

SUPOR 苏泊尔
Zhejiang Supor Co., Ltd.

Semiannual Report 2017

August 2017

SECTION I IMPORTANT NOTES, TABLE OF CONTENTS AND DEFINITIONS

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

Mr. Frédéric VERWAERDE, the Chairman of the Board of Directors, and Mr. Xu Bo, the Chief Financial Officer of the Company, and Mr. Xu Bo, the head of accounting firm (accountant in charge) hereby confirmed that the Financial Report enclosed in this Semiannual Report is true, accurate and complete.

Except for the following directors, the other directors attended the board meeting to discuss and deliberate the Semiannual report 2017.

| Name of unattended director | Position of unattended director | Non-attendance reasons | Name of entrustee |
|-----------------------------|---------------------------------|------------------------|------------------------------|
| Frédéric VERWAERDE | Director Chairman | Travel on business | Thierry de La Tour d’Artaise |
| Xiaoqing PELLEMELE | Independent director | Travel on business | Frederic BERAHA |

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

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

The company is not planning to issue cash bonus or bonus share, or convert capital reserves to capital stock.

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Definitions

| Items | means | Definitions |
|---------------------------------|-------|---|
| SZSE | means | Shenzhen Stock Exchange |
| CSRC | means | China Securities Regulatory Commission |
| Securities Clearing Corporation | means | Shenzhen Branch of China Securities Depository and Clearing Corporation Limited |
| The Company | means | Zhejiang Supor Co., Ltd. |
| SEB Internationale | means | SEB INTERNATIONALE S.A.S |
| SEB Group | means | SEB S.A. |
| Zhejiang Supor Electrical | means | Zhejiang Supor Electrical Appliance Manufacturing Co., Ltd |
| Shaoxing Supor | means | Zhejiang Shaoxing Supor Domestic Electrical Appliances Co., Ltd. |
| Supor Vietnam | means | Supor (Vietnam) Co., Ltd |
| Wuhan Recycling | means | Wuhan Supor Recycling Co., Ltd |
| Wuhan Cookware | means | Wuhan Supor Cookware CO., Ltd. |
| Wuhan PC | means | Wuhan Supor Pressure Cooker Co., Ltd. |
| Omegna | means | Hangzhou Omegna Commercial Trade Co., Ltd. |
| Shanghai Marketing | means | Shanghai Supor Cookware Marketing Co., Ltd. |
| P&R | means | Zhejiang Supor Plastic & Rubber Co., Ltd |
| Wuhan Supor | means | Wuhan Supor Co., Ltd |
| Yuhuan Recycling | means | Yuhuan Supor Recycling Co., Ltd. |
| SEADA or Singapore Company | means | SOUTH EAST ASIA DOMESTIC APPLIANCES PTE. LTD. |
| AFS | means | AFS VIETNAM MANAGEMENT CO.LTD. |
| Equity Incentive Plan for 2013 | means | 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. | | |
| Abbreviated Chinese Name of the Company (if any) | Supor | | |
| English Name of the Company (if any) | ZHEJIANG SUPOR CO., LTD | | |
| Abbreviated English Name of the Company (if any) | SUPOR | | |
| Legal Representative | Frédéric VERWAERDE | | |

II. Contact Person and Contact Information

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

III. Other Information

1. Contact information

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

Applicable Not Applicable

The registered address, office address and postal code, website and email address of the Company did not change during the reporting period. See Annual Report 2016.

2. Media for Information Disclosure and Archiving

Change of information disclosure or archiving media during the reporting period

Applicable Not Applicable

Papers appointed by the Company for information disclosure, website appointed by CSRC for publishing semiannual report, and the place for archiving the Company's semiannual report have not changed during the reporting period. Refer to Annual Report 2016 for specifics.

IV. Major Accounting Data and Financial Indicators

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

Yes No

Reasons of retroactive adjustment or restatement

Business merger under same control

| | Current period | Preceding period | | Year-on-year increase/decrease |
|--|----------------------|--------------------------------|------------------|---|
| | | Before adjustment | After adjustment | After adjustment |
| Total sales (yuan) | 6,909,466,633.07 | 5,751,920,817.78 | 5,751,920,817.78 | 20.12% |
| Net profit attributed to shareholders of listed company (yuan) | 596,973,222.60 | 470,536,171.34 | 470,536,171.34 | 26.87% |
| Net profit attributed to shareholders of listed company after deducted non-recurring profit or loss (yuan) | 566,994,969.20 | 420,109,020.93 | 420,109,020.93 | 34.96% |
| Net cash flows resulting from operating activities (yuan) | 558,857,207.70 | 206,636,530.62 | 206,636,530.62 | 170.45% |
| Basic earnings per share (yuan/share) | 0.728 | 0.574 | 0.574 | 26.83% |
| Diluted earnings per share (yuan/share) | 0.727 | 0.573 | 0.573 | 26.88% |
| Return on weighted average net assets | 12.76% | 10.37% | 10.37% | 2.39% |
| | Amount at period-end | Amount at the end of last year | | Increase/decrease compared with last year-end |
| | | Before adjustment | After adjustment | After adjustment |
| Total assets (yuan) | 7,395,864,867.04 | 7,854,199,313.01 | 7,857,779,624.86 | -5.88% |
| Net assets attributed to shareholders of listed company (yuan) | 4,667,535,331.09 | 4,540,328,597.59 | 4,542,017,463.10 | 2.76% |

V. Accounting Data Discrepancies under Chinese and Overseas Accounting Standards

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

Applicable Not Applicable

No net profit and net assets discrepancies in financial statements disclosed separately under International Accounting Standards and

Chinese Accounting Standards existed during the reporting period

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

Applicable Not Applicable

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

VI. Non-recurring Profit or Loss Items and Amount

Applicable Not Applicable

Unit: RMB

| Item | Amount | Explanation |
|--|---------------|--|
| Profit or loss on disposal of non-current assets (including written-off part of provision for impairment loss) | -672,015.14 | |
| Government grant included in current period profit or loss (excluding those regular government grants closely related to operating activities and enjoyed according to the national uniform quota or quantity) | 18,552,601.20 | |
| Other non-operating revenues or expenditures in addition to those items aforesaid | -6,666,298.89 | |
| Other profit or loss items complying with the non-recurring profit or loss | 25,518,861.37 | Mainly about the investment income from financial products |
| Less: Income tax impact | 6,737,968.05 | |
| Impact of minority interest(after tax) | 16,927.09 | |
| Total | 29,978,253.40 | -- |

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

Applicable Not Applicable

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

SECTION III ABSTRACT FOR COMPANY BUSINESSES

I. Main business during reporting period

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

No

As the largest CW researcher, developer and manufacturer in China and the second largest all over the world and the leading brand of SDA in China, Zhejiang Supor Co., Ltd. (hereinafter referred to as “the Company”) is the first listed company in cookware industry in China. Established in 1994, the headquarters of the Company locates in Hangzhou owning 5 R&D and manufacture bases located in Yuhuan County, Wuhan City, Hangzhou City, Shaoxing City and Ho Chi Minh City with more than 12,000 employees.

SEB Group started to cooperate with the Company since 2006 and it became the actual controller of the Company. As the world first CW researcher, developer and manufacturer and the world second SDA manufacturer with over 150-year history, SEB Group sells about 200 million products to more than 150 countries per year. In the reporting period, SEB Internationale, the Company’s controlling shareholder, holds more than 81.18% of the Company’s total shares.

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

(1) The CW mainly include wok, pressure cooker, frypan, sauce pan, steamer, pottery pot, kettle, knife, spatula, thermal pot, thermos& flask, kitchen gadgets and crisper and the market shares rank the top for many years continuously.

(2) The SDA mainly include: 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 and electric frying pan and the market shares rank the second in this industry.

(3) The Large Kitchen Appliance mainly include: range hood, gas cooker and sterilizer, water purifier.

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

The Company’s cookware and small kitchen electrical appliances have been exported to more than 51 countries such as Japan, European and American countries through SEB Group.

