopts a BU management system, and has departments directly under the Head Office and three BUs (cookware, electric appliance and kitchen & electric appliance) and high-end business modules. Neither controlling shareholder nor any other company or individual has intervened with the organization structuring of the Company. No "superior and subordinate relationship" exists between the controlling shareholder and its functional departments on the one hand, and the Company and its functional departments on the other hand.

(V) Independence of business operation from shareholders or other related parties

The Company is mainly engaged in designing, producing and selling cookware, small domestic appliances, large kitchen appliances and H&PC products, which are not produced by the controlling shareholder or any of its subsidiaries for the Chinese market. The Company has an independent "procurement, production and sales" system. It operates business independently from shareholders or any other related party.

III. Horizontal Competition

Applicable Not-applicable

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

1. General Meeting of Shareholders in the Reporting Period

Session	Meeting type	Proportion of participated investors	Convening date	Date of disclosure	Reference for disclosure
The Annual General Meeting of Shareholders for 2019 Fiscal Year	Annual General Meeting of Shareholders	9.82%	May 20, 2020	May 21, 2020	References can be made to the Announcement of Resolution of the General Meeting of Shareholders for 2019 Fiscal Year (2020-030) disclosed on http://www.cninfo.com.cn

First Interim General Meeting of Shareholders 2020	Interim General Meeting of Shareholders	9.68%	November 12, 2020	November 13, 2020	References can be made to the Announcement of Resolution of the First Interim General Meeting of Shareholders 2020 (2020-061) disclosed on http://www.cninfo.com.cn
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2. Interim General Meeting held at the request of preferred shareholders with restored voting right

Applicable Not-applicable

V. Duty Performance of Independent Directors in the Reporting Period

1. Attendance of board meeting and general meeting of shareholders by independent directors

Attendance of board meeting and general meeting of shareholders by independent directors							
Name of independent directors:	Due attendance of board meetings during the reporting period (times)	Presence in on-site board meetings (times)	Presence via communication on board meetings (times)	Presence by entrustment on board meetings (times)	Absence on board meetings (times)	Absent for twice continuously on board meetings?	Attendance of general meeting of shareholders
Wang Baoqing	1	1	0	0	0	No	1
Hervé MACHENAUD	4	0	4	0	0	No	0
Jean-Michel PIVETEAU	4	0	4	0	0	No	0
Chen Jun	3	1	2	0	0	No	1

Explanations of absence for twice continuously

None

2. Objections by independent directors to company issue

Were there any objections raised by independent directors to company issues?

Yes No

There was no objection raised by any independent director to company issues in the reporting period.

3. Other explanations of duty performance of independent director

Was there any advice raised by independent directors to company issues adopted by the Company?

Yes No

Explanations of adoption or non-adoption of the advice from independent directors

During the reporting period, all independent directors of the Company were responsible and diligent. They paid close attention to

the news about Company by press and on the Internet and understood progress of the Company's major matters timely. They reviewed the information reports provided by the Company periodically, and gave relevant comments and advices. They exerted their specialties fully, performed the duties as independent directors actively and maintained the legitimate rights and interests of the Company and minority shareholders.

In the reporting period, in response to the warning letter issued by Zhejiang Securities Regulatory Bureau issued to Zhong Shen Zhong Huan Certified Public Accountants, the accounting firm responsible for the Company's annual audit, and CPAs Li Wei and Li Huihui, which was an administrative regulation measure against the problems concerning the Company's financial statement audit in 2019, independent directors of the Company clearly requested that Zhong Shen Zhong Huan Certified Public Accountants to implement rectification measures in an active and effective manner, and replace at least one more senior and experienced signed certified public accountant in the 2020 financial statement audit. In addition, due weight must be given to and address the problem that signatory accountants shall attribute much more time to on-site work, and attention must be focused on the problems existing in the audit work of 2020 that regulatory authorities raised.

VI. Duty Performance of Special Committees under the Board of Directors during the Reporting Period

1. Strategy Committee

During the reporting period, the Strategy Committee changed its term of office, with new members consisting of Mr. Su Xianze, Mr. Thierry de LA TOUR D'ARTAISE, and Mr. Tai Wai Chung, of which, Mr. Su Xianze is convener of the Committee. Strategy Committee convened two meetings totally, on which all committee members communicated with the top management of the Company regarding topics such as company operation, industrial development trend, and future strategic plan of the Company, and researched and proposed suggestions for the long-term development strategy and significant investment decisions of the Company.

2. Audit Committee

During the reporting period, the Audit Committee changed its term of office, with new members consisting of Mr. Chen Jun, Ms. Nathalie LOMON, and Mr. Jean-Michel PIVETEAU, of which, Mr. Chen Jun is convener of the Committee. During the reporting period, Audit Committee convened four meetings totally (two on-site meetings), in order to supervise the establishment and implementation of internal audit plan, check and approve internal audit execution and annual work report, and urge the audit of important items such as related transactions, purchasing business, etc. Besides, the Committee shall supervise preparatory work for compliance of internal control; pay close attention to implementation of internal control, preparation and implementation of financial system and shared center process. Before the coming of certified accountants for annual auditing and after the issuing of preliminary auditing opinions, the Audit Committee would communicate with the accountants and urge the related certified accountants to timely submit the auditing report.

During the reporting period, in response to the warning letter issued by Zhejiang Securities Regulatory Bureau issued to Zhong Shen Zhong Huan Certified Public Accountants, the accounting firm responsible for the Company's annual audit, and CPAs Li Wei and Li Huihui, which was an administrative regulation measure against the problems concerning the Company's financial statement audit in 2019, the Company's Audit Committee, top management and independent directors seriously discussed if the accounting firm is able to ensure the quality of audit work and if it's adequately independent and professionally competent. Based on the history and scope of business, professional talents and integrity records, qualification, capability and independence of members of the project team, compliance of corrective measures with regulatory requirements, and planning on the 2020 audit of Zhong Shen Zhong Huan Certified Public Accountants, all members of the Audit Committee conscientiously reviewed its qualification, professional competence, independence and quality of audit work, and believed that the firm, after rectification in line with regulatory requirements, had the practice qualification and professional competence necessary to ensure the quality of the Company's annual financial statement audit, where independence wouldn't be affected. To further strengthen professional competence and ensure independence, the Audit Committee also clearly requested Zhong Shen Zhong Huan Certified Public Accountants to implement rectification measures in an

active and effective manner, and replace at least one more senior and experienced signed certified public accountant in the 2020 financial statement audit. In addition, due weight must be given to and address the problem that signatory accountants shall attribute much more time to on-site work, and attention must be focused on the problems existing in the audit work of 2020 that regulatory authorities raised.

3. Compensation Committee

During the reporting period, the Compensation Committee changed its term of office, with new members consisting of Mr. Hervé MACHENAUD, Mr. Jean-Michel PIVETEAU and Mr. Harry TOURET; of which, Mr. Hervé MACHENAUD is convener of the Committee. During the reporting period, Compensation Committee convened two meetings totally, to review remuneration and appraisal for the Company's directors, supervisors and senior executives. In addition, the Committee checked whether to meet the unlocking condition of 2017 Restricted Stock Incentive Plan for Restricted Stock in the third unlock period and the Reserved Restricted Stock in the second unlock period and ratified list of incentive objects.

VII. Work of the Board of Supervisors

In the reporting period, did the Board of Supervisors find any risk about the Company?

Yes No

The Board of Supervisors held no objection to the issues supervised in the reporting period.

VIII. Appraisal of and Incentives for Senior Executives

The Company has established a perfect performance appraisal system and salary system for senior executives, which directly connects the work performance of senior executives with their salary. Based on the indicators of the KPI system established at the beginning of 2020, the Company has conducted the year-end appraisal in January, 2021 of senior executives of their working abilities, duty performance and target fulfillment, meanwhile, distributed annual performance salary.

During the reporting period, the Company unlocked the restricted stock allowed to be unlocked in the third unlock period and the reserved restricted stock unlockable in the second unlock period which are granted to senior executives who have restricted stocks in accordance with the *2017 Restricted Stock Incentive Plan (Revised Draft)*. The Compensation Committee of the Board of Directors, as the special committee under the Board of Directors, reviewed the appraisal result.

IX. Evaluation Report of Internal Control

1. Significant internal control defects of internal control found in the reporting period

Yes No

2. Self-evaluation report of internal control

Date of disclosure of full text of Evaluation Report of Internal Control	April 01, 2021
Date of disclosure of full text of Evaluation Report of Internal Control	Reference can be made to <i>Self-Evaluation Report on Internal Control 2020</i> disclosed on Securities Times, China Securities Journal, Securities Daily, and http://www.cninfo.com.cn .
The proportion of total unit assets involved	100.00%

in evaluation scope in total assets of the consolidated financial statement		
The proportion of operating income involved in evaluation scope in operating income of the consolidated financial statement		100.00%
Defect Identification Standard		
Categories	Financial statement	Non-financial statement
Qualitative standard	<p>1) Identification standard of significant defects: fraud of directors, supervisors and senior executives of the Company; modification of financial statement having been published; any material misstatement of the current period financial statement found by CPA but having not been found during internal control; and invalid supervision by the Audit Committee, the Board of Supervisors and internal audit organization for internal control. 2) Identification standard of important defects: selection and application of accounting policies violating accepted accounting criteria; one or several defect(s) on the control of closing financial statement, and failure of reasonably guarantee the prepared financial statement is true and accurate; no check-and-balance system and control measures preventing fraud established. 3) General defects refer to other internal control defects not constituting the standards of significant defects and important defects.</p>	<p>1) Identification standard of significant defects: unscientific decision procedure of the Company, such as significant decision-making mistakes which cause the M&A of significant enterprise project to fail in reaching expected objectives; violation of national laws and regulations, such as heavy losses of enterprise caused by non-conforming products; significant adverse influence existing in the production and operation of enterprise caused by severe loss of medium and senior management persons and senior technicians; and lack of system control or systematic invalidation for important business. 2) Identification standard of important defects: defects on important business systems; failure of rectification for important defects found during internal control and internal supervision; and severe loss of business persons on key posts. 3) Identification standard of general defects: defects on general business systems; failure of rectification for general defects found during internal control and internal supervision; and severe loss of business persons on general posts.</p>
Quantitative standard	<p>1) Identification standard of significant defects: potential misstatement of total profit\geq5% of total profit; potential misstatement of total operating income\geq2% of total operating income; and potential misstatement of total assets\geq2% of total assets. 2) Identification standard of important</p>	<p>1) Identification standard of significant defects: direct property loss amount taking above (inclusive) 0.5% in total assets, and causing significant adverse influence on the Company. 2) Identification standard of important defects: direct property loss amount</p>

	defects: 3% of total profit≤potential misstatement of total profit < 5% of total profit; 1% of total operating income≤potential misstatement of total operating income<2% of total operating income; and 1% of total assets≤potential misstatement of total assets < 2% of total assets. 3) Identification standard of general defects: potential misstatement of total profit<3% of total profit; potential misstatement of total operating income<1% of total operating income; and potential misstatement of total assets<1% of total assets.	taking above (inclusive) 0.1% but no more than 0.5% in total assets, and causing no significant adverse influence on the Company. 3) Identification standard of general defects: direct property loss amount taking below 0.1% in total assets and causing no significant adverse influence on the Company.
Qty. of significant defects in financial statement (pcs)		0
Qty. of significant defects in non-financial statement (pcs)		0
Qty. of important defects in financial statement (pcs)		0
Qty. of important defects in non-financial statement (pcs)		0

X. Audit Report or Authentication Report of Internal Control

Not-applicable

SECTION XI COMPANY'S BONDS

Does the Company have company bonds that are issued publicly, listed in stock exchange, immature at the submission date of annual report or cannot be cashed totally after maturity?

No

SECTION XII FINANCIAL STATEMENT

I. Audit report

Type of audit opinion	Standard opinions with no reservation
Date of signature of audit report	March 31 st , 2021
Name of audit organization	Zhong Shen Zhong Huan Certified Public Accountants (Special General Partnership)
Audit report document No.	ZHSZ No. [2021] 0100641
Name of certified public accountants	Li Wei, Xu Kaibo

Main Text of Audit Report

To all shareholders of Zhejiang Supor Co., Ltd.,

Audit opinions

We audited the financial statements of Zhejiang Supor Co., Ltd. (hereinafter referred to as “the Company”), including the Consolidated and Parent Company’s Balance Sheet as of December 31, 2020, Consolidated and Parent Company’s Profit Statement 2020, Consolidated and Parent Company’s Cash Flow Statement 2020, Consolidated and Parent Company’s Statement of Change in Stockholder Equity 2020 and related Footnotes to Financial Statements 2020.

We think the attached financial statement was prepared according to the ASBE (Accounting Standards for Business Enterprises) on all important aspects, and reflected fairly the consolidated and parent company’s financial status of Supor by December 31, 2020, the consolidated and parent company’s business performance and cash flow of Supor in 2020.

(ii) Basis of forming audit opinions

We implemented our audit works strictly according to the stipulations of Auditing Standard of Chinese Certified Public Accountants. The content of “Responsibility of Certified Public Accountant for Audit of Financial Statement” in the Audit Report further describes our responsibility under these standards. According to the code of professional ethics of Chinese Certified Public Accountants, we are independent of Supor, and we have fulfilled the other responsibilities on the aspects of professional ethics. We believe the audit evidences acquired by us are sufficient and appropriate, and provide a basis for expressing our audit opinions.

(iii) Key Audit Items

The key audit items are from our professional judgment; from our perspective, the key audit items are most important to the audit of financial statement. The key audit items will be audited under the background that the financial statement will be wholly audited to form audit opinions; we do not express independent opinions on these items. We confirm that the following items are key audit items to be discussed in the audit report.

1. Recognition of income

Key Audit Items	Countermeasures
See the accounting policy described by “V. Important accounting policies and estimates” (26– Income) and “VII. Annotations to Items in Consolidated Financial Statement” (30 – Operating Income/Cost) in Footnotes to Financial Statements. Supor is specially engaged in the R&D, production and distribution of kitchenware, stainless steel products, metalware,	1. Understand and evaluate the design and operation effectiveness of key internal control related to the recognition of income made by the company management; 2. Select sample to inspect sales contract, examine contractual clause and condition related to risk and remuneration transfer of commodity ownership right, evaluate whether the SUPOR income

<p>small domestic appliances and cookware; its products are cookware and small kitchen appliances.</p> <p>Since the income is one of the key performance indicators, and the equity incentive policy was launched by Supor in 2017, which gave clear amount requirements for Supor's domestic sales income in following four years from 2017. The higher performance stress increases the inherent risk that the company management manipulates income recognition time point for the purpose of achieving performance target or expectations; therefore we identified the income recognition of Supor as the key audit item.</p>	<p>recognition time point complies with the requirements of accounting standards for business enterprises or not;</p> <p>3. Perform analytical review procedures to identify abnormal changes, including analysis by sales channel, customer analysis, product analysis and monthly analysis.</p> <p>4. For domestic sales revenue, select samples of revenue transactions recorded in the current year, check pertinent invoices, sales contracts, delivery forms and sign-in information, and make crosscheck, evaluate whether relevant recognition of income is in compliance with the accounting policy for recognition of income;</p> <p>5. For export sales revenue, select samples of revenue transactions recorded in the current year, check pertinent delivery forms, export declaration and other source documents, and make crosscheck, evaluate whether relevant recognition of income is in compliance with the accounting policy for recognition of income; make external confirmations with the customs, acquire electronic port export cargo data details, and check with book income;</p> <p>6. Select sample of income transaction to be recorded before and after the balance sheet date, check the outbound delivery order and other supporting documents, evaluate whether the income transaction is recorded within the appropriate accounting period or not.</p> <p>7. Check whether subsidiaries use SAP recognize the sales income of this year is SAP automatic bookkeeping, and whether there is manual book entry or not.</p> <p>8. Send confirmation request to parts of customers oriented to sales income of this year, to confirm sales amount of 2020 and balance of accounts receivable as of December 31, 2020.</p>
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2. Inventory falling price reserves

Key Audit Items	Countermeasures
<p>See the accounting policy described by "V. Important accounting policies and estimates" (12 – Inventory) and "VII. Annotations to Items in Consolidated Financial Statement" (8 – Inventory) in Footnotes to Financial Statements.</p> <p>By December 31, 2020, the original value of inventory on the consolidated financial statement of Supor was RMB 2,442,547,839.20, and the inventory falling price reserves were RMB 33,249,148.91</p> <p>Due to the huge inventory amount, and the company management made significant judgment when determining inventory falling price reserves, we determine the inventory falling price reserves as the key audit item.</p>	<p>1. Understand the management's process about accruing process of inventory falling price reserves and evaluate its key internal control;</p> <p>2. Supervise the inventory process and care about whether defective or unsalable inventory is identified;</p> <p>3. Recheck the turnover process of inventory according to the receiving, delivery and storage statement of inventory, and recalculate the depreciation of inventory according to the accounting policy;</p> <p>4. Evaluate assumptions and estimates on net realizable value made by management layer based on the available market information (such as e-commerce platforms including Tmall, JD.com, Suning, and Gome).</p> <p>5. Understand actual disposal in 2019 of provision for impairment</p>

	of inventories made at the beginning of this year and implement analytical review for the change of the provision for impairment of inventories.
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3. Related party relationships and completeness of its transaction disclosure

Key Audit Items	Countermeasures
<p>See “XII. Related Party and Connected Transactions” of Footnotes to Financial Statements.</p> <p>By December 31, 2020, SEB Group held 81.20% stocks of Supor indirectly via its wholly-owned subsidiary SEB Internationale; it belongs to the absolute shareholding. Meanwhile Supor and internal related party of SEB Group were involved in different transaction categories of connected transaction with significant amount, and there was the risk of failing to disclose all relationships among related parties and connected transactions in Footnotes to Financial Statements. Therefore, we cared about the completeness of connected transaction disclosure by deeming it as the key audit item.</p>	<p>1. Evaluate and test the internal control on the related-party relationships and its transactions identified and disclosed by Supor, such as company management makes double check on related party list regularly, executes related party account checking regularly, and follows up difference in account statement.</p> <p>2. Obtain the related party relationship list provided by company management, execute the following procedures:</p> <ul style="list-style-type: none"> • Check and verify the information acquired from the related party relationship list exported from the financial system and from other open channels; • Double-check significant sales contract, purchase contract and other contracts, identify whether there is undisclosed related party relationships; <p>3. Obtain the related-party transaction accrual and balance breakdown provided by company management, and execute the following procedures:</p> <ul style="list-style-type: none"> • Check and verify them with the financial record; • Make sample check on related-party transaction accrual and balance’s account checking results; • Make sample check on letters of conformation of related-party transaction accrual and balance; • Make sample check on the one whether related-party transaction accrual matches with the contract. <p>4. Check and verify the aforesaid related-party relationship, related-party transaction accrual and balance with the information disclosed by financial statement, so as to assess whether the disclosure is complete and accurate.</p>

(iv) Other information

The company management of Supor is responsible for other information. Other information includes the information covered by the Annual Report 2020, but excludes the financial statement and our audit report.

Our audit opinions on financial statement do not cover other information, and we do not express any authentication conclusions on other information.

Integrated with our audit on financial statement, our responsibility is to read other information. In this process, we consider whether the other information is significantly different from the information we will acquire from our audit or whether the other information has significant error.

Based on the works we have already executed, if we confirm the other information has significant error, we should report the fact. On this aspect, we do not need to report any items.

(v) Responsibility of company management and governance layer on financial statement

The company management of Supor (hereinafter referred to as the company management) is responsible for preparing financial

statement according to the stipulations of ASBE (Accounting Standards for Business Enterprises) to make it realize fair presentation, designing, executing and maintaining the required internal control to keep the financial statement free of material misstatement caused by fraudulent practice or error.

When preparing the financial statement, the company management is responsible for evaluating the sustainable operation ability of Supor, disclosing the items related to sustainable operation (if any), and use going-concern assumption; unless otherwise that the company management is planning to liquidate Supor, terminate its operation or have no other realistic choice.

The governance layer is responsible for supervising the financial statement process of Supor.

(vi) Responsibility of certified public accountant for financial statement audit

Our objective is to acquire rational guarantee for keeping the financial statement free of material misstatement caused by fraudulent practice or error and providing the audit report containing audit opinions. The rational guarantee is a high-level guarantee, but it cannot guarantee that a materials misstatement can be found if it exists when we audit according to the auditing standard. The misstatement may be caused by fraudulent practice or error. If a single or summarized rational expectation on misstatement may cause certain influence when financial statement user makes economic decision in accordance with the financial statement, the misstatement will be deemed as “significant”.

In the process of our audit according to the auditing standards, we used our professional judgment and retained our professional skepticism. Meanwhile we executed the following works:

(1) Identify and evaluate material misstatement risk of financial statement caused by fraudulent practice or error, design and implement audit procedures to cope with these risks, acquire sufficient and appropriate audit evidences, and use them as the basis for expressing audit opinions. A fraudulent practice may involve in collusion, counterfeit, deliberate omission, false statement or may be above the internal control, so the risk that material misstatement caused by fraudulent practice may not be found is higher than the risk that material misstatement caused by error may not be found.

(2) Understand the internal control in relation to audit to design proper audit procedures. But the purpose is not to give any opinion to the validity of internal controls. (3) Evaluate the appropriateness of the accounting policy selected by company management and the rationality of the accounting estimate and related disclosure made by the company management.

(4) Make conclusion for the appropriateness of the going-concern assumption used by company management. Meanwhile, make conclusions for the one whether there is significant uncertainty in the issue or item which may result in substantive doubt on the sustainable operation ability of Supor in accordance with the acquired audit evidences. If our conclusion thinks that there is significant uncertainty, the auditing standard requires us to remind financial statement user in our audit report of paying attention to the related disclosure in the financial statement. If the disclosure is not sufficient, we should present modified audit report. Our conclusion is based on the information that is available by the audit report date. However future issue or circumstance may result in unsustainable operation to Supor.

(5) Evaluate the overall presentation, structure and contents of financial statement, evaluate whether financial statement presents related transactions and items fairly.

(6) Acquire sufficient and appropriate audit evidences for financial information of entity activity or business activity of Supor, express opinions on financial statement. We are responsible for guiding, supervising and executing the audit of the group. We bear full responsibility for audit opinions.

We communicated audit scope, time schedule and significant audit finding and other issues with company governance layer, including the internal control defect that is worthy of noting in the audit process.

We have provided declaration to the company governance layer that we have abided by the professional ethics requirements related to independency, and have communicated with the company governance layer all relationships and other issues those are thought to affect our independency, as well as the related precautionary measures (if any).

In the issue we communicated with the company governance layer, we determined which issues are most important to the financial statement audit, so which constitutes the key audit items. We described these items in our audit report, unless otherwise these items are prohibited to openly disclose by law and regulation, or under few circumstances, if according to an rational expectation, when negative

consequence of communicating an issue in the audit report may exceed its benefit on the aspect of public benefit, we confirm that we will not communicate the issue in our audit report.

UNION POWER CERTIFIED PUBLIC ACCOUNTANTS (SPECIAL GENERAL PARTNERSHIP)

Chinese Certified Public Accountant:

(Project partner):

Li Wei

Chinese Certified Public Accountant:

Xu Kaibo

Wuhan, China

March 31, 2021

II. Financial statement

Unit of statement in notes to financial statement: RMB

1. Consolidated balance sheet

Compiled by: Zhejiang Supor Co., Ltd.

December 31, 2020

Unit: RMB

Item	December 31, 2020	December 31, 2019
Current assets:		
Monetary capital	1,719,785,919.04	1,308,132,657.16
Settlement reserve		
Loans to other banks		
Transactional financial assets	115,992,105.03	1,264,563,042.79
Derivative financial assets		
Notes receivable	245,053,093.69	290,585,764.00
Accounts receivable	2,228,302,318.44	1,796,909,432.40
Receivables financing	321,162,886.99	896,394,337.71
Advance payment	179,491,969.23	278,545,463.04
Premiums receivable		
Reinsurance accounts receivable		
Reinsurance contract reserve receivable		
Other receivables	40,164,877.32	14,230,736.62

Including: interest receivable		
Dividend receivable		
Reverse-REPO financial assets		
Inventories	2,409,298,690.29	2,247,612,900.00
Contract assets		
Held-for-sale assets		
Non-current assets due within one year		
Other current assets	2,857,567,546.59	1,732,984,689.16
Total current assets	10,116,819,406.62	9,829,959,022.88
Non-current assets:		
Loans and advances granted		
Debt investment		
Other debt investments		
Long-term receivables		
Long-term equity investment	64,448,318.46	61,917,730.62
Other equity instrument investments		
Other non-current financial assets		
Investment properties		
Fixed assets	1,228,535,067.85	908,982,690.72
Construction in progress	47,175,324.72	215,167,399.12
Productive biological assets		
Oil and gas assets		
Right-of-use assets		
Intangible assets	461,801,363.50	465,546,894.17
Development expenditures		
Goodwill		
Long-term unamortized expenses	1,621,068.83	2,168,302.35
Deferred income tax assets	371,869,834.73	364,211,946.59
Other non-current assets		
Total non-current assets	2,175,450,978.09	2,017,994,963.57
Total assets	12,292,270,384.71	11,847,953,986.45
Current liabilities:		
Short-term borrowings		
Central bank loan		

Loans from others		
Transactional financial liabilities		
Derivative financial liabilities		
Notes payable		
Accounts payable	3,252,438,690.98	3,011,464,656.36
Advance received		1,106,996,534.96
Contract liabilities	850,983,303.37	
Proceeds from sale of repurchase financial assets		
Deposit taken and interbank deposit		
Proceeds from security transaction agency		
Proceeds from security underwriting agency		
Employee remuneration payable	311,346,204.07	300,734,908.98
Taxes payable	170,298,793.36	172,591,751.41
Other payables	94,521,442.67	93,696,839.73
Including: interest payable		
Dividend payable		
Handling fee and commission payable		
Reinsurance accounts payable		
Held-for-sale liabilities		
Non-current liabilities due within one year		
Other current liabilities	356,888,937.14	290,585,764.00
Total current liabilities	5,036,477,371.59	4,976,070,455.44
Non-current liabilities:		
Insurance contract reserve		
Long-term borrowings		
Bonds payable		
Including: preferred shares		
Perpetual bond		
Lease obligation		
Long-term payables		
Long-term employee remuneration payable	2,611,773.09	3,683,907.11
Estimated liabilities	15,150,000.00	21,150,000.00
Deferred incomes		
Deferred income tax liabilities	1,307,250.00	2,436,047.01

Other non-current liabilities		
Total non-current liabilities	19,069,023.09	27,269,954.12
Total liabilities	5,055,546,394.68	5,003,340,409.56
Owners' equities:		
Share capital	821,083,860.00	821,119,910.00
Other equity instruments		
Including: preferred shares		
Perpetual bond		
Capital reserves	226,859,041.81	194,633,350.10
Minus: treasury share	412,206,786.34	4,342,472.56
Other comprehensive incomes	-39,031,832.57	-20,313,446.20
Special reserves		
Surplus reserves	401,648,181.64	401,648,181.64
General risk reserve		
Undistributed profit	6,202,587,444.38	5,443,671,509.58
Total owners' equities belonging to parent company	7,200,939,908.92	6,836,417,032.56
Minority shareholders' equities	35,784,081.11	8,196,544.33
Total owners' equities	7,236,723,990.03	6,844,613,576.89
Total liabilities and owners' equities	12,292,270,384.71	11,847,953,986.45

Legal representative: Thierry de LA TOUR D'ARTAISE Person in charge of accounting: Xu Bo Person in charge of accounting department: Xu Bo

2. Balance sheet of parent company

Unit: RMB

Item	December 31, 2020	December 31, 2019
Current assets:		
Monetary capital	231,835,282.92	877,009,108.98
Transactional financial assets		702,525,313.39
Derivative financial assets		
Notes receivable		
Accounts receivable	510,885,126.45	341,182,660.24
Receivables financing	900,000.00	22,735,319.00
Advance payment	38,361,493.94	41,392,385.97
Other receivables	1,150,442,198.95	110,807,092.72

Including: interest receivable		
Dividend receivable	925,000,000.00	
Inventories	194,675,071.48	146,997,997.90
Contract assets		
Held-for-sale assets		
Non-current assets due within one year		
Other current assets	2,213,511,482.40	1,597,853,406.49
Total current assets	4,340,610,656.14	3,840,503,284.69
Non-current assets:		
Debt investment		
Other debt investments		
Long-term receivables		
Long-term equity investment	3,008,554,335.68	2,975,731,261.81
Other equity instrument investments		
Other non-current financial assets		
Investment properties		
Fixed assets	166,649,151.50	168,793,198.76
Construction in progress	1,766,027.25	9,128,658.64
Productive biological assets		
Oil and gas assets		
Right-of-use assets		
Intangible assets	86,662,225.85	88,321,489.84
Development expenditures		
Goodwill		
Long-term unamortized expenses		
Deferred income tax assets	15,677,698.08	19,821,224.48
Other non-current assets		
Total non-current assets	3,279,309,438.36	3,261,795,833.53
Total assets	7,619,920,094.50	7,102,299,118.22
Current liabilities:		
Short-term borrowings		
Transactional financial liabilities		
Derivative financial liabilities		
Notes payable		

Accounts payable	274,242,165.79	209,574,572.27
Advance received		6,231,654.41
Contract liabilities	11,023,695.88	
Employee remuneration payable	60,005,114.93	61,804,868.33
Taxes payable	27,034,245.54	6,323,506.14
Other payables	4,504,048,304.12	3,852,130,178.87
Including: interest payable		
Dividend payable		
Held-for-sale liabilities		
Non-current liabilities due within one year		
Other current liabilities	1,433,080.47	
Total current liabilities	4,877,786,606.73	4,136,064,780.02
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Including: preferred shares		
Perpetual bond		
Lease obligation		
Long-term payables		
Long-term employee remuneration payable	235,263.62	
Estimated liabilities		
Deferred incomes		
Deferred income tax liabilities		378,797.01
Other non-current liabilities		
Total non-current liabilities	235,263.62	378,797.01
Total liabilities	4,878,021,870.35	4,136,443,577.03
Owners' equities:		
Share capital	821,083,860.00	821,119,910.00
Other equity instruments		
Including: preferred shares		
Perpetual bond		
Capital reserves	666,767,326.32	637,954,156.03
Minus: treasury share	412,206,786.34	4,342,472.56
Other comprehensive incomes		

Special reserves		
Surplus reserves	410,621,980.00	410,621,980.00
Undistributed profit	1,255,631,844.17	1,100,501,967.72
Total owners' equities	2,741,898,224.15	2,965,855,541.19
Total liabilities and owners' equities	7,619,920,094.50	7,102,299,118.22