II. Significant change main assets

1. Significant change main assets

| Main assets | Instruction for significant changes |
|--|--|
| Equity assets | It was increased by 2.72%; it was mainly caused by the increase of the returns from investment on associated company in this period. |
| Fixed assets | It was declined by 4.46%; it was mainly caused by the increase of the accrual of depreciation. |
| Intangible assets | It was increased by 24.73%; it was mainly caused by the one that the subordinated subsidiary bought the land use right. |
| Construction in process | It was increased by 132.56%; it was mainly caused by the increase of the investment of the subordinated subsidiary company in the construction in process. |
| Monetary funds | It was declined by 32.73%; it was mainly caused by the increase of the investment on financial products. |
| Financial assets at fair value through | It was increased by 52.78%; it was mainly caused by the increase of financial products |

| | |
|----------------------------|---|
| profit or loss | with guaranteed capital and floating earnings as associated with interest rate. |
| Other receivables | It was declined by 63.90%; it was mainly caused by the export rebates of VAT tax receivable last year. |
| Deferred income tax assets | It was increased by 44.77%; it was mainly caused by the increase of the temporary difference caused by accrued charges of the subsidiaries and the difference in the deductible stock option. |

2. Main overseas assets

Applicable Not-applicable

III. Core competitiveness analysis

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

No

1. Outstanding product innovation capability

As a company long time devoted to R&D, manufacturing and selling of CW and kitchen SDA products, Supor has an acute observation and scientific research of the needs of Chinese consumers and has developed a systematic innovation system to ceaselessly launch new products in the market. After 1994 when Supor launched the domestic first safety pressure cooker, the Company also launched the first electric rice cooker with ceramic crystal liner in 2005, pioneered the uncoated stainless iron pan technology in 2007, successfully introduced SEB flaming dot patented technology in 2009, launched the industrial first IH electric rice cooker in 2011, pioneered the globular cauldron liner in 2013, ceremoniously launched the industrial first steam IH electric rice cooker with globular cauldron liner in 2015 and grandly promoted and freshness 100 electric pressure cooker and really -fine-grinding soy milk maker in 2016, leading the development of the industry continuously. Besides, Supor's differential products such as easy -to-open rotary pressure cooker and pottery pot are well received by consumers. Based on the monitoring data of a third party, among the main businesses of Supor, CW business has long been ranking the market first; main nine categories ranking the second.

2. Well-developed dealers network

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

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

Supor has built up five production bases, respectively in Yuhuan, Wuhan, Hangzhou, Shaoxing and Vietnam. Wuhan Base is the CW R&D and manufacturing base with highest deliverability in the world. Shaoxing Base also boasts leading manufacturing capacity of SDA products in China. 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. Supor always lays emphasis on the R & D and patent protection of products. During the reporting period, Supor had applied 1,740 patents altogether.

4. Synergistic effect of integration with SEB

The strategic cooperation between Supor and SEB started in 2006. Till end of reporting period, SEB Group holds 81.18% shares of the Company. As a company of more than 150 years, SEB Group ranks the first worldwide in terms of the market share of cookware and small kitchen electrical appliances. The powerful combination 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.

SECTION IV BUSINESS OPERATION AND ANALYSIS

I. Overview

In 2017, the global economy is still facing with many uncertainties and Chinese economy starts its new normal conditions. In the first half year 2017, the GDP of China increased by 6.9%, rose by 0.2% over the same period last year and 0.2% than the fourth quarter of last year. The tendency of Chinese economy is turning better. In the first half year 2017, the per capita disposable income of national residents of China rose by 7.3% over the same period last year, exceeding by 0.4% than the growth of GDP, and the percentage of consumption to GDP was further expanding.

In the first half year 2017, Supor grasped the market opportunity and insisted in the innovative strategy and the fine works strategy, and thence launched the pressurized IH spherical pot and second-generation of real grinding soybean milk machine; they further improved the market share of Supor in the SDA market. In accordance with the data from third-party market Investigation Company, the total market share of nine categories of Supor, namely rice cooker, electric pressure cooker, induction hob, electric kettle, soybean milk machine, blender, juice extractor, frying & baking machine and slow cooker rose by 1% in the first half year 2017, the market position of Supor was further consolidating. As for the CW products, Supor launched new products, such as cast-iron enamel pots, negative pressure preservation box, aurora series water cups; all these products are very popular in the market and they are increasing the sales of Supor.

As for the channel construction, Supor made a concentrated development on the tier-3 and 4 markets, and is continuously increasing the net point coverage on the tier-3 and 4 market, and is continuously improving the service system of the tier-3 and 4 markets. By complying with the development of E-commerce, Supor is continuously improving the professional operation of E-commerce and maintaining the rapid growth of E-commerce channel. In accordance with the data of third party, the market shares of Supor on the main E-commerce platforms realized a further growth in the first half year 2017.

As for the export business, there were many uncertainties in the international market, but Supor was continuously driving the export SEB business orders to get rapid transfer. In the first half year 2017, the export business of Supor realized a better growth.

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

II. Main Business Analysis

Overview

During the reporting period, Supor realized the operating income RMB 6,909,466,633.07 and the total profit RMB728,943,161.15, rose by 20.12% and 8.73% respectively; realized the earnings per share by RMB0.728, rose by 26.83%, and realized the main business income RMB6,882,985,567.96 increased by RMB1,155,153,936.32 over the same period last year and rose by 20.17%; was benefited from the better growth of sales income and market shares of the domestic and overseas. The main business costs of Supor was RMB4,811,075,805.88, rose by RMB827,063,665.78 and by 20.76% than the same period last year; the gross profit rate of the main business was 30.10%, declined by 0.34% over the same period last year. Among which, the main CW business realized the total amount RMB2,321,071,495.04, rose by 15.53%; the income from the main SDA business of Supor was RMB4,550,519,605.60, rose by 22.70%; the main business income from the domestic sales was RMB5,196,658,252.15, rose by 21.60%; the main business income from the export sales was RMB1,686,327,315.81, rose by 15.95%.

Change in main financial data

(Unit: RMB)

| | Current period | Preceding period | Increase / decrease | Reason of change |
|--|------------------|------------------|---------------------|--|
| Total sales | 6,909,466,633.07 | 5,751,920,817.78 | 20.12% | |
| Operating Cost | 4,834,039,606.04 | 4,012,799,751.80 | 20.47% | |
| Selling expenses | 1,134,645,241.04 | 907,452,327.58 | 25.04% | |
| Administrative expenses | 193,325,749.99 | 179,836,717.36 | 7.50% | |
| Financial expense | -1,348,604.52 | -8,175,484.32 | 83.50% | Mainly resulted the fluctuation in RMB~USD exchange rate caused the exchange loss; but it was profited last year. |
| Income tax expense | 131,663,860.57 | 144,399,904.08 | -8.82% | |
| R&D investment | 164,074,818.13 | 146,387,105.12 | 12.08% | |
| Net cash flows resulting from operating activities | 558,857,207.70 | 206,636,530.62 | 170.45% | Mainly resulted from the increase in cash from product sales and service provision in the cash inflow of operating activities. |
| Net cash flow from investment activities | -319,207,083.78 | -134,467,318.43 | -137.39% | Mainly resulted from the increase in cash outflow of investment activities. |
| Net cash flow from financing activities | -489,314,628.40 | -369,003,970.42 | -32.60% | Mainly resulted from the increase in current dividend from a year earlier. |
| Net increase in cash and cash equivalents | -250,805,881.87 | -295,636,450.71 | 15.16% | |

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

Applicable Not Applicable

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

Contents of operating income

Unit: RMB

| | Current reporting period | | Same period last year | | Increase / decrease YoY (%) |
|------------------------|--------------------------|--------------------------------------|-----------------------|--------------------------------------|-----------------------------|
| | Amount | Percentage to total operating income | Amount | Percentage to total operating income | |
| Total operating income | 6,909,466,633.07 | 100% | 5,751,920,817.78 | 100% | 20.12% |
| By Industries | | | | | |
| Cookware | 2,321,071,495.04 | 33.59% | 2,009,080,213.41 | 34.93% | 15.53% |
| Electrical appliances | 4,550,519,605.60 | 65.86% | 3,708,792,762.40 | 64.48% | 22.70% |
| Plastic& Rubber | 11,394,467.32 | 0.16% | 9,958,655.83 | 0.17% | 14.42% |
| Miscellaneous | 26,481,065.11 | 0.38% | 24,089,186.14 | 0.42% | 9.93% |
| By Products | | | | | |

| | | | | | |
|-----------------|------------------|--------|------------------|--------|--------|
| Electric pots | 2,027,320,768.98 | 29.34% | 1,772,519,972.19 | 30.82% | 14.38% |
| Miscellaneous | 4,882,145,864.09 | 70.66% | 3,979,400,845.59 | 69.18% | 22.69% |
| By Areas | | | | | |
| Domestic sales | 5,223,139,317.26 | 75.59% | 4,297,609,459.23 | 74.72% | 21.54% |
| Export sales | 1,686,327,315.81 | 24.41% | 1,454,311,358.55 | 25.28% | 15.95% |

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

2) Among the “Domestic sales” of the income by areas: the main business income during the reporting period was RMB5,196,658,252.15, and the income of other business was RMB26,481,065.11; in the same period last year, the main business income was RMB4,273,520,273.09 and the other business income was RMB24,089,186.14.

3) The “other” of the income by products includes the other business income; where the one during the reporting period was RMB26,481,065.11, but it was RMB24,089,186.14 over the same period last year.

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

Applicable Not Applicable

Unit: RMB

| | Total operating income | Operating cost | Gross Margin | Increase / decrease YoY (%) for total sale | Increase / decrease YoY (%) for operating cost | Increase / decrease YoY (%) for gross profit |
|-----------------------|------------------------|------------------|--------------|--|--|--|
| By Industries | | | | | | |
| Cookware | 2,321,071,495.04 | 1,536,873,645.95 | 33.79% | 15.53% | 19.03% | -1.95% |
| Electrical appliances | 4,550,519,605.60 | 3,264,784,304.25 | 28.25% | 22.70% | 21.61% | 0.64% |
| Plastic& Rubber | 11,394,467.32 | 9,417,855.68 | 17.35% | 14.42% | 13.65% | 0.55% |
| Miscellaneous | 26,481,065.11 | 22,963,800.16 | 13.28% | 9.93% | -20.23% | 32.79% |
| Subtotal | 6,909,466,633.07 | 4,834,039,606.04 | 30.04% | 20.12% | 20.47% | -0.20% |
| By products | | | | | | |
| Electric pots | 2,027,320,768.98 | 1,429,254,888.61 | 29.50% | 14.38% | 15.90% | -0.92% |
| By Areas | | | | | | |
| Domestic sales | 5,223,139,317.26 | 3,442,187,485.72 | 34.10% | 21.54% | 21.82% | -0.15% |
| Export sales | 1,686,327,315.81 | 1,391,852,120.32 | 17.46% | 15.95% | 17.24% | -0.91% |
| Subtotal | 6,909,466,633.07 | 4,834,039,606.04 | 30.04% | 20.12% | 20.47% | -0.20% |

If the statistical standard of the Company’s operation business data is adjusted during the reporting period, the main operation business data to be adjusted according to the standard at the end of reporting period.

Applicable Not Applicable

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

No

Reason for increase / decrease YoY (%) of relevant data by 30%

 Applicable Not Applicable**III. Analysis on non-primary business** Applicable Not Applicable**IV. Analysis on Assets and Liabilities****1. Significant changes in assets**

(Unit: RMB)

| | End of reporting period | | End of same period last year | | Increase/decrease in proportion | Cause of change |
|-----------------------------|-------------------------|----------------------------|------------------------------|----------------------------|---------------------------------|-----------------|
| | Amount | Percentage to total assets | Amount | Percentage to total assets | | |
| Monetary funds | 507,338,270.69 | 6.86% | 754,144,152.56 | 9.60% | -2.74% | |
| Accounts receivable | 1,201,233,225.87 | 16.24% | 1,160,117,826.72 | 14.76% | 1.48% | |
| Inventories | 1,293,921,923.43 | 17.50% | 1,696,932,203.19 | 21.60% | -4.10% | |
| Long-term equity investment | 55,343,612.41 | 0.75% | 53,877,930.88 | 0.69% | 0.06% | |
| Fixed assets | 845,616,583.51 | 11.43% | 885,129,598.11 | 11.26% | 0.17% | |
| Construction in progress | 13,922,816.20 | 0.19% | 5,986,693.89 | 0.08% | 0.11% | |
| Deferred income tax assets | 217,768,506.87 | 2.94% | 150,419,830.47 | 1.91% | 1.03% | |

2. Assets and liabilities measured at the fair value Applicable Not Applicable

(Unit: RMB)

| Item | Opening balance | Gains on changes in fair value | Changes in fair value included in equity | Impairment loss of the current period | Amount of purchasing of the current period | Amount of selling of the current period | Ending balance |
|--|-----------------|--------------------------------|--|---------------------------------------|--|---|------------------|
| Financial assets | | | | | | | |
| 1. Financial assets at fair value through profit or loss | 856,988,784.08 | 13,135,635.76 | | | 1,150,000,000.00 | 710,789,472.25 | 1,309,334,947.59 |

| | | | | | | | |
|---|----------------|---------------|--|--|------------------|----------------|------------------|
| (excluding derivative financial assets) | | | | | | | |
| Financial assets - subtotal | 856,988,784.08 | 13,135,635.76 | | | 1,150,000,000.00 | 710,789,472.25 | 1,309,334,947.59 |
| Total | 856,988,784.08 | 13,135,635.76 | | | 1,150,000,000.00 | 710,789,472.25 | 1,309,334,947.59 |
| Financial liabilities | 0.00 | 0.00 | | | 0.00 | 0.00 | 0.00 |

Any change of the valuation attribute of Company's main assets

Yes No

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

None

V. Analysis on Investment

1. General condition

Applicable Not Applicable

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

Applicable Not Applicable

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

Applicable Not Applicable

4. Financial assets measured at the fair value

Applicable Not Applicable

(Unit: RMB)

| Category of assets | Initial investment costs | Profit and loss for fair value change | Accumulated fair value change in rights and interest | Purchase amount during report | Sales amount during report | Accumulated investment income | Closing amount | Capital source |
|--------------------|--------------------------|---------------------------------------|--|-------------------------------|----------------------------|-------------------------------|------------------|--------------------|
| Others | 1,300,000,000.00 | 2,346,163.51 | | 1,150,000,000.00 | 700,000,000.00 | 10,789,472.25 | 1,309,334,947.59 | Self-owned capital |
| Total | 1,300,000,000.00 | 2,346,163.51 | 0.00 | 1,150,000,000.00 | 700,000,000.00 | 10,789,472.25 | 1,309,334,947.59 | -- |

5. Securities investment Applicable Not Applicable

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

6. Derivative products investment Applicable Not Applicable

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

7. Application of capital raised Applicable Not Applicable

No capital raised is used in reporting period

8. Significant project invested by non-raised funds Applicable Not Applicable

No non-raised funds is used during the reporting period.

VI. Sales for Major Assets and Equity**1. Sales for major assets** Applicable Not Applicable

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

2. Sales for major equities Applicable Not Applicable**VII. Analysis for Main Holding Companies and Joint Stock Companies** Applicable Not Applicable

Investment by main subsidiaries and the company with net profit influence exceeding 10%

(Unit: RMB)

| Company name | Company type | Main business | Registered capital | Total assets | Net assets | Total sales | Operating profit | Net profit |
|---------------------------------------|--------------|-----------------------|----------------------|----------------|----------------|--------------|------------------|-------------|
| Wuhan Supor Pressure Cooker Co., Ltd. | Subsidiary | Cookware | 224.039 million yuan | 302,896,922.51 | 293,900,704.40 | 8,000,000.04 | 816,006.77 | 385,955.64 |
| Wuhan Supor Co., Ltd. | Subsidiary | Electrical appliances | 5,180,000 yuan | 14,733,082.23 | 13,664,355.11 | | -157,655.41 | -157,655.41 |

| | | | | | | | | |
|--|------------|------------------------------------|-----------------------|------------------|------------------|------------------|----------------|----------------|
| Wuhan Supor Cookware CO., Ltd. | Subsidiary | Cookware | 91,160,000 yuan | 2,193,689,552.52 | 1,450,574,494.10 | 1,665,912,484.39 | 110,521,173.91 | 94,125,574.06 |
| Zhejiang Supor Electrical Appliance Manufacturing Co., Ltd | Subsidiary | Electrical appliances | 133.6971 million yuan | 2,304,454,485.87 | 1,512,750,035.36 | 1,968,889,147.31 | 221,455,953.01 | 173,867,960.97 |
| Zhejiang Supor Plastic & Rubber Co., Ltd | Subsidiary | Plastic and rubber manufacturing | 8.0447 million yuan | 146,045,676.72 | 116,742,258.88 | 87,748,671.25 | 4,605,197.72 | 3,405,628.40 |
| Yuhuan Supor Recycling Co., Ltd. | Subsidiary | Recycling of used metal | 500,000 yuan | 3,068,837.77 | 3,068,837.77 | | -47.99 | -47.99 |
| Zhejiang Shaoxing Supor Domestic Electrical Appliances Co., Ltd. | Subsidiary | Small appliance, kitchen appliance | 61 million yuan | 2,365,937,679.31 | 1,470,755,689.58 | 2,594,517,431.07 | 261,826,306.66 | 229,667,132.95 |
| Supor (Vietnam) Co., Ltd | Subsidiary | CW and electrical appliances | 15 million US dollars | 160,549,075.31 | 145,322,986.21 | 96,730,508.94 | 9,367,601.97 | 8,531,783.04 |
| Wuhan Supor Recycling Co., Ltd | Subsidiary | Recycling of used metal | 1 million yuan | 1,917,961.27 | 1,692,128.64 | 4,392,869.82 | 22,637.89 | 20,374.10 |
| Hangzhou Omega Commercial Trade Co., Ltd. | Subsidiary | CW and electrical appliances | 10 million yuan | 24,840,907.79 | -14,442,399.74 | 30,668,837.03 | -795,119.39 | -795,119.39 |
| Shanghai Supor Cookware Marketing Co., Ltd. | Subsidiary | CW and electrical appliances | 5 million yuan | 11,225,550.25 | 7,414,855.50 | 40,182,692.27 | 83,325.82 | 51,911.98 |
| South East Asia Domestic | Subsidiary | Cookers and | SGD 750,000 | 4,804,839.58 | 2,494,982.45 | 1,697,351.13 | -862,407.45 | -862,407.45 |

| | | | | | | | | |
|-------------------------------|------------|-----------------------------------|-----------------------------|--------------|--------------|--|------------|------------|
| Appliances Pte. Ltd. | | electrical appliances | | | | | | |
| AFS Vietnam Management Co Ltd | Subsidiary | Cookers and electrical appliances | 8.0 billion Vietnamese dong | 3,511,728.33 | 2,483,753.51 | | 126,975.42 | 101,580.34 |