3. Consolidated profit statement

Unit: RMB

Item	2020	2019
I. Total operating income	18,596,944,289.02	19,853,477,882.97
Including: Operating income	18,596,944,289.02	19,853,477,882.97
Interest revenues		
Premium earned		
Revenue from handling fees and commission		
II. Total operating cost	16,660,790,620.47	17,752,977,819.33
Including: Operating cost	13,683,276,324.31	13,668,228,395.96
Interest expense		
Revenue from handling fees and commission		
Surrender value		
Net payments for insurance claims		
Net amount of withdrawn reserve fund for insured liability		
Policy dividend expenditures		
Reinsurance expenses		
Taxes and surcharges	103,340,200.02	123,738,246.51
Sales expense	2,123,746,792.97	3,206,043,042.00
Administrative expenses	317,729,288.60	345,732,916.45
R&D expenses	441,725,804.62	452,560,910.68
Financial expenses	-9,027,790.05	-43,325,692.27
Including: interest expenses	127,947.18	1,045,657.32
Interest revenues	30,205,969.81	43,916,125.68
Plus: other incomes	203,922,580.03	166,638,678.35
Investment income ("-" for loss)	64,142,781.87	67,253,304.83
Including: investment income on associated enterprise and joint venture	2,317,080.57	4,843,516.71

Income from termination of financial assets measured by amortized cost		
Exchange earning ("-" for loss)		
Net exposure hedging gains ("-" for loss)		
Gains from changes in fair value ("-" for loss)	27,066,318.10	4,563,042.79
Credit impairment loss ("-" for loss)	-17,647,041.16	-2,439,857.31
Asset impairment loss ("-" for loss)	-15,906,888.84	-38,502,625.50
Assets disposal income ("-" for loss)	-652,216.55	-1,711,476.60
III. Operating profit ("-" for loss)	2,197,079,202.00	2,296,301,130.20
Plus: non-operating income	18,589,799.80	4,570,807.72
Minus: non-operating expense	15,350,304.64	27,414,104.13
IV. Total profit ("-" for total loss)	2,200,318,697.16	2,273,457,833.79
Minus: income tax expenses	357,693,934.42	357,804,716.77
V. Net profit ("-" for net loss)	1,842,624,762.74	1,915,653,117.02
(I) By business continuity		
1. Net profit under continuing operating ("-" for net loss)	1,842,624,762.74	1,915,653,117.02
2. Net profit under discontinuing operation ("-" for net loss)		
(II) By ownership		
1. Net profit belonging to the shareholders of parent company	1,846,221,538.10	1,919,914,191.25
2. Minority shareholders' profit and loss	-3,596,775.36	-4,261,074.23
VI. After-tax net amount of other comprehensive income	-19,142,685.49	4,157,206.81
After-tax net amount of other comprehensive income belonging to the owners of parent company	-18,718,386.37	4,176,908.60
(I) Other comprehensive incomes that cannot be reclassified into profit and loss		
1. Remeasured amount of changes in defined benefit plan		
2. Other comprehensive income that cannot be transferred to gain and loss under the equity method		
3. Changes in the fair value of other equity instrument investments		
4. Changes in the fair value of the Company's own credit risk		
5. Others		
(II) Other comprehensive incomes to be reclassified into the profit and loss	-18,718,386.37	4,176,908.60
1. Other comprehensive income that can be transferred to		

gain and loss under the equity method		
2. Changes in the fair value of other debt investments		
3. Amount of financial assets reclassified into other comprehensive income		
4. Credit impairment reserve for other debt investments		
5. Cash flow hedging reserve		
6. Conversion difference in foreign currency financial statement	-18,718,386.37	4,176,908.60
7. Others		
After-tax net amount of other comprehensive income belonging to minority shareholder	-424,299.12	-19,701.79
VII. Total comprehensive income	1,823,482,077.25	1,919,810,323.83
Total comprehensive income attributed to owners of parent company	1,827,503,151.73	1,924,091,099.85
Total comprehensive income attributed to minority shareholders	-4,021,074.48	-4,280,776.02
VIII. Earnings per share:		
(I) Basic earnings per share (EPS)	2.254	2.344
(II) Diluted earnings per share (EPS)	2.248	2.338

If the enterprise under the same control is merged, the net profit realized by the merged party before merger was RMB0, the net profit realized by the merged party during the prior period was RMB0

Legal representative: Thierry de LA TOUR D'ARTAISE Person in charge of accounting: Xu Bo Person in charge of accounting department: Xu Bo

4. Profit statement of parent company

Unit: RMB

Item	2020	2019
I. Operating income	2,328,692,665.30	2,256,358,529.23
Minus: Operating cost	1,788,950,930.23	1,740,747,009.65
Taxes and surcharges	12,893,094.91	15,658,922.74
Sales expense	56,735,212.31	53,699,115.64
Administrative expenses	102,485,050.52	118,031,797.32
R&D expenses	78,143,950.08	78,464,653.41
Financial expenses	41,735,640.57	154,545.30
Including: interest expenses	38,706,446.78	34,103,130.03

Interest revenues	12,178,460.84	31,075,718.14
Plus: other incomes	23,337,390.21	23,042,341.42
Investment income ("-" for loss)	1,012,703,807.54	874,434,061.96
Including: investment income on associated enterprise and joint venture	2,317,080.57	4,843,516.71
Income from termination of financial assets measured by amortized cost ("-" for loss)		
Net exposure hedging gains ("-" for loss)		
Gains from changes in fair value ("-" for loss)	14,855,182.58	2,525,313.39
Credit impairment loss ("-" for loss)	-4,784,437.68	4,161,948.94
Asset impairment loss ("-" for loss)	-615,383.65	-2,635,356.56
Assets disposal income ("-" for loss)	-71,023.65	-894,884.90
II. Operating profit ("-" for loss)	1,293,174,322.03	1,150,235,909.42
Plus: Non-operating income	1,973,707.92	1,461,263.01
Minus: non-operating expense	3,958,610.17	4,685,259.15
III. Total profit ("-" for total loss)	1,291,189,419.78	1,147,011,913.28
Minus: income tax expenses	48,753,940.03	47,287,779.47
IV. Net profit ("-" for net loss)	1,242,435,479.75	1,099,724,133.81
(I) Net profit under continuing operating ("-" for net loss)	1,242,435,479.75	1,099,724,133.81
(II) Net profit under discontinuing operation ("-" for net loss)		
V. After-tax net amount of other comprehensive income		
(I) Other comprehensive incomes that cannot be reclassified into profit and loss		
1. Remeasured amount of changes in defined benefit plan		
2. Other comprehensive income that cannot be transferred to gain and loss under the equity method		
3. Changes in the fair value of other equity instrument investments		
4. Changes in the fair value of the Company's own credit risk		
5 Others		
(II) Other comprehensive incomes to be reclassified into the profit and loss		
1. Other comprehensive income that can be transferred to gain and loss under the equity method		
2. Changes in the fair value of other debt investments		

3. Amount of financial assets reclassified into other comprehensive income		
4. Credit impairment reserve for other debt investments		
5. Cash flow hedging reserve		
6. Conversion difference in foreign currency financial statement		
7. Others		
VI. Total comprehensive income	1,242,435,479.75	1,099,724,133.81
VII. Earnings per share:		
(I) Basic earnings per share (EPS)		
(II) Diluted earnings per share (EPS)		

5. Consolidated cash flow statement:

Unit: RMB

Item	2020	2019
I. Cash flows from operating activities		
Cash received from sales of commodities or rendering of services	19,970,321,296.32	20,987,627,971.98
Net increase of customer deposit and interbank deposit		
Net increase of central bank loans		
Net increase of loans from other financial institutions		
Cash received from original insurance contract premium		
Net cash received from reinsurance		
Net increase of policy-holder deposit and investment		
Cash receipts from interest, handling fees and commission		
Net increase of loans from others		
Net increment of repurchase capital		
Net cash from security transaction agency		
Tax refund received	281,790,779.02	253,301,218.86
Other cash receipts related to operating activities	253,215,094.32	307,686,528.82
Subtotal of cash inflows from operating activities	20,505,327,169.66	21,548,615,719.66
Cash payments for purchasing commodities and receiving services	14,125,944,531.51	15,394,115,893.50
Net increment of customer loans and advances		
Net increase of central bank deposit and interbank deposit		

Cash payment for insurance indemnities of original insurance contracts		
Net increase of loans to other banks		
Cash payment of interest, handling fees and commission		
Cash payment of policy dividend		
Cash paid to and for employees	1,599,471,888.76	1,570,784,787.25
Taxes paid	952,693,586.61	1,067,360,644.90
Other cash payments related to operating activities	1,750,624,388.78	1,783,413,416.89
Subtotal of cash outflows from operating activities	18,428,734,395.66	19,815,674,742.54
Net cash flows from operating activities	2,076,592,774.00	1,732,940,977.12
II. Cash flows from investing activities:		
Cash received from return of investments		
Cash received from investment income	32,610,765.44	39,216,159.25
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	1,692,990.11	12,920,951.95
Net cash received from disposal of subsidiaries and other business units		
Other cash receipts related to investing activities	2,810,000,000.00	2,345,900,000.00
Subtotal of cash inflows from investing activities	2,844,303,755.55	2,398,037,111.20
Cash paid for acquiring fixed assets, intangible assets and other long-term assets	280,178,445.02	454,911,537.10
Cash paid for investment		
Net increase of pledge loans		
Net cash paid for acquiring subsidiaries and other business units		
Other cash payments related to investing activities	2,715,000,000.00	2,810,000,000.00
Subtotal of cash outflows from investing activities	2,995,178,445.02	3,264,911,537.10
Net cash flows from investing activities	-150,874,689.47	-866,874,425.90
III. Cash flows from financing activities:		
Cash received from investment by others	31,608,611.26	12,747,688.67
Including: cash received by subsidiaries from minority shareholder investment	31,608,611.26	12,747,688.67
Cash received from obtaining borrowings		
Other cash receipts related to financing activities		
Subtotal of cash inflows from financing activities	31,608,611.26	12,747,688.67
Cash paid for debt repayment		

Cash paid for distribution of dividends or profits or for payment of interest	1,087,305,603.30	1,049,517,775.98
Including: dividends or profits paid by subsidiaries to minority shareholders		
Other cash payments related to financing activities	409,198,732.53	1,438,172.56
Subtotal of cash outflows from financing activities	1,496,504,335.83	1,050,955,948.54
Net cash flows from financing activities	-1,464,895,724.57	-1,038,208,259.87
IV. Impact of exchange rate changes on cash and cash equivalents	-39,169,098.08	5,511,790.98
V. Net increase in cash and cash equivalents	421,653,261.88	-166,629,917.67
Plus: balance of cash and cash equivalents at the beginning of the period	1,234,132,657.16	1,400,762,574.83
VI. Balance of cash and cash equivalents at the end of the period	1,655,785,919.04	1,234,132,657.16

6. Cash flow statement of parent company

Unit: RMB

Item	2020	2019
I. Cash flows from operating activities		
Cash received from sales of commodities or rendering of services	2,276,037,203.21	2,429,648,136.56
Tax refund received	118,511,160.45	109,045,458.11
Other cash receipts related to operating activities	37,489,558.97	55,918,407.47
Subtotal of cash inflows from operating activities	2,432,037,922.63	2,594,612,002.14
Cash payments for purchasing commodities and receiving services	1,822,605,965.27	1,734,295,249.13
Cash paid to and for employees	237,624,809.35	231,915,759.38
Taxes paid	36,790,695.26	57,155,571.49
Other cash receipts related to operating activities	120,987,540.81	132,493,746.46
Subtotal of cash outflows from operating activities	2,218,009,010.69	2,155,860,326.46
Net cash flows from operating activities	214,028,911.94	438,751,675.68
II. Cash flows from investing activities		
Cash received from return of investments		
Cash received from investment income	43,232,218.62	844,615,269.45
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	14,675,977.61	935,216.08

Net cash received from disposal of subsidiaries and other business units	12,658,601.38	
Other cash receipts related to investing activities	2,250,000,000.00	2,771,029,818.82
Subtotal of cash inflows from investing activities	2,320,566,797.61	3,616,580,304.35
Cash paid for acquiring fixed assets, intangible assets and other long-term assets	37,617,485.59	44,765,971.31
Cash paid for investment		
Net cash paid for acquiring subsidiaries and other business units	31,200,000.00	170,201,756.95
Other cash payments related to investing activities	2,214,595,819.12	3,140,256,040.51
Subtotal of cash outflows from investing activities	2,283,413,304.71	3,355,223,768.77
Net cash flows from investing activities	37,153,492.90	261,356,535.58
III. Cash flows from financing activities		
Cash received from investment by others		
Cash received from obtaining borrowings		
Other cash receipts related to financing activities	653,924,016.66	790,824,882.07
Subtotal of cash inflows from financing activities	653,924,016.66	790,824,882.07
Cash paid for debt repayment		
Cash paid for distribution of dividends or profits or for payment of interest	1,126,012,050.09	1,083,620,905.99
Other cash payments related to financing activities	409,198,732.53	
Subtotal of cash outflows from financing activities	1,535,210,782.62	1,083,620,905.99
Net cash flows from financing activities	-881,286,765.96	-292,796,023.92
IV. Impact of exchange rate changes on cash and cash equivalents	-15,069,464.94	3,070,979.68
V. Net increase in cash and cash equivalents	-645,173,826.06	410,383,167.02
Plus: balance of cash and cash equivalents at the beginning of the period	877,009,108.98	466,625,941.96
VI. Balance of cash and cash equivalents at the end of the period	231,835,282.92	877,009,108.98

7. Statement of Changes in Consolidated Owners' Equities

Amount of this period

Unit: RMB

Item	2020		
	Owners' equities belonging to parent company	Minori	Total

	Share capital	Other equity instruments			Capital reserves	Minus: treasury share	Other comprehensive incomes	Special reserves	Surpluses reserves	General risk reserve	Undistributed profit	Others	Subtotal	Shareholders' equity	Total owners' equity
		Preferred shares	Perpetual bonds	Others											
I. Closing balance of last year	821,119,910.00				194,633,350.10	4,342,472.56	20,313,446.20		401,648,181.64		5,443,671,509.58		6,836,417,032.56	8,196,544.33	6,844,613,576.89
Plus: cumulative changes of accounting policies															
Error correction of prior period															
Enterprise merger under the same control															
Others															
II. Opening balance of current year	821,119,910.00				194,633,350.10	4,342,472.56	20,313,446.20		401,648,181.64		5,443,671,509.58		6,836,417,032.56	8,196,544.33	6,844,613,576.89
III. Current period increase ("-" for decrease)	-36,050.00				32,225,691.71	407,864,313.78	-18,718,386.37				758,915,934.80		364,522,876.36	27,587,536.78	392,110,413.14
(I) Total of comprehensive incomes							-18,718,386.37				1,846,221,538.10		1,827,503,151.73	-4,021,074.48	1,823,482,077.25
(II) Capital invested and reduced by the owner	-36,050.00				32,274,960.46	-1,249,100.00							33,488,010.46	31,608,611.26	65,096,621.72
1. Common shares invested by shareholders															
2. Capital invested by															

other equity instrument holders														
3. Amount of share-based payment included into owners' equities	- 36,05 0.00			32,274 ,960.4 6	- 1,249, 100.00							33,488 ,010.4 6		33,488 ,010.4 6
4. Others													31,608 ,611.2 6	31,608 ,611.2 6
(III) Profit distribution										- 1,087, 305,60 3.30		- 1,087, 305,60 3.30		- 1,087, 305,60 3.30
1. Appropriation of surplus reserve														
2. Appropriation of general risk reserve														
3. Appropriation of profit to owners										- 1,087, 305,60 3.30		- 1,087, 305,60 3.30		- 1,087, 305,60 3.30
4. Others														
(IV) Internal carry-over within owners' equities														
1. Transfer of capital reserve to capital (or share capital)														
2. Transfer of surplus reserve to capital (or share capital)														
3. Surplus reserve to cover losses														

year	0.00				66		,354.8		64		4.31		1.81	.32	49
							0								
Plus: cumulative changes of accounting policies															
Error correction of prior period															
Enterprise merger under the same control															
Others															
II. Opening balance of current year	821,2 43,96 0.00				139,52 9,530. 66	3,868, 24,490 950.00	- 24,490 ,354.8 0		401,64 8,181. 64		4,573, 275,09 4.31		5,907, 337,46 1.81	- 270,368 .32	5,907,0 67,093. 49
III. Current period increase ("-" for decrease)	- 124,0 50.00				55,103 ,819.4 4	473,52 2.56	4,176, 908.60				870,39 6,415. 27		929,07 9,570. 75	8,466,9 12.65	937,546 ,483.40
(I) Total of comprehensive incomes							4,176, 908.60				1,919, 914,19 1.25		1,924, 091,09 9.85	- 4,280,7 76.02	1,919,8 10,323. 83
(II) Capital invested and reduced by the owner	- 124,0 50.00				55,103 ,819.4 4	- 964,65 0.00							55,944 ,419.4 4	12,747, 688.67	68,692, 108.11
1. Common shares invested by shareholders															
2. Capital invested by other equity instrument holders															
3. Amount of share-based payment included into	- 124,0 50.00				55,103 ,819.4 4	- 964,65 0.00							55,944 ,419.4 4		55,944, 419.44

plan																		
5. Retained earnings after carrying over other comprehensive incomes																		
6. Others																		
(V) Special reserve																		
1. Appropriation of current period																		
2. Application of current period																		
(VI) Others						1,438,172.56							-	1,438,172.56			-	1,438,172.56
IV. Closing balance of current period	821,119,910.00				194,633,350.10	4,342,472.56	-20,313,446.20	401,648,181.64	5,443,671,509.58	6,836,417,032.56	8,196,544.33							6,844,613,576.89

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

Amount of this period

Unit: RMB

Item	2020											Total owners' equities	
	Share capital	Other equity instruments			Capital reserves	Minus: treasury share	Other comprehensive incomes	Special reserves	Surplus reserves	Undistributed profit	Others		
		Preferr ed shares	Perpet ual bond	Others									
I. Closing balance of last year	821,119,910.00				637,954,156.03	4,342,472.56			410,621,980.00	1,100,501,967.72			2,965,855,541.19
Plus: cumulative changes of													

accounting policies												
Error correction of prior period												
Others												
II. Opening balance of current year	821,119,910.00				637,954,156.03	4,342,472.56			410,621,980.00	1,100,501,967.72		2,965,855,541.19
III. Current period increase ("-" for decrease)	-36,050.00				28,813,170.29	407,864,313.78				155,129,876.45		-223,957,317.04
(I) Total of comprehensive incomes										1,242,435,479.75		1,242,435,479.75
(II) Capital invested and reduced by the owner	-36,050.00				28,862,439.04	-1,249,100.00						30,075,489.04
1. Common shares invested by shareholders												
2. Capital invested by other equity instrument holders												
3. Amount of share-based payment included into owners' equities	-36,050.00				28,862,439.04	-1,249,100.00						30,075,489.04
4. Others												
(III) Profit distribution										-1,087,305,603.30		-1,087,305,603.30
1. Appropriation of surplus reserve												
2. Appropriation										-		-

of profit to owners										1,087,305,603.30		1,087,305,603.30
3. Others												
(IV) Internal carry-over within owners' equities												
1. Transfer of capital reserve to capital (or share capital)												
2. Transfer of surplus reserve to capital (or share capital)												
3. Surplus reserve to cover losses												
4. Retained earnings after carrying over amount of changes in defined benefit plan												
5. Retained earnings after carrying over other comprehensive incomes												
6. Others												
(V) Special reserve												
1. Appropriation of current period												
2. Application of current period												
(VI) Others					-49,268.75	409,113,413.78						-409,162,682.53

IV. Closing balance of current period	821,083,860.00				666,767,326.32	412,206,786.34			410,621,980.00	1,255,631,844.17		2,741,898,224.15
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Amount of prior period

Unit: RMB

Item	2019 Annual Report											
	Share capital	Other equity instruments			Capital reserves	Minus: treasury share	Other comprehensive incomes	Special reserves	Surplus reserves	Undistributed profit	Others	Total owners' equities
		Preferr ed shares	Perpet ual bond	Others								
I. Closing balance of last year	821,243,960.00				589,235,394.74	3,868,950.00			410,621,980.00	1,050,295,609.89		2,867,527,994.63
Plus: cumulative changes of accounting policies												
Error correction of prior period												
Others												
II. Opening balance of current year	821,243,960.00				589,235,394.74	3,868,950.00			410,621,980.00	1,050,295,609.89		2,867,527,994.63
III. Current period increase ("-" for decrease)	-124,050.00				48,718,761.29	473,522.56				50,206,357.83		98,327,546.56
(I) Total of comprehensive incomes										1,099,724,133.81		1,099,724,133.81
(II) Capital invested and reduced by the owner	-124,050.00				48,718,761.29	-964,650.00						49,559,361.29
1. Common shares invested by shareholders												
2. Capital												

invested by other equity instrument holders												
3. Amount of share-based payment included into owners' equities	- 124,050.00				48,718,761.29	- 964,650.00						49,559,361.29
4. Others												
(III) Profit distribution										- 1,049,517,775.98		- 1,049,517,775.98
1. Appropriation of surplus reserve												
2. Appropriation of profit to owners										- 1,049,517,775.98		- 1,049,517,775.98
3. Others												
(IV) Internal carry-over within owners' equities												
1. Transfer of capital reserve to capital (or share capital)												
2. Transfer of surplus reserve to capital (or share capital)												
3. Surplus reserve to cover losses												
4. Retained earnings after carrying over amount of												

changes in defined benefit plan												
5. Retained earnings after carrying over other comprehensive incomes												
6. Others												
(V) Special reserve												
1. Appropriation of current period												
2. Application of current period												
(VI) Others						1,438,172.56						-1,438,172.56
IV. Closing balance of current period	821,119,910.00				637,954,156.03	4,342,472.56			410,621,980.00	1,100,501,967.72		2,965,855,541.19

III. Company profile

Zhejiang Supor Co., Ltd. (hereinafter referred to as "the Company") is a limited liability company (by shares) transformed on an integral basis from Zhejiang Supor Cookware Co., Ltd. under the approval of Leading Group for Enterprise Listing of the People's Government of Zhejiang Province with No. ZSS [2000] 24 approval document. On November 10, 2000, the Company registered at Zhejiang Administration for Industry and Commerce. Registered address: Yuhuan City, Zhejiang Province; head office address: Hangzhou City, Zhejiang Province. The Company's parent company is SEB INTERNATIONALE S.A.S whose final parent company is SEB S.A. The Company has a corporate business license numbered 913300007046976861.

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

The financial statement was released after the approval of the Company's Board of Directors on 03/31, 2021.

By December 31, 2020, there were altogether 19 subsidiaries included into the scope of consolidated financial statement. See Note (IX) "Equity in Other Entities" for details. The merger scope of the Group in the year increases by 0 company, decreases by 1 company. See Note (VIII) "Change on Merger Scope" for details.

IV. Preparation basis of the financial statements

1. Preparation basis

The financial statements of the Group are prepared based on the assumption of continuing operation and actual transactions and items and in accordance with the Accounting Standard for Business Enterprises -- Basic Standard (Released CZBL No.33, Revised CZBL No.76), and 41 specific accounting standards, guidelines for the application of accounting standards for business enterprises, interpretations to the accounting standards for business enterprises and other provisions released and revised on and after February 15, 2006 (hereinafter referred to as accounting standards for business enterprises) and the disclosure provisions of the Regulations of Corporate Information Disclosure and Preparation by Companies Publicly Issuing Securities No. 15 -- General Provisions on Financial Reporting (Revised in 2014) of the China Securities Regulatory Commission.

According to the relevant regulations of the accounting standards for business enterprises, the Group's accounting is made on accrual basis. Except for certain financial instruments, measurements in these financial statements are made on the basis of historical cost. If an asset is impaired, corresponding impairment provision will be made in accordance with relevant regulations.

2. Going concern

The Company has the ability to continue operations for at least 12 months since the end of the reporting period, and there are no major issues affecting the ability to continue operations.

V. Important accounting policies and estimates

Prompt for specific accounting policies and estimates:

The Group has made accounting policies and estimates as to method for accruing bad debt provision for receivables, method for calculating inventory value and accruing depreciation provision, depreciation of fixed assets and amortization of intangible assets, recognition time point of income and other transactions and items based on the actual production and operation features and the provisions of related accounting standards for business enterprises. For details, please refer to descriptions of 9 "Financial instruments", 12 "Inventory" (3), 16 "Fixed assets" (2), 19 "Intangible assets" (1), 26 "Revenue" of Note (V).

1. Abidance of the statement of Accounting Standards for Business Enterprises

The financial statement prepared by the Company conforms to the requirements of Accounting Standards for Business Enterprises and has reflected relevant information such as the financial conditions on December 31, 2020, operating results and cash flow in 2020 of the Company and the Group on an authentic and intact basis. In addition, the financial statements of the Company and the Group conform to the disclosure requirements of the Regulations of Corporate Information Disclosure and Preparation by Companies Publicly Issuing Securities No. 15 - General Provisions on Financial Reporting revised by the China Securities Regulatory Commission in 2014 and related financial statements and their notes.

2. Accounting period

The accounting period of the Group is divided into annual period and interim period; an interim period refers to a reporting period which is shorter than a whole fiscal year. The Group takes calendar year as the fiscal year, i.e., from January 1 to December 31.

3. Operating cycle

The normal operating cycle means the period from the time when the Group purchases the assets used for processing to the time of realizing cash or cash equivalents. The Group takes 12 months as an operating cycle and uses it as a standard for classifying the liquidity of assets and liabilities.

4. Recording currency

RMB is used in the main economic environment in which the Company and its domestic subsidiaries operate and the Company and its domestic subsidiaries use RMB as the recording currency. Recording currency for foreign subsidiaries of the Company is determined as VND, SGD and IDR separately based on the currency in main economic environment in which they operate. The Group uses RMB as the recording currency to prepare the financial statement.

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

Enterprise merger refers to the transaction or events of two or more separate enterprises combining into a reporting entity. Enterprise merger is divided into the enterprise merger under the same control and enterprise merger not under the same control.

(1) Enterprise merger under the same control

If enterprises involved with merger are under the final control of the same party or same multiple parties before and after merger, and for a non-temporary period, then it belongs to an enterprise merger under the same control. For enterprise merger under the same control, the party which has obtained the control rights for other combining enterprises on the merger date will be considered as the merging party, and other participating enterprise is the merged party. The merger date refers to the day when the merging party actually obtains the control rights of the merged party.

The assets and liabilities obtained by the merging party shall be measured on the basis of book value of the merged party on the merger date. As to the difference between the book value of net assets acquired by merging party and the book value of merger consideration paid by it (or total amount of the face value of shares issued), the capital reserve (share capital premium) shall be adjusted correspondingly; the retained earnings will be adjusted as long as capital reserve (share capital premium) is insufficient to be offset.

The merging party's direct expenses incurred from enterprise merger shall be included into the current profits and losses at the time of occurrence.

(2) Enterprise merger not under the same control

If enterprises involved with merger are not under the final control of the same party or same multiple parties before and after merger, then it belongs to an enterprise merger not under the same control. For enterprise merger not under the same control, the party which has obtained the control rights for other combining enterprises on the purchase date will be considered as the purchasing party, and other participating enterprise is the purchased party. The purchase date refers to the day when the purchasing party obtains the control right over the purchased party.

As for enterprise merger not under the same control, the merger costs include the assets paid by the purchasing party, the liabilities accrued and assumed, as well as the fair value of equity securities issued for obtaining purchased party's control right on the purchase date; the intermediary fees, such as auditing, legal service and evaluation and consulting, and other related administrative expenses for the enterprise merger shall be included into the current profits and losses at the time of occurrence. Transaction cost of equity securities or debt securities issued by the purchasing party as merger consideration shall be included into initial recognition amount of the equity securities or debt securities. Contingent consideration involved shall be included into the merger cost according to the fair value at the purchase date; if new or further proofs appearing within 12 months after the purchase date show that the contingent consideration needs to be adjusted, the merger goodwill shall be adjusted correspondingly. The merger costs incurred by the purchasing party and the identifiable net assets obtained in the merger shall be measured at the fair value on the purchase date. The amount of the merger cost larger than the fair value of identifiable net assets of the purchased party acquired by it on the purchase date shall be recognized as

goodwill. If the merger cost is lower than the fair value of identifiable net assets of the purchased party obtained during merging, the measurement of the identifiable assets of the purchased party obtained, liabilities or fair value of contingent liabilities and the merger costs shall be reviewed firstly. If the merger cost is still lower than the fair value of identifiable net assets of the purchased party obtained during merger, the difference shall be included into the current profits and losses.

If the deductible temporary difference of the purchased party gained by purchasing party fails to be confirmed on the purchase date due to the inconformity of the recognition condition of deferred income tax assets, and in case new or further information obtained indicates that the relevant conditions on the purchase date have existed within 12 months after the purchase date, and it is predicted that the economic benefits brought by the purchased party from deductible temporary differences can be realized on the purchase date, relevant deferred income tax assets shall be confirmed, at the same time, the goodwill shall be reduced; if the goodwill is insufficient for offset, the differential part shall be confirmed as the current profits and losses; except for above conditions, in case the deferred income tax assets are confirmed to be related to the enterprise merger, they shall be included into the current profits and losses.

As for the enterprise merger not under the same control realized step by step through multiple transactions, it shall judge whether the multiple transactions belong to the "package deal" according to No. 5 Notice About Printing and Issuing Accounting Standards for Business Enterprises Explanation in Ministry of Finance (CK [2012] No. 19) and the judgment standard (refer to the Note (V) 6 "Preparation Method for Consolidated Financial Statements" (2)) about "package deal" in Article 51 of the Accounting Standards for Business Enterprises No. 33 -- Consolidated Financial Statement. If the multiple transactions belong to the "package deal", refer to the above descriptions of the part and Note (V) 15 "Long-term Equity Investment" to conduct the accounting treatment; for those not belonging to "package deal", it shall distinguish individual financial statements and consolidated financial statements to conduct relevant accounting treatment.

The sum of book value of the purchased party's equity investment held prior to the purchase date and the newly investment cost on the purchase date in individual financial statements shall be regarded as the initial investment cost of such investment; in case that the equity of the purchased party held before the purchase date is involved in other comprehensive incomes, when disposing of the investment, other comprehensive income related shall be accounted on the same basis as the purchased party's direct disposal of relevant assets or liabilities.

In consolidated financial statements, the equity of the purchased party held before the purchase date shall be measured again according to the fair value of the equity at the purchase date, and the difference between fair value and its book value shall be included into the current investment income; in case that equity of the purchased party held before the purchase date is involved in other comprehensive incomes, other comprehensive income related shall be accounted on the same basis as the purchased party's direct disposal of relevant assets or liabilities.

6. Preparation Method for Consolidated Financial Statements

(1) Determination principles of consolidated financial statement

The merger scope of the consolidated financial statement shall depend on the control. Control refers to the power of the Group over the invested party and the Group can enjoy variable return through participating in related activities of the invested party and has the ability of using its power over the invested party to influence the return amount. The merger scope includes the Company and all its subsidiaries. Subsidiaries refer to entities controlled by the Group.

The Group will carry out re-evaluations if the change in the relevant facts and circumstances leads to the change of the relevant elements involved in the above definition of control.