Information on main subsidiaries and joint stock companies

√ Applicable □ Not Applicable

| Company Name | Way of Acquiring/disposing subsidiary during reporting period | Impacts on Production, Operations and Performance |
|---|---|--|
| South East Asia Domestic Appliances Pte. Ltd. | Acquisition | To further optimize and integrate the Southeast Asia Market and enhance its market position in Southeast Asia. |

Introduction of main holding and joint stock company

The 14th Session of Fifth Board of Directors adopted that: Supor would acquire 51% equity interests of SOUTHEAST ASIA DOMESTIC APPLIANCES PTE. LTD. held by the controlling shareholder SEB INTERNATIONALE S.A.S at the price of SGD 382,500.00 with self-owned fund.

XIII. Structural Subject under the Company's Control

□ Applicable √ Not Applicable

IX. Forecast of Business Performance of Jan.-Sept. 2017

Operation forecast for Jan.-Sept. 2017: Net profit attributed to the shareholders of the listed company is positive and does not belong to the situation of "turning losses into profits".

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

| | | | |
|--|--|----|-----------|
| Variation in net profit belonging to the shareholders of listed company in 1~9 months 2017 | 0.00% | To | 30.00% |
| Range of variation in net profit belonging to the shareholders of listed company in 1~9 months 2017 (RMB10K) | 74,214.01 | To | 96,478.21 |
| Net profit belonging to the shareholders of listed company in 1~9 months 2016 (RMB10K) | 74,214.01 | | |
| Description for performance change | The domestic and export sales business in CW and SDA business keep a rapid growth, compared with the corresponding period in 2016. | | |

X. Risks and countermeasures

(1) Risk from macroeconomic fluctuation

The CW, SDA and other electrical products sold by the company are closely connected to the market demands. If the macro-economy changes, especially the demand growth of consumers slows down, the growth speed of the CW and SDA will slow

down as well, so it will have negative influence on the sales growth of products of Supor.

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

(2) Risk from production element price change

The main materials used by Supor for producing CW and SDA are the aluminum, copper, stainless steel and plastics. If the raw material price grows high, the production cost will rise rapidly, so it will affect the business performance of the company.

Meanwhile the CW and SDA business belong to the labor-intensive industry; the rapid growth of labor cost in a short time will cause certain influence to the business performance of the company.

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

(3) Risk from overseas market expansion

Currently Supor owns 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 use its every endeavor to make a timely advance adjustment and formulate the corresponding countermeasures.

(4) Risk from product export and exchange loss caused by exchange rate fluctuation

The export business occupied about 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.

As for the exchange profit or loss risk, Supor is actively launching the Renminbi settlement for exporting SEB business to reduce the exchange rate risks. Meanwhile, the exchange loss risk will be reduced through forward settlement of exchange.

SECTION V SIGNIFICANT EVENTS

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

1. Annual General Meeting of Shareholders

| Session | Meeting type | Proportion of participated investors | Convening date | Date of disclosure | Reference for disclosure |
|---|--|--------------------------------------|----------------|--------------------|---|
| The Annual General Meeting of Shareholders for 2016 Fiscal Year | Annual General Meeting of Shareholders | 0.01% | April 20, 2017 | April 21, 2017 | References can be made to the Resolution of the Annual General Meeting of Shareholders for 2016 Fiscal Year (2017-014) disclosed on http://www.cninfo.com.cn |

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

Applicable Not Applicable

II. Preplan on Profit Distribution and Conversion of Capital Reserve to Capital for 2017

Applicable Not Applicable

Supor is not going to issue the cash bonus or bonus share, or convert the capital reserves to stock capitals for the half year.

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

Applicable Not Applicable

| Cause of commitment | Committed by | Type of commitment | Contents of commitment | Time of commitment | Term of commitment | Performance |
|---|-------------------|--------------------|---|--------------------|-------------------------------|--------------------|
| Commitment of share merger reform | | | | | | |
| Commitment made in Acquisition Report or Equity Change Report | SEB International | Other commitments | SEB International made a commitment in the Acquisition Report signed on Oct. 19, 2011: SEB International would retain 25% of Supor's present or future stock capitals of within | Oct. 19, 2011 | Dec. 22, 2011 ~ Dec. 21, 2021 | Performed strictly |

| | | | | | | |
|---|-------------------|-----------------------------------|--|---------------|-------------------------------|--------------------|
| | | | 10 years | | | |
| Commitment made during asset restructuring | | | | | | |
| Commitment made during IPO or refinancing | | | | | | |
| Commitment for stock equity incentive | | | | | | |
| Other commitments for middle and small shareholders | SEB International | Other commitments | SEB International committed following in the Framework Agreement of Strategic Investment signature on August 14 2006: to retain 25% of the present or future total stocks within 10 years from December 25, 2007. | Aug. 14, 2006 | Dec. 25, 2007 ~ Dec. 24, 2017 | Performed strictly |
| | SEB International | Commitments for share restriction | On August 3, 2015, SEB International completed the purchase of 10 million of Supor shares held by Supor Group Co., Ltd. by means of contract transfer, and undertook that within three years as of the date of transfer registration, it would not transfer or entrust others to manage, or sell back to Supor the shares obtained from this transfer. | Aug. 03, 2015 | Aug. 3, 2015 ~ Aug. 2, 2018 | Performed strictly |
| | SEB International | Other commitments | SEB International committed not to reduce the Company's shares held within 12 months as of January 15, 2016 by any means (as of January 15, 2016 to January 14, 2017). | Jan.15, 2016 | Jan. 15, 2016 ~ Jan. 14, 2017 | Fulfilled |
| | SEB International | Commitments for share restriction | SEB International finished receiving 50,000,000 Supor shares held by Supor Group Co., Ltd. in form of agreement transfer on June 23, 2016 and committed not to transfer or entrust others to manage 50,000,000 Supor shares held or | June 23, 2016 | June 23, 2016 ~ June 22, 2019 | Performed strictly |

| | | | | | | |
|---|-----|--|---|--|--|--|
| | | | ask Supor to repurchase such shares within thirty six months upon acquiring the strategic investment 50,000,000 Supor shares. | | | |
| Commitment for timely fulfillment | Yes | | | | | |
| Reason of un-fulfillment and next plans (if any) if the commitments cannot be fulfilled timely. | N/A | | | | | |

IV. Employment and Disengagement of Certified Public Accountants

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

Yes No

The semiannual report has not been audited.

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

Applicable Not Applicable

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

Applicable Not Applicable

VII. Bankruptcy or Reorganization

Applicable Not Applicable

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

VIII. Lawsuits

Significant litigations and arbitrations

Applicable Not Applicable

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

Other lawsuits

Applicable Not Applicable

IX. Questioning by Media

Applicable Not Applicable

No issues questioned by media happened in the reporting period.

X. Punishment and rectification

Applicable Not Applicable

There was no punishment and rectification in the reporting period.

XI. Shareholders' and Practical Controllers' Integrity

Applicable Not Applicable

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

Applicable Not Applicable

1. The Company adopted *Proposal on Repurchasing and Canceling a Part of Restricted Stock* on the 13th Session of the Fifth Board of Directors held on August 30, 2016. Since one incentive object cannot meet incentive conditions due to his resignation, a total of 6,000 shares of restricted stocks failing in reaching unlocking conditions were repurchased and cancelled at the price of 0 yuan per share. After confirmed by Shenzhen Branch of China Securities Depository and Clearing Co., Ltd., the Company purchased and cancelled restricted shares on May 16, 2017. This time, the Company repurchased and cancelled 6,000 shares of restricted stocks.

For detailed contents, see Announcement of Repurchasing and Canceling a Part of Restricted Stock and Announcement of Completion of Annulment of Repurchase and Cancellation of Restricted Stock disclosed on Securities Times, China Securities Journal, Securities Daily, and <http://www.cninfo.com.cn> on August 31, 2016 and May 17, 2017.

2. The Company adopted *Proposal on Unlocking of Restricted Stock within the Fourth Unlock Period and Unlocking of Reserved Restricted Stock within the Third Unlock Period of Restricted Stock Incentive Plan* on the 15th Session of the Fifth Board of Directors held on March 29, 2017, agreeing to unlock in the fourth unlock period of Restricted Stock and the third unlock period of Reserved Restricted Stock for 112 qualified Incentive Objects according to *2013 Equity Incentive Plan*. The unlocking number of Restricted Stock of fourth period was 1,978,000 and the unlocking number of Reserved Restricted Stock of second period was 96,123. There were 2,074,123 in total. The shares that could be unlocked in the third period for Reserved Restricted Stock will be unlocked, circulated on October 16, 2017 and the shares that could be unlocked in the fourth period for Restricted Stock Incentive Plan will be unlocked, circulated on January 4, 2018.

For detailed contents, see Announcement on Unlocking of Restricted Stock within the Fourth Unlock Period and Unlocking of Reserved Restricted Stock within the Third Unlock Period of Restricted Stock Incentive Plan disclosed on Securities Times, China Securities Journal, Securities Daily, and <http://www.cninfo.com.cn> on March 30, 2017.

XIII. Significant Connected Transactions**1. Connected transaction related to daily business**

Applicable Not Applicable

| Connecte | Correlated | Type of | | Pricing | Price of | Amount | Percentag | Approved | Exceeding | | Market | Disclosin | Refere |
|----------|------------|---------|--|---------|----------|--------|-----------|----------|-----------|--|--------|-----------|--------|
|----------|------------|---------|--|---------|----------|--------|-----------|----------|-----------|--|--------|-----------|--------|

| Party | Relation | Connected transaction | Contents of connected transaction | Principle of connected transaction | Connected transaction | Amount of connected transaction (RMB10 K) | Percentage to same transaction | Transaction limit (RMB10 K) | Approved limit or not | Means of payments of connected transaction | Price of available same transaction | Signing date | Disclosure |
|--------------------------------|---|-----------------------|-----------------------------------|------------------------------------|-----------------------|---|--------------------------------|-----------------------------|-----------------------|--|-------------------------------------|--------------|------------|
| Wuhan Anzai Cookware Co., Ltd. | Associated enterprise | Purchase of commodity | Finished products | Contract price | | 11,967.65 | 2.65% | | No | Bank transfer or notes | | | |
| Wuhan Anzai Cookware Co., Ltd. | Associated enterprise | Purchase of commodity | Accessories | Contract price | | 3,472.68 | 0.77% | | No | Bank transfer or notes | | | |
| GROUPE SEB EXPORT | Same controlling shareholder with the controlling shareholder | Purchase of commodity | Finished products | Contract price | | 190.8 | 0.04% | | No | Bank transfer or notes | | | |
| SEB INTERNATIONAL SERVICE SAS | Same controlling shareholder with the controlling shareholder | Purchase of commodity | Finished products | Contract price | | 4.04 | 0.00% | | No | Bank transfer or notes | | | |
| S.A.S. SEB | Same controlling shareholder with the controlling shareholder | Purchase of commodity | Finished products | Contract price | - | 6.39 | 0.00% | | No | Bank transfer or notes | | | |
| S.A.S. GROUPE SEB MOULIN EX | Same controlling shareholder with the controlling shareholder | Purchase of commodity | Finished products | Contract price | - | 947.13 | 0.21% | | No | Bank transfer or notes | | | |

| | | | | | | | | | | | | | |
|-------------------------|--|-----------------------------|----------------------|-------------------|---|----------------|--------|--|----|------------------------------|---|--|--|
| LAGOST INA S.P.A. | Same controlling shareholder | Purchase of commodity | Finished products | Contract price | - | 149.95 | 0.03% | | No | Bank transfer or notes | - | | |
| TEFAL S.A.S. | Same controlling shareholder with the controlling shareholder | Purchase of commodity | Accessories | Contract price | - | 114.34 | 0.03% | | No | Bank transfer or notes | - | | |
| SHANGHAI SEB | Same controlling shareholder | Purchase of commodity | Accessories | Contract price | - | 0.48 | 0.00% | | No | Bank transfer or notes | - | | |
| SEB ASIA LTD. | Same controlling shareholder | Sales of commodity | Finished products | Contract price | - | 148,025. 27 | 21.42% | | No | Bank transfer or notes | - | | |
| SEB ASIA LTD. | Same controlling shareholder | Sales of commodity | Accessories | Contract price | - | 497.98 | 0.07% | | No | Bank transfer or notes | - | | |
| S.A.S. SEB | Same controlling shareholder with the controlling shareholder | Sales of commodity | Finished products | Contract price | - | 963.02 | 0.14% | | No | Bank transfer or notes | - | | |
| S.A.S. SEB | Same controlling shareholder with the controlling shareholder | Sales of commodity | Accessories | Contract price | - | 60.75 | 0.01% | | No | Bank transfer or notes | - | | |
| TEFAL S.A.S. | Same controlling shareholder with the controlling | Sales of commodity | Finished products | Contract price | - | 489.6 | 0.07% | | No | Bank transfer or notes | - | | |

| | | | | | | | | | | | | | |
|-----------------------------------|---|--------------------|-------------------|----------------|---|---------|-------|--|----|------------------------|---|--|--|
| | shareholder | | | | | | | | | | | | |
| TEFAL S.A.S. | Same controlling shareholder with the controlling shareholder | Sales of commodity | Accessories | Contract price | - | 792.84 | 0.11% | | No | Bank transfer or notes | - | | |
| S.A.S. GROUPE SEB MOULIN EX | Same controlling shareholder with the controlling shareholder | Sales of commodity | Finished products | Contract price | - | 1,834.3 | 0.27% | | No | Bank transfer or notes | - | | |
| S.A.S. GROUPE SEB MOULIN EX | Same controlling shareholder with the controlling shareholder | Sales of commodity | Accessories | Contract price | - | 13.26 | 0.00% | | No | Bank transfer or notes | - | | |
| Supor Group Co., Ltd. | Company controlled by connected natural person | Sales of commodity | Finished products | Market price | - | 423.87 | 0.06% | | No | Bank transfer or notes | - | | |
| SEB INTERNATIONALE SERVICE S.A.S. | Same controlling shareholder with the controlling shareholder | Sales of commodity | Finished products | Contract price | - | 31.31 | 0.00% | | No | Bank transfer or notes | - | | |
| SEB INTERNATIONALE SERVICE S.A.S. | Same controlling shareholder with the controlling shareholder | Sales of commodity | Accessories | Contract price | - | 359.24 | 0.05% | | No | Bank transfer or notes | - | | |

| | | | | | | | | | | | | | |
|---------------------------------|------------------------------|--------------------|-------------------|----------------|----|------------|-------|---|----|------------------------|----|----|----|
| ALL-CLAD METALC RAFTER S LLC | Same controlling shareholder | Sales of commodity | Finished products | Contract price | - | 16.72 | 0.00% | | No | Bank transfer or notes | - | | |
| Wuhan Anzai Cookware Co., Ltd. | Associated enterprise | Sales of commodity | Accessories | Contract price | - | 0.24 | 0.00% | | No | Bank transfer or notes | - | | |
| SEB COLOMBIA | Same controlling shareholder | Sales of commodity | Accessories | Contract price | - | 6.28 | 0.00% | | No | Bank transfer or notes | - | | |
| LAGOSTINA S.P.A. | Same controlling shareholder | Sales of commodity | Finished products | Contract price | - | 6.4 | 0.00% | | No | Bank transfer or notes | - | | |
| LAGOSTINA S.P.A. | Same controlling shareholder | Sales of commodity | Accessories | Contract price | - | 63.19 | 0.01% | | No | Bank transfer or notes | - | | |
| WMF CONSUMER ELECTRIC GMBH | Same controlling shareholder | Sales of commodity | Finished products | Contract price | - | 2,031.07 | 0.29% | | No | Bank transfer or notes | - | | |
| WMF CONSUMER ELECTRIC GMBH | Same controlling shareholder | Sales of commodity | Accessories | Contract price | - | 0.26 | 0.00% | | No | Bank transfer or notes | - | | |
| VIETNAM FAN JOINT STOCK COMPANY | Same controlling shareholder | Sales of commodity | Finished products | Contract price | - | 3,927.06 | 0.57% | | No | Bank transfer or notes | - | | |
| Total | | | | | -- | 176,396.12 | -- | 0 | -- | -- | -- | -- | -- |
| Details of large sales return | | | | Not applicable | | | | | | | | | |

| | |
|---|--|
| Actual implementation of estimated total amount of connected transaction by category incurred during the period in the report period (if any) | During Jan. to June of 2017, the total amount of connected transactions between Supor and SEB Group was RMB1.61 billion. |
| Reason the big difference between transacted price and market reference price (if applicable) | Not applicable |

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

Applicable Not Applicable

There was no connected transaction regarding equity acquisition or sales of assets during the reporting period.