(2) Preparation method for consolidated financial statements

From the date of obtaining actual control right of the subsidiaries' net assets and production operation decision, the Group will begin to bring it into the merger scope; subsidiaries will not be included into the merger scope from the date when the Company loses its actual control right. As for the disposed subsidiaries, the operating results and cash flow before disposal date have been properly included into the consolidated profit statement and consolidated cash flow statement; as for subsidiaries disposed in the current period,

the opening balance of the consolidated balance sheet will not be adjusted. As for the subsidiary increased due to the enterprise merger not under the same control, its operating results and cash flow after the purchase date have been properly included into the consolidated profit statement and consolidated cash flow statement, and the opening balance and contrast balance of the consolidated financial statement shall not be adjusted. As for the subsidiary increased due to the enterprise merger under the same control and the merged party under consolidation by merger, the operating results and cash flow from the beginning of the current period of the merger to the merger date have been properly included into the consolidated profit statement and the consolidated cash flow statement, and the contrast balance of the consolidated financial statement shall be adjusted simultaneously.

When consolidated financial statements are prepared, in case the accounting policies or accounting periods employed by the subsidiary and the Company are different, it's required to make necessary adjustment on the subsidiary's financial statements according to the Company's accounting policy and accounting period. As to the subsidiary acquired by the enterprise merger not under the same control, it's required to adjust its financial statements on the basis of fair value of identifiable net assets at the purchase date.

All significant current balance and transaction and unrealized profits in the Group are offset in the preparation of consolidated financial statement.

The shareholders' equities and current net profits or losses of subsidiaries that do not belong to the part owned by the Company, shall be separately listed in the shareholders' equities and minority shareholders' profit and loss in the consolidated financial statement as the minority shareholders' equities and profits and losses. The share in the current net profit or loss of the subsidiary that belongs to minority shareholders' equities shall be set out as "minority shareholders' profit and loss" under net profit in the consolidated profit statement. In case the losses of the subsidiary shared by minority shareholders exceed the share that shall be enjoyed by minority shareholders in the subsidiary's shareholders' equities at the beginning of period, they shall be offset with minority shareholders' equities.

In case of losing the control right for the original subsidiary due to disposal of partial equity investment or other reasons, the residual equity shall be measured again according to the fair value at the date when the control right is lost. The difference between the sum of the consideration acquired by equity disposal and the fair value of residual equity and the share of net assets of the original subsidiary that shall be enjoyed and is calculated continuously from the purchase date according to the original shareholding ratio shall be included into the investment income of the current period when the control right is lost. As for other comprehensive income which relate to the equity investment of the original subsidiaries, when the control right is lost, the accounting treatment shall be carried out on the same basis as the subsidiary's direct disposal of relevant assets or liabilities. Thereafter, the residual equity of this part shall be further measured in accordance with Accounting Standards for Business Enterprises No. 2 -- Long-term Equity Investment or Accounting Standards for Business Enterprises No. 22 -- Confirmation and Measurement of Financial Instruments. As for details, please refer to Note (V) 15 "Long-term Equity Investment" or Note (V) 9 "Financial Instruments".

If the Group disposes the equity investment of subsidiary step by step via multiple transactions until losing the control right, it is necessary to distinguish whether transactions for disposal to the equity investment of subsidiary until losing the control right belong to the package deal. When the disposal of the articles, conditions and the economic impact of various transactions for the equity investment of the subsidiary is subject to one or more of the following conditions, it generally indicates that it shall conduct accounting treatment by taking the multiple transactions as a package deal: ① These transactions are considered to be concluded at the same time or made in the case of considering mutual influence; ② These transactions as a whole can reach a complete business result; ③ The occurrence of a transaction depends on the occurrence of at least one other transaction; ④ One transaction alone is not economical, but when being considered together with other transactions, it is economical. If it is not package deal, every transaction will be conducted by the accounting treatment according to the following suitable principles, namely, "partially dispose the long-term equity investment of subsidiary when the control right is not lost" (See Note (V) 15 "Long-term Equity Investment" (2), ④) and "lose the control right for the original subsidiary due to disposal of partial equity investment or other reasons" (see previous paragraph). If the disposal of transactions on subsidiaries' equity investments until loss of control right is a package deal, they are regarded as a transaction that disposes the subsidiary and loses the control right; however, the difference between each disposal price and the subsidiary's net asset share enjoyed corresponding to disposing investment before loss of control right shall be recognized as other comprehensive incomes in the consolidated financial statements, which will be transferred into the current investment profits and losses on investments

of losing the control right when the control right is lost.

7. Determining standards for cash and cash equivalents

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

8 Foreign currency business and foreign currency statement conversion

(1) Conversion method for foreign currency transactions

After initial recognition, the foreign currency transactions occurring in the Group are converted into recording currency amounts at the spot rate prevailing on the transaction date (usually the central parity of the exchange rate quoted on the day of issuance by the People's Bank of China, the same below).

(2) Conversion method for foreign currency monetary items and foreign currency non-monetary items

For the balance sheet date, the spot rate on the balance sheet date will be adopted in the conversion of the foreign currency monetary items. In terms of the resulting exchange differences: ① The exchange difference of special foreign currency borrowings related to acquiring and constructing assets which meet capitalization conditions is disposed on the principle of the capitalization of borrowing expense; and ② foreign currency monetary items measured at the fair value with their changes included into other comprehensive incomes, except that the exchange difference created by other book balance changes other than by amortized costs (including decrease in value) is included into other comprehensive incomes, are included into the current profits and losses.

As to foreign currency non-monetary items measured by historical cost, the amount in the recording currency converted at the spot rate on the transaction date is still employed for measurement; as to foreign currency non-monetary items measured by fair value, it's required to employ the spot rate at the fair value confirmation date for conversion, and the difference between the translated recording currency amount and the original recording currency amount shall be treated as the change in fair value (including the change in exchange rate) and included into the current profits and losses or recognized as other comprehensive incomes.

(3) Conversion of foreign currency financial statement

The foreign currency financial statement of overseas business is converted to RMB statement with the following method: the assets and liabilities in the balance sheet shall be converted based on the spot rate on the balance sheet date; as for shareholders' equities, except the "undistributed profits", other items shall be converted by the spot rate on the date of occurrence. Items under income and expense in the profit statement shall be translated according to the spot rate at the transaction date. The undistributed profits at the beginning of the year is the year-end undistributed profit after conversion of last year; the period-end undistributed profit is calculated and presented according to the profit distribution of each item after conversion; the balance of the total amount among the assets and liabilities as well as shareholders' equities after conversion serves as "conversion difference in foreign currency statement" and is recognized as other comprehensive income; For disposal of overseas business and the loss of control right, the conversion difference in foreign currency statement related to the overseas business and presented under the shareholders' equities in the balance sheet is transferred wholly or according to the disposal ratio of the overseas business into the current disposal profits and losses.

Foreign cash flows and cash flows of subsidiaries overseas are converted based on spot rate on the occurring date of cash flows. The influenced amount of changes in the exchange rate on cash is listed separately in the cash flow statement as an adjustment item.

The beginning amount and actual amount of the year shall be presented according to the amount after conversion of financial statement of last year.

In case of loss of control right of overseas business due to disposal of the Group's entire owners' equities in overseas business, or the disposal of partial equity investment or other reasons, the foreign currency conversion difference listed in the shareholders' equities items in the balance sheet, related to the overseas business and attributable to owners' equities belonging to parent company shall be totally converted into the current disposal profits and losses.

In case of decrease of the ratio of overseas business, but no loss of control right due to disposal of partial equity investment or other reasons, the conversion difference related to the disposal of part of related currency in the overseas business shall be attributable to the minority shareholders' equities, and not converted into the current profits and losses. In case of disposal of part of the equity of associated enterprises or joint ventures in the overseas business, the conversion difference related to the overseas business shall be converted into the current disposal profits and losses based on the ratio to dispose overseas business.

If there are any foreign currency monetary items that substantially constitute net investment in overseas businesses, the exchange difference generated due to the exchange rate change in the consolidated financial statements shall be determined to other comprehensive incomes as "conversion difference in foreign currency statements"; when disposing overseas business, it shall be included into the current disposal profits and losses.

9. Financial instruments

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

(1) Classification, recognition and measurement of financial assets

Based on the business model for managing financial assets and the contracted cash flow features of financial assets, the Group divides the financial assets into: financial assets measured by amortized cost, financial assets measured at the fair value with their changes included into other comprehensive incomes, and financial assets measured at the fair value with their changes included into the current profits and losses.

Financial assets shall be measured by fair value during initial recognition. As to financial assets measured at the fair value with their changes included into the current profits and losses, related transaction cost shall be included into the current profits and losses directly; as to other categories of financial assets, related transaction cost shall be included into initial recognition amount. Accounts receivable or notes receivable that are from sale of products or rendering of labors, and do not include or take into account significant financing parts are taken as initial recognition amount by the Group based on the consideration amount that the Group is entitled to receive.

① Financial assets measured by amortized cost

The business model of the Group to manage financial assets measured by amortized cost is aimed at receiving contracted cash flows; the contracted cash flow features of such financial assets are consistent with basic loan arrangements, that is, cash flows generated at specific date are only payment of principal and interests for outstanding principal amount. Effective interest method is used by the Group to carry out subsequent measurement of such financial asset according to the amortized cost, and the gains or losses arising from amortization and impairment are included into the current profits and losses.

② Financial assets measured at the fair value with their changes included into other comprehensive incomes

The business model of the Group to manage such financial assets is aimed at receiving contracted cash flows as well as sales; the contract cash flow features of such financial assets are consistent with basic loan arrangements. The Group measures such financial assets measured at the fair value with their changes included into other comprehensive incomes, but impairment losses or gains, exchange profits and losses, and interest revenue calculated based on effective interest method are included into the current profits and losses

Furthermore, the Group designates partial non-transactional equity instrument investment as the financial assets measured at the fair value with their changes included into other comprehensive incomes. The Group includes the related dividend income of such financial assets into the current profits and losses with the change in fair value included into other comprehensive income. At the time of derecognition of such financial assets, the accumulated gains or losses included into other comprehensive income before will be shifted to retained earnings from other comprehensive income but not included into the current profits and losses

③ Financial assets measured at the fair value with their changes included into the current profits and losses.

The Group recognizes foregoing financial assets measured by amortized cost and that are not financial assets measured at the fair

value with their changes included into other comprehensive incomes as financial assets measured at the fair value with their changes included into the current profits and losses. In addition, during initial recognition, in order to eliminate or significantly reduce accounting mismatches, the Group designates part of the financial assets measured at the fair value with their changes included into the current profits and losses. As to such financial assets, subsequent measurement shall be carried out by the Group based on fair value, and all change in fair value shall be included into the current profits and losses.

(2) Classification, recognition and measurement of financial liabilities

Financial liabilities measured at the fair value with their changes included into the current profits and losses and other financial liabilities during initial recognition. As to financial liabilities measured at the fair value with their changes included into the current profits and losses, related transaction cost shall be included into the current profits and losses directly; as to other financial liabilities, related transaction cost shall be included into initial recognition amount.

① Financial liabilities measured at the fair value with their changes included into the current profits and losses

Financial liabilities measured at the fair value with their changes included into the current profits and losses include transactional financial liabilities (including derivatives belonging to financial liabilities) and financial liabilities that are designated to be measured at fair value with changes included into the current profits and losses during initial recognition.

Transactional financial liabilities (including derivatives belonging to financial liabilities) are measured subsequently at fair value and except for those related to hedge accounting, changes in fair value are included into the current profits and losses.

For financial liabilities measured at the fair value with their changes included into the current profits and losses, changes in their fair value caused by changes in the Group's own credit risk are included into other comprehensive income, and when such liabilities are stopped to be recognized, accumulated changes in their fair value caused by changes in the Group's own credit risk that is included into other comprehensive income are transferred to retained earnings. Remaining fair value changes are included into the current profits and losses. If the treatment of impact of changes in credit risk of these financial liabilities in the above manner will cause or expand accounting mismatches in profit or loss, the Group will include all gains or losses of such financial liabilities (including impact of changes in the Company's own credit risk) into the current profits and losses

② Other financial liabilities

In addition to financial liabilities and financial guarantee contracts as a result of financial asset transfers that are not in line with derecognition condition or continuous involvement in transferred financial asset, other financial liabilities are classified as financial liabilities measured at amortized cost and measured subsequently at amortized cost, and gains or losses arising from derecognition or amortization of such liabilities are included into the current profits and losses

(3) Recognition basis and measurement method of the transfer of financial assets

If financial assets meet one of the following conditions, derecognition of such financial assets will be carried out: ① the contractual right to receive cash flow from the financial assets is terminated; ② the financial assets have been transferred and almost all the risks and rewards in the ownership of the financial assets are transferred to the transferee; ③ the financial assets have been transferred and, although the Group has neither transferred nor retained almost all risks and rewards in the ownership of the financial assets, it has waived its control over the financial assets.

If the Group neither transfers nor retains almost all the risks and rewards in the ownership of the financial assets and does not relinquish control over the financial assets, the financial assets shall be recognized according to the degree of continuous involvement of the financial assets transferred, and the relevant liabilities shall be recognized accordingly. Degree of continuous involvement of the financial assets transferred is the risk level of the Group due to changes in value of such financial assets.

In case whole transfer of financial assets satisfies the derecognition condition, the difference between the sum of the book value of financial assets transferred and consideration received due to the transfer and the sum of changes in fair value original included into other comprehensive income shall be included into the current profits and losses.

In case partial transfer of financial assets satisfies the derecognition condition, book value of the financial assets transferred shall be amortized between the derecognition part and the part without derecognition according to their own fair value, and the difference between the sum of the consideration received for the transfer and accumulated amount of the change in fair value to be amortized to

derecognition part and originally included into other comprehensive income, and the foregoing book value amortized shall be included into the current profits and losses.

For financial assets sold with right of recourse, or to transfer financial assets by endorsement, the Group needs to determine whether almost all risks and rewards related to ownership of such financial assets have been transferred. If almost all risks and rewards related to the ownership of such financial assets are transferred to the transferee, derecognition of such financial assets shall be conducted; derecognition of such financial assets should not be conducted if the risks and rewards related to the ownership of such financial assets are reserved; if the risks and rewards related to the ownership of such financial assets are not transferred nor reserved, it needs to determine whether the Company keeps its control over such assets and make accounting treatment based on principles as described in the foregoing paragraphs.

(4) Derecognition of financial liabilities

In case the current obligations of financial liabilities (or part of the financial liabilities) have been terminated, the Group will carry out derecognition of such financial liabilities or part of them. In case the Group (borrower) signs an agreement with the debtor to replace the original financial liabilities by means of bearing new financial liabilities, and contract clauses related to the new financial liabilities and original financial liabilities are different in essence, it's required to carry out derecognition of original financial liabilities and recognize the new financial liabilities simultaneously. If the Group substantially modifies the contract terms of the original financial liability (or part of it), the original financial liability is derecognized and a new financial liability is recognized in accordance with the revised terms.

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

(5) Offset of financial assets and financial liabilities

In case the Group has the legal right of offsetting the financial assets and financial liabilities recognized and such legal right is executable now, and the Group plans to carry out settlement by net amount or realize the financial assets and pay off the financial liabilities simultaneously, the net amount after mutual offset of such financial assets and financial liabilities shall be set out in the balance sheet. Otherwise, financial assets and financial liabilities shall be set out in the balance sheet respectively and will not be offset mutually.

(6) Method of recognizing fair value of financial assets and financial liabilities

Fair value, refers to the price that market participant can obtain or needs to pay after selling an asset or transferring a liability, among the orderly transactions made on the measurement date. Where there is an active market for financial instruments, the Group determines their fair value based on quoted prices in the active market. Quoted prices in an active market refer to prices that are easily available on a regular basis from exchanges, brokers, industry associations, pricing service agencies, etc., and represent the prices of actual market transactions among fair transactions. Where there is not an active market for financial instruments, the Group determines their fair value based on valuation techniques. Valuation techniques include reference to the prices in recent market transactions between the parties who are familiar with the situation and willing to transact, reference to the current fair value of other financial instruments that are substantially the same, discounted cash flow method, option pricing models, etc. During the valuation, the Group adopts valuation techniques that are applicable under the current circumstances and supported by sufficient available data and other information, chooses input values that are consistent with the characteristics of assets or liabilities considered by market participants in the transaction of relevant assets or liabilities, and gives priority to the use of related observable input values as far as possible. Unobserved input values may be used when relevant observable input values cannot be obtained or it is not feasible to obtain them.

(7) Equity instruments

An equity instrument refers to a contract that can prove the ownership of residual interest in assets after the Group deducts all liabilities. The Group's issuing (including refinancing), repurchase, sale or cancellation of equity instruments are treated as changes in equity, and transaction costs related to equity transactions are deducted from equity. The Group does not determine changes in fair value of equity instruments.

Distribution of dividends (including "interest" from instruments classified as equity instruments) from the equity instruments during the existence of the Group is treated as profit distribution.

10. Financial assets impairment

Financial assets with impairment loss confirmed by the Group are financial assets measured with amortized cost, debt instrument measured at the fair value with their changes included into other comprehensive incomes and rental receivables, mainly including notes receivable, accounts receivable, receivables financing, other receivables, debt investments, other debt investments and long-term receivables. Moreover, as for contract assets and partial financial guarantee contracts, it's necessary to calculate and withdraw impairment provision and recognize credit impairment losses pursuant to accounting policy set forth in this part.

(1) Recognition method of impairment provision

The above items are accrued for impairment provision and credit impairment losses by the Group in accordance with applicable expected credit loss measure methods (general or simplified) based on the expected credit loss.

Credit loss refers to the difference between all contractual cash flows discounted as per the original effective interest rate and receivable from the contract and all cash flows expected to be received by the Group, namely, the present value of a shortage of cash. Wherein, the purchased or underlying financial assets with credit impairment of the Group shall be discounted as per effective interest rate based on credit adjustment.

The general method for measuring expected credit loss is as follows, the Group evaluates whether credit risk of financial assets (including contract assets and other applicable items, the same below) has remarkably increased after initial recognition on each balance sheet date. In case of credit risk having remarkably increased after initial recognition, the Group will measure loss provision as per the amount equivalent to expected credit loss in the whole period of existence; in case of credit risk failing to remarkably increase after initial recognition, the Group will measure loss provision as per the amount equivalent to expected credit loss in the next 12 months. At the time of evaluating expected credit loss, the Group considers all reasonable and well-founded information, including forward-looking information.

For the financial instrument with a lower credit risk on the balance sheet date, the Group assumes that its credit risks have not increased significantly since the initial recognition, and measures the loss provisions according to the expected credit losses of the future 12 months.

(2) Standard for judging whether credit risk has remarkably increased after initial recognition.

In case that probability of default of one financial asset confirmed on the balance sheet date in the expected period of existence is obviously higher than that confirmed at the moment of initial recognition in the expected period of existence, it means credit risk of such financial asset remarkably increases. The changes of default risk within the next 12 months are adopted by the Group other than special cases as reasonable estimate in the entire duration, ensuring whether the credit risk has increased significantly since the initial recognition.

(3) Combinatorial method of appraising future credit risk based on portfolio

The Group appraises the credit risk of the financial asset item of significantly different credit risks, such as: receivables from the related parties; receivables disputed with the opposite side or involving litigation or arbitration; there have been obvious signs showing that the debtor possibly is not able to perform the repayment obligations of receivable amounts, etc.

Except financial assets of individual credit risk assessment, the Group divides financial assets into different groups based on the common risk characteristics and appraises credit risks based on portfolio.

(4) Accounting treatment method of financial assets impairment

The expected credit losses of all kinds of financial assets are calculated by the Group at the end of the duration. If the estimated credit loss is greater than the carrying amount of the current impairment provision, the difference is recognized as impairment loss; If not, it is recognized as impairment profits.

(5) Determination method of credit losses of all kinds of financial assets

① Notes receivable

The Group measures loss provision for notes receivable based on the amount equivalent to predicted credit loss in the whole period of existence. Notes receivable are divided into different portfolios based on their credit risk characteristics.

Item	Basis for determination of portfolio
Portfolio 1: Advance payment financing business.	Advance payment financing business.
Portfolio 2: Bank acceptance	Acceptor is a bank with less credit risk ,except for Advance payment financing business.

② Accounts receivable and contract assets

For accounts receivable and contract assets not containing significant financing part, the Group measures its loss provisions based on the amount of expected credit losses during the entire duration.

For accounts receivable, contract assets, and rental receivables containing significant financing part, the Group always measures its loss provisions based on the amount of expected credit losses during the entire duration.

The other accounts receivables other than individual credit risk assessment are divided into different portfolios based on their credit risk characteristics:

Item	Basis for determination of portfolio
Accounts receivable	
Portfolio 1: age portfolio	Aging of receivables is used as the credit risk feature for this portfolio.
Portfolio 2: low-risk portfolio	The portfolio includes very low-risk amounts such as the payment of export third-party goods.
Portfolio 3: merged related parties portfolio	This portfolio includes current amount between related parties within the merger scope of amounts receivable.

② Other receivables

The impairment loss is measured by the Group in accordance with the amount of expected credit loss equivalent to that within the next 12 months or the entire duration based on whether the credit risk of other receivables has increased significantly since the initial recognition. Other receivables other than individual credit risk assessment are divided into different portfolios based on their credit risk characteristics:

Item	Basis for determination of portfolio
Portfolio 1: age portfolio	Aging of receivables is used as the credit risk feature for this portfolio.
Portfolio 2: low-risk portfolio	The portfolio consists of interests receivable, dividends receivable, receivables from government departments, and other risk-free amounts.
Portfolio 3: merged related parties portfolio	This portfolio includes current amount between related parties within the merger scope of amounts receivable.

11. Receivables financing

The notes receivable and accounts receivable measured at the fair value with their changes included into other comprehensive incomes are listed as receivables financing with a term of less than one year (including one year) from the initial recognition; If with a term of more than one year from the initial recognition, it shall be listed as other debt investments. See the Note (V) 9 "Financial Instruments" and 10 "Financial Assets Impairments" for relevant accounting policies.

12. Inventories

(1) Inventory classification

Inventory mainly includes raw materials, unfinished products, finished products, low value consumables and packing materials.

(2) Valuation method for the acquisition and distribution of inventory

When inventories are acquired, they are priced at actual costs. Inventory costs include procurement costs, processing costs, and other costs. When inventories are used and distributed, the price is calculated by the one-off weighted average method at the end of a month.

(3) Method of recognizing net realizable value and accruing depreciation reserve of inventories

Net realizable value refers to the amount of the estimated selling price of inventories deducted by estimated costs to be incurred upon completion, estimated sales expenses and related taxes in daily activities. The determination of realizable net value of the inventory shall be based on the concrete evidence acquired and consider the purpose of holding inventory, and impacts of the events after the balance sheet date.

At the balance sheet date, the inventory shall be measured according to the cost or realizable net value, subject to the lower one. In case the cost is higher than realizable net value, inventory depreciation reserves shall be withdrawn. The inventory depreciation reserve is usually withdrawn based on the difference between the cost of a single inventory item and its net realizable value.

After the inventory depreciation reserve is withdrawn, if factors that previously reduced the value of inventory disappear, causing net realizable value of inventory to be higher than its book value, the original inventory depreciation reserves will be reversed and the amount reversed is included into the current profits and losses.

(4) Inventory system is perpetual inventory system.

(5) Amortization method for low-value consumables and packing materials

Low-value consumables shall be amortized by one-off amortization method during the requisition or amortize during the period of use; packing materials shall be amortized by one-off amortization method during the requisition.

13. Contract assets

The Group lists the customer's unpaid contract consideration as contract assets in the balance sheet, under which the Group has fulfilled its performance obligations in accordance with the contract, and it does not have the right to collect payments from customers unconditionally (that is, only depending on the passage of time). Contract assets and liabilities under the same contract are listed in net amount, and those under different contracts shall not be offset.

For the determination and accounting treatment methods of expected credit losses of contract assets, please refer to Note (V) 10 "Financial Assets Impairment".

14. Held-for-sale assets and disposal group

In case the Group mainly recovers the book value by selling (including non-monetary assets exchange of commercial essence, the same below) rather than using a non-current asset or disposal group continuously, it will be classified as held-for-sale category. Specific standard refers to meeting the following conditions at the same time: one non-current asset or disposal group can be immediately sold under the current situation pursuant to the convention for selling such asset or disposal group in similar transaction; the Group has made a resolution about sale plan and got certain of purchase commitment; it's predicted that the sale will be completed within one year. Disposal group refers to a group of assets that will be disposed together as a whole by selling or other means in a transaction and the liabilities directly related to these assets and transferred in the transaction. In case the asset group or asset group portfolio where the disposal group belongs has amortized the goodwill acquired in enterprise merger according to Accounting Standards for Business Enterprises No. 8 -- Impairment of Assets, the disposal group shall include the goodwill amortized to it.

If there are non-current assets or disposal groups purchased to resell during initial measurement or on the balance sheet day based

on remeasurement of the Group, if the book value is higher than the net amount by deducting the selling expenses with the fair value, the book value shall be written down and be equal to the net amount by deducting the selling expenses with the fair value. The write-down amount shall be confirmed as the asset impairment loss and included into the current profits and losses. At the same time, the impairment provision of the held-for-sale assets shall be calculated and withdrawn. For the disposal group, it shall deduct the book value of the goodwill in the disposal group with the asset impairment loss confirmed, then deduct in proportion the book value of each non-current asset in the disposal group conforming to the measurement provisions on Accounting Standards for Business Enterprises No. 42 - Held-for-sale Non-current Assets, Disposal Group and Discontinuing Operation (hereinafter referred to as "the Standard for Held-for-sale Non-current Assets"). For the held-for-sale disposal group, if the net amount after deducting the selling expenses from the fair value on the subsequent balance sheet date increases, the previous write-down amount shall be recovered and shall be reversed from the confirmed amount of asset impairment loss amount of the non-current asset as per the measurement provisions on the Standard for Held-for-sale Non-current Assets after the assets are classified as held-for-sale category. The reverse amount shall be included into the current profits and losses, and the book value shall be added in proportion of the book value of each non-current asset in the disposal group applicable to the measurement provisions on the Standard for Held-for-sale Non-current Assets, except for the goodwill; Book value of the goodwill that has been offset and asset impairment loss recognized before the non-current assets applying to the measurement provisions on the Standard for Held-for-sale Non-current Assets are classified as held-for-sale category shall not be reversed.

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

15. Long-term equity investment

The long-term equity investment mentioned in this part refers to the long-term equity investment of which the Group has control right, common control right or significant impact on the invested units. Long-term equity investments that the Group does not have control, common control or significant impact on the invested unit are accounted for as financial assets measured at the fair value with their changes included into the current profits and losses. If such assets are not non-transactional, the Group may specify these capitals as measured at the fair value with their changes included into other comprehensive incomes at the time of initial recognition. Relevant accounting policies can be seen in Note (V) 9 "Financial Instruments".

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

(1) Determination of investment cost

For the long-term equity investment obtained from the enterprise merger under the same control, the initial investment cost of the long-term equity investment shall be taken as the share of the book value of the merged party's shareholders' equities/owners' equities in the final controlling party's consolidated financial statements on the merger date. As to the difference between initial investment cost of long-term equity investments and the book value of the cash paid, non-cash assets transferred and liabilities assumed, it's required to adjust the capital reserve correspondingly. In case the capital reserve is insufficient for the offset, it's required to adjust the retained earnings. In the case of treating issued equity securities as the merger consideration, the share of the book value of the

merged party's shareholders' equities/owners' equities in the consolidated financial statement of the final controlling party is regarded as the initial investment cost of long-term equity investment on the merger date; the capital reserves shall be adjusted in accordance with taking the total face value of shares issued as share capital, and the difference between the initial investment cost of long-term equity investment and the total face value of shares issued; in case the capital reserve is insufficient for the offset, it's required to adjust the retained earnings. The equity of the merged party obtained step by step through several transactions, which finally forms enterprise merger under the same control, shall be handled separately according to whether it belongs to "package deal": if it belongs to the "package deal", the accounting treatment will be carried out by taking transactions as a certain one with control right. If it does not belong to "package deal", the share of the book value of the merged party's shareholders' equities/owners' equities in the final controlling party's consolidated financial statement on the merger date will be taken as the initial investment cost of long-term equity investment, and the capital reserves will be adjusted according to the difference between the initial investment cost of long-term equity investment and the sum of book value of long-term equity investment before combination and book value of consideration newly paid for acquiring the share; in case the capital reserve is insufficient for the offset, it's required to adjust the retained earnings. Other comprehensive income of equity investment held before the merger date, which is accounted by equity method or recognized as financial assets measured at the fair value with their changes included into other comprehensive incomes, is temporarily not subject to the accounting treatment.

The long-term equity investment obtained from the enterprise merger not under the same control shall be used as the initial investment cost of long-term equity investment according to the merger cost on the purchase date. The merger cost includes the sum of assets paid by the purchasing party, liabilities incurred or assumed, and fair value of issued equity securities. The equity of the purchased party held obtained step by step through several transactions, which finally forms enterprise merger not under the same control, shall be handled separately according to whether it belongs to "package deal": if it belongs to the "package deal", the accounting treatment will be carried out by taking transactions as a certain one with control right. If it does not belong to "package deal", it shall take the sum of the book value of the original equity investment held by the original purchased party and the newly investment cost as the initial investment cost of the long-term equity investments under the cost method. If the equity originally held is accounted for by equity method, the relevant other comprehensive incomes will not be accounted for the time being.

Audit fee, legal service fee, evaluation & consulting cost and other intermediary expenses and other related administrative expenses incurred for enterprise merger by the merging party or the purchasing party shall be included into the current profits and losses upon they're incurred;

The initial measurement of other equity investments except for the long-term equity investment formed by the enterprise merger shall be carried out according to the costs; in consideration of the different acquisition modes of long-term equity investment, such costs shall be determined respectively by the cash purchase price actually paid by the Group, the fair value of equity securities issued by the Group, value agreed in the investment contract or agreement, the fair value or original book value of assets surrendered in the non-monetary assets exchange transaction, the fair value of the long-term equity investment, etc. The expenses, taxes and other necessary expenditures directly related to the acquisition of the long-term equity investment shall also be included into the investment cost. If the significant impact or common control is implemented on the invested unit due to the additional investment, but it does not constitute the control, the long-term equity investment cost is the sum of fair value of the originally held equity investment determined according to Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments and newly investment cost.

(2) Methods for the subsequent measurement and the profit and loss confirmation

Long-term equity investments that have common control (except for joint operators) or significant impact on the invested unit are accounted by equity method. Besides, the Company's financial statement adopts the cost method to account the long-term equity investment that can be controlled by the invested unit.

① Long-term equity investments under the cost method

When the cost method is adopted for accounting, long-term equity investment is priced at the initial investment cost, and the cost of long-term equity investment shall be adjusted when the investment is added or recovered. The current investment incomes shall be

recognized by the cash dividends or profits announced and issued by the invested unit, except for the actual price paid when the investment is obtained or the cash dividends or profits which have been declared but not issued in the consideration.