3. Connected transaction for co-investment abroad

Applicable Not Applicable

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

4. Connected creditor's rights and debts

Applicable Not Applicable

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

5. Other important Connected transactions

Applicable Not Applicable

There were no significant connected transactions during the reporting period.

XIV. Significant Contracts and Performance

1. Custody, contracting, and leasing

(1) Custody

Applicable Not Applicable

No custody was made in the reporting period.

(2) Contracting

Applicable Not Applicable

No contracting was made in the reporting period.

(3) Leasing

Applicable Not Applicable

No leasing existed in the reporting period.

2. Important guarantee

Applicable Not Applicable

No guarantee was made in the reporting period.

3. Other important contracts

Applicable Not Applicable

There was no other important contracts involved in the company during the reporting period.

XV. CSR Building**1. CSR fulfillment for targeted poverty alleviation****(1) Overview of targeted poverty alleviation in the first half year**

During the reporting period, Supor continued donating money to improve school-running conditions in remote mountainous areas in Midwest of China, construct Supor primary schools and support follow-up development of various schools. Nowadays, the public welfare of Supor has expanded to mountain areas of 12 provinces or autonomous regions such as Qinghai, Yunnan, Guizhou, Sichuan, Hubei, Jiangxi, Hunan, Guangxi, Henan, Shanxi, Gansu and Hebei; till now 23 schools are being donated by Supor. Besides school building, Supor also donated a lot to Supor primary schools: Supor offered children's books and built "Nenya" Library; provided kitchenware and completed "Lilixiang" Love Dining Hall; provided training and learning tour opportunity to teachers of Supor primary schools. All of those were aimed to improve school running idea and level of various Supor primary schools and let village children obtain fair educational opportunity.

During the reporting period, Supor, on the premise of guaranteeing the scheduled construction of three Supor Primary Schools, organized a Supory Primary School Rural Teacher training, sent teachers to the demanded schools, organized the employee volunteers to visit, provide the materials support and subsidize poverty students.

(2) Targeted poverty alleviation of Supor in the first half year

| Index | Unit | Qty./implementation |
|---|------------|---------------------|
| Throwing off poverty by education | —— | —— |
| Input for subsidizing poverty students | RMB 10,000 | 4.7 |
| Quantity of poverty students to be subsidized | Person | 94 |
| Input for improving the educational resources in poverty-stricken areas | RMB 10,000 | 142 |

(3) Follow-up annual targeted poverty alleviation plan

In the second half year 2017, three Supor Primary Schools will be constructed. Besides, Supor will provide the opportunity for excellent rural teachers in mountainous regions for studying in other places or abroad, subsidizing poverty students, and cooperate with the related commonweal organizations to conduct the activities benefiting to the country primary schools to develop.

2. Significant environmental protection problems

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

No

XVI. Introduction for Other Important Matters

Applicable Not Applicable

There was no other significant issue that needs to describe during the reporting period.

XVII. 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: Shares)

| | Before change | | Increase/decrease in the period (+, -) | | | | | After change | |
|--|---------------|--------|--|--------------|-------------------|------------|-------------|--------------|--------|
| | Quantity | % | New shares | Shares bonus | Converted capital | Others | Subtotal | Quantity | % |
| I. Restricted outstanding shares | 213,663,469 | 33.82% | | 63,587,200 | | -1,706,137 | 61,881,063 | 275,544,532 | 33.55% |
| 1. stocks held by the State | 0 | 0.00% | | 0 | | 0 | 0 | 0 | 0.00% |
| 2. stocks held by state-owned legal entities | 0 | 0.00% | | 0 | | 0 | 0 | 0 | 0.00% |
| 3. stocks held by other domestic investors | 4,919,169 | 0.78% | | 963,910 | | -1,706,137 | -742,227 | 4,176,942 | 0.53% |
| In which: stocks held by domestic legal entities | 0 | 0.00% | | 0 | | 0 | 0 | 0 | 0.00% |
| Shares held by domestic natural persons | 4,919,169 | 0.78% | | 963,910 | | -1,706,137 | -742,227 | 4,176,942 | 0.51% |
| 4. Stocks held by foreign investors | 208,744,300 | 33.04% | | 62,623,290 | | 0 | 62,623,290 | 271,367,590 | 33.04% |
| In which: stocks held by foreign legal entities | 208,744,300 | 33.04% | | 62,623,290 | | 0 | 62,623,290 | 271,367,590 | 33.04% |
| Shares held by foreign natural persons | 0 | 0.00% | | 0 | | 0 | 0 | 0 | 0.00% |
| II. Non-restricted outstanding shares | 418,102,231 | 66.18% | | 125,940,710 | | 1,700,137 | 127,640,847 | 545,743,078 | 66.45% |
| 1. RMB common shares | 418,102,231 | 66.18% | | 125,940,710 | | 1,700,137 | 127,640,847 | 545,743,078 | 66.45% |
| 2. Domestically listed foreign shares | 0 | 0.00% | | 0 | | 0 | 0 | 0 | 0.00% |
| 3. Overseas listed foreign shares | 0 | 0.00% | | 0 | | 0 | 0 | 0 | 0.00% |
| 4. Others | 0 | 0.00% | | 0 | | 0 | 0 | 0 | 0.00% |

| | | | | | | | | | |
|-------------------|-------------|---------|--|-------------|--|--------|-------------|-------------|---------|
| III. Total shares | 631,765,700 | 100.00% | | 189,527,910 | | -6,000 | 189,521,910 | 821,287,610 | 100.00% |
|-------------------|-------------|---------|--|-------------|--|--------|-------------|-------------|---------|

Reasons for share change

Applicable Not Applicable

1. Top management of the Company unlocked 25% of the shares registered under their names on the last trading day of the previous year.
2. On Jan. 4, 2017, totally 1,486,500 shares of restricted stock unlockable in the third unlocking period under the restricted stock incentive plan 2013 were unlocked and circulated on the market.
3. On May 16, 2017, totally 6,000 shares of restricted stock granted to resigned incentive object under the 2013 equity incentive plan were repurchased and cancelled by the company. After repo and cancellation, the total stock capitals of the company were reduced from 631,765,700 shares to 631,759,700 shares.
4. On May 25, 2017, Supor implemented Profit Distribution Plan 2016, and issued 3 bonus shares (including tax) per 10 shares for all shareholders, and totally issued 189,527,910 bonus shares. After that, the total stock capitals of the company were increased from 631,759,700 shares to 821,287,610 shares.

Approval of change in stock

Applicable Not Applicable

1. The Company adopted *Proposal on Unlocking of Restricted Stock within the Third Unlock Period and Unlocking of Reserved Restricted Stock within the Second Unlock Period of Restricted Stock Incentive Plan* on the 11th Session of the Fifth Board of Directors held on March 24, 2016, agreeing to unlock in the third unlock period of Restricted Stock and the second unlock period of Reserved Restricted Stock for 114 qualified Incentive Objects according to *2013 Equity Incentive Plan*. The unlocking number of Restricted Stock of third period was 1,486,500 and the unlocking number of Reserved Restricted Stock of second period was 34,041. There were 1,520,541 in total. The shares that could be unlocked in the second period for Reserved Restricted Stock will be unlocked, circulated on October 14, 2016 and the shares that could be unlocked in the third period for Restricted Stock Incentive Plan will be unlocked, circulated on January 4, 2017.
2. The Company adopted *Proposal on Repurchasing and Canceling a Part of Restricted Stock* on the 13th Session of the Fifth Board of Directors held on August 30, 2016. Since one incentive object cannot meet incentive conditions due to his resignation, a total of 6,000 shares of restricted stocks failing in reaching unlocking conditions were repurchased and cancelled at the price of 0 yuan per share. After confirmed by Shenzhen Branch of China Securities Depository and Clearing Co., Ltd., the Company purchased and cancelled restricted shares on May 16, 2017. This time, the Company repurchased and cancelled 6,000 shares of restricted stocks.
3. The Company adopted the Profit Distribution Plan 2016 in the Annual General Meeting of Shareholders for 2016 Fiscal Year: Based on the total capital stock of 631,759,700 shares (total capital stock of 631,765,700 shares deducted by 6,000 repurchased and cancelled), the Company distributed all shareholders cash dividends of CNY 7.70 per 10 shares (tax included) and the total cash profit distributed was 486,454,969.00 yuan. At the same time, the Company issued 3 bonus shares (tax included) to all shareholders, totally amounting to 189,527,910 bonus shares. Upon the confirmation of Shenzhen Branch China Securities Depository and Clearing Company Limited (CSDCC), the bonus shares were already circulated on the market as of May 25, 2017.

Ownership transfer due to stock change

Applicable Not Applicable

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

Applicable Not Applicable

After implemented the 2016 profit distribution plan, Supor issued 3 bonus shares (including tax) per 10 shares to all shareholders, and thence the total stock capitals of Supor increased from 631,759,700 stocks to 821,287,610 shares; which diluted the basic EPS (earnings per share) and the diluted EPS (earnings per share), and reduced the net asset per share belonging to the common stock

shareholder of Supor.

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

Applicable Not-applicable

2. Changes of Restricted Stock

Applicable Not Applicable

(Unit: Share)

| Shareholder's name | Restricted outstanding stocks at year-begin | Restricted outstanding stocks unlocked in current period | Restricted outstanding stocks increased in current period | Restricted outstanding stocks at year-end | Restriction reason | Date of unlocking restriction |
|--------------------------|---|--|---|---|--|--|
| SEB INTERNATIONALE S.A.S | 208,744,300 | 0 | 62,623,290 | 271,367,590 | Quantity of restricted stocks to be increased after implemented the annual profit distribution plan (3 bonus shares per 10 shares) | Totally 65,000,000 non-tradable shares will be unlocked on June 22, 2019; rest part of shares will be unlocked on December 21, 2021. |
| Su Xianze | 1,339,162 | 297,291 | 312,561 | 1,354,432 | Locked stocks of top management and quantity of locked stocks to be increased after implemented the annual profit distribution plan (3 bonus shares per 10 shares) | Unlocking 25% of the stocks registered under his name on the last trading day of the previous year |
| Ye Jide | 13,384 | 0 | 19,166 | 32,550 | Locked stocks of top management and quantity of locked stocks to be increased after implemented the annual profit distribution plan (3 bonus shares per 10 shares) | Unlocking 25% of the stocks registered under his name on the last trading day of the previous year |
| Xu Bo | 0 | 0 | 93,600 | 93,600 | Locked stocks of top management and quantity of locked stocks to be increased after implemented the | Unlocking 25% of the stocks registered under his name on the last trading day of the |

| | | | | | | |
|---|-------------|-----------|------------|-------------|---|---|
| | | | | | annual profit distribution plan (3 bonus shares per 10 shares) | previous year |
| Incentive objects of Equity Incentive Plan 2013 | 3,566,623 | 1,492,500 | 622,237 | 2,696,360 | Restricted stocks under 2013 equity incentive plan and quantity of restricted stocks to be increased after implemented the annual profit distribution plan (3 bonus shares per 10 shares) | The unlocking date of the 4th unlocking period of the restricted stock incentive plan 2013 is January 4, 2018, and the unlocking date of the 3rd unlocking period of the reserved restricted stock namely circulating date is October 16, 2017. |
| Total | 213,663,469 | 1,789,791 | 63,670,854 | 275,544,532 | -- | -- |

3. Securities issuance and listing information

None

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

(Unit: Share)

| Total number of common shareholders by end of reporting period | 11,521 | | | | Total number of preferred stockholders with restored voting right (if any). | 0 | | |
|---|-----------------------|-----------------------------|-------------------------------------|---|---|---|------------------------------------|----------|
| Information on shareholders holding more than 5% stocks or information on top 10 shareholders | | | | | | | | |
| Shareholder's name | Nature of shareholder | Proportion of share-holding | Number of shares held at period-end | Increase/decrease in the reporting period | Number of restricted outstanding shares | Number of non-restricted outstanding shares | Number of stocks pledged or frozen | |
| | | | | | | | State of shares | Quantity |
| SEB INTERNATIONALE S.A.S | Foreign legal entity | 81.18% | 666,681,904 | 153849671 | 271,367,590 | 395,314,314 | | |
| Hong Kong Securities Clearing Company Ltd. | Foreign legal entity | 2.10% | 17,244,027 | 16572064 | 0 | 17,244,027 | | |
| Fidelity Mutual Fund & Investment Management - clients' capital | Foreign legal entity | 1.77% | 14,551,171 | 2988545 | 0 | 14,551,171 | | |

| DEUTSCHE BANK AKTIENGESELLSCHAFT | Foreign legal entity | 1.17% | 9,568,277 | 1592418 | 0 | 9,568,277 | | |
|--|--|------------------------|-------------|---------|---|-----------|--|--|
| BNP Paribas – own fund | Foreign legal entity | 1.07% | 8,802,608 | 1492138 | 0 | 8,802,608 | | |
| China Construction Bank-E-Fund New Silk Road Flexible Complex Securities Investment Funds | Others | 0.67% | 5,500,000 | 700000 | 0 | 5,500,000 | | |
| Bank of China-E-fund Small and Medium Cup Complex Securities Investment Funds | Others | 0.66% | 5,400,000 | 1781600 | 0 | 5,400,000 | | |
| UBS AG | Foreign legal entity | 0.65% | 5,372,410 | 1181513 | 0 | 5,372,410 | | |
| Gaohua-HSBC-GOLDMAN, SACHS & CO. | Foreign legal entity | 0.62% | 5,066,733 | 1026802 | 0 | 5,066,733 | | |
| Central Huijin Investment Ltd. | State-owned legal entity | 0.54% | 4,423,640 | 1020840 | 0 | 4,423,640 | | |
| Strategic investor or general corporate investor who becomes top 10 shareholder as a result of rights issue (if any) | None | | | | | | | |
| Related relationship among the above shareholders or concerted parties | The Company had no idea if the top ten shareholders have connected relationship or if they belong to the consistent action makers as specified in the <i>Measures on the Purchase Management of Listed Companies</i> . | | | | | | | |
| Top 10 shareholders holding non-restricted outstanding shares | | | | | | | | |
| Shareholder's name | Number of non-restricted outstanding stocks held at period-end | Nature of share | | | | | | |
| | | Nature of share | Qty. | | | | | |
| SEB INTERNATIONALE S.A.S | 395,314,314 | Renminbi common shares | 395,314,314 | | | | | |
| Hong Kong Securities Clearing Company Ltd. | 17,244,027 | Renminbi common shares | 17,244,027 | | | | | |
| Fidelity Mutual Fund & Investment Management - clients' capital | 14,551,171 | Renminbi common shares | 14,551,171 | | | | | |
| DEUTSCHE BANK AKTIENGESELLSCHAFT | 9,568,277 | Renminbi common shares | 9,568,277 | | | | | |
| BNP Paribas – own fund | 8,802,608 | Renminbi common shares | 8,802,608 | | | | | |

| | | | |
|--|--|------------------------|-----------|
| China Construction Bank-E-Fund New Silk Road Flexible Complex Securities Investment Funds | 5,500,000 | Renminbi common shares | 5,500,000 |
| Bank of China-E-fund Small and Medium Cup Complex Securities Investment Funds | 5,400,000 | Renminbi common shares | 5,400,000 |
| UBS AG | 5,372,410 | Renminbi common shares | 5,372,410 |
| Gaohua-HSBC-GOLDMAN, SACHS & CO. | 5,066,733 | Renminbi common shares | 5,066,733 |
| Central Huijin Investment Ltd. | 4,423,640 | Renminbi common shares | 4,423,640 |
| Connected relationship or concerted parties among the top 10 shareholders holding non-restricted outstanding shares, and between the top 10 shareholders holding non-restricted outstanding stocks and top 10 shareholders | The Company had no idea if the top ten shareholders have connected relationship or if they belong to the consistent action makers as specified in the <i>Measures on the Purchase Management of Listed Companies</i> . | | |
| Information on top 10 common shareholders involved in securities margin trading business (if any) (see Note 4) | None | | |

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

Yes No

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

III. Change of the Controlling Shareholder or Actual Controller

Change of controlling shareholder in the reporting period

Applicable Not Applicable

No change of controlling shareholder occurred in the reporting period.

Change of actual controller in the reporting period

Applicable Not Applicable

No change of actual controller occurred in the reporting period.

SECTION VII INFORMATION ON PREFERRED STOCK

Applicable Not Applicable

No preferred stock existed in the reporting period.