② Long-term equity investments under the equity method

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

When the equity method is adopted for accounting, it's required to recognize the investment income and other comprehensive income respectively according to net profit or loss realized by the invested unit that shall be enjoyed or shared and other comprehensive income, and book value of the long-term equity investment shall be adjusted simultaneously. As to the part that shall be enjoyed and calculated according to the profits or cash dividends announced and distributed by the invested unit, it's required to reduce the book value of long-term equity investment correspondingly. As to other changes in owners' equities of the invested unit except for net profit or loss, other comprehensive income and profit distribution, book value of the long-term equity investment shall be adjusted and included into the capital reserve. When the shares of net profit or loss of the invested unit that shall be enjoyed are recognized, it shall be based on fair value of each identifiable net asset of the invested unit when the investment is acquired and after the adjustment is made on net profit of the invested unit. In case the accounting policy and accounting period employed by the invested unit are different from those employed by the Group, financial statements of the invested unit shall be adjusted according to the Group's accounting policy and accounting period. Besides, investment income, other comprehensive income, etc. shall be recognized on this basis. For transactions between the Group and associated enterprise or joint venture, if the assets launched or sold do not constitute the business, the unrealized internal trading profits and losses shall be offset according to the proportion attributable to the Group, and the investment profits and losses shall be confirmed on this basis. In case the part incurred between the Group and the invested unit without internal transaction loss belongs to the asset impairment loss, it shall not be offset. If the assets invested by the Group to the joint venture or associated enterprise constitute the business, and the investor thereupon obtains the long-term equity investment but fails to obtain the control right, the fair value of business launched is taken as the initial investment cost of newly long-term equity investment, and the difference between the initial investment cost and book value of business launched shall be included into the current profits and losses in full. If the assets sold by the Group to the joint venture or associated enterprise constitute the business, the difference between the consideration acquired and the book value of business shall be fully included into the current profits and losses. If the Group's assets purchased from the joint venture or associated enterprise constitute the business, accounting treatment shall be conducted in accordance with the provisions of the Accounting Standards for Business Enterprises No. 20 - Enterprise Merger, and the gains or losses related to the transaction shall be fully recognized.

When the net loss of the invested unit that shall be shared is recognized, the book value of the long-term equity investment and other long-term equity that actually constitute the net investment of the investee shall be written down to zero. Besides, if the Group has the obligation to bear the additional loss for the invested unit, the estimated liabilities will be recognized according to the estimated obligation that shall be assumed and included into the current investment losses. In case the net profit is realized by the invested unit later, after the Group makes up the unrecognized loss amount shared by the income amount shared, it's required to recover the recognition of income amount shared.

③ Acquisition of minority interest

When compiling the consolidated financial statements, the Company shall adjust the capital reserve due to the difference between the newly-increased long-term equity investment from the purchase of the minority interest and the net asset shares enjoyed according to the new shareholding proportion of the subsidiary continuously calculated from the purchase date (or the merger date); in case that the capital reserves are not sufficient to offset, the retained earnings shall be adjusted.

④ Disposal of the long-term equity investment

The parent company partially disposes the long-term equity investment of subsidiary when the control right is not lost in

consolidated financial statement. The difference between disposal price and subsidiaries' net assets enjoyed corresponding to the disposal of long-term equity investment will be included into the shareholders' equities; supposing that the parent company loses the control right for the subsidiary due to the partial disposal of the long-term equity investment for the subsidiary, it shall be dealt with in accordance with the relevant accounting policies as specified in the Note (V) 6 "Preparation Method for Consolidated Financial Statement" (2).

As for the disposal of the long-term equity investment under other circumstances, the difference between the book value of the disposed equity and the actually-obtained price shall be included into the current profits and losses.

For long-term equity investments under the equity method, if the residual equity after the disposal shall still be accounted by the equity method, upon the disposal, the part of other comprehensive income that was originally included into shareholders' equities shall be accounted for on the same basis as the invested unit's direct disposal of relevant assets or liabilities in a corresponding proportion. However, the owners' equities that are recognized based on the changes in other owners' equities shall be carried forward to the current profits and losses in proportion, except for the net profits and losses, other comprehensive incomes and profit distribution.

For the long-term equity investments under the cost method, if the residual equities after disposal are still under the cost method, the accounting treatment of other comprehensive incomes confirmed under the equity method or financial instrument recognition and measurement standards before obtaining control of the invested unit shall be conducted on the same basis of the invested unit's directly disposal of the relevant assets or liabilities, and it shall be carried forwarded to the current profits and losses in proportion; except for the net profits and losses, other comprehensive incomes and profit distribution, the changes in other owners' equities in the invested unit's net assets which are accounted and recognized by the equity method shall be carried forward to the current profits and losses in proportion.

If the Group loses control of the invested unit due to disposal of partial equity investment, and the residual equities after disposal may exert common control or significant impact on the invested unit while preparing individual financial statements, the equity method will be adopted for accounting, and it will be measured by the equity method and adjusted with equity method since obtaining; if the residual equities after disposal cannot implement the common control or exert significant impact on the invested unit, the relevant provisions in respect of the financial instrument recognition and measurement standards shall be referenced for the accounting treatment, and the difference between the fair value and book value shall be included into the current profits and losses on the date of losing control. Before the Group acquires the control of the invested unit, for other comprehensive incomes confirmed under the equity method or financial instrument recognition and measurement standards, when the control of the invested unit is lost, the accounting treatment shall be conducted on the same basis of the invested unit's direct disposal of relevant assets or liabilities; the changes in the other owners' equities of the invested unit's net assets other than the net profits and losses, other comprehensive incomes and profit distribution calculated and confirmed by the equity method shall be settled and transferred to the current profits and losses in proportion. Among which, if the residual equity after the disposal is calculated by the equity method, other comprehensive incomes and other owners' equities shall be carried forward in proportion; if the residual equity after disposal is to be conducted with accounting treatment in accordance with the recognition and measurement standards of financial instruments, other comprehensive incomes and other owners' equities shall be carried forward.

If the Group loses the common control or significant impact on the invested unit due to disposal of partial equity investment, the residual equity after disposal shall be accounted according to the financial instrument recognition and measurement standards. The difference between the fair value and book value shall be included into the current profits and losses on the date of losing common control or significant impact. As for other comprehensive incomes as recognized when the original equity investment is under the equity method, it shall be subject to the accounting treatment on the same basis of the assets or liabilities which are directly disposed by the invested unit when the equity method is abandoned. The owners' equities which are recognized by the invested unit due to the changes in other owners' equities, except for the net profits and losses, other comprehensive incomes and profit distribution, will be reckoned in the current investment incomes when the equity method is abandoned.

The Group will take the multiple transactions to dispose the subsidiaries' equity investment step by step until lose its control right. When the above-mentioned transactions belong to the package deal, the transactions will be subject to the accounting treatment as an

equity investment of subsidiaries and transaction which has lost the control right. The difference between the disposal price and the corresponding book value of long-term equity investment will be recognized as the other comprehensive incomes before losing the control right, which will be reckoned in the current profits and losses when the control right is lost.

16. Fixed assets

(1) Recognition conditions for fixed assets

Fixed assets refer to tangible assets held for producing commodities, providing labor service, leasing or operation management with service life of more than 1 fiscal year. The fixed assets can be confirmed only when the relevant economic interests are possible to flow into the Group and its costs can be measured reliably. The initial measurement of fixed assets shall be carried out according to the cost and considering the expected influence of the discard expenses.

(2) Depreciation method for the various fixed assets

From the following month when fixed assets reach the estimated applicable state, the depreciation is withdrawn within its service life with the straight-line method. Service life, expected net residual value, and annual depreciation rate of all kinds of fixed assets are as follows:

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

The expected net residual value refers to the expected amount that the Group may obtain from the current disposal of fixed assets after deducting the expected disposal expenses at the expiration of its expected service life.

(3) Impairment test method and counting and withdrawing method of the impairment provision of fixed assets

See more details about the impairment test method and the withdrawing method of impairment provision of fixed asset in Note (V) 20 "Impairment of Long-term Assets".

(4) Identification basis and valuation method of fixed assets under financing lease

A financing lease is a lease that has substantially transferred all the risks and rewards related to asset ownership, and its ownership may or may not be transferred ultimately. For fixed assets under financing lease, the depreciation of leased assets is withdrawn according to the policy in conformity to that of the fixed asset for private use. If the ownership of the leased assets can be reasonably confirmed to be obtained upon expiry of the lease term, the depreciation of leased assets shall be withdrawn during the service life thereof; if it cannot be confirmed that the ownership of the leased asset can be acquired upon expiry of the lease term reasonably, the depreciation is withdrawn for the shorter one between the lease term and the service life of the leased asset.

(5) Other remarks:

The subsequent expenditures related to fixed assets shall be included into fixed assets cost, and the derecognition of the book value of the substitution part shall be carried out if economic benefits related to such fixed assets may flow in and its cost can be reliably measured. Other subsequent expenditures, except for this, shall be included into the current profits and losses once occurred.

When the fixed assets are under disposal state or it is estimated that no economic benefits can be produced through usage or disposal, such fixed asset is confirmed to be derecognized. The difference of the amount left as the book value and relevant taxes are deducted from the disposal income obtained from the sale, transfer, discard or damage of the fixed asset shall be included into the current profits and losses.

The Group shall review the service life, expected net residual value and depreciation method of the fixed assets at least by the

end of the year. In case of any change, it shall be deemed as changes in accounting estimate.

17. Construction in progress

The cost of construction in progress shall be confirmed as per actual engineering expenditures, including various project expenditures under construction, capitalized borrowing expense for making the project reach the expected serviceable condition, and other relevant costs. The construction in progress shall be transferred to the fixed assets when it reaches the expected serviceable condition.

See more details about the impairment test method and the withdrawing method of impairment provision of construction in progress in Note (V) 20 "Impairment of Long-term Assets".

18. Borrowing expenses

Borrowing expenses include interest on borrowings, amortization of discounts or premiums, auxiliary costs and exchange differences arising from foreign currency borrowings, etc. For the borrowing expense generated from the acquisition and construction or production that can be directly attributable to the assets that meet capitalization conditions, the capitalization shall be started when the asset expenditure or the borrowing expense has incurred, or the acquisition and construction or production activities necessary for making the assets available for expected serviceable or marketable state have been started; capitalization shall be stopped when the assets under acquisition and construction or production that meet capitalization conditions reach the expected serviceable condition or marketable state. Other borrowing expenses are recognized as those in the current period.

The amount can be capitalized after the actual interest expense generated from the specific borrowing deducting the interest revenue from the unused loan funds deposited in the bank or investment income obtained from the temporary investment in the current period; for the general borrowing, the capitalized amount will be determined after the weighted average of excessive part of accumulative asset expenditures compared to the asset expenditure of special borrowing multiplied by the capitalization rate of the general borrowing occupied. The capitalization rate is determined based on the weighted average interest rate of general borrowing.

In the capitalization period, all exchange differences of special foreign currency borrowings shall be capitalized; exchange difference of general foreign currency borrowing shall be included into the current profits and losses.

Assets meeting capitalization conditions refer to the fixed assets, investment properties, inventories, etc. which can reach the expected serviceable state or marketable state after quite a long time of acquisition and construction or production.

If assets meeting capitalization conditions are interrupted abnormally in the process of acquisition and construction or production, and the interruption lasts for more than 3 months, the capitalization of borrowing expense shall be suspended till the asset acquisition and construction or production restarts.

19. Intangible assets

(1) Intangible assets

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

The initial measurement of intangible assets shall be conducted according to its costs. Expenditures related to intangible assets shall be included into the cost of intangible assets if the relevant economic benefits may flow in the Group and its cost can be reliably measured. Expenditures for other items, except for this, shall be included into the current profits and losses once occurred.

Land use right acquired is usually calculated as an intangible assets. As for buildings such as self-developed and constructed workshops, the related land use right expenditure and construction cost of the buildings shall be calculated as intangible assets and fixed assets respectively. As for purchased buildings and structures, the related prices are distributed between land use right and the buildings. If it is difficult to distribute them reasonably, all of them shall be disposed as fixed asset.

As for intangible assets with a limited service life, the accumulative amount after deducting the expected net residual value and the accrued impairment provisions with original value since the serviceable date, it is amortized with the straight-line method within the expected service life. Intangible assets with undetermined service life will not be amortized.

Among them, the service life and amortization method of intangible assets of intellectual property right are as follows:

Item	Amortization period (years)	Amortization method
Land use right	43-50	Straight-line method
Application software	2-10	Straight-line method
Right to use trademark	10	Straight-line method

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

(2) R&D expenditure

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

Research expenditure is included into the current profits and losses at the time of occurrence.

Development expenditure that can meet the following conditions will be recognized as intangible assets, while those cannot meet will be included into the current profits and losses.

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

If it is unable to distinguish the research expenditure from development expenditure, both R&D expenditures will be included into the current profits and losses.

(3) Impairment test method and counting and withdrawing method of the impairment provision of intangible assets

See more details about the impairment test method and the withdrawing method of impairment provision of intangible asset in Note (V) 20 "Impairment of Long-term Assets".

20. Impairment of long-term assets

As for fixed assets, construction in progress, intangible assets with a limited service life, investment properties measured by cost measurement, and non-current and non-financial assets such as the long-term equity investment and goodwill of subsidiaries, joint ventures and associated enterprises, the Group shall determine whether there is any sign of impairment on the balance sheet date. If there are signs of impairment, the recoverable amount shall be estimated and impairment test shall be carried out. Goodwill, intangible assets with uncertain service life and intangible assets that have not reached the serviceable state, whether there is any sign of impairment, shall be subject to impairment test every year.

If the impairment test result shows that the recoverable amount of assets is lower than the book value thereof, impairment provision shall be accrued according to the difference and included into impairment losses. The recoverable amount shall be determined as the net amount obtained by the fair value of asset - disposal expense, or as the present value of the estimated future cash flow of asset, whichever is higher. The fair value of the asset is determined according to the price in the sales agreement in the fair transaction; if there is no sales agreement but there is an active market of assets, the fair value is determined according to buyer's price of the asset;

if there is no sales agreement and an active market of assets does not exist, the fair value of assets shall be estimated based on the best information obtained. The disposal expenses include the legal fees related to the asset disposal, relevant taxes, carriage expenses as well as direct expenses for achieving the marketable state status. The present value of the expected future cash flow of assets shall be determined by the discounted amount by an appropriate discount rate, on the basis of the expected future cash flow generated during the continuous usage and final disposal of assets. The impairment provision shall be calculated and recognized on the basis of the single asset. If it is hard to estimate the recoverable amount of the single asset, the recoverable amount of the asset group shall be determined according to the asset group by the asset group to which the asset belongs. Asset group refers to the minimum asset portfolio that is capable of generating cash inflow independently.

For the goodwill separately presented in the financial statements, during the impairment test, the book value of goodwill shall be apportioned to the asset group or asset group portfolio expected to be benefited from the synergistic effect of enterprise merger. If the test results show that the recoverable amount of the asset group or asset group portfolio containing the apportioned goodwill is lower than its book value, the corresponding impairment loss shall be recognized. The amount of impairment loss firstly offsets the book value of goodwill apportioned to the asset group or asset group portfolio, and then offsets the book value of other assets in proportion according to the proportion of the book value other than goodwill in the asset group or asset group portfolio.

Once the above-mentioned asset impairment losses are recognized, the part of which can be recovered shall not be reversed in subsequent periods.

21. Long-term unamortized expenses

Long-term unamortized expenses are expenses that have occurred but shall be borne during the reporting period and subsequent periods with a sharing period of more than one year. Long-term unamortized expenses of the Group mainly include improvement expenditure of fixed assets leased for operation. Long-term unamortized expenses are amortized on a straight-line basis over the expected benefit period.

22. Contract liabilities

Contract liabilities refer to the obligation of the Group to transfer commodities to customers for the received or receivable consideration from customers. In the event that the customer has paid the contractual consideration or the Group has obtained the unconditional collection right before it transfers the commodities to customers, the Group shall present the received or receivable account as contract liabilities with regard to the actual payment by customers and the due payment, whichever happens earlier. Contract assets and liabilities under the same contract are listed in net amount, and those under different contracts shall not be offset.

23. Employee remuneration

The Group's employee remuneration mainly includes short-term employee remuneration, post-employment benefits, termination benefits and other long-term employee benefits. Including:

Short-term employee remuneration mainly includes salary, bonus, allowance and subsidy, employee benefits expense, medicare premium, maternity premium, occupational injuries premium, housing accumulation fund, labor union expenditure, personnel education fund, non-monetary benefit, etc. During the accounting period in which the Group's employees provide services for the Group, actual short-term employee remuneration incurred shall be recognized as the liabilities and included into the current profits and losses or relevant asset costs. And the non-monetary benefits shall be measured at fair value.

Post-employment benefit mainly includes basic endowment insurance, unemployment insurance, and annuity. The plan of post-employment benefit includes the defined contribution plan. In case that the defined contribution plan is adopted, corresponding amount which shall be deposited will be included into the relevant asset costs or current profits and losses at the time of occurrence.

Labor relation with employees shall be cancelled before the employee's labor contract expires, or suggestion on giving

compensation shall be proposed for the purpose of encouraging employees to voluntarily accept downsizing. When the Group cannot unilaterally withdraw termination benefits provided for cancellation of labor relation plan or downsizing suggestion and on the date when the Group confirms the cost related to restructuring involving payment of termination benefits, whichever is the earlier, the employee remuneration liabilities caused by termination benefits shall be recognized and included into the current profits and losses. However, if it is expected that the termination benefits cannot be fully paid within twelve months after the annual reporting period is over, it shall be handled according to other long-term employee remuneration.

The same principle for termination benefits described above shall be adopted for the plan of employee internal retirement. Staff salary and social insurance premium to be paid by the Group for the early retired employee from the date of stopping providing services to the date of normal retirement are included into the current profits and losses (termination benefit) if the estimated liabilities recognition conditions are met.

In case other long-term employee welfares provided by the Group for employees meet defined contribution plan, accounting treatment shall be performed based on defined contribution plan; otherwise, accounting treatment pursuant to defined benefit plan shall be carried out.

24. Estimated liabilities

If the obligation related to contingencies satisfies the following conditions at the same time, the Group shall recognize it as the estimated liabilities: (1) This obligation is the current obligation undertaken by the Group; (2) Performance of this obligation may make economic benefits flow out of the enterprise; (3) Amount of this obligation can be reliably measured.

On the balance sheet date, consider the risks, uncertainty, time value of money and other factors related to contingencies, conduct measurement for estimated liabilities subject to the optimal estimate value of expenditures needed for the fulfillment of the related existing responsibilities.

If all or part of the expenditure necessary for paying off estimated liabilities is compensated by the third party, the compensation amount shall be confirmed separately as an asset when confirming it may be recovered. Confirmed compensation amount shall not exceed the book value of estimated liabilities.

(1) Loss contract

The loss contract refers to a contract whose performance of the contractual obligations will inevitably incur costs in excess of the expected economic benefits. When an enforceable contract becomes a loss contract, for which the liability can conform to the aforesaid estimated liabilities confirmation conditions, confirm the part the estimated losses of the contract surpass the confirmed impairment loss (if any) of the underlying asset in the contract as estimated liability.

(2) Restructuring obligations

It shall determine the estimated liabilities amount according to the direct expenditures related to the restructuring which has detailed, formal and publicly stated restructuring plan and which are in line with the confirmation conditions of the aforesaid estimated liabilities. The restructuring obligation related to partially-sold business will be recognized to be the associated obligation only when the Group promises to sell partial businesses (namely, signs the binding-force sales agreement).

25. Share-based payment

(1) Accounting treatment of share-based payment

A share-based payment is a transaction that grants the equity instruments or assumes a liability determined on the basis of the equity instruments in order to obtain services from employees or other parties. Share-based payments are divided into equity-settled share-based payments and cash-settled share-based payments.

① Equity-settled share-based payment

Equity-settled share-based payments in exchange for services provided by employees are measured at the fair value with the equity instruments granted to the employees at the grant date. The amount of the fair value is included into the relevant cost or expense

based on the optimal estimate of the number of vesting equity instruments in the waiting period, based on the optimal estimate of the number of vesting equity instruments in case of completing the service within the waiting period or meeting the required performance conditions; when the vesting right is granted immediately after the grant, the relevant cost or expense is included into the grant date, and the capital reserves shall be increased accordingly.

On each balance sheet date during the waiting period, the Group makes the optimal estimate based on the latest information such as the change in the number of employees with vesting rights, and corrects the number of equity instruments that are expected to be vested. The impact of the above estimates is included into the current relevant cost or expense, and the capital reserves shall be adjusted accordingly.

In the case of equity-settled share-based payments in exchange for other parties' services, if the fair value of other parties' services can be reliably measured, the fair value of other parties' services is measured at the fair value on the date of acquisition; if the fair value of other parties' services cannot be reliably measured, but the fair value of equity instruments can be measured reliably, it shall be measured at the fair value of the equity instrument on the acquisition date, and is included into the relevant cost or expense, and increases the shareholders' equities accordingly.

② Cash-settled share-based payment

The cash-settled share-based payment is measured at the fair value of the liabilities determined by the Group based on shares or other equity instruments. If the vesting right is granted immediately after the grant, the relevant cost or expense will be included on the grant date, and the liabilities increased accordingly; if the service within the waiting period must be completed or the required performance conditions are met, the fair value of the liabilities assumed by the Group is based on the optimal estimate of the vesting rights on each balance sheet date of the waiting period. The services obtained in the current period are included into the cost or expense, and the liabilities are increased accordingly.

The fair value of the liability is re-measured at the balance sheet day and the settlement day before the settlement of the relevant liabilities, and the change shall be included into the current profits and losses.

(2) Accounting treatment related to the modification and termination of share-based payment plan

When the Group modifies the share-based payment plan, if the modification increases the fair value of the equity instruments granted, the increase in the fair value of the equity instruments is recognized accordingly. The increase of the fair value of equity instruments refers to the difference between the fair value of the equity instruments before and after the modification on the modification day. If the modification reduces the total fair value of the share-based payment or adopts other methods that are not conducive to the employee, the service obtained will continue to be accounted for, as if the change has never occurred, unless the Group cancels some or all of the equity instruments granted.

During the waiting period, if the granted equity instrument is cancelled, the Group will cancel the granted equity instrument as an accelerated exercise, and the amount to be recognized in the remaining waiting period will be immediately included into the current profits and losses, and the capital reserves shall be recognized at the same time. If the employee or other party can choose to meet the non-vesting conditions but fails to meet in the waiting period, the Group will treat it as a cancellation of the equity instrument.

(3) Accounting treatment of the share-based payment transactions involving the Group and the shareholders or actual controllers of the Company

For share-based payment transaction involving the Group or the Company's shareholders or actual controller, if either settlement enterprise or enterprise accepting service is inside the Group or outside the Group, the accounting treatment shall be conducted in the consolidated financial statements of the Group according to the following regulations:

① Where the settlement enterprise makes calculation by its own equity instruments, the share-based payment transaction shall be treated as the equity-settled share-based payment; in addition, it shall be handled as a cash-settled share-based payment.

If the settlement enterprise is an investor of a service enterprise, it shall be recognized as the long-term equity investment of the service enterprise according to the fair value of the equity instrument at the grant date or the fair value of the liability to be assumed, and the capital reserves (other capital reserves) or liabilities shall be recognized.

② If the enterprise accepting service has no settlement obligation or it grants its own equity instrument to the enterprise

employees, such share-based payment transaction shall be treated as the equity-settled share-based payment treatment; If the enterprise accepting service has a settlement obligation and the equity instruments granted to the enterprise employees are not its own equity instrument, such share-based payment transaction shall be treated as the cash-settled share-based payment.

The share-based payment transactions between the enterprises within the Group, if the acceptance services enterprise and the settlement enterprise are not the same enterprise, and the confirmation and measurement of the share-based payment transaction in individual financial statements of the acceptance service enterprise and the settlement enterprise shall be compared with the above principles.

26. Revenue

Accounting policies adopted for revenue recognition and measurement

Revenue is the total inflow of economic benefits that the Group has formed in its daily activities that will result in an increase in shareholders' equities and has nothing to do with the capital invested by shareholders. Where the contract between the Group and its customers can meet the following conditions at the same time, the revenue shall be confirmed when the customer owns the relevant control right of the commodity (including labor service, the same below): all concerned parties have approved the contract and promised to fulfill their respective obligations; the contract has specified rights and obligations of each concerned party related to commodity transfer or labor provision; the contract has clear payment terms related to the transferred commodities; the contract is of the commercial essence, which means that performance of the contract will change the risk, time distribution or amount of future cash flow of the Group; the consideration that the Group is entitled to obtain due to the transfer of commodities to customers is likely to be recovered. To obtain the control right of relevant commodities means to be able to lead the use of the commodities and obtain almost all economic benefits therefrom.

On the starting date of the contract, the Group identifies the individual performance obligation specified in the contract and amortizes the transaction price to each individual performance obligation based on the relative proportion of the individual sales price of the commodity guaranteed in individual performance obligation. Variable consideration, significant financing part in the contract, non-cash consideration, customer consideration payable, etc. have been taken into account the transaction price.

As for each individual performance obligation in the contract, if one of the following conditions is met, the Group shall confirm the transaction price which is amortized into the individual performance obligation based on the performance progress within a relevant performance period as the revenue: the customer obtains and consumes the economic benefits while the Group fulfills the performance obligation; the customer manages to control the commodities in process while the Group fulfills the performance obligation. Commodities produced during the performance period have irreplaceable purposes and the Group has the right to receive payment for the performance part which has been completed so far during the entire contract period. The performance progress shall be confirmed based on the nature of commodities transferred by virtue of the input method or the output method. When the performance progress cannot be confirmed reasonably, if it is predicted that the incurred cost of the Group can be compensated, the revenue shall be confirmed based on the incurred cost amount until the performance progress can be confirmed reasonably.

If one of the above conditions cannot be met, the Group confirms the transaction price amortized to the individual performance obligation at the time when the customer obtains the control right of relevant commodities as the revenue. When judging whether the customer has obtained the control right of the commodity, the Group can consider the following signs: the enterprise has the current collection right of the commodity, namely the customer is responsible for current payment obligation of the commodity; the enterprise has transferred the legal ownership of the commodity to the customer, namely the customer has possessed the legal ownership of the commodity; the enterprise has transferred the real commodity to the customer, namely the customer has possessed the real commodity; the enterprise has transferred main risks and rewards of the commodity to the customer, namely the customer has obtained the main risks and rewards related to the ownership of the commodity; the customer has accepted the commodity; other signs indicating that the customer has obtained the control right of the commodity.

The Group's selling of cooking utensils, small domestic appliance and other commodities is the obligation to fulfill the contract

at a certain point of time. Revenue recognition for domestic sales and products of export related parties shall meet the following requirements: the Company has delivered the products according to the contract and has recovered the payment for commodities or obtained the receipt certificate, and the related economic benefits are likely to inflow. The main risks and rewards related to the ownership of the commodities have been transferred, and the legal ownership of the commodities has been transferred. Revenue recognition for export third-party products shall meet the following requirements: the Company has declared the products at the customs, shipped the products and got the bill of lading according to the contract. It has recovered the payment for commodities or obtained the receipt certificate, and the related economic benefits are likely to inflow. The main risks and rewards related to the ownership of the commodities have been transferred, and the legal ownership of the commodities has been transferred.

27. Contract cost

The incremental cost incurred by the Group to obtain the contract and expected to be recovered shall be recognized as an asset as the contract acquisition cost. However, if the amortization period of the asset does not exceed one year, it shall be included into the current profits and losses at the time of occurrence.

In the event that the cost incurred for the performance of the contract does not fall within the scope of the Accounting Standards for Business Enterprises No. 14 -- Revenue (Revised in 2017) and meets the following conditions at the same time, it shall be recognized as an asset as the contract performance cost: ① The cost is directly related to a current or expected contract, including direct labor, direct materials, manufacturing expenses (or similar expenses), costs borne by the customer and other costs only incurred by the contract; ② The cost increases the Group's resources to fulfill its performance obligations in the future; ③ The cost is expected to be recovered.

The assets related to the contract cost are amortized on the same basis as the revenue recognition of commodities related to the assets and included into the current profits and losses.

28. Government subsidies

Government subsidies refer to monetary assets and non-monetary assets obtained by the Group from the government, excluding the capital invested by the government as the investor with enjoying corresponding owners' equities. Government subsidies are divided into government subsidies concerning assets and government subsidies concerning benefits. The government subsidy that is obtained by the Group used for purchasing or acquisition and construction, or forming the long-term assets by other ways, which is confirmed the government subsidies concerning assets; Other government subsidies shall be defined as the government subsidies concerning benefits. If the government document does not clear the subsidy object, the subsidies will be divided based on the following modes into government subsidies concerning benefits and government subsidies concerning assets: (1) If the particular item of the subsidies is clear in the government document, it shall make a division according to the relative proportion of expense amount of the formed assets in the budget of the particular item and the expense amount included into the cost, review the division ratio at each balance sheet date and make changes if necessary; (2) In the government document, for general terms only for the purpose without specifying the particular item, it will be used as the government subsidies concerning benefits. If government subsidies are monetary assets, they shall be measured according to the amount received or receivable. If not, they shall be measured according to their fair value; if their fair value cannot be reliably obtained, they shall be measured according to their nominal amount. The government subsidies measured by the nominal amount shall be directly included into the current profits and losses.

When the Group actually receives the government subsidies, it shall be recognized and measured as the amount received. However, for the end of the period, there are conclusive evidences that it can meet the relevant conditions stipulated by the financial support policy, and it is expected that the financial support funds can be received, it shall be measured according to the amount receivable. The government subsidies measured as the amount receivable shall comply with the following conditions: (1) The subsidy receivable has been recognized by the competent government department, or may be reasonably calculated according to the relevant provisions of the formally published financial fund management method, and the estimated amount is free of significant uncertainty;

(2) It is based on the initiatively published financial support project by the local financial department and its financial fund management method in accordance with the regulations of the Decree of Government Information Openness, and this management method shall be favorable to the public (any enterprise qualified can apply), not just to the specified companies; (3) The relevant subsidy documents have clearly promised the appropriation period, and the appropriation of this fund shall be safeguarded by the relevant financial budget, so it can be reasonably guaranteed that it can be received within the specified period; (4) Other relevant conditions that shall be satisfied (if any) based on the specific circumstances of the Group and the grant.

If the government subsidies concerning assets are recognized as deferred incomes and are included into the current profits and losses by installments in a reasonable and systematic way within the service life of underlying assets. Government subsidies concerning benefits used to compensate future relevant costs or losses will be recognized as deferred income, and included into the current profits and losses during the period when the related costs or losses are recognized; those used to compensate relevant costs or losses that have occurred will be included into the current profits and losses directly.

At the same time, it includes the government subsidies related to assets and incomes, and separates different parts for accounting treatment; for those hard to be differentiated, it shall be taken as government subsidies concerning benefits as a whole.

The Government subsidies concerning daily activities of the Group shall be included into other incomes, or used to offset the relevant costs according to the economic business nature. government subsidies not concerning daily activities will be included into the non-operating income and expenditure.

If the government subsidies confirmed need to be returned and there is the deferred income balance concerned, the book balance of relevant deferred incomes shall be offset against, but the excessive part shall be included into the current profits and losses; In other circumstances, they shall be included into the current profits and losses directly.

29. Deferred income tax assets/deferred income tax liabilities

(1) Current income tax

On the balance sheet date, the current income tax liabilities (or assets) formed in the current period and previous periods shall be measured by the expected amount of income tax payable (or returnable) calculated in accordance with the provisions of the tax law. The taxable income on which the current income tax expenses are calculated shall be calculated after the corresponding adjustment of the pre-tax accounting profit in the current reporting period in accordance with the relevant tax law.

(2) Deferred income tax assets and deferred income tax liabilities

The difference between the book value of some assets and liabilities and their tax bases, and the temporary difference caused by the difference between the book value of the items that are not recognized as assets and liabilities but whose tax bases can be determined according to the tax law, shall be used to recognize deferred income tax assets and deferred income tax liabilities with the balance sheet liability method.

For taxable temporary differences related to the initial confirmation of goodwill and related to the initial recognition of assets or liabilities arising from transactions that are neither enterprise merger nor affect accounting profit and taxable income (or deductible loss) at the time of occurrence, the relevant deferred income tax liabilities shall not be recognized. In addition, for taxable temporary differences related to the investments of subsidiaries, associated enterprises and joint ventures, if the Group can control the time of reversal of the temporary differences, and the temporary differences are likely not to be reversed in the foreseeable future, the relevant deferred income tax liabilities shall not be recognized. Except for the above exceptions, the Group shall recognize all other deferred income tax liabilities incurred in the taxable temporary differences.

For deductible temporary differences related to the initial recognition of assets or liabilities arising from transactions that are neither enterprise merger nor affect accounting profit and taxable income (or deductible loss) at the time of occurrence, the relevant deferred income tax assets shall not be recognized. In addition, for the deductible temporary differences related to the investment of subsidiaries, associated enterprises and joint ventures, if the temporary differences are not likely to be reversed in the foreseeable future, or it is not likely to obtain the taxable income used to offset the deductible temporary differences in the future, the relevant deferred

income tax assets shall not be recognized. Except for the above exceptions, the Group shall recognize the deferred income tax assets arising from other deductible temporary differences to the extent that taxable income is likely to be obtained for deducting the deductible temporary differences.

For deductible losses and tax deductions that can be carried down in subsequent years, the corresponding deferred income tax assets shall be recognized with the limit of the future taxable income which is likely to be obtained for deducting the deductible losses and tax deduction.

Deferred income tax assets and deferred income tax liabilities shall be calculated on the balance sheet date based on the applicable tax rate during the period of expected recovery of relevant assets or clearing off relevant liabilities according to tax laws.

On the balance sheet date, it is required to recheck the book value of the deferred income tax assets. If sufficient taxable income is not likely to be obtained for deducting the interest of deferred income tax assets in the future, the book value of deferred income tax assets shall be written down. When it is very likely to obtain enough taxable income the write-down amount shall be reversed.

(3) Income tax expenses

The income tax expenses comprise the current income tax and deferred income tax.

Moreover, the other current income tax and deferred income tax expenses or earnings shall be included into the current profits and losses, except for book value of goodwill which is adjusted on the basis of the deferred income tax caused by the enterprise merger, and that the current income tax and the deferred income taxes related to other comprehensive incomes or transaction or affairs of direct recording in the shareholders' equities are included into other comprehensive incomes or shareholders' equities.

(4) Offset of income tax

When it has the legal rights of settlement based on the net amount and it intends to make settlement based on net amount, obtain assets or offset liabilities simultaneously, the current income tax assets and current income tax liabilities of the Group shall be presented based on the net amount after offsetting.

When it has the legal rights of settling the current tax assets and current income tax liabilities based on the net amount, and the deferred income tax assets and deferred income tax liabilities are related to income tax levied to the same subject of tax payment by the same tax collection and administration department or are related to different taxpayer, but in each important period of deferred income tax assets and liabilities reverse in the future, and when the involved taxpayer intend to settle the current income tax assets and liabilities based on the net amount or obtain assets and pay off the liabilities at the same time, the Group's deferred income tax assets and deferred income tax liabilities shall be presented after offsetting.

30. Lease

A financing lease is a lease that has substantially transferred all the risks and rewards related to asset ownership, and its ownership may or may not be transferred ultimately. The operating leases refer to the leases other than financing lease.

(1) The Group records the operating lease business as a lessee

The rental expenditure of operating lease during each period within the lease term will be included into the relevant asset costs or current profits and losses according to the straight-line method. The initial direct expenses shall be included into the current profits and losses. Contingent rentals shall be included into the current profits and losses when they happen actually.

(2) The Group records the operating lease business as a lessor

Rent revenues of operating lease shall be recognized as current profits and losses with straight-line method in all periods within the lease term. The initial direct expenses with larger amount shall be capitalized on the date of occurrence and included into the current profits and losses according to the same basic installment of recognized rent revenue in the entire lease term; other initial direct expenses with smaller amount will be included into the current profits and losses on the date of occurrence. Contingent rentals shall be included into the current profits and losses when they happen actually.

(3) The Group records the financing lease business as a lessee

At the beginning date of the lease term, the lower one of the fair value of the leased asset on the lease commencement date and

the present value of the minimum lease payment shall be regarded as the entry value of the leased assets, the amount of the minimum lease payment will be regarded as the entry value of long-term payables, and the difference between them will be regarded as unrecognized financing charges. In addition, the initial direct expenses directly attributable to the leased item incurred during the negotiation about lease and signing of the leasing contract shall be included into the leased asset value. The balance of the minimum leasing payment deducting unrecognized financing charges is respectively presented as the long-term liability and the long-term liability due within one year.

The financing charges of the current period are calculated and recognized with unconfirmed financial charges by the effective interest rate method in the lease term. Contingent rentals shall be included into the current profits and losses when they happen actually.

(4) The Group records the financing lease business as a lessor

At the beginning date of the lease term, the sum of the minimum lease receipts on the lease commencement date and the initial direct expenses shall be recognized as the entry value of the financing lease receivable, and the unguaranteed residual value shall be recorded at the same time; the difference between the sum of the minimum lease receipts, initial direct expenses and unguaranteed residual value and the sum of its present value is recognized as unrealized financing income. The balance of financing lease receivable after deducting unrealized financing income is presented as long-term debt and long-term debt due within one year respectively.

The financing revenues of the current period are calculated and recognized with unrealized financial incomes by the effective interest rate method in the lease term. Contingent rentals shall be included into the current profits and losses when they happen actually.

31. Other important accounting policies and estimates

(1) Repurchase of shares

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

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

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

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

(2) Hedge accounting

Some financial instruments are used as hedging tools by the Group to avoid certain risks. For those hedges meeting requirements specified, the Group will deal with them by hedge accounting method. The hedge of the Group is fair value hedge. The hedge for foreign exchange risk of firm commitment is used as fair value hedge by the Group.

The hedging tool and the hedged item are formally specified by the Group at the beginning of hedge with written documents about the hedging relationship, risk management strategy and risk management objectives. In addition, the hedge effectiveness will be assessed continuously by the Group from the beginning of hedge.

① Fair value hedge

The gains or losses from the hedging tool specified as fair value hedge with qualification are included into the current profits and losses. Otherwise, the gains and losses from non-transactional equity instruments (or their components) measured at the fair value with their changes included into other comprehensive incomes are included into other comprehensive income. The gains or losses formed from the hedging risks of the hedged item shall be included into the current profits and losses and the book value of hedged item shall

be adjusted simultaneously. The gains or losses from the hedged item that are measured at fair value are included into the current profits and losses and other comprehensive income without book value adjusting.

The hedge accounting is terminated when the hedging relationship is revoked by the Group, the hedging tool is expired or sold, the contract is terminated or exercised, or the condition is out of qualification.

(3) Measurement of fair value

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

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

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

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

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

32. Change of important accounting policies and estimates

(1) Change of important accounting policies

Applicable Not-applicable

Change of accounting policies caused by the adoption of the New Revenue Standards

The Ministry of Finance issued the Accounting Standards for Business Enterprises No. 14 - Revenue (Revised in 2017) (CK [2017] No. 22) (hereinafter referred to as "New Revenue Standards") on July 5, 2017. The Group began to implement the New Revenue Standards from January 1, 2020.

New Revenue Standards establish a new revenue recognition model that regulates the revenue derived from the contract with customers. For the purpose of implementing New Revenue Standards, the Group re-evaluates the confirmation, measurement, accounting and reporting of main contract revenue. Under New Revenue Standards, only the accumulated amount affected by the

contract outstanding by January 1, 2020 is adjusted, and contractual changes before the beginning of the earliest comparable period (i.e. January 1, 2019) or January 1, 2020 are simplified, that is, the identification of performance obligations fulfilled and outstanding, and the determination of the transaction price and its apportionment between performed and outstanding performance obligations in accordance with the final arrangements for contractual changes. The retained earnings at the beginning of the current adjustment of cumulative influence amount for the first time (namely on January 1, 2020) and the amount of the other relevant items in financial statement aren't adjusted in the comparable period.

The main changes and impacts of the implementation of the New Revenue Standards are as follows:

A. Impact on the adjustment of the balance sheet presentation on January 1, 2020:

Unit: RMB

Item	Amount on December 31, 2019 (Before change)		Amount on January 1, 2020 (After change)	
	Consolidated balance sheet	Balance sheet of parent company	Consolidated balance sheet	Balance sheet of parent company
Advances received	1,106,996,534.96	6,231,654.41		
Contract liabilities			979,659,606.83	5,514,738.42
Other current liabilities	290,585,764.00		417,922,692.13	716,915.99

Note: The Group changed the contractual consideration that was collected from customers in advance due to the transfer of commodities from the item of "Advances received" to the item of "contract liabilities" and "other current liabilities".

B. Impact on the adjustment of the profit statement presentation from January to December 2020:

Unit: RMB

Item	Amount under New Revenue Standards in 2020		Amount under Old Revenue Standards in 2020	
	Consolidated profit statement	Profit statement of parent company	Consolidated profit statement	Profit statement of parent company
Operating income	18,596,944,289.02	2,328,692,665.30	19,586,286,172.41	2,328,692,665.30
Sales expense	2,123,746,792.97	56,735,212.31	3,113,088,676.36	56,735,212.31

Note: Promotion costs paid by the Group to customers were originally included into the sales expenses as customer consideration payable under the New Revenue Standards to offset operating income.

(2) Change of important accounting estimates

Applicable Not-applicable

(3) Adjustment of related items in the financial statements at the beginning of the year from 2020 following the first implementation of the New Revenue Standards and the New Lease Standards

Applicable

Whether to adjust the balance sheet account at the beginning of the year

Yes No

Consolidated balance sheet

Unit: RMB

Item	December 31, 2019	January 1, 2020	Adjustment amount
Current assets:			
Monetary capital	1,308,132,657.16	1,308,132,657.16	
Settlement reserve			
Loans to other banks			
Transactional financial assets	1,264,563,042.79	1,264,563,042.79	
Derivative financial assets			
Notes receivable	290,585,764.00	290,585,764.00	
Accounts receivable	1,796,909,432.40	1,796,909,432.40	
Receivables financing	896,394,337.71	896,394,337.71	
Advance payment	278,545,463.04	278,545,463.04	
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance contract reserve receivable			
Other receivables	14,230,736.62	14,230,736.62	
Including: interest receivable			
Dividend receivable			
Reverse-REPO financial assets			
Inventories	2,247,612,900.00	2,247,612,900.00	
Contract assets			
Held-for-sale assets			
Non-current assets due within one year			
Other current assets	1,732,984,689.16	1,732,984,689.16	
Total current assets	9,829,959,022.88	9,829,959,022.88	
Non-current assets:			
Loans and advances granted			
Debt investment			
Other debt investments			
Long-term receivables			
Long-term equity investment	61,917,730.62	61,917,730.62	
Other equity instrument investments			
Other non-current financial assets			
Investment properties			

Fixed assets	908,982,690.72	908,982,690.72	
Construction in progress	215,167,399.12	215,167,399.12	
Productive biological assets			
Oil and gas assets			
Right-of-use assets			
Intangible assets	465,546,894.17	465,546,894.17	
Development expenditures			
Goodwill			
Long-term unamortized expenses	2,168,302.35	2,168,302.35	
Deferred income tax assets	364,211,946.59	364,211,946.59	
Other non-current assets			
Total non-current assets	2,017,994,963.57	2,017,994,963.57	
Total assets	11,847,953,986.45	11,847,953,986.45	
Current liabilities:			
Short-term borrowings			
Central bank loan			
Loans from others			
Transactional financial liabilities			
Derivative financial liabilities			
Notes payable			
Accounts payable	3,011,464,656.36	3,011,464,656.36	
Advance received	1,106,996,534.96		-1,106,996,534.96
Contract liabilities		979,659,606.83	979,659,606.83
Proceeds from sale of repurchase financial assets			
Deposit taken and interbank deposit			
Proceeds from security transaction agency			
Proceeds from security underwriting agency			
Employee remuneration payable	300,734,908.98	300,734,908.98	
Taxes payable	172,591,751.41	172,591,751.41	
Other payables	93,696,839.73	93,696,839.73	
Including: interest payable			
Dividend payable			
Handling fee and commission payable			

Reinsurance accounts payable			
Held-for-sale liabilities			
Non-current liabilities due within one year			
Other current liabilities	290,585,764.00	417,922,692.13	127,336,928.13
Total current liabilities	4,976,070,455.44	4,976,070,455.44	
Non-current liabilities:			
Insurance contract reserve			
Long-term borrowings			
Bonds payable			
Including: preferred shares			
Perpetual bond			
Lease obligation			
Long-term payables			
Long-term employee remuneration payable	3,683,907.11	3,683,907.11	
Estimated liabilities	21,150,000.00	21,150,000.00	
Deferred incomes			
Deferred income tax liabilities	2,436,047.01	2,436,047.01	
Other non-current liabilities			
Total non-current liabilities	27,269,954.12	27,269,954.12	
Total liabilities	5,003,340,409.56	5,003,340,409.56	
Owners' equities:			
Share capital	821,119,910.00	821,119,910.00	
Other equity instruments			
Including: preferred shares			
Perpetual bond			
Capital reserves	194,633,350.10	194,633,350.10	
Minus: treasury share	4,342,472.56	4,342,472.56	
Other comprehensive incomes	-20,313,446.20	-20,313,446.20	
Special reserves			
Surplus reserves	401,648,181.64	401,648,181.64	
General risk reserve			
Undistributed profit	5,443,671,509.58	5,443,671,509.58	
Total owners' equities belonging to parent company	6,836,417,032.56	6,836,417,032.56	

Minority shareholders' equities	8,196,544.33	8,196,544.33	
Total owners' equities	6,844,613,576.89	6,844,613,576.89	
Total liabilities and owners' equities	11,847,953,986.45	11,847,953,986.45	

Description on adjustments

The Ministry of Finance issued the Accounting Standards for Business Enterprises No. 14 - Revenue (Revised in 2017) (CK [2017] No. 22) (hereinafter referred to as "New Revenue Standards") on July 5, 2017. Domestic listed enterprises shall implement the New Revenue Standards from January 1, 2020. In accordance with the New Revenue Standards and related regulations, the Company reclassified the advances on sales originally included into the item of "Advances received" to the item of "contract liabilities" and "other current liabilities" on January 1, 2020.

Balance sheet of parent company

Unit: RMB

Item	December 31, 2019	January 1, 2020	Adjustment amount
Current assets:			
Monetary capital	877,009,108.98	877,009,108.98	
Transactional financial assets	702,525,313.39	702,525,313.39	
Derivative financial assets			
Notes receivable			
Accounts receivable	341,182,660.24	341,182,660.24	
Receivables financing	22,735,319.00	22,735,319.00	
Advance payment	41,392,385.97	41,392,385.97	
Other receivables	110,807,092.72	110,807,092.72	
Including: interest receivable			
Dividend receivable			
Inventories	146,997,997.90	146,997,997.90	
Contract assets			
Held-for-sale assets			
Non-current assets due within one year			
Other current assets	1,597,853,406.49	1,597,853,406.49	
Total current assets	3,840,503,284.69	3,840,503,284.69	
Non-current assets:			
Debt investment			
Other debt investments			
Long-term receivables			
Long-term equity investment	2,975,731,261.81	2,975,731,261.81	
Other equity instrument investments			

Other non-current financial assets			
Investment properties			
Fixed assets	168,793,198.76	168,793,198.76	
Construction in progress	9,128,658.64	9,128,658.64	
Productive biological assets			
Oil and gas assets			
Right-of-use assets			
Intangible assets	88,321,489.84	88,321,489.84	
Development expenditures			
Goodwill			
Long-term unamortized expenses			
Deferred income tax assets	19,821,224.48	19,821,224.48	
Other non-current assets			
Total non-current assets	3,261,795,833.53	3,261,795,833.53	
Total assets	7,102,299,118.22	7,102,299,118.22	
Current liabilities:			
Short-term borrowings			
Transactional financial liabilities			
Derivative financial liabilities			
Notes payable			
Accounts payable	209,574,572.27	209,574,572.27	
Advance received	6,231,654.41		-6,231,654.41
Contract liabilities		5,514,738.42	5,514,738.42
Employee remuneration payable	61,804,868.33	61,804,868.33	
Taxes payable	6,323,506.14	6,323,506.14	
Other payables	3,852,130,178.87	3,852,130,178.87	
Including: interest payable			
Dividend payable			
Held-for-sale liabilities			
Non-current liabilities due within one year			
Other current liabilities		716,915.99	716,915.99
Total current liabilities	4,136,064,780.02	4,136,064,780.02	
Non-current liabilities:			
Long-term borrowings			

Bonds payable			
Including: preferred shares			
Perpetual bond			
Lease obligation			
Long-term payables			
Long-term employee remuneration payable			
Estimated liabilities			
Deferred incomes			
Deferred income tax liabilities	378,797.01	378,797.01	
Other non-current liabilities			
Total non-current liabilities	378,797.01	378,797.01	
Total liabilities	4,136,443,577.03	4,136,443,577.03	
Owners' equities:			
Share capital	821,119,910.00	821,119,910.00	
Other equity instruments			
Including: preferred shares			
Perpetual bond			
Capital reserves	637,954,156.03	637,954,156.03	
Minus: treasury share	4,342,472.56	4,342,472.56	
Other comprehensive incomes			
Special reserves			
Surplus reserves	410,621,980.00	410,621,980.00	
Undistributed profit	1,100,501,967.72	1,100,501,967.72	
Total owners' equities	2,965,855,541.19	2,965,855,541.19	
Total liabilities and owners' equities	7,102,299,118.22	7,102,299,118.22	

Description on adjustments

The Ministry of Finance issued the Accounting Standards for Business Enterprises No. 14 - Revenue (Revised in 2017) (CK [2017] No. 22) (hereinafter referred to as "New Revenue Standards") on July 5, 2017. Domestic listed enterprises shall implement the New Revenue Standards from January 1, 2020. In accordance with the New Revenue Standards and related regulations, the Company reclassified the advances on sales originally included into the item of "Advances received" to the item of "contract liabilities" and "other current liabilities" on January 1, 2020.

(4) Retrospective adjustment of the comparative data in the previous period from 2020 following the first implementation of the New Revenue Standards and the New Lease Standards

Applicable Not-applicable

VI. Taxes

1. Main taxes and tax rates

Taxes	Tax bases	Tax rates
Value-added tax (VAT)	The taxable revenue from sales of commodities or rendering of services	Taxable income is calculated at output tax rates of 0, 6%, 9%, and 13%, and VAT is calculated based on the difference after deducting the input tax allowable for the current period.
Urban maintenance and construction tax	Turnover tax payable	7%
Enterprise income tax	Taxable income	Enterprise income tax rate is 25%. The Company and Zhejiang Shaoxing Supor Domestic Electrical Appliances Co., Ltd. are levied at a preferential tax rate of 15%.
Housing property tax	Wuhan Supor Pressure Cooker Co., Ltd. and Wuhan Supor Cookware Co., Ltd. are levied at the rate of 1.2% of the balance of the housing property cost after deducting 25% of the cost; other companies are levied at the rate of 1.2% of the balance of the housing property cost after deducting 30% of the cost; for housing property levied on the basis of rent, housing property tax is levied at the rate of 12% of rent revenue.	1.2%, 12%
Education surcharge	Turnover tax payable	3%
Local education surcharge	Turnover tax payable	2%, subsidiaries excluding those in Wuhan are levied at the rate of 1.5%

Different enterprise income tax rates applicable to different taxpayers:

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

2. Tax preferential policies

(1) Pursuant to GKHZ [2019] No. 70 document, the Company renewed the hi-tech enterprise qualification in 2018 and is entitled to enjoy the preferential tax rate of 15% for the three-year period starting from January 1, 2018.

(2) Pursuant to GKHZ [2020] No. 32 document, Zhejiang Shaoxing Supor Domestic Electrical Appliances Co., Ltd. renewed the hi-tech enterprise qualification in 2019 and is entitled to enjoy the preferential tax rate of 15% for the three-year period starting from January 1, 2019.

VII. Notes to items of consolidated financial statements

1. Monetary capital

Unit: RMB

Item	Closing balance	Opening balance
Cash on hand	77,763.80	91,345.89

Cash in bank	1,640,815,217.66	1,227,662,240.97
Other monetary capitals	78,892,937.58	80,379,070.30
Total	1,719,785,919.04	1,308,132,657.16
Including: deposited overseas	45,224,958.42	42,514,760.41

Other remarks:

Note: 1) There was RMB64,000,000 restricted amount at the end of the period as prepayment financing business Security deposit. JD settlement accounts, securities settlement accounts, futures settlement accounts, and accounts at youzan.com, are not limited to use. 2) On December 31, 2020, the Group's monetary capitals deposited in Vietnam amounted to RMB39,980,054.04 (December 31, 2019: equivalent to RMB34,283,080.13); those deposited in Singapore to RMB1,735,862.02 (December 31, 2019: equivalent to RMB6,762,757.40); those deposited in Indonesia to RMB3,509,042.36 in total (December 31, 2019: equivalent to RMB1,468,922.88).

2. Transactional financial assets

Unit: RMB

Item	Closing balance	Opening balance
Financial assets measured at the fair value with their changes included into the current profits and losses.	115,992,105.03	1,264,563,042.79
Total	115,992,105.03	1,264,563,042.79

Other remarks:

Note: Supor Water Heater and Shanghai SEB purchased financial products of RMB55 million and RMB60 million, respectively. These financial products guarantee principal, have floating benefits and relate to interest rate and exchange rate. At the period end of 2020, the gains from changes in fair value were recognized as RMB989,087.39.

3. Notes receivable

(1) Details on categories

Unit: RMB

Item	Closing balance	Opening balance
Bank acceptance bill - Advance payment financing business	245,053,093.69	290,585,764.00
Total	245,053,093.69	290,585,764.00

Note: Advance payment financing business details pls refer to "VII.21.Other current liabilities".

Unit: Yuan

Categories	Closing balance					Opening balance				
	Book balance		Provision for bad debts		Carrying amount	Book balance		Provision for bad debts		Carrying amount
	Amount	Ratio	Amount	Provision proportion		Amount	Ratio	Amount	Provision proportion	

Note receivables for provision made on an individual basis										
Note receivables for provision made on the basis of portfolio	246,284,516.27	100.00%	1,231,422.58	0.50%	245,053,093.69	290,585,764.00	100.00%			290,585,764.00
Including:										
Portfolio 1: Advance payment financing business	246,284,516.27	100.00%	1,231,422.58	0.50%	245,053,093.69	290,585,764.00	100.00%			290,585,764.00
Total	246,284,516.27	100.00%	1,231,422.58	0.50%	245,053,093.69	290,585,764.00	100.00%			290,585,764.00

Provision made on the basis of portfolio: Portfolio 1 Note receivables for provision made on the basis of portfolio

Unit: Yuan

Name	Closing balance		
	Book balance	Provision for bad debts	Provision proportion
Bank acceptance bill	246,284,516.27	1,231,422.58	0.50%
Total	246,284,516.27	1,231,422.58	--

If provision for bad debts for accounts receivable is made based on the general model of expected credit losses, please disclose the relevant information about the provision for bad debts with reference to the disclosure of other receivables:

Applicable Not-applicable

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

Provisions made in current period:

Unit: Yuan

Categories	Opening balance	Amount of changes in current period				Closing balance
		Provision	Recovered or carried back	Canceled after verification	Others	
Bank acceptance bill	0.00	1,231,422.58				1,231,422.58
合计	0.00	1,231,422.58				1,231,422.58

4. Accounts receivable

(1) Details on categories

Unit: RMB

Categories	Closing balance	Opening balance
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	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion	Amount	Proportion		Amount	Proportion	Amount	Proportion	
Accounts receivable for provision made on an individual basis	5,971,263.60	0.26%	5,971,263.60	100.00%		6,351,587.89	0.34%	6,351,587.89	100.00%	
Including:										
Accounts receivable for provision made on the basis of portfolio	2,334,500,756.23	99.74%	106,198,437.79	4.55%	2,228,302,318.44	1,888,004,836.29	99.66%	91,095,403.89	4.82%	1,796,909,432.40
Including:										
Portfolio 1: age portfolio	2,274,399,056.02	97.18%	106,138,336.09	4.67%	2,168,260,719.93	1,808,266,453.40	95.45%	91,015,665.51	5.03%	1,717,250,787.89
Portfolio 2: low-risk portfolio	60,101,700.21	2.57%	60,101.70	0.10%	60,041,598.51	79,738,382.89	4.21%	79,738.38	0.10%	79,658,644.51
Total	2,340,472,019.83	100.00%	112,169,701.39	4.79%	2,228,302,318.44	1,894,356,424.18	100.00%	97,446,991.78	5.14%	1,796,909,432.40

Provision made on an individual basis:

Unit: RMB

Name	Closing balance			
	Book balance	Provision for bad debts	Provision proportion	Reasons
Customer 1	4,523,328.43	4,523,328.43	100.00%	Full provisions are made as such receivables are with long age and estimated to be unrecoverable.
Customer 2	1,447,935.17	1,447,935.17	100.00%	Full provisions are made as such receivables are with long age and estimated to be unrecoverable.
Total	5,971,263.60	5,971,263.60	--	--

Unit: RMB

Provision made on the basis of portfolio: Portfolio 1: age portfolio

Unit: RMB

Name	Closing balance		
	Book balance	Provision for bad debts	Provision proportion
Within 1 year (including 1 year)	2,266,023,279.45	104,867,087.04	4.63%
1-2 years (including 2 years)	7,533,631.75	602,690.54	8.00%
2-3 years (including 3 years)	202,926.76	30,439.01	15.00%
3-4 years (including 4 years)	1,527.54	763.77	50.00%
4-5 years (including 5 years)	1,673.96	1,339.17	80.00%
Over 5 years	636,016.56	636,016.56	100.00%
Total	2,274,399,056.02	106,138,336.09	--

If provision for bad debts for accounts receivable is made based on the general model of expected credit losses, please disclose the relevant information about the provision for bad debts with reference to the disclosure of other receivables:

Applicable Not-applicable

Disclosure by ages

Unit: RMB

Ages	Book balance
Within 1 year (including 1 year)	2,326,124,979.66
1-2 years	7,533,631.75
2-3 years	202,926.76
Over 3 years	6,610,481.66
3-4 years	1,527.54
4-5 years	2,624,373.96
Over 5 years	3,984,580.16
Total	2,340,472,019.83

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

Provisions made in current period:

Unit: RMB

Categories	Opening balance	Amount of changes in current period				Closing balance
		Accrued	Collected or reversed	Written off	Others	
Provision for bad debts for accounts receivable	97,446,991.78	15,637,607.39		465,324.44	-449,573.34	112,169,701.39
Total	97,446,991.78	15,637,607.39		465,324.44	-449,573.34	112,169,701.39

Provisions made in current period:

[Note]: Including decreased provision for bad debts of RMB449,573.34 for conversion difference in foreign currency statement caused by the change in exchange rate.

(3) Accounts receivable actually written off in current period

Unit: RMB

Item	Amount
Accounts receivable actually written off	465,324.44

Including significant accounts receivable written off:

Unit: RMB

Debtors	Type of accounts receivable	Amount	Reason	Write-off procedures performed	Whether the amount was from related transactions
Customer 1	Goods payment	126,440.44	Goods payment cannot be recovered because of the	Approval by the management	No

			Company's capital chain rupture		
Customer 2	Goods payment	283,388.00	Goods payment cannot be recovered because of the Company's capital chain rupture	Approval by the management	No
Customer 3	Goods payment	55,496.00	Goods payment cannot be recovered because of the Company's capital chain rupture	Approval by the management	No
Total	--	465,324.44	--	--	--

(4) Accounts receivable details of the top 5 closing balances by debtors

Unit: RMB

Debtors	Closing balance of accounts receivable	Proportion in the total closing balance of accounts receivable	Closing balance of provision for bad debts
SEB ASIA LTD.	1,614,638,669.52	68.99%	72,658,740.13
Customer 1	213,299,824.39	9.11%	10,665,351.85
Customer 2	47,730,855.20	2.04%	2,386,542.76
Customer 3	43,873,132.92	1.87%	2,194,937.60
Customer 4	29,983,875.89	1.28%	1,499,193.79
Total	1,949,526,357.92	83.29%	

5. Receivables financing

Unit: RMB

Item	Closing balance	Opening balance
Bank acceptance	321,162,886.99	896,394,337.71
Total	321,162,886.99	896,394,337.71

Changes in receivables financing and its fair value during the period

 Applicable Not-applicable

If impairment provision for receivables financing is made based on the general model of expected credit losses, please disclose the relevant information about the impairment provision with reference to the disclosure of other receivables:

 Applicable Not-applicable

Other remarks:

(1) There are no receivables financing pledged at the end of the year.

(2) Endorsed or discounted notes receivable undue at the balance sheet date at the end of the year

Item	Closing balance derecognized	Closing balance not yet derecognized
Bank acceptance	2,045,607,740.39	
Total	2,045,607,740.39	

6. Advance payment

(1) Listing by ages

Unit: RMB

Ages	Closing balance		Opening balance	
	Amount	Proportion	Amount	Proportion
Within one year	175,117,389.18	97.56%	270,517,693.79	97.12%
1-2 years	3,464,817.10	1.93%	7,241,332.84	2.60%
2-3 years	81,000.00	0.05%	23,631.87	0.01%
Over 3 years	828,762.95	0.46%	762,804.54	0.27%
Total	179,491,969.23	--	278,545,463.04	--

(2) Advance payment of the top 5 closing balances by prepayment objects

Debtors	Book balance	Proportion in the balance of advance payment
Supplier 1	32,012,406.19	17.84%
Supplier 2	28,959,987.07	16.13%
Supplier 3	22,913,532.67	12.77%
Supplier 4	18,308,455.14	10.20%
Supplier 5	17,647,560.87	9.83%
Subtotal	119,841,941.94	66.77%

7. Other receivables

Unit: RMB

Item	Closing balance	Opening balance
Other receivables	40,164,877.32	14,230,736.62
Total	40,164,877.32	14,230,736.62

(1) Other receivables

1) Other receivables categorized by nature

Unit: RMB

Nature of receivables	Ending book balance	Beginning book balance
Deposit as security	10,302,950.94	7,778,406.29

Export rebate	28,009,943.88	395,957.97
Temporary payment receivable	4,542,600.72	7,192,490.76
Personal deposit	1,715,607.56	2,610,424.76
Total	44,571,103.10	17,977,279.78

2) Provision for bad debts

Unit: RMB

Provision for bad debts	Phase I	Phase II	Phase III	Total
	Predicted credit loss in future 12 months	Predicted credit loss in the whole period of existence (without credit impairment)	Predicted credit loss in the whole period of existence (with credit impairment)	
Balance on January 1, 2020	3,746,543.16			3,746,543.16
Balance on January 1, 2020 in the current period	—	—	—	—
Withdrawal in the current period	778,011.19			778,011.19
Write off in the current period	111,304.38			111,304.38
Other changes	-7,024.19			-7,024.19
Balance on December 31, 2020	4,406,225.78			4,406,225.78

[Note]: decreased provision for bad debts of RMB7,024.19 for conversion difference in foreign currency statement caused by the change in exchange rate.

Changes in book balance of loss provision due to significant changes in the current period

Applicable Not-applicable

Disclosure by ages

Unit: RMB

Ages	Book balance
Within 1 year (including 1 year)	37,552,290.93
1-2 years	2,010,456.49
2-3 years	1,392,975.12
Over 3 years	3,615,380.56
3-4 years	175,983.56
4-5 years	420,181.63
Over 5 years	3,019,215.37

Total	44,571,103.10
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3) Provisions made, collected or reversed in current period

Provisions made in current period:

Unit: RMB

Categories	Opening balance	Amount of changes in current period				Closing balance
		Accrued	Collected or reversed	Written off	Others	
Provision for bad debts of other receivables	3,746,543.16	778,011.19		111,304.38	-7,024.19	4,406,225.78
Total	3,746,543.16	778,011.19		111,304.38	-7,024.19	4,406,225.78

Unit: RMB

4) Other receivables actually written off in current period

Unit: RMB

Item	Amount
Other receivables actually written off	111,304.38

Including significant other receivables written off:

Unit: RMB

Debtors	Nature of other receivables	Amount	Reason	Write-off procedures performed	Whether the amount was from related transactions
Entity 1	Temporary payment receivable	100,000.00	Such receivables are with long age and estimated to be unrecoverable	Approval by the management	No
Entity 2	Temporary payment receivable	11,304.38	Such receivables are with long age and estimated to be unrecoverable	Approval by the management	No
Total	--	111,304.38	--	--	--

5) Other receivables of the top 5 closing balances by debtors

Unit: RMB

Debtors	Nature of receivables	Closing balance	Ages	Proportion in the total closing balance of other receivables	Closing balance of provision for bad debts
VAT export rebate receivable	Export rebate	28,009,943.88	Within one year	62.84%	
Entity 1	Deposit as security	1,980,000.00	Within one year	4.44%	99,000.00
Special account of	Temporary payment	997,070.00	Within one year	2.24%	49,853.50

social insurance for medical treatment of work-related injury	receivable				
Entity 2	Temporary payment receivable	805,733.15	Within one year	1.81%	40,286.66
Entity 3	Deposit as security	799,996.20	Over 5 years	1.79%	799,996.20
Total	--	32,592,743.23	--	73.12%	989,136.36

8. Inventories

(1) Inventory classification

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Inventory depreciation reserve/impairment provision for contract performance cost	Book value	Book balance	Inventory depreciation reserve/impairment provision for contract performance cost	Book value
Raw materials	443,598,550.24	9,682,126.27	433,916,423.97	376,996,325.50	13,375,569.48	363,620,756.02
Unfinished products	88,143,574.46		88,143,574.46	79,867,603.11		79,867,603.11
Finished products	1,770,224,796.42	23,544,067.88	1,746,680,728.54	1,717,274,161.57	41,458,937.84	1,675,815,223.73
Low value consumables	125,665,146.86	22,954.76	125,642,192.10	116,061,025.42	744,780.66	115,316,244.76
Packing materials	14,915,771.22		14,915,771.22	12,993,072.38		12,993,072.38
Total	2,442,547,839.20	33,249,148.91	2,409,298,690.29	2,303,192,187.98	55,579,287.98	2,247,612,900.00

(2) Inventory depreciation reserve and impairment provision for contract performance cost

Unit: RMB

Item	Opening balance	Increase		Decrease		Closing balance
		Accrued	Others	Reversed or written off	Others	
Raw materials	13,375,569.48	1,766,806.52	-153,826.34	5,306,423.39		9,682,126.27
Finished products	41,458,937.84	14,117,127.56	-58,574.18	31,973,423.34		23,544,067.88
Low value consumables	744,780.66	22,954.76		744,780.66		22,954.76
Total	55,579,287.98	15,906,888.84	-212,400.52	38,024,627.39		33,249,148.91

9. Other current assets

Unit: RMB

Item	Closing balance	Opening balance
Creditable VAT	141,716,798.32	139,222,321.24
Financial products		
Reverse repurchase of national debts		
Term deposit [note]	2,701,165,342.43	1,591,313,150.71
Others	14,685,405.84	2,449,217.21
Total	2,857,567,546.59	1,732,984,689.16

Other remarks:

[Note] In terms of term deposits for the purpose of earning interest, the principal was RMB2.60 billion and the interest receivable was RMB101,165,342.43.

10. Long-term equity investments

Unit: RMB

Invested unit	Opening balance (book value)	Increase/decrease								Closing balance (book value)	Closing balance of impairment provision
		Investment increased	Investment decreased	Investment profit or loss recognized by equity method	Adjustment in other comprehensive income	Changes in other equity	Cash dividend/profit declared for distribution	Accrued impairment provision	Others		
I. Joint ventures											
II. Associated enterprises											
Wuhan Anzai Cookware Co., Ltd.	61,917,730.62			2,530,587.84						64,448,318.46	
Subtotal	61,917,730.62			2,530,587.84						64,448,318.46	
Total	61,917,730.62			2,530,587.84						64,448,318.46	

Other remarks:

Note: In net profits of Wuhan Anzai Cookware Co., Ltd., investment income owned by the Company determined according to shareholding ratio in current period totaled RMB2,317,080.57 and amount influenced by upstream transaction was RMB213,507.27.

11. Fixed assets

Unit: RMB

Item	Closing balance	Opening balance
Fixed assets	1,228,535,067.85	908,982,690.72
Total	1,228,535,067.85	908,982,690.72

(1) Fixed assets

Unit: RMB

Item	Buildings and structures	General equipment	Special equipment	Transport facilities	Total
I. Original book value:					
1. Opening balance	781,025,622.72	250,482,516.80	847,017,413.07	28,029,401.44	1,906,554,954.03
2. Increase	341,145,936.37	31,229,139.92	62,261,817.37	1,385,335.76	436,022,229.42
(1) Acquisition	18,590,692.40	23,446,133.11	17,020,101.51	1,385,335.76	60,442,262.78
(2) Transferred in from construction in progress	322,555,243.97	7,783,006.81	45,241,715.86		375,579,966.64
(3) Increase from enterprise merger					
3. Decrease	197,000.00	10,694,823.12	25,512,518.36	393,307.23	36,797,648.71
(1) Disposal or scrapping	197,000.00	10,694,823.12	25,512,518.36	393,307.23	36,797,648.71
4. Closing balance	1,121,974,559.09	271,016,833.60	883,766,712.08	29,021,429.97	2,305,779,534.74
II. Accumulated depreciation					
1. Opening balance	263,898,691.14	171,882,213.87	544,224,787.48	17,566,570.82	997,572,263.31
2. Increase	29,771,616.31	22,641,109.21	56,797,852.23	3,902,403.37	113,112,981.12
(1) Provision	29,771,616.31	22,641,109.21	56,797,852.23	3,902,403.37	113,112,981.12
3. Decrease	61,789.55	10,078,249.43	23,030,654.64	270,083.92	33,440,777.54
(1) Disposal or scrapping	61,789.55	10,078,249.43	23,030,654.64	270,083.92	33,440,777.54
4. Closing balance	293,608,517.90	184,445,073.65	577,991,985.07	21,198,890.27	1,077,244,466.89
III. Impairment provision					
1. Opening balance					
2. Increase					
(1) Provision					
3. Decrease					
(1) Disposal or scrapping					
4. Closing balance					
IV. Book value					
1. Closing book value	828,366,041.19	86,571,759.95	305,774,727.01	7,822,539.70	1,228,535,067.85
2. Opening book value	517,126,931.58	78,600,302.93	302,792,625.59	10,462,830.62	908,982,690.72

(2) Fixed assets with certificate of titles unsettled

Unit: RMB

Item	Book value	Reasons for unsettlement

Function dormitory of Shaoxing Supor	39,924,173.41	After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly
No.3 plant of Shaoxing Supor	29,612,016.55	After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly
No.1 plant of Shaoxing Supor	27,168,703.78	After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly
No.8 plant of Shaoxing Supor	31,820,440.16	After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly
Function cafeteria of Shaoxing Supor	13,315,123.28	After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly
No.12 plant of Shaoxing Supor	13,232,717.31	After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly
Transformer substation (35KV) of Shaoxing Supor	3,625,751.06	After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly
No.13 plant of Shaoxing Supor	16,178,218.98	After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly
No.14 plant of Shaoxing Supor	25,073,414.71	After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly
No.15 plant of Shaoxing Supor	45,042,746.38	After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly
Forklift charging room of Shaoxing Supor	992,576.83	After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly
Generator room of P&R Products	3,212.89	Transfer procedures of land use right certificate are not settled due to land ownership issue
Water pump building and structures of P&R Products	132,735.40	Transfer procedures of land use right certificate are not settled due to land ownership issue
Extended plant for bakelite workshop of P&R Products	292,980.71	Transfer procedures of land use right certificate are not settled due to land ownership issue
Polishing workshop of P&R Products	132,480.00	Transfer procedures of land use right certificate are not settled due to land ownership issue
Warehouse of kitchen & electric appliance and stove	18,999,295.79	After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly
Warehouse of kitchen & electric appliance and water purifier	21,423,371.46	After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly
Bottling storage room of kitchen & electric appliance	172,675.48	After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly
R&D workshop of kitchen & electric appliance	4,856,002.71	After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly
Dormitory of kitchen & electric appliance	25,543,156.85	After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly
Underground water pump room of kitchen & electric appliance	1,926,074.78	After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly
Test workshop of kitchen & electric appliance	4,279,610.65	After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly
Construction of dust-free workshops for kitchen & electric appliance and water purifier	712,704.10	After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly
Workshop of kitchen & electric appliance and water purifier	19,905,626.51	After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly
Reception room of kitchen & electric appliance	419,904.85	After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly
High-voltage power distribution room of kitchen & electric appliance	6,110,770.13	After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly
Warehouse of kitchen & electric appliance and stove	20,291,243.58	After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly
Subtotal	371,187,728.34	

12. Construction in progress

Unit: RMB

Item	Closing balance	Opening balance
Construction in progress	47,175,324.72	215,167,399.12
Total	47,175,324.72	215,167,399.12

(1) Details

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Plant construction of Shaoxing Supor Company				85,194,744.55		85,194,744.55
WMF factory project in Yuhuan	42,141,328.92		42,141,328.92	83,421,885.21		83,421,885.21
Infrastructure project of kitchen & electric appliance	965,600.00		965,600.00	30,553,854.96		30,553,854.96
Equipment payment	2,633,823.57		2,633,823.57	9,644,260.36		9,644,260.36
Piecemeal projects	1,434,572.23		1,434,572.23	6,352,654.04		6,352,654.04
Total	47,175,324.72		47,175,324.72	215,167,399.12		215,167,399.12

(2) Changes in significant projects

Unit: RMB

Projects	Budgets	Opening balance	Increase	Transferred to fixed assets	Other decrease	Closing balance	Accumulated investment to budget	Completion percentage (%)	Accumulated amount of borrowing cost capitalization	Including amount of borrowing cost capitalization in current period	Annual capitalization rate (%)	Capital source
Plant construction of Shaoxing Supor Company	96,460,000.00	85,194,744.55	698,457.38	85,893,201.93		0.00	89.05%	100.00%				Self-owned capital
WMF factory project in Yuhuan	214,400,000.00	83,421,885.21	62,854,688.37	104,135,244.66		42,141,328.92	99.55%	99.55%				Self-owned capital
Infrastructure project of kitchen & electric appliance	138,980,000.00	30,553,854.96	98,570,059.84	128,158,314.80		965,600.00	92.91%	92.91%				Self-owned capital
Equipme		9,644,260.36	9,735,871.63	16,746,314.80		2,633,823.57						Self-

nt payment		0.36	1.69	08.48		3.57						owned capital
Piecemeal projects		6,352,654.04	35,880,868.57	40,798,950.38		1,434,572.23						Self-owned capital
Total	449,840,000.00	215,167,399.12	207,739,945.85	375,732,020.25		47,175,324.72	--	--				--

Note: WMF factory project in Yuhuan Budgets of RMB214M include the lans use right RMB67.164M.

13. Intangible assets

(1) Details

Unit: RMB

Item	Land use right	Right to use trademark	Software	Total
I. Original book value				
1. Opening balance	474,687,696.53	47,328,811.32	60,201,053.19	582,217,561.04
2. Increase	102,478.24		14,722,573.36	14,825,051.60
(1) Acquisition	102,478.24		14,722,573.36	14,825,051.60
(2) In-house R&D				
(3) Increase from enterprise merger				
3. Decrease				
(1) Acquisition				
4. Closing balance	474,790,174.77	47,328,811.32	74,923,626.55	597,042,612.64
II. Accumulated amortization				
1. Opening balance	70,354,501.35	18,886,474.52	27,429,691.00	116,670,666.87
2. Increase	8,075,476.27	4,732,881.13	5,762,224.87	18,570,582.27
(1) Provision	8,075,476.27	4,732,881.13	5,762,224.87	18,570,582.27
3. Decrease				
(1) Acquisition				
4. Closing balance	78,429,977.62	23,619,355.65	33,191,915.87	135,241,249.14
III. Impairment provision				
1. Opening balance				
2. Increase				
(1) Provision				
3. Decrease				
(1) Acquisition				

4. Closing balance				
IV. Book value				
1. Closing book value	396,360,197.15	23,709,455.67	41,731,710.68	461,801,363.50
2. Opening book value	404,333,195.18	28,442,336.80	32,771,362.19	465,546,894.17

Note: At the end of this period, the proportion of intangible assets formed through internal R & D in the balance of intangible assets is 0.00%

14. Long-term unamortized expenses

Unit: RMB

Item	Opening balance	Increase	Amortization	Other decrease	Closing balance
Improvement expenditure of fixed assets leased for operation	2,163,227.57	152,053.61	697,187.13		1,618,094.05
System upgrading fees	5,074.78		2,100.00		2,974.78
Total	2,168,302.35	152,053.61	699,287.13		1,621,068.83

15. Deferred income tax assets/deferred income tax liabilities

(1) Un-offset deferred income tax assets

Unit: RMB

Item	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Impairment provision of assets	137,055,554.19	27,916,747.05	143,830,951.12	30,275,578.66
Profits not realized by internal transaction	65,376,639.52	14,880,554.90	44,573,926.15	9,352,565.17
Deductible losses	7,234,432.15	1,808,608.04		
Accrued expenses	1,182,941,193.68	288,254,740.26	1,197,930,323.25	277,540,340.32
Accrued salary	63,707,084.13	15,921,976.44	71,753,378.99	16,944,497.60
Estimated liabilities	15,150,000.00	2,872,500.00	21,150,000.00	4,272,500.00
Share-based payment	101,741,322.65	18,238,979.12	135,922,797.01	23,859,926.04
Book-tax difference for depreciation of fixed assets	7,902,915.70	1,975,728.92	7,866,155.15	1,966,538.80
Total	1,581,109,142.02	371,869,834.73	1,623,027,531.67	364,211,946.59

(2) Deferred income tax liabilities before offset

Unit: RMB

Item	Closing balance		Opening balance	
	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities
Government subsidy for deferred tax	5,229,000.00	1,307,250.00	8,229,000.00	2,057,250.00
Profit and loss from fair value changes			2,525,313.39	378,797.01
Total	5,229,000.00	1,307,250.00	10,754,313.39	2,436,047.01

16. Accounts payable

(1) Details

Unit: RMB

Item	Closing balance	Opening balance
Goods payment	2,031,553,880.47	1,705,733,536.18
Equipment payment	89,607,493.88	49,987,734.84
Expenses payment	1,131,277,316.63	1,255,743,385.34
Total	3,252,438,690.98	3,011,464,656.36

Unit: RMB

17. Contract liabilities

Unit: RMB

Item	Closing balance	Opening balance
Advances on sales	850,983,303.37	979,659,606.83
Total	850,983,303.37	979,659,606.83

Note: The balance of contract liabilities at the beginning of the year is RMB979,659,606.83 yuan, which is adjusted according to the New Revenue Standard. For details, see "IV. 32. Change of important accounting policies and estimates "

18. Employee remuneration payable

(1) Details

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance
I. Short-term employee remuneration	294,051,401.82	1,539,977,950.20	1,527,863,813.71	306,165,538.31
II. Post-employment benefits - defined contribution plan	5,789,287.95	67,376,956.22	68,738,523.97	4,427,720.20

III. Termination benefits	894,219.21	1,026,587.29	1,167,860.94	752,945.56
Total	300,734,908.98	1,608,381,493.71	1,597,770,198.62	311,346,204.07

(2) Details of short-term employee remuneration

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance
1. Wage, bonus, allowance and subsidy	264,415,841.53	1,380,898,402.07	1,370,386,554.58	274,927,689.02
2. Employee welfare fund	3,189,452.94	74,253,052.32	72,786,304.10	4,656,201.16
3. Social insurance premium	3,467,657.66	39,554,010.53	39,269,182.90	3,752,485.29
Including: Medicare premium	3,019,152.92	36,729,466.23	36,758,725.20	2,989,893.95
Occupational injuries premium	149,048.08	2,220,215.40	2,211,001.04	158,262.44
Maternity premium	299,456.66	604,328.90	299,456.66	604,328.90
4. Housing accumulation funds	18,587.08	33,215,582.34	33,020,916.83	213,252.59
5. Trade union fund and employee education fund	22,959,862.61	12,056,902.94	12,400,855.30	22,615,910.25
Total	294,051,401.82	1,539,977,950.20	1,527,863,813.71	306,165,538.31

(3) Details of defined contribution plan

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance
1. Basic endowment insurance premium	5,573,099.94	65,264,567.45	66,559,634.87	4,278,032.52
2. Unemployment insurance premium	216,188.01	2,112,388.77	2,178,889.10	149,687.68
Total	5,789,287.95	67,376,956.22	68,738,523.97	4,427,720.20

(4) Termination benefits

The termination benefits paid by the Group for the termination of labor relations this year were RMB1,167,860.94, and the unpaid amount payable at the end of the period was RMB752,945.56.

19. Taxes and rates payable

Unit: RMB

Item	Closing balance	Opening balance
Value-added tax (VAT)	28,910,066.39	4,978,757.32
Enterprise income tax	114,039,273.09	151,162,623.73
Individual income tax	2,811,582.95	3,441,139.07

Urban maintenance and construction tax	6,097,175.54	3,531,652.87
Housing property tax	5,593,285.25	4,043,597.20
Land use tax	6,184,715.45	496,420.60
Stamp tax	2,328,212.57	2,402,242.33
Water conservancy special fund		12,741.47
Education surcharge	2,600,777.91	1,518,315.16
Local education surcharge	1,733,704.21	1,004,261.66
Total	170,298,793.36	172,591,751.41

20. Other payables

Unit: RMB

Item	Closing balance	Opening balance
Other payables	94,521,442.67	93,696,839.73
Total	94,521,442.67	93,696,839.73

(1) Other payables

1) Listing by nature

Unit: RMB

Item	Closing balance	Opening balance
Deposit as security	69,481,978.83	64,440,771.49
Temporary receipts payable	12,564,334.50	13,180,587.11
Others	12,475,129.34	16,075,481.13
Total	94,521,442.67	93,696,839.73

21. Other current liability

Unit: RMB

Item	Closing balance	Opening balance
Endorsed bank acceptance unrecognized	246,284,516.27	290,585,764.00
Output tax to be transferred	110,604,420.87	127,336,928.13
Total	356,888,937.14	417,922,692.13

Note1. In order to solve the problem of capital demand encountered by high-quality distributors during operation and support the expansion of the Company's marketing business, the bank, the Company and the distributors signed the Cooperation Agreement and the Advance Payment Financing Cooperation Agreement respectively. At the end of this period, RMB246,284,516.27 is the net risk exposure amount of the bank acceptance bill issued and paid by distributors to Supor, which has been endorsed by Supor and has not

yet expired.

Note: The output tax related to advances on sales in the amount of tax to be written off is adjusted to other current liabilities according to the New Revenue Standards. For details, please refer to "V. 32. Changes in Important Accounting Policies and Accounting Estimates".

22. Long-term employee remuneration payable

Unit: RMB

Item	Closing balance	Opening balance
II. Termination benefits	2,611,773.09	3,683,907.11
Total	2,611,773.09	3,683,907.11

23. Estimated liabilities

Unit: RMB

Item	Closing balance	Opening balance	Reasons for the balance
Pending lawsuit	15,150,000.00	21,150,000.00	Please refer to Note 14 commitments and contingencies for details
Total	15,150,000.00	21,150,000.00	--

24. Share capital

Unit: RMB

	Opening balance	Movements (+, -)					Closing balance
		New shares	Shares bonus	Converted capital	Others	Subtotal	
Total shares	821,119,910.00				-36,050.00	-36,050.00	821,083,860.00

Other remarks:

Share capital decreased by RMB36,050 in this period, which is due to the repurchase and cancellation of the 36,050 restricted shares of resigned incentive objects at a price of RMB1/share.

25. Capital reserve

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance
Capital premium (share capital premium)	56,961,402.25	57,988,741.95		114,950,144.20
Other capital reserve	137,671,947.85	32,274,960.46	58,038,010.70	111,908,897.61
Total	194,633,350.10	90,263,702.41	58,038,010.70	226,859,041.81

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

1) Share capital premium increased RMB57,988,741.95, carrying forward capital reserve of payment in viable shares confirmed during waiting period.

2) Other capital reserve was increased by RMB32,274,960.46 in current period. Increase reason is as follows: ① Equity-settled share-based payment RMB26,624,450.90 in current period was included into capital reserve (other capital reserve). For details, please see Note (XIII) "Description on Share-based Payment". ② Pre-tax amount deducted of share-based payment in current period was allowed to exceed the cost related to share-based payment as specified in accounting standards. Income tax effect RMB5,650,509.56 of the excess portion was included into capital reserve-other capital reserve directly, wherein corresponding impact of deferred income tax assets was RMB-2,873,735.16, and the current income tax impact RMB8,524,244.72.

Other capital reserves decreased by RMB58,038,010.70, ① the share repurchase fee of the current period was RMB49,268.75, and ② the amount carried forward to the share capital premium was RMB57,988,741.95.

26. Treasury share

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance
Treasury share	4,342,472.56	409,113,413.78	1,249,100.00	412,206,786.34
Total	4,342,472.56	409,113,413.78	1,249,100.00	412,206,786.34

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

1) The company 14th Session of Sixth Board of Directors reviewed and adopted The Proposal on Public Shares Repurchase Plan and the 2nd Session of the Seventh Board of Directors reviewed and adopted The Proposal on Adjusting Public Shares Repurchase Plan. With the confidence in the Company's future development, in order to effectively protect the interests of shareholders and enhance investor confidence, and in consideration of the Company's overall financial situation, the Company planned to repurchase the Company's shares with self-owned capital for reducing registered capital and implementing equity incentive. The increase in this period was due to the Group's repurchase of 5,890,000 shares of the Company's shares from the secondary market in a centralized bidding during the reporting period.

2) Treasury share decreased by RMB1,249,100 in current period. Decrease reason is as follows: ① according to the resolutions of the 14th Meeting of the 6th Session of the Board of Directors and the 16th Meeting of the 6th Session of the Board of Directors, nine incentive objects of the Company did not meet the incentive conditions because they left the Company, so a total of 36,050 restricted stocks were repurchased at the price of RMB1 / share, and repurchase obligation was reduced by RMB36,050 accordingly; ② restricted shares granted under the 2017 restricted stock incentive plan: the unlocking conditions for unlock part in the third phase of first batch of shares granted and unlock part in the second phase of second batch of shares granted were satisfied, so repurchase obligations was released by RMB1,093,650 and RMB119,400.

27. Other comprehensive income

Unit: RMB

Item	Opening balance	Amount incurred during this period						Closing balance
		Current period cumulative before income tax	Minus: Other comprehensive incomes carried forward transferred to profit or loss	Minus: Other comprehensive incomes carried forward transferred to retained earnings	Minus: income tax expenses	Attributable to parent company	Attributable to non-controlling interest	
II. Other comprehensive incomes to be reclassified into the profit and	-	-	-	-	-	-	-	-
	20,313,446.	19,142,68				18,718,38	424,299.1	39,031,8

loss	20	5.49				6.37	2	32.57
Conversion difference in foreign currency financial statement	20,313,446.20	19,142,685.49				18,718,386.37	424,299.12	39,031,832.57
Total of other comprehensive income	20,313,446.20	19,142,685.49				18,718,386.37	424,299.12	39,031,832.57

28. Surplus reserve

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserve	401,648,181.64			401,648,181.64
Total	401,648,181.64			401,648,181.64

Description on surplus reserve, including increase/decrease in this period and reason for the change:

Statutory surplus reserve will not be extracted, as statutory surplus reserve accumulatively extracted in this period reaches 50% of the parent company's registered capital.

29. Undistributed profit

Unit: RMB

Item	Current period	Preceding period
Retained earnings at last period end before adjustment	5,443,671,509.58	4,573,275,094.31
Retained profits at period beginning after adjustment	5,443,671,509.58	4,573,275,094.31
Plus: Net profit attributable to owners of the parent company	1,846,221,538.10	1,919,914,191.25
Ordinary share dividends payable	1,087,305,603.30	1,049,517,775.98
Undistributed profits at the end of the period	6,202,587,444.38	5,443,671,509.58

Adjustment of undistributed profits at period beginning:

- 1). Due to retroactive adjustment of Accounting Standards for Business Enterprises and relevant new regulations, undistributed profit at period beginning was changed by RMB0.00.
- 2). Due to change of accounting policies, undistributed profit at period beginning was changed by RMB0.00.
- 3). Due to rectification of important accounting errors, undistributed profit at period beginning was changed by RMB0.00.
- 4). Due to change of merger scope resulted from same control, undistributed profit at period beginning was changed by RMB0.00.
- 5). Due to other adjustment, undistributed profit at period beginning was changed by RMB0.00.

30. Operating income/cost

Unit: RMB

Item	Amount incurred during this period		Amount incurred during prior period	
	Revenue	Cost	Revenue	Cost
Main business	18,446,255,753.22	13,547,127,633.39	19,681,479,953.85	13,519,174,731.86

Revenue from other operations	150,688,535.80	136,148,690.92	171,997,929.12	149,053,664.10
Total	18,596,944,289.02	13,683,276,324.31	19,853,477,882.97	13,668,228,395.96

Note: The New Revenue Standard had been implemented this period, promotion costs paid by the Group to customers offsetted operating income. Details pls refer to “V. 32. Change of important accounting policies and estimates”.

31. Taxes and surcharge

Unit: RMB

Item	Amount incurred during this period	Amount incurred during prior period
Urban maintenance and construction tax	48,646,472.21	60,663,892.00
Education surcharge	20,819,391.68	26,471,082.59
Housing property tax	6,928,818.81	7,938,929.63
Land use tax	5,435,825.29	893,035.02
Vehicle and vessel use tax	56,520.00	64,322.23
Stamp tax	8,099,242.13	11,170,640.90
Local education surcharge	13,311,637.39	16,497,089.28
Environmental protection tax	42,292.51	39,254.86
Total	103,340,200.02	123,738,246.51

Note: the calculation and payment standards of taxes and surcharges are detailed in Note VI, Taxes

32. Sales expenses

Unit: RMB

Item	Amount incurred during this period	Amount incurred during prior period
Advertising, sales promotion, and special gift expenses	1,018,589,877.12	2,122,727,108.43
Transportation expenses	537,383,514.12	464,415,237.50
Employee remuneration	402,098,763.01	434,909,258.53
Office and business traveling expenses	103,567,782.36	125,202,755.25
Others	62,106,856.36	58,788,682.29
Total	2,123,746,792.97	3,206,043,042.00

Note: The New Revenue Standard had been implemented this period, promotion costs paid by the Group to customers offsetted operating income. Details pls refer to “V. 32. Change of important accounting policies and estimates”.

33. Administrative expenses

Unit: RMB

Item	Amount incurred during this period	Amount incurred during prior period
------	------------------------------------	-------------------------------------

Employee remuneration	170,493,478.95	184,709,254.32
Office, business traveling and depreciation and amortization expenses	78,468,591.54	80,834,445.23
Equity incentive expenses	26,624,450.90	41,132,741.22
Others	42,142,767.21	39,056,475.68
Total	317,729,288.60	345,732,916.45

34. R&D expenses

Unit: RMB

Item	Amount incurred during this period	Amount incurred during prior period
Employee remuneration	170,424,326.70	164,340,887.49
Trial production experiment cost and consumption expenditure	177,573,768.92	199,665,290.17
New product design cost	36,685,232.11	34,516,435.87
Patent and external institutional fees	41,488,843.86	32,604,830.62
Others	15,553,633.03	21,433,466.53
Total	441,725,804.62	452,560,910.68

35. Financial expenses

Unit: RMB

Item	Amount incurred during this period	Amount incurred during prior period
Interest expenses	127,947.18	1,045,657.32
Interest revenues	-30,205,969.81	-43,916,125.68
Gain or loss on foreign exchange	20,026,412.59	-1,354,584.16
Handling fees and others	1,023,819.99	899,360.25
Total	-9,027,790.05	-43,325,692.27

36. Other income

(1) Classification of other income

Source of other revenues	Amount incurred during this period	Amount incurred during prior period
Government subsidies concerning daily activities	202,566,619.42	165,824,087.78
Refund of handling fee for withholding individual income tax	1,355,960.61	814,590.57
Total	203,922,580.03	166,638,678.35

(2) Government subsidies concerning daily activities

Subsidy item	Amount incurred during this period	Amount incurred during prior period	Related to assets/income
Project subsidy	52,368,264.19	40,819,494.21	Related to benefits
Government reward	143,904,800.00	124,350,124.97	Related to benefits
Tax returns	6,293,555.23	654,468.60	Related to benefits
Total	202,566,619.42	165,824,087.78	

37. Investment income

Unit: RMB

Item	Amount incurred during this period	Amount incurred during prior period
Income from long-term equity investments under the equity method	2,317,080.57	4,843,516.71
Interest from term deposit	61,825,701.30	41,313,150.71
Investment income from financial products		20,262,602.73
Income from reverse repurchase of government bond		834,034.68
Total	64,142,781.87	67,253,304.83

38. Gains from changes in fair value

Unit: RMB

Resource for gains from changes in fair value	Amount incurred during this period	Amount incurred during prior period
Variation in fair value of financial products	27,066,318.10	4,563,042.79
Total	27,066,318.10	4,563,042.79

39. Credit impairment loss

Unit: RMB

Item	Amount incurred during this period	Amount incurred during prior period
Other receivables	-778,011.19	1,042,336.68
Accounts receivable impairment loss	-15,637,607.39	-3,482,193.99
Note receivable impairment loss	-1,231,422.58	
Total	-17,647,041.16	-2,439,857.31

40. Asset impairment loss

Unit: RMB

Item	Amount incurred during this period	Amount incurred during prior period
II. Loss on inventory depreciation and impairment loss of contract performance cost	-15,906,888.84	-38,502,625.50
Total	-15,906,888.84	-38,502,625.50

41. Assets disposal income

Unit: RMB

Source of assets disposal income	Amount incurred during this period	Amount incurred during prior period
Profits for non-current assets disposal	-652,216.55	-1,711,476.60
Profits of non-current assets (loss "-")		
Total	-652,216.55	-1,711,476.60

42. Non-operating income

Unit: RMB

Item	Amount incurred during this period	Amount incurred during prior period	Amount included into non-recurring profit or loss
Gains from disposal of dead non-current assets	523,417.90	864,221.60	523,417.90
Including: Gains from scrap of fixed assets	523,417.90	864,221.60	523,417.90
Default fine revenue	4,170,684.36	2,935,045.75	4,170,684.36
Reversion of estimated liabilities	10,000,000.00		10,000,000.00
Others	3,895,697.54	771,540.37	3,895,697.54
Total	18,589,799.80	4,570,807.72	18,589,799.80

43. Non-operating expense

Unit: RMB

Item	Amount incurred during this period	Amount incurred during prior period	Amount included into non-recurring profit or loss
Donation expenditures	6,649,272.15	2,232,402.01	6,649,272.15
Fire losses		10,255,653.45	
Damage and scrapping loss of non-current assets	1,535,082.41	1,257,922.52	1,535,082.41
Including: Fixed assets	1,535,082.41	1,257,922.52	1,535,082.41

Indemnity expenditure	4,000,000.00	11,000,000.00	4,000,000.00
Default fine expenditure			
Others	3,165,950.08	2,668,126.15	3,165,950.08
Total	15,350,304.64	27,414,104.13	15,350,304.64

44. Income tax expenses

(1) Details

Unit: RMB

Item	Amount incurred during this period	Amount incurred during prior period
Current income tax expenses	369,435,679.23	445,564,728.28
Deferred income tax expenses	-11,741,744.81	-87,760,011.51
Total	357,693,934.42	357,804,716.77

(2) Reconciliation of accounting profit to income tax expenses

Unit: RMB

Item	Amount incurred during this period
Total profit	2,200,318,697.16
Income tax expenses based on statutory/applicable tax rate	330,047,804.57
Effect of different tax rate applicable to subsidiaries	58,536,096.44
Effect of prior income tax reconciliation	1,810,120.44
Effect of non-taxable income	-347,562.09
Effect of non-deductible costs, expenses and losses	6,387,014.27
Effect of deductible temporary differences or deductible losses of unrecognized deferred income tax assets in the current period	5,249,250.69
Effect of preferential tax rate	-43,290,650.60
Other effects such as deemed sales, and option incentives	-698,139.30
Income tax expenses	357,693,934.42

Other remarks:

Note: Calculation based on the Company's income tax rate 15% this year

45. Other comprehensive income

Refer to Note 27 for details.

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

Unit: RMB

Item	Amount incurred during this period	Amount incurred during prior period
Receipt of government subsidies	203,922,580.03	165,824,087.78
Insurance indemnity received		86,114,820.00
Receipt of deposit, security and staff reserve fund loan	1,020,162.59	6,051,401.31
Interest revenue and others	48,272,351.70	49,696,219.73
Total	253,215,094.32	307,686,528.82

(2) Other cash payments related to operating activities

Unit:

Item	Amount incurred during this period	Amount incurred during prior period
Cash payment for sales expenses	1,253,893,366.86	1,240,130,679.46
Cash payment for administrative expenses	207,137,919.31	170,908,917.41
Cash payment for R&D expenses	279,777,880.38	291,951,045.71
Supply chain financial account		74,000,000.00
Donations payment	6,649,272.15	2,232,402.01
Other payments	3,165,950.08	4,190,372.30
Total	1,750,624,388.78	1,783,413,416.89

(3) Other cash receipts related to investing activities

Unit: RMB

Item	Amount incurred during this period	Amount incurred during prior period
Recovery of financial products, and principal of term deposit	2,810,000,000.00	2,345,900,000.00
Total	2,810,000,000.00	2,345,900,000.00

(4) Other cash payments related to investing activities

Unit: RMB

Item	Amount incurred during this period	Amount incurred during prior period
Cash payment for financial products and	2,715,000,000.00	2,810,000,000.00

term deposit		
Total	2,715,000,000.00	2,810,000,000.00

(5) Other cash payments related to financing activities

Unit: RMB

Item	Amount incurred during this period	Amount incurred during prior period
Repurchase of shares and handling fees	409,198,732.53	1,438,172.56
Total	409,198,732.53	1,438,172.56

47. Supplement information to the cash flow statement**(1) Supplement information to the cash flow statement**

Unit: RMB

Supplement information	Amount of this period	Amount of prior period
I. Reconciliation of net profit to cash flow from operating activities:	--	--
Net profit	1,842,624,762.74	1,915,653,117.02
Plus: Impairment provision of assets	15,906,888.84	38,502,625.50
Provision for credit impairment loss	17,647,041.16	2,439,857.31
Depreciation of fixed assets, oil and gas assets, productive biological assets	113,112,981.12	107,684,435.42
Depreciation of right-of-use assets		
Amortization of intangible assets	18,570,582.27	16,397,211.72
Amortization of long-term unamortized expenses	699,287.13	1,116,229.95
Loss on disposal of fixed assets, intangible assets and other long-term assets ("- for gains)	652,216.55	1,711,476.60
Fixed assets retirement loss ("- for gains)	1,011,664.51	393,700.92
Losses on changes in fair value ("- for gains)	-27,066,318.10	-4,563,042.79
Financial expenses ("- for gains)	20,026,412.59	-1,354,584.16
Investments losses ("- for gains)	-64,142,781.87	-67,253,304.83
Decrease of deferred income tax assets ("- for increase)	-7,657,888.14	-86,961,308.52
Increase of deferred income tax liabilities ("- for decrease)	-1,128,797.01	-798,702.99
Decrease in inventories ("- for increase)	-177,592,679.13	76,039,031.28
Decrease in operating receivables ("- for increase)	241,146,107.58	-259,843,882.12
Increase in operating payables ("- for decrease)	56,158,842.86	26,769,425.59
Others	26,624,450.90	-32,991,308.78
Net cash flows from operating activities	2,076,592,774.00	1,732,940,977.12

2. Significant investing and financing activities not related to cash receipts and payments:	--	--
Conversion of debt into capital		
Convertible bonds to be matured within one year		
Fixed assets under financing lease		
3. Net changes in cash and cash equivalents:	--	--
Cash at the end of the period	1,655,785,919.04	1,234,132,657.16
Minus: Cash at the beginning of the period	1,234,132,657.16	1,400,762,574.83
Plus: Cash equivalents at the end of the period		
Minus: Cash equivalents at the beginning of the period		
Net increase in cash and cash equivalents	421,653,261.88	-166,629,917.67

(2) Cash and cash equivalents

Unit: RMB

Item	Closing balance	Opening balance
I. Cash	1,655,785,919.04	1,234,132,657.16
Including: Cash on hand	77,763.80	91,345.89
Cash in bank on demand for payment	1,640,815,217.66	1,227,662,240.97
Other monetary capitals on demand for payment	14,892,937.58	6,379,070.30
III. Balance of cash and cash equivalents at the end of the period	1,655,785,919.04	1,234,132,657.16

48. Assets with title or use right restrictions

Unit: RMB

Item	Closing book value	Reasons for restrictions
Monetary capital	64,000,000.00	Security deposit for prepayment financing business
Total	64,000,000.00	--

49. Foreign currency monetary items**(1) Foreign currency monetary items**

Unit: RMB

Item	Closing balance in foreign currencies	Conversion rate	RMB equivalent
Monetary capital	--	--	
Including: USD	28,325,095.43	6.5249	184,818,415.17
EUR	2,138,127.95	8.0250	17,158,476.80

GBP	29.10	8.8903	258.71
VND	30,671,477,717.97	0.000282158	8,654,202.81
SGD	57,376.78	4.9314	282,947.85
IDR	7,562,591,294.31	0.000464	3,509,042.36
Accounts receivable	--	--	
Including: USD	31,942,701.95	6.5249	208,422,935.95
EUR	1,817,769.34	8.0250	14,587,598.95
VND	49,314,538,121.50	0.000282158	13,914,491.45
IDR	4,290,949,477.00	0.000464	1,991,000.56
Long-term borrowings	--	--	
Including: USD	3,712,816.85	6.5249	24,225,758.66
EUR	67,690.40	8.0250	543,215.46
VND	79,483,108,675.30	0.000282158	22,426,794.98
SGD	131,378.35	4.9314	647,879.20
IDR	2,493,936,430.00	0.000464	1,157,186.50

VIII. Change on merger scope

1. Liquidation of subsidiaries

Name	Liquidation time	Net assets on liquidation date	Beginning of period to liquidation date Net profit
Wuhan Supor Co., Ltd.	December 31, 2020	12,658,601.38	-93,707.48

The Company liquidated its subsidiary Wuhan Supor Co., Ltd. on December 31, 2020, and completed the industrial and commercial cancellation on January 24, 2021.

IX. Equity in other entities

1. Equity in subsidiaries

(1) Structure of enterprise Group

Name of the subsidiary	Main operating place	Place of registration	Business nature	Shareholding ratio		Acquisition method
				Direct	Indirect	
Zhejiang Supor Household Appliances Manufacturing Co., Ltd. [Note 1]	Hangzhou	Hangzhou	Manufacturing industry	100.00%		Establishment
Zhejiang Shaoxing Supor Domestic Electrical Appliances Co., Ltd. [Note 1]	Shaoxing	Shaoxing	Manufacturing industry	100.00%		Establishment
Supor (Vietnam) Co., Ltd. [Note 1]	Vietnam	Vietnam	Manufacturing industry	100.00%		Establishment

Wuhan Supor Recycling Co., Ltd. [Note 1]	Wuhan	Wuhan	Commerce	100.00%		Establishment
Wuhan Supor Cookware Co., Ltd. [Note 1] [Note 2]	Wuhan	Wuhan	Manufacturing industry	25.00%	75.00%	Establishment
Hangzhou Omega Commercial Trade Co., Ltd. [Note 1]	Hangzhou	Hangzhou	Commerce	100.00%		Establishment
Shanghai Supor Cookware Marketing Co., Ltd. [Note 1]	Shanghai	Shanghai	Commerce	100.00%		Establishment
Wuhan Supor Pressure Cooker Co., Ltd. [Note 1]	Wuhan	Wuhan	Manufacturing industry	100.00%		Enterprise merger under the same control
Zhejiang Supor Plastic & Rubber Co., Ltd. [Note 1]	Yuhuan	Yuhuan	Manufacturing industry	100.00%		Enterprise merger under the same control
Yuhuan Supor Cookware Sales Co., Ltd. [Note 1]	Yuhuan	Yuhuan	Commerce	100.00%		Enterprise merger not under the same control
SEADA [Note 1]	Singapore	Singapore	Commerce	51.00%		Enterprise merger under the same control
AFS Vietnam Management Co., Ltd. [Note 1] [Note 3]	Vietnam	Vietnam	Commerce		100.00%	Enterprise merger under the same control
Shanghai WMF Enterprise Development Co., Ltd. [Note 1]	Shanghai	Shanghai	Manufacturing industry	100.00%		Establishment
Zhejiang WMF Housewares Co., Ltd. [Note 1]	Yuhuan	Yuhuan	Manufacturing industry	100.00%		Establishment
Zhejiang Shaoxing Supor Household Products Co., Ltd. [Note 1]	Shaoxing	Shaoxing	Manufacturing industry	100.00%		Establishment
Shanghai SEB Electrical Appliances Co., Ltd. [Note 1]	Shanghai	Shanghai	Manufacturing industry	100.00%		Enterprise merger under the same control
Zhejiang Supor Kitchen & Electric Appliance Co., Ltd. [Note 1] [Note 4]	Shaoxing	Shaoxing	Manufacturing industry	100.00%		Establishment
PT GROUPE SEB INDONESIA MSD [Note 5]	Indonesia	Indonesia	Commerce		67.00%	Establishment
Zhejiang Supor Water Heater Co., Ltd. [Note 1]	Shaoxing	Shaoxing	Manufacturing industry	52.00%		Establishment

Other remarks:

Note 1: The following are abbreviations: Zhejiang Supor Electrical, Shaoxing Supor, Supor Vietnam, Wuhan Recycling, Wuhan Supor Cookware, Omega, Shanghai Marketing, Wuhan Supor Pressure Cooker, P&R Products, Wuhan Supor, Yuhuan Sales, SEADA, AFS, Shanghai WMF Enterprise Development, WMF Housewares, Shaoxing Supor Housewares, Shanghai SEB Electrical Appliances Co., Ltd., Supor Kitchen & Electric Appliance and Supor Water Heater.

Note 2: The Company is subsidiary of Wuhan Supor Pressure Cooker Co., Ltd.; of which, Wuhan Supor Pressure Cooker Co., Ltd. holds 75% shares and the Company holds 25% shares.

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

Note 4: Zhejiang Supor Kitchen & Electric Appliance Co., Ltd. is a subsidiary of the Company, established in 2019, mainly engaged in the production and sales of kitchen & electric appliance products of the Company.

Note 5: PT GROUPE SEB INDONESIA MSD was established jointly by SEADA, a subsidiary of the Company and PT MULTIFORTUNA in Indonesia this year. SEADA holds 67% shares and PT MULTIFORTUNA holds 33% shares.

(2) Significant not wholly-owned subsidiaries

Unit: RMB

Name of the subsidiary	Holding proportion of	Profit or loss attributable	Dividend declared to	Balance of minority
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	non-controlling interest	to non-controlling interest	non-controlling interest	shareholders' equities at the end of the period
SEADA	49.00%	-96,216.65		6,813,195.47
ASIA FAN SUPOR	49.00%	113,681.18		318,480.05
PT GROUPE SEB INDONESIA MSD	33.00%	-1,941,273.53		1,525,371.95
Supor Water Heater	48.00%	-1,672,966.36		27,127,033.64

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

Unit: RMB

Name of the subsidiary	Closing balance						Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
SEADA	1,739,484.57	14,049,147.78	15,788,632.35	1,365,207.17		1,365,207.17	7,378,431.29	8,567,321.86	15,945,753.16	1,024,653.77		1,024,653.77
ASIA FAN SUPOR	3,982,972.21	19,178.39	4,002,150.61	893,593.48		893,593.48	4,137,784.52	20,465.06	4,158,249.58	1,069,057.96		1,069,057.96
PT GROUPE SEB INDONESIA MSD	12,417,432.18	2,605,592.72	15,023,024.90	4,443,927.60		4,443,927.60	9,941,380.85	770,516.08	10,711,896.93	5,111,761.09		5,111,761.09
Water Heater	76,582,378.09	3,026,238.48	79,608,616.57	22,906,736.60		22,906,736.60						

Unit: RMB

Name of the subsidiary	Amount incurred during this period				Amount incurred during prior period			
	Operating income	Net profit	Total of comprehensive incomes	Cash flows from operating activities	Operating income	Net profit	Total of comprehensive incomes	Cash flows from operating activities
SEADA	1,393,806.55	-200,226.26	-497,674.21	821,683.98	2,100,318.52	-4,327,484.87	-4,118,932.44	-214,897.94
ASIA FAN SUPOR		222,821.39	19,365.51	-19,734.79		307,765.32	361,212.16	-281,016.39
PT GROUPE SEB INDONESIA MSD	10,823,899.72	-3,050,817.82	-3,373,038.56	-6,384,014.85	3,254,719.28	-3,422,175.47	-3,435,864.17	-7,057,645.24
Water Heater	61,394,312.96	-3,298,120.03	-3,298,120.03	2,437,760.78				

2. Equity in joint venture or associated enterprises

(1) Significant joint venture or associated enterprises

Name of joint venture or associated	Main operating place	Place of registration	Business nature	Shareholding ratio		Accounting method for the investment in
				Direct	Indirect	

enterprise						joint venture or associated enterprises
Wuhan Anzai Cookware Co., Ltd.	Wuhan	Wuhan	Manufacturing industry	30.00%		Equity method

(2) Main financial information of significant associated enterprise

Unit: RMB

	Closing balance/amount incurred during this period	Opening balance/amount incurred during prior period
Current assets	169,376,389.83	125,140,246.10
Non-current assets	47,088,384.01	51,182,661.63
Total assets	216,464,773.84	176,322,907.73
Current liabilities	76,181,859.40	44,375,191.09
Non-current liabilities	740,000.00	840,000.00
Total liabilities	76,921,859.40	45,215,191.09
Shareholders' equities attributable to the parent company	139,542,914.44	131,107,716.64
Proportionate share in net assets	41,862,874.33	39,332,314.99
--Goodwill	22,585,444.13	22,585,444.13
Book value of investments in associated enterprises	64,448,318.46	61,917,759.12
Operating income	253,523,667.26	347,620,937.57
Net profit	8,435,292.80	14,237,735.54
Total of comprehensive incomes	8,435,292.80	14,237,735.54
Dividends received from associated enterprises in current year		3,000,000.00

(3) Descriptions for major limitations in the ability of joint ventures or associated enterprises transferring funds to the company

X. Risks Related to Financial Instruments

(I) Risk management objectives and policies

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

1、Market risk

(1) Foreign exchange risk

Foreign exchange risk is the risk that the Company may encounter fluctuation in fair value of financial instruments or future cash flows due to changes in exchange rate. The Company's foreign currency risk relates mainly to foreign currency monetary assets and liabilities. When short-term imbalance occurred to foreign currency assets and liabilities, the Company may conduct foreign exchange hedge or trade foreign currency at market exchange rate when necessary, in order to maintain the net risk exposure within an acceptable level.

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

(2) Interest risk - risk for cash flow changes

Interest risk is the risk that the Company may encounter fluctuation in fair value of financial instruments or future cash flows due to changes in market rate. As of December 31, 2020, balance of borrowings is zero, the Group's gross profits and shareholders' equities will not be significantly affected by interest risk.

2、Credit risk

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

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

1. Receivables financing

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

2. Accounts receivable

The Company only conducts business with credible and well-reputed third parties. According to the Company's policies, credit evaluations are performed on all customers to determine the credit limit and terms applicable to the customers. In addition, the Company conducts ongoing monitoring on accounts receivable, to avoid significant risks in bad debts.

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

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

As the Company only conducts business with credible and well-reputed third parties, normally, does not obtain collateral from customers. The Company manages credit risk aggregated by customers. At the end of the year, the Company's accounts receivable from related party SEB ASIA LTD. accounted for 68.99% of closing balance (December 31, 2019: 55.23%), and the Company's account receivables are expected to have less credit risk. As the Company's credit risks fall into several business partners and customers, as of December 31, 2020, 14.31% (December 31, 2019: 18.90%) of the total accounts receivable was due from the five largest customers of the Company after deducting receivables from related party SEB ASIA LTD. The Company has no significant central credit risk.

3. Other receivables

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

(1) Analysis of amount of accounts receivable that is not past due and not impaired, the amount that is past due but not impaired, and the overdue aging is as follows:

Item	Closing balance				Total
	Neither past due nor impaired	Past due but not impaired			
		Within one year	1-2 years	Over 2 years	

Receivables financing	321,162,886.99				321,162,886.99
Subtotal	321,162,886.99				321,162,886.99

(Continued)

Item	Opening balance				Total
	Neither past due nor impaired	Past due but not impaired			
		Within one year	1-2 years	Over 2 years	
Receivables financing	896,394,337.71				896,394,337.71
Subtotal	896,394,337.71				896,394,337.71

(2) For individually accrued impairment receivables, please refer to the accounts receivable to the notes to items of consolidated financial statements in the notes to the financial statements.

(3) Liquidity risk

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

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

Financial instruments classified based on remaining time period till maturity

Item	Closing balance			
	Book value	Within one year	1-3 years	Over 3 years
Financial assets				
Monetary capital	1,719,785,919.04	1,719,785,919.04		
Transactional financial assets	115,992,105.03	115,992,105.03		
Note receivable	245,053,093.69	245,053,093.69		
Accounts receivable	2,228,302,318.44	2,228,302,318.44		
Receivables financing	321,162,886.99	321,162,886.99		
Other receivables	40,164,877.32	40,164,877.32		
Other current assets [note]	2,701,165,342.43	2,701,165,342.43		
Subtotal	7,371,626,542.94	7,371,626,542.94		
Financial liabilities				
Accounts payable	3,252,438,690.98	3,252,438,690.98		
Other payables	94,521,442.67	94,521,442.67		
Other current liabilities	246,284,516.27	246,284,516.27		
Subtotal	3,593,244,649.92	3,593,244,649.92		

Note: term deposit to earning interest as purpose.

(Continued)

Item	Opening balance			
	Book value	Within one year	1-3 years	Over 3 years
Financial assets				
Monetary capital	1,308,132,657.16	1,308,132,657.16		
Transactional financial assets	1,264,563,042.79	1,264,563,042.79		
Note receivable	290,585,764.00	290,585,764.00		
Accounts receivable	1,796,909,432.40	1,796,909,432.40		
Receivables financing	896,394,337.71	896,394,337.71		
Other receivables	14,230,736.62	14,230,736.62		
Other current assets [note]	1,591,313,150.71	1,591,313,150.71		
Subtotal	7,162,129,121.39	7,162,129,121.39		
Financial liabilities				
Accounts payable	3,011,464,656.36	3,011,464,656.36		
Other payables	93,696,839.73	93,696,839.73		
Other current liabilities	290,585,764.00	290,585,764.00		
Subtotal	3,395,747,260.09	3,395,747,260.09		

Note: term deposit to earning interest as purpose

1. Transferred but not wholly derecognized financial assets

For details, please refer to "4. Receivables financing and 20. Other current liabilities" in Note VI to the financial statements notes.

XI. Fair value disclosure

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

Unit: RMB

Item	Fair value as of the balance sheet date			
	Level 1	Level 2	Level 3	Total
I. Recurring fair value measurement	--	--	--	--
(I) Transactional financial assets			115,992,105.03	115,992,105.03
(II) Receivables financing				
(1) Notes receivable		321,162,886.99		321,162,886.99
Total assets continuously		321,162,886.99	115,992,105.03	437,154,992.02

measured at fair value				
II. Non-continued measurement of fair value	--	--	--	--

XII. Related party and related transactions

1. Parent company

Name of parent company	Place of registration	Business nature	Registered capital	Holding proportion over the parent company (%)	Voting right proportion over the parent company (%)
SEB INTERNATIONALE S.A.S	France	Investment company	EUR 830 Million	81.20%	81.20%

Remarks on the parent company

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

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

Other remarks:

2. Company's subsidiaries

Please refer Note (VIII) 1 "Equity in Subsidiaries" for details on the Company's subsidiaries.

3. Joint ventures and associated enterprises of the Company

Please refer to Note (VIII) 2 "Equity in Joint Ventures or Associated Enterprises" for details on the Company's significant joint ventures and associates.

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

Name of joint venture or associated enterprise	Relationships with the Company
Wuhan Anzai Cookware Co., Ltd.	Associated enterprise

Other remarks:

4. Other related parties of the Company

Related party	Relationship between other related parties and the Company
SEB S.A.	Controlling shareholder of SEB Internationale S.A.S.

SEB ASIA LTD.	Same controlling shareholder
TEFAL S.A.S	Same controlling shareholder with the controlling shareholder
ALL-CLAD METALCRAFTERS LLC	Same controlling shareholder
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
GROUPE SEB MOULINEX	Same controlling shareholder with the controlling shareholder
GROUPE SEB EXPORT	Same controlling shareholder with the controlling shareholder
SEB DEVELOPPMENT SAS	Same controlling shareholder with the controlling shareholder
ROWENTA FRANCE	Same controlling shareholder with the controlling shareholder
IMUSA USA LLC	Same controlling shareholder
CALOR SAS	Same controlling shareholder with the controlling shareholder
Supor Group	Company controlled by related natural person
Zhejiang Supor Sanitary Ware Co., Ltd.	Company controlled by related natural person
Hangzhou Supor Property Management Co., Ltd.	Company controlled by related natural person
ETHERA	Same controlling shareholder with the controlling shareholder
GROUPE SEB CZECH REPUBLIC	Same controlling shareholder
WMF CONSUMER ELECTRIC GMBH	Same controlling shareholder
WMF Consumer Goods (Shanghai) Co, Ltd.	Same controlling shareholder
WMF GROUPE GMBH	Same controlling shareholder
VIETNAM FAN JOINT STOCK COMPANY	Same controlling shareholder
GROUPE SEB SINGAPORE	Same controlling shareholder
GROUPE SEB THAILAND	Same controlling shareholder
Emsa Taicang Co., Ltd.	Same controlling shareholder
Heshan Demei Tableware Co., Ltd.	Same controlling shareholder
ROWENTA WERKE GMBH	Same controlling shareholder with the controlling shareholder
EMSA GMBH	Same controlling shareholder
GROUPE SEB USA	Same controlling shareholder
GROUPE SEB AUSTRALIA	Same controlling shareholder
GROUPE SEB CANADA	Same controlling shareholder
GROUPE SEB INDIA	Same controlling shareholder
GROUPE SEB ANDEAN S.A.	Same controlling shareholder
GROUPE SEB IBERICA	Same controlling shareholder
GROUPE SEB SCHWEIZ GMBH	Same controlling shareholder

SEB DO BRASIL PRODS.DOM.LTDA	Same controlling shareholder
GROUPE SEB KOREA,LTD	Same controlling shareholder
GROUPE SEB INNOVATION CENTER (ZHE JIANG) CO. LTD	Same controlling shareholder

5. Related transactions

(1) Related transactions in the purchase and sale of commodities, and provision and acceptance of labor services

Purchase of commodities and receiving of services

Unit: RMB

Related party	Contents of related transaction	Amount incurred during this period	Transaction quota granted	Whether or not exceeding transaction quota	Amount incurred during prior period
Wuhan Anzai Cookware Co., Ltd.	Finished products	164,334,241.77		No	245,220,959.34
Wuhan Anzai Cookware Co., Ltd.	Accessories	94,502,521.42		No	104,545,838.53
GROUPE SEB EXPORT	Finished products	20,925,886.38		No	11,242,535.92
TEFAL S.A.S	Accessories	15,924,603.52		No	6,798,154.99
LAGOSTINA S.P.A.	Finished products	3,099,200.16		No	1,310,236.48
SEB INTERNATIONAL SERVICE S.A.S	Finished products	295,297.27		No	1,210,295.64
SEB ASIA LTD.	Finished products	566,087.37		No	985,244.58
SEB ASIA LTD.	Accessories			No	367,364.53
GROUPE SEB MOULINEX	Accessories	6,112,691.95		No	8,492,592.09
GROUPE SEB MOULINEX	Rework fee			No	71,104.80
S.A.S SEB	Rework fee			No	31,411.59
S.A.S SEB	Quality fee	1,389.73		No	1,882,303.68
CALOR SAS	Accessories	6,120,861.34		No	8,903,210.20
Heshan Demei Tableware Co., Ltd.	Finished products	331,438.41		No	435,652.26
GROUPE SEB SINGAPORE	Finished products			No	2,444,699.88
GROUPE SEB THAILAND	Finished products	588,837.21		No	2,222,688.50
EMSA GMBH	Finished products	809,434.97		No	8,760,509.59
Emsa Taicang Co., Ltd.	Finished products	62,172.73		No	3,737,221.03
ETHERA	Accessories	3,334,460.47		No	3,792,487.79
WMF GROUPE GMBH	Finished products	29,315,812.73		No	27,500,644.34
WMF Consumer Goods (Shanghai) Co., Ltd.	Finished products	483.75		No	4,892,834.63

Supor Group	Finished products	199,953.42		No	
WMF CONSUMER ELECTRIC GMBH	Mold cost			No	26,286.53
SEB DO BRASIL PRODS.DOM.LTD A	Others	206,120.61		No	
GROUPE SEB ANDEAN S.A.	Others	105,553.03		No	
GROUPE SEB KOREA.LTD	Others	724,641.66		No	
ALL-CLAD METALCRAFTER S	Others	21,976.64		No	
WMF GROUPE GMBH	Others	74,290.06		No	

Sale of commodities and rendering of services

Unit: RMB

Related party	Contents of related transaction	Amount incurred during this period	Amount incurred during prior period
SEB ASIA LTD.	Finished products	5,283,186,727.65	4,571,567,935.23
SEB ASIA LTD.	Accessories	4,551,726.62	2,945,723.59
S.A.S SEB	Finished products	18,017,122.30	21,504,270.70
S.A.S SEB	Accessories	842,895.70	1,117,754.60
TEFAL S.A.S	Finished products	8,132,860.68	8,283,933.50
TEFAL S.A.S	Accessories	16,184,475.53	11,013,151.21
GROUPE SEB MOULINEX	Finished products	32,308,253.66	27,111,444.73
Supor Group	Finished products	3,633,757.94	4,792,732.86
SEB INTERNATIONAL SERVICE S.A.S	Finished products	571,387.51	8,491,976.82
SEB INTERNATIONAL SERVICE S.A.S	Accessories	9,414,726.14	1,857,282.35
LAGOSTINA S.P.A.	Finished products	71,747.58	158,162.97
LAGOSTINA S.P.A.	Accessories	602,049.70	1,461,963.44
ALL-CLAD METALCRAFTERS LLC	Finished products	318,456.09	639,387.68
IMUSA USA LLC	Finished products	3,644,459.01	3,037,634.48
IMUSA USA LLC	Accessories	53,067.80	
WMF Consumer Goods (Shanghai) Co., Ltd.	Finished products	361,834.62	1,016,908.56
WMF GROUPE GMBH	Finished products	103,219.20	12,656,493.40
WMF CONSUMER ELECTRIC GMBH	Finished products		104,474.64
GROUPE SEB CANADA	Finished products	20,174,184.41	14,373,634.36
VIETNAM FAN JOINT STOCK COMPANY	Finished products	26,278,737.93	21,848,291.97
VIETNAM FAN JOINT STOCK COMPANY	Accessories	10,195.62	19,582.19
CALOR SAS	Finished products	29,256,969.00	32,007,829.63

GROUPE SEB ANDEAN S.A.	Accessories	285,809.65	270,422.66
GROUPE SEB THAILAND	Accessories	9,306.15	
GROUPE SEB SINGAPORE	Finished products	548,106.58	
Wuhan Anzai Cookware Co., Ltd.	Finished products	227,726.73	780,395.22

Description of related transactions in the purchase and sale of commodities, and provision and acceptance of labor services

(2) Related party leases

Lessor	Lessee	Types of leased assets	Lease income this year	Lease income last year
Supor Group	The Company	Real estate	677,398.80	645,141.71
	Wuhan Supor Cookware	Real estate	2,712,948.86	2,572,703.54
	Omegna	Real estate		119,048.36
	Zhejiang Supor Electrical	Real estate	4,796,275.93	4,452,501.97
	Shaoxing Supor	Real estate	1,518,062.09	793,645.49
	P&R Products	Land		11,391.84
Zhejiang Supor Sanitary Ware Co., Ltd.	The Company	Real estate	249,973.33	1,743,600.00

(3) Key management's emoluments

Unit: RMB

Item	Amount incurred during this period	Amount incurred during prior period
Key management's emoluments	RMB 15,228,800	RMB 17,891,800

(4) Other related transactions

① Water and electricity fee

Selling parties	Purchasing parties	Current year cumulative	Preceding period comparative
Supor Group	Zhejiang Supor Electrical	484,604.97	619,288.84
	Wuhan Supor Cookware	74,445.05	188,019.89
	Omegna		52,195.55
	Shaoxing Supor	75,131.74	
The Company	Supor Group	688,956.16	621,572.07

② Property management, maintenance and berth fees

Service renderer	Purchasing parties	Property management, maintenance and	Property management, maintenance and

		berth fees confirmed this year	berth fees confirmed last year
Hangzhou Supor Property Management Co., Ltd.	Wuhan Supor Cookware		329,992.65
	Omegna		10,462.70
	The Company		46,497.05
	Zhejiang Supor Electrical		505,457.45
	Shaoxing Supor		115,583.15
Supor Group	The Company		7,090.00
	Zhejiang Supor Electrical	291,428.57	114,285.71

③ Decoration fee

Unit: Yuan

Service renderer	Purchasing parties	Current period cumulative	Preceding period cumulative
Supor Group	Zhejiang Supor Electrical		458,715.60

④ Consulting fee

Service renderer	Purchasing parties	Current period cumulative	Preceding period comparative
SEB ASIA LTD.	The Company	2,829,732.00	2,829,732.00
	Wuhan Supor Cookware	132,339.26	1,431,456.00
	Shaoxing Supor	2,008,188.00	2,483,567.58
	Zhejiang Supor Electrical	118,032.39	648,168.00

⑤ Cost of international shopping center

Service renderer	Purchasing parties	Cost of shopping center confirmed in the current period	Cost of shopping center confirmed in the same period last year
SEB DEVELOPMENT SAS	Shaoxing Supor	-2,779,227.09	2,375,497.97
	Zhejiang Supor Electrical	-2,092,178.42	1,008,853.46
	Wuhan Supor Cookware	9,948,644.87	13,060,421.33

Note: The negative items are mainly due to the integration of Auchan China market and RT mart, which no longer belong to the above-mentioned international stores. The company does not need to pay the relevant international store fees, and the final adjustment is made in this period.

⑥ Test service, etc.

Service renderer	Purchasing parties	Amount incurred during this period	Amount incurred during prior period
The Company	Saichuang (Zhejiang) Technology Co., Ltd.	442,696.45	
Zhejiang Supor Electrical		2,264,991.96	
Shanghai SEB Electrical Appliances Co., Ltd.	SEB ASIA LTD.		151,209.43
AFS	GROUPE SEB VIETNAM JOINT STOCK COMP	3,578,372.09	
Saichuang (Zhejiang) Technology Co., Ltd.	Shaoxing Supor	2,018,508.43	

⑦ Pursuant to the Technical License Contract entered into between Wuhan Supor Cookware Co., Ltd. and SEB S.A on December 29, 2013, SEB S.A licensed Wuhan Supor Cookware Co., Ltd. compensated use of its patent of "Household Appliance for Food Cooking under Pressure with Elastomer Safety Valve" and other four utility patents. According to related terms in the contract

signed by both parties, use charges are accrued at 3% of revenue from sales of products licensed. In the current period, Wuhan Supor Cookware Co., Ltd. should pay SEB S.A technology use charges of RMB 546,607.45, and as of December 31, 2020, a balance of RMB 50,673.67 has not been paid.

⑧ Pursuant to the Trademark License entered into between Wuhan Supor Cookware Co., Ltd. and LAGOSTINA SPA. on December 15, 2014, LAGOSTINA SPA licensed Wuhan Supor Cookware Co., Ltd. for compensated use of its trademark "LAGE". According to related terms in the contract signed by both parties, use charges are accrued at 4% of revenue from sales of products licensed. In the current period, Wuhan Supor Cookware Co., Ltd. should pay LAGOSTINA SPA. trademark use charges of RMB 497,994.81, and as of December 31, 2020, a balance of RMB 1,147,880.53 has not been paid.

⑨ Pursuant to the Trademark License Agreement entered into between Omegna and LAGOSTINA SPA. on December 5, 2016, LAGOSTINA SPA licensed Omegna for compensated use of its trademark "LAGE". According to related terms in the contract signed by both parties, use charges are accrued at 4% of revenue from sales of products licensed. In the current period, Omegna should pay LAGOSTINA SPA. trademark use charges of RMB 161,146.67, and as of December 31, 2020, a balance of RMB 3,626,884.01 has not been paid.

⑩ Shaoxing Supor purchased and used particles product of air purifier and relevant technology in accordance with Agreement on Purchase and Using for Particles of Air Purifier signed by Shaoxing Supor on April 25, 2016 with ETHERA. According to relevant terms in the contract signed by both parties, Shaoxing Supor should pay technology transfer fee RMB 105,553.03 to ETHERA in current period, which was calculated as per corresponding unit price of actual total sales. Until December 31, 2021, the remaining RMB 9,733.59 had not been paid yet.

6. Receivables and payables by related parties

(1) Items receivable

Unit: RMB

Projects	Related party	Closing balance		Opening balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable	SEB ASIA LTD.	1,614,638,669.52	72,658,740.13	1,046,184,084.11	52,309,204.21
	S.A.S SEB	4,741,953.45	213,387.91	10,576,480.27	528,824.01
	TEFAL S.A.S	5,436,106.34	244,624.79	5,688,007.14	284,400.36
	SEB INTERNATIONAL SERVICE S.A.S	3,660,298.94	164,713.45	2,283,192.69	114,159.63
	CALOR SAS	12,869,174.14	579,112.84	9,842,684.27	492,134.21
	GROUPE SEB MOULINEX	8,245,666.37	371,054.99	6,310,183.58	315,509.18
	IMUSA USA LLC	529,922.64	23,846.52	497,161.68	24,858.08
	WMF GROUPE GMBH	13,776.00	619.92		
	WMF CONSUMER ELECTRIC GMBH			10,156.51	507.83
	WMF Consumer Goods (Shanghai) Co, Ltd.	98,517.39	4,433.28	156,791.86	7,839.59
	GROUPE SEB CANADA	6,118,341.61	275,325.37	3,171,017.29	158,550.86
	VIETNAM FAN JOINT STOCK	19,929,351.33	896,820.81	14,037,492.72	701,874.64

	COMPANY				
	GROUPE SEB ANDEAN S.A.	39,833.21	1,792.49	103,282.64	5,164.13
	Wuhan Anzai Cookware Co., Ltd.	55,766.08	2,788.30	279,935.00	13,996.75
	LAGOSTINA S.P.A.	287,371.51	12,931.72	808,790.65	40,439.53
	Saichuang (Zhejiang) Technology Co., Ltd.	401,241.56	18,055.87		
	ALL-CLAD METALCRAFTERS LLC	247,688.07	11,145.96		
	Total	1,677,313,678.15	75,479,394.35	1,099,949,260.41	54,997,463.01
Advance payment:	Wuhan Anzai Cookware Co., Ltd.			1,675.55	
	Total			1,675.55	
Other receivables	CALOR SAS	66,926.76	3,011.70	320,668.55	16,033.43
	GROUPE SEB CANADA			1,575.24	78.76
	GROUPE SEB USA	247,563.86	11,140.37	17,984.30	899.22
	GROUPE SEB IBERICA			483.19	24.16
	ROWENTA WERKE GMBH	1,077.38	48.48	662.08	33.10
	SEB DEVELOPPMENT SAS	36,927.39	1,661.73	25,917.00	1,295.85
	SEB ASIA LTD.			262,014.17	13,100.71
	SAS SEB	917.22	41.27	10,546.49	527.31
	GROUPE SEB MOULINEX	19,067.20	858.02	104,733.16	5,236.66
	GROUPE SEB SCHWEIZ GMBH			1,868.84	93.44
	Supor Group	145,000.00	23,750.00	165,000.00	17,250.00
	WMF Consumer Goods (Shanghai) Co, Ltd.	127,872.76	5,754.27	281,687.30	14,084.37
	TEFAL S.A.S	63,576.29	2,860.93	8,363.76	418.19
	Total	708,928.86	49,126.80	1,201,504.08	69,075.20

(2) Payables

Unit: RMB

Projects	Related party	Ending book balance	Beginning book balance
Accounts payable	Wuhan Anzai Cookware Co., Ltd.	34,388,944.91	47,066,107.40
	WMF GROUPE GMBH	6,849,932.11	4,206,147.56
	GROUPE SEB EXPORT	7,715,386.08	6,458,074.15
	TEFAL S.A.S	3,438,122.59	2,751,174.27

	S.A.S SEB	50,673.67	45,527.92
	LAGOSTINA S.P.A.	5,787,864.70	4,796,584.50
	GROUPE SEB MOULINEX	1,511,270.97	1,330,922.16
	SEB DEVELOPPMENT SAS		13,566,500.80
	SEB ASIA LTD.		3,324,140.11
	GROUPE SEB THAILAND	437,244.26	560,631.73
	GROUPE SEB SINGAPORE		105,936.87
	CALOR SAS	1,565,057.31	1,623,212.28
	EMSA GMBH	303,976.75	3,420,473.77
	WMF Consumer Goods (Shanghai) Co, Ltd.		4,906.00
	SEB INTERNATIONAL SERVICE S.A.S	123,931.08	140,694.92
	ETHERA	1,092,496.28	435,729.76
	Saichuang (Zhejiang) Technology Co., Ltd.	423,768.92	
	Supor Group	611,645.30	
	Total	64,300,314.92	89,836,764.20
Advances received	Supor Group	528,022.26	725,467.73
	Total	528,022.26	725,467.73
Other payables	SAS SEB	3,687,688.05	3,687,688.05
	GROUPE SEB UK		570,676.03
	CALOR SAS		272,408.03
	SEB S.A.		42,182.81
	Wuhan Anzai Cookware Co., Ltd.		20,000.00
	Total	3,687,688.05	4,592,954.92

XIII. Share-based Payment

1. Overall information

Applicable Not-applicable

Unit: RMB

Total equity instruments granted in current period	0.00
Total equity instruments vested in current period	1,213,050.00
Total equity instruments expired in current period	36,050.00
The range of exercise prices of equity instruments at the end of the period and the remaining contractual life	2017 Equity Incentive Plan: RMB 1/share, 1.93 years

Other remarks:

Pursuant to the "Proposal for 2017 Restricted Stock Incentive Plan (Revised Draft) of Zhejiang Supor Co., Ltd. and Its Summary

(hereinafter referred to as "2017 Stock Incentive Plan") ratified in the Second Interim General Meeting of Shareholders 2017 via deliberation held on November 16, 2017, the Company was to grant 4,300,000 restricted shares to incentive objects, and repurchased 4,300,000 share capital successfully during the period from November 6, 2017 to November 28, 2017. The Company granted 3,874,000 shares initially on December 4, 2017 and granted the remainder 426,000 shares on August 30, 2018, with price of shares granted for RMB 1/share.

The 2017 Stock Incentive Plan is valid for five years from the grant date, within which, the first 12 months are the lock-up period for first grant, and the following 48 months are the unlock period, which may be unlocked in four phases provided that all conditions for unlocking are met. Incentive targets may apply for unlocking 10%, 20%, 30% and 40% of the total restricted shares respectively in 12 months, 24 months, 36 months and 48 months after the grant date. The lock-up period of reservation is 12 months, and the unlock period is 36 months, which may be unlocked in three phases provided that all conditions for unlocking are met. Incentive targets may apply for unlocking 20%, 30% and 50% of the total restricted shares respectively in 12 months, 24 months and 36 months after the grant date. As of December 31, 2020, the aforesaid incentive plan has a remaining term of 1.93 years.

According to the Proposal on Unlocking of Restricted Stock within the First Unlock Period of 2017 Restricted Stock Incentive Plan deliberated and adopted at the 6th Session of Sixth Board of Directors, totally 387,400 shares of restricted stock were unlocked in 2018.

According to the Proposal on Unlocking of Restricted Stock within the Second Unlock Period the Reserved Restricted Stock within the First Unlock Period of 2017 Restricted Stock Incentive Plan deliberated and adopted at the 11th Meeting of the 6th Session of the Board of Directors, 756,400 and 84,200 shares of restricted stock, totaling 840,600 shares, were unlocked in 2019.

According to the Proposal on Unlocking of Restricted Stock within the Third Unlock Period and the Reserved Restricted Stock within the Second Unlock Period of 2017 Restricted Stock Incentive Plan deliberated and adopted at the 16th Meeting of the 6th Session of the Board of Directors, 1,093,650 and 119,400 shares of restricted stock, totaling 1,213,050 shares, were unlocked in 2020.

The 6th Session of Sixth Board of Directors adopted the Proposal on Repurchasing and Canceling a Part of Restricted Stock. For disqualification of three Incentive Objects due to their resignation, the Company has repurchased and canceled 43,650 shares of Restricted Stock at the price of RMB 1 per share.

The 8th Session of Sixth Board of Directors adopted the Proposal on Repurchasing and Canceling a Part of Restricted Stock. For disqualification of three Incentive Objects due to their resignation, the Company has repurchased and canceled 39,150 shares of Restricted Stock at the price of RMB 1 per share.

The 11th Meeting of the 6th Session of the Board of Directors adopted the Proposal on Repurchasing and Canceling a Part of Restricted Stock. For disqualification of three Incentive Objects due to their resignation, the Company has repurchased and canceled 84,900 shares of Restricted Stock at the price of RMB 1 per share.

The 14th Meeting of the 6th Session of the Board of Directors adopted the Proposal on Repurchasing and Canceling a Part of Restricted Stock. For disqualification of three Incentive Objects due to their resignation, the Company has repurchased and canceled 3,500 shares of Restricted Stock at the price of RMB 1 per share.

The 16th Meeting of the 6th Session of the Board of Directors adopted the Proposal on Repurchasing and Canceling a Part of Restricted Stock. For disqualification of three Incentive Objects due to their resignation, the Company has repurchased and canceled 32,550 shares of Restricted Stock at the price of RMB 1 per share.

2. Equity-settled share-based payment

√ Applicable □ Not-applicable

Unit: RMB

Determination method for fair value of equity instruments on grant date	According to the market price on the grant date
Determination method for the optimal estimate of the number of equity instruments expected to vest	Based on the corresponding equity instruments of incentive targets, the performance of the Company and the forecast of future performance of the Company

The significant difference between this period estimate and last period	None
Capital reserve accumulated due to equity-settled share-based payment	-21,039,993.67
Total expenses incurred due to equity-settled share-based payment transactions	26,624,450.90

Other remarks:

Note 1: Of which, the accumulative amount of 2017 Equity Incentive Plan at the beginning of the period was RMB -53,314,954.13, amount incurred during this period was RMB 32,274,960.46 and accumulative amount was RMB -21,039,993.67.

Note 2: 2017 Stock Incentive Plan:

According to actual occurrence amount of domestic sales revenue and domestic operating profits in 2020, the 2020 Stock Incentive Plan above can reach unlocking assessment index of restricted shares in Proposal on 2017 Restricted Stock Incentive Plan (Revised Draft) of Zhejiang Supor Co., Ltd. and Its Summary, and the share-based payment recognized in current period totals RMB 26,624,450.90.

XIV. Commitments and contingencies

1. Contingencies

(1) Significant contingencies at the date of balance sheet

1) Contingent liabilities arising from pending litigation and arbitration and their financial impact

In 2016, private patent holders filed a legal lawsuit against subsidiary Shaoxing Supor, on the ground of infringement of their patents. In this period, the Company has successfully invalidated the relevant patents in the lawsuit, thus reducing the litigation risk. However, due to the fact that the case has not yet been completely closed, considering the principle of conservatism, the Company has reversed its estimated liabilities of CNY5 million in this period and still retained its estimated liabilities of CNY5.15 million.

In 2019, the landlord of the rented warehouse of subsidiary Zhejiang Supor Electrical filed a legal lawsuit against Zhejiang Supor Electrical on the ground that its property was damaged by fire. In this period, the lawsuit was closed and the insurance company has paid compensation, so the original withdraw of estimated liability of CNY5 million was reversed.

A third-party company filed a lawsuit against subsidiary Wuhan SUPOR, on the ground of infringement of its patent and an export customer filed a lawsuit against subsidiary Shaoxing SUPOR Domestic Electrical, on the ground of User dispute; At present, the above two cases are still inconclusive. Considering the principle of conservatism, the Company has accumulated an estimated liability of CNY10 million for the above cases.

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

The Company has no significant contingencies to disclose.

XV. Events after the Balance Sheet Date

1. Profit distribution

According to the profit distribution plan for 2020 approved at the 5th Meeting of the 7th Session of the Board of Directors on March 31, 2021, based on the 815,173,860 shares (total share capital of 821,083,860 shares at the end of 2020 deducted by 5,910,000 shares of repurchased shares in the Company's special stock repurchase account), the Company distributes cash dividend of RMB 12.90 per 10 shares (tax-inclusive) to all shareholders and the total cash dividend was RMB 1,051,574,279.40. No bonus share will be

distributed or conversion from capital reserves to share capital is made this year. The undistributed profits of parent company at the end of the reporting period were RMB 1,255,631,844.17 including the cash to be distributed, i.e., RMB 1,051,574,279.40.

During the period from the disclosure of this profit distribution plan to the actual implementation date, if the Company's share capital changes due to conversion of convertible bonds into stocks, share repurchases, equity incentive exercise, and refinancing and new share listing, it will be executed based on the changed share capital, and the above distribution ratio remains unchanged.

This profit distribution plan shall be submitted to the Annual General Meeting of Shareholders for 2020 Fiscal Year for approval after adopted by the Board of Directors.

XVI. Other Major Events

1. Segment information

(1) Determination basis and accounting policy of report segment

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

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

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

(2) Financial information of reportable segments

① Product segment

Item	Cookware	Electrical products	Rubber & plastic products	Inter-segment offsetting	Total
Revenue from main operations	5,524,366,817.35	12,933,372,272.42	182,151,251.72	193,634,588.27	18,446,255,753.22
Cost of main operations	3,819,055,496.37	9,759,034,981.50	162,346,376.12	193,309,220.60	13,547,127,633.39

② Geographic segment

Item	Domestic	Overseas	Inter-segment offsetting	Total
Revenue from main operations	12,719,055,243.77	5,749,603,567.34	22,403,057.89	18,446,255,753.22
Cost of main operations	8,944,394,784.39	4,624,797,334.19	22,064,485.19	13,547,127,633.39

XVII. Notes to items of parent company financial statements

1. Accounts receivable

(1) Details on categories

Unit: RMB

Categories	Closing balance					Opening balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion	Amount	Proportion		Amount	Proportion	Amount	Proportion	
Including:										
Accounts receivable for provision made on the basis of portfolio	530,070,693.21	100.00%	19,185,566.76	3.62%	510,885,126.45	355,544,502.20	100.00%	14,361,841.96	4.04%	341,182,660.24
Including:										
Portfolio 1: age portfolio	426,307,908.26	80.42%	19,136,075.82	4.49%	407,171,832.44	287,236,839.11	80.79%	14,340,336.16	5.00%	272,896,502.95
Portfolio 2: low-risk portfolio	49,490,936.78	9.34%	49,490.94	0.10%	49,441,445.84	21,505,798.70	6.05%	21,505.80	0.10%	21,484,292.90
Portfolio 3: merged related parties portfolio	54,271,848.17	10.24%		0.00%	54,271,848.17	46,801,864.39	13.16%			46,801,864.39
Total	530,070,693.21	100.00%	19,185,566.76	3.62%	510,885,126.45	355,544,502.20	100.00%	14,361,841.96	4.04%	341,182,660.24

Provision made on the basis of portfolio: Portfolio 1: age portfolio

Unit: RMB

Name	Closing balance		
	Book balance	Provision for bad debts	Provision proportion
Within one year	426,307,908.26	19,136,075.82	4.49%
Total	426,307,908.26	19,136,075.82	--

Explanation of the basis for determining such portfolio:

If provision for bad debts for accounts receivable is made based on the general model of expected credit losses, please disclose the relevant information about the provision for bad debts with reference to the disclosure of other receivables:

Applicable Not-applicable

Disclosure by ages

Unit: RMB

Ages	Book balance
Within 1 year (including 1 year)	530,070,693.21
Total	530,070,693.21

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

Provisions made in current period:

Unit: RMB

Categories	Opening balance	Amount of changes in current period				Closing balance
		Accrued	Collected or reversed	Written off	Others	
Provision for bad debts for accounts receivable	14,361,841.96	4,823,724.80				19,185,566.76
Total	14,361,841.96	4,823,724.80				19,185,566.76

(3) Accounts receivable actually written off in current period

Unit: RMB

Item	Amount
Accounts receivable actually written off in current period	0.00

(4) Accounts receivable of the top 5 closing balances by debtors

Unit: RMB

Debtors	Closing balance of accounts receivable	Proportion in the total closing balance of accounts receivable	Closing balance of provision for bad debts
SEB ASIA LTD	417,079,727.13	78.68%	18,768,587.72
Customer 1	22,311,702.15	4.21%	22,311.70
Zhejiang WMF Housewares Co., Ltd.	21,631,061.24	4.08%	
Wuhan Supor Cookware Co., Ltd.	16,995,422.30	3.21%	
SUPOR VIET NAM CO.,LTD	9,913,828.79	1.87%	
Total	487,931,741.61	92.05%	

2. Other receivables

Unit: RMB

Item	Closing balance	Opening balance
Dividend receivable	925,000,000.00	
Other receivables	225,442,198.95	110,807,092.72
Total	1,150,442,198.95	110,807,092.72

(1) Dividends receivable**1) Classification of dividend receivable**

Unit: RMB

Item (or invested unit)	Closing balance	Opening balance
Zhejiang Shaoxing Supor Domestic Electrical Appliances Co., Ltd.	925,000,000.00	
Total	925,000,000.00	

(2) Other receivables**1) Other receivables categorized by nature**

Unit: RMB

Nature of receivables	Ending book balance	Beginning book balance
Fund pool	225,002,421.34	109,322,670.70
Temporary payment receivable	1,006,368.31	2,013,476.48
Personal deposit	370,838.11	447,661.45
Total	226,379,627.76	111,783,808.63

2) Provision for bad debts

Unit: RMB

Provision for bad debts	Phase I	Phase II	Phase III	Total
	Predicted credit loss in future 12 months	Predicted credit loss in the whole period of existence (without credit impairment)	Predicted credit loss in the whole period of existence (with credit impairment)	
Balance on January 1, 2020	976,715.91			976,715.91
Balance on January 1, 2020 in the current period	—	—	—	—
Reversed in the current period	39,287.10			39,287.10
Balance on December 31, 2020	937,428.81			937,428.81

Changes in book balance of loss provision due to significant changes in the current period

 Applicable Not-applicable

Disclosure by ages

Unit: RMB

Ages	Book balance
Within 1 year (including 1 year)	225,415,828.99
1-2 years	25,315.59
2-3 years	25,000.00
Over 3 years	913,483.18
3-4 years	5,000.00
4-5 years	0.00
Over 5 years	908,483.18
Total	226,379,627.76

3) Provisions made, collected or reversed in current period

Provisions made in current period:

Unit: RMB

Categories	Opening balance	Amount of changes in current period				Closing balance
		Accrued	Collected or reversed	Written off	Others	
Provision for bad debts of other receivables	976,715.91		39,287.10			937,428.81
Total	976,715.91		39,287.10			937,428.81

4) Other receivables actually written off in current period

Unit: RMB

Item	Amount
Other receivables actually written off in current period	0.00

5) Other receivables of the top 5 closing balances by debtors

Unit: RMB

Debtors	Nature of receivables	Closing balance	Ages	Proportion in the total closing balance of other receivables	Closing balance of provision for bad debts
WMF Housewares Co., Ltd.	Fund pool	108,668,418.11	Within one year	48.00%	
Omegna	Fund pool	56,389,671.17	Within one year	24.91%	
Supor Kitchen & Electric Appliance	Fund pool	37,925,723.75	Within one year	16.75%	
Shanghai WMF Enterprise Development Co., Ltd.	Fund pool	22,018,608.31	Within one year	9.73%	
Entity 1	Temporary payment receivable	342,475.00	Over 5 years	0.15%	342,475.00
Total	--	225,344,896.34	--		342,475.00

3. Long-term equity investment

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Investment in subsidiaries	2,944,513,427.22		2,944,513,427.22	2,914,007,433.92		2,914,007,433.92
Investments in associates and joint ventures	64,040,908.46		64,040,908.46	61,723,827.89		61,723,827.89
Total	3,008,554,335.68		3,008,554,335.68	2,975,731,261.81		2,975,731,261.81

(1) Investments in subsidiaries

Unit: RMB

Invested unit	Opening balance (book value)	Increase/decrease				Closing balance (book value)	Closing balance of impairment provision
		Investment increased	Investment decreased	Accrued impairment provision	Others		
Wuhan Supor Pressure Cooker	240,428,244.41					240,428,244.41	
P&R Products	20,804,297.92					20,804,297.92	
Yuhuan Sales	2,990,149.81					2,990,149.81	
Wuhan Supor	11,180,583.31		11,180,583.31				
Zhejiang Supor Electrical	764,487,268.12	4,162,186.13				768,649,454.25	
Shaoxing Supor	635,240,583.00	2,783,294.36				638,023,877.36	
Supor Vietnam	105,143,165.64					105,143,165.64	
Wuhan Recycling	1,000,000.00					1,000,000.00	
Omegna	10,000,000.00					10,000,000.00	
Shanghai Marketing	5,000,000.00					5,000,000.00	
Wuhan Supor Cookware	593,689,790.64	3,541,096.12				597,230,886.76	
SEADA	11,890,622.45					11,890,622.45	
Shanghai WMF Enterprise Development Co., Ltd.	50,000,000.00					50,000,000.00	
Shanghai SEB Electrical Appliances Co., Ltd.	212,152,728.62					212,152,728.62	
Zhejiang WMF Housewares Co., Ltd.	100,000,000.00					100,000,000.00	
Supor Kitchen & Electric Appliance	100,000,000.00					100,000,000.00	
Shaoxing Supor Housewares Company	50,000,000.00					50,000,000.00	
Water Heater		31,200,000.00				31,200,000.00	
Total	2,914,007,433.92	41,686,576.61	11,180,583.31			2,944,513,427.22	

Note: The increase in Zhejiang Supor Electrical, Shaoxing Supor and Wuhan SUPOR is due to the Company's implementation of the equity incentive plan, which recognizes the share-based payments to be borne by the above-mentioned service receiving companies as changes in the Company's long-term equity investment to the companies mentioned above. The increase of Water Heater is paid-in capital contribution. The decrease of Wuhan Supor Cookware Co.,Ltd. is due to the liquidation and cancellation of the Company.

(2) Investments in associates and joint ventures

Unit: RMB

Invested unit	Opening balance	Increase/decrease								Closing balance	Closing balance
		Investme	Investme	Investme	Adjustme	Changes	Cash	Accrued	Others		

	(book value)	nt increased	nt decreased	nt profit or loss recognized by equity method	nt in other comprehensive income	in other equity	dividend/profit declared for distribution	impairment provision		(book value)	of impairment provision
I. Joint ventures											
II. Associated enterprises											
Wuhan Anzai Cookware Co., Ltd.	61,723,827.89			2,317,080.57						64,040,908.46	
Subtotal	61,723,827.89			2,317,080.57						64,040,908.46	
Total	61,723,827.89			2,317,080.57						64,040,908.46	

4. Operating income/cost

Unit: RMB

Item	Amount incurred during this period		Amount incurred during prior period	
	Revenue	Cost	Revenue	Cost
Main business	2,272,271,469.17	1,731,728,100.13	2,230,304,990.50	1,717,167,717.56
Revenue from other operations	56,421,196.13	57,222,830.10	26,053,538.73	23,579,292.09
Total	2,328,692,665.30	1,788,950,930.23	2,256,358,529.23	1,740,747,009.65

5. Investment income

Unit: RMB

Item	Amount incurred during this period	Amount incurred during prior period
Investment income from long-term equity investments under the cost method	948,533,813.07	813,403,497.06
Income from long-term equity investments under the equity method	2,317,080.57	4,843,516.71
Income from disposal of subsidiaries	1,478,018.07	
Interest from term deposit	60,374,895.83	41,313,150.71
Financial products		14,039,862.80
Investment income from reverse repurchase of national debts		834,034.68

Total	1,012,703,807.54	874,434,061.96
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XVIII. Other supplementary information

1. Breakdown of non-recurring profit or loss in the current period

Applicable Not-applicable

Unit: RMB

Item	Amount	Notes
Profit or loss on disposal of non-current assets	-1,663,881.06	
Government subsidy included into the current profits and losses (excluding government subsidies closely related to operating activities of the Company and subject to uniform national standards on amount and quantity)	202,566,619.42	
Except the effective hedging business related to the normal operation of the company, the gain and loss in fair value changes from transactional financial assets, derivative financial assets, transactional financial liabilities, derivative financial liabilities and disposal of transactional financial assets, derivative financial assets, transactional financial liabilities, derivative financial liabilities and investment income from other debt investment	88,892,019.40	
Other non-operating incomes or expenditures except for the foregoing items	5,607,120.28	
Other profit or loss conforming to the definition of non-recurring profit or loss	9,097,243.99	
Minus: influenced amount of income tax	53,320,043.15	
Influenced amount of minority shareholders' equities (after tax)	136,105.05	
Total	251,042,973.83	--

The Company should state reason for defining "non-recurring profit or loss items" defined in the Explanatory Announcement No.1 on Disclosure of the Information of Companies Offering Their Securities to the Public -- Non-recurring Profit or Loss and non-recurring profit or loss items listed in the Explanatory Announcement No.1 on Disclosure of the Information of Companies Offering Their Securities to the Public -- Non-recurring Profit or Loss as recurring profit or loss items.

Applicable Not-applicable

2. RONA and EPS

Profit of the reporting period	Weighted average return on net assets	EPS (RMB/share)	
		Basic earnings per share (RMB/share)	Diluted earnings per share (RMB/share)
Net profit attributable to shareholders of ordinary shares	26.97%	2.254	2.248
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	23.31%	1.948	1.943

SECTION XIII CATALOG OF REFERENCE DOCUMENTS

- I. 2020 Annual Report of the Company and Abstract with signature of legal representative;
- II. Financial statements with signature of legal representative, person in charge of accounting and person in charge of accounting department and seal of the Company;
- III. Original of auditing report with seal of accounting firm and signature of certified public accountants (CPA);
- IV. Original of all documents and announcements published in newspapers designated by CSRC during the reporting period.

Reference documents above shall be prepared by Securities Department of the Company. Securities Department of the Company

Zhejiang Supor Co., Ltd.

Chairman: Thierry de LA TOUR D'ARTAISE

April 1, 2021