SECTION VIII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT STAFFS

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

| Name | Position | Position status | Beginning quantity of stocks | Quantity of increased stocks in this period | Quantity of decreased stocks in this period | Closing quantity of stocks | Quantity of restricted stocks to be granted at the beginning | Quantity of restricted stocks to be granted in this period | Quantity of restricted stocks to be granted at the end of period |
|------------------------------|--|-----------------|------------------------------|---|---|----------------------------|--|--|--|
| Frédéric VERWAERDE | Board Chairman | on-service | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Thierry de La Tour d'Artaise | Director | on-service | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Su Xianze | Director | on-service | 1,549,162 | 354,561 | 367,291 | 1,536,432 | 0 | 0 | 0 |
| Harry TOURET | Director | on-service | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Vincent LEONARD | Director | on-service | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Bertrand NEUSCHWANDER | Director | on-service | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Frederic BERAHA | Independent director | on-service | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Xiaoqing PELLEMELE | Independent director | on-service | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Wang Baoqing | Independent director | on-service | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Philippe SUMEIRE | Supervisor | on-service | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Zhang Junfa | Supervisor | on-service | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Lu Lanhua | Supervisor | on-service | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Tai Wai Chung | General Manager | on-service | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Xu Bo | Financial director | on-service | 240,000 | 54,600 | 58,000 | 236,600 | 0 | 0 | 0 |
| Ye Jide | Vice general manager, secretary of the | on-service | 97,384 | 21,912 | 24,346 | 94,950 | 0 | 0 | 0 |

| | | | | | | | | | |
|-------|-------|----|-----------|---------|---------|-----------|---|---|---|
| | board | | | | | | | | |
| Total | -- | -- | 1,886,546 | 431,073 | 449,637 | 1,867,982 | 0 | 0 | 0 |

II. Change of directors, supervisors and senior management staffs

Applicable Not-applicable

During the reporting period, the Company conducted the new election at expiration of terms of Fifth Board of Directors and Board of Supervisors. The members of board of directors and board of supervisors remained unchanged. On April 20, 2017, the company held the First Session of Sixth Board of Directors and Board of Supervisors to elect the company chairman and chairman of Board of Supervisors; meanwhile on the new board meeting, the top management personnel, including general manager, chief financial officer and secretary of the board of the company were respectively appointed.

SECTION IX CORPORATE BONDS

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

No

SECTION X FINANCIAL REPORT

I. Audit report

[Zhejiang Supor Co., Ltd]

Below Semi- Annual Financial report hasn't been audited.

II. Financial Report

Consolidated balance sheet as at June 30, 2017

(Expressed in Renminbi Yuan)

| Assets | Note No. | Closing balance | Opening balance |
|---|----------|------------------|------------------|
| Current assets: | | | |
| Cash and bank balances | 1 | 507,338,270.69 | 754,144,152.56 |
| Settlement funds | | | |
| Loans to other banks | | | |
| Financial assets at fair value through profit or loss | 2 | 1,309,334,947.59 | 856,988,784.08 |
| Derivative financial assets | | | |
| Notes receivable | 3 | 701,777,141.90 | 843,520,455.60 |
| Accounts receivable | 4 | 1,201,233,225.87 | 1,160,117,826.72 |
| Advances paid | 5 | 174,447,686.14 | 157,326,657.23 |
| Premiums receivable | | | |
| Reinsurance accounts receivable | | | |
| Reinsurance reserve receivable | | | |
| Interest receivable | 6 | 1,410,111.74 | 285,680.93 |
| Dividend receivable | | | |
| Other receivables | 7 | 20,092,804.32 | 55,657,951.60 |
| Reverse-REPO financial assets | | | |
| Inventories | 8 | 1,293,921,923.43 | 1,696,932,203.19 |
| Assets classified as held-for-sale | | | |
| Non-current assets due within one year | | | |
| Other current assets | 9 | 734,721,606.99 | 981,698,880.31 |
| Total current assets | | 5,944,277,718.67 | 6,506,672,592.22 |
| Non-current assets: | | | |
| Loans and advances paid | | | |
| Available-for-sale financial assets | 10 | | |
| Held-to-maturity investments | | | |
| Long-term receivable | | | |
| Long-term equity investments | 11 | 55,343,612.41 | 53,877,930.88 |
| Investment property | | | |
| Fixed assets | 12 | 845,616,583.51 | 885,129,598.11 |
| Construction in progress | 13 | 13,922,816.20 | 5,986,693.89 |
| Construction materials | | | |

| | | | |
|--------------------------|----|------------------|------------------|
| Fixed assets disposal | | | |
| Biological assets | | | |
| Oil & gas assets | | | |
| Intangible assets | 14 | 318,935,629.38 | 255,692,979.29 |
| Development expenditures | | | |
| Goodwill | | | |
| Long-term prepayments | | | |
| Deferred tax assets | 15 | 217,768,506.87 | 150,419,830.47 |
| Other non-current assets | | | |
| Total non-current assets | | 1,451,587,148.37 | 1,351,107,032.64 |
| Total assets | | 7,395,864,867.04 | 7,857,779,624.86 |

[Zhejiang Supor Co., Ltd]

Consolidated balance sheet as at June 30, 2017 (continued)

(Expressed in Renminbi Yuan)

| Liabilities & Equity | Note No. | Closing balance | Opening balance |
|--|----------|------------------|------------------|
| Current liabilities: | | | |
| Short-term borrowings | | | |
| Central bank loans | | | |
| Absorbing deposit and interbank deposit | | | |
| Loans from other banks | | | |
| Financial liabilities at fair value through profit or loss | | | |
| Derivative financial liabilities | | | |
| Notes payable | | | |
| Accounts payable | 16 | 1,892,416,996.23 | 2,062,140,539.44 |
| Advances received | 17 | 418,593,394.22 | 779,587,538.11 |
| Proceeds from sale of repurchase financial assets | | | |
| Handling fee and commission payable | | | |
| Employee benefits payable | 18 | 175,512,218.52 | 237,919,276.03 |
| Taxes and rates payable | 19 | 150,158,917.56 | 115,333,892.17 |
| Interest payable | | | |
| Dividend payable | | | |
| Other payables | 20 | 51,127,826.40 | 80,287,557.91 |
| Reinsurance accounts payable | | | |
| Reinsurance reserve | | | |
| Deposit for agency security transaction | | | |
| Deposit for agency security underwriting | | | |
| Liabilities classified as held-for-sale | | | |
| Non-current liabilities due within one year | | | |
| Other current liabilities | | | |
| Total current liabilities | | 2,687,809,352.93 | 3,275,268,803.66 |
| Non-current liabilities: | | | |
| Long-term borrowings | | | |
| Bonds payable | | | |
| Long-term payables | | | |
| Long-term employee benefits payable | 21 | 6,388,727.58 | 6,975,952.59 |
| Special payables | | | |
| Provisions | 22 | 15,150,000.00 | 7,150,000.00 |
| Deferred income | | | |
| Deferred tax liabilities | 15 | 7,496,878.07 | 6,833,704.75 |
| Other non-current liabilities | | | |
| Total non-current liabilities | | 29,035,605.65 | 20,959,657.34 |
| Total liabilities | | 2,716,844,958.58 | 3,296,228,461.00 |
| Equity: | | | |

| | | | |
|---|----|------------------|------------------|
| Share capital/Paid-in capital | 23 | 821,287,610.00 | 631,765,700.00 |
| Capital reserve | 24 | 60,059,812.97 | 41,751,903.83 |
| Less: treasury shares | | | |
| Other comprehensive income | 25 | -24,417,425.14 | -21,115,130.39 |
| Special reserve | | | |
| Surplus reserve | 26 | 295,681,206.47 | 295,681,206.47 |
| General risk reserve | | | |
| Undistributed profit | 27 | 3,514,924,126.79 | 3,593,933,783.19 |
| Total equity attributable to the parent company | | 4,667,535,331.09 | 4,542,017,463.10 |
| Non-controlling interest | | 11,484,577.37 | 19,533,700.76 |
| Total equity | | 4,679,019,908.46 | 4,561,551,163.86 |
| Total liabilities & equity | | 7,395,864,867.04 | 7,857,779,624.86 |

[Zhejiang Supor Co., Ltd]

Parent company balance sheet as at June 30, 2017

(Expressed in Renminbi Yuan)

| Assets | Note No. | Closing balance | Opening balance |
|---|----------|------------------|------------------|
| Current assets: | | | |
| Cash and bank balances | | 83,828,193.49 | 263,064,886.69 |
| Financial assets at fair value through profit or loss | | 650,000,000.00 | |
| Derivative financial assets | | | |
| Notes receivable | | 1,300,000.00 | 17,399,486.67 |
| Accounts receivable | 1 | 276,869,543.20 | 238,754,765.93 |
| Advances paid | | 43,490,964.77 | 25,631,663.93 |
| Interest receivable | | | 31,406.25 |
| Dividend receivable | | | |
| Other receivables | 2 | 27,073,666.67 | 24,336,542.49 |
| Inventories | | 160,970,064.86 | 126,586,801.90 |
| Assets classified as held-for-sale | | | |
| Non-current assets due within one year | | | |
| Other current assets | | 556,983,329.03 | 906,437,451.54 |
| Total current assets | | 1,800,515,762.02 | 1,602,243,005.40 |
| Non-current assets: | | | |
| Available-for-sale financial assets | | | |
| Held-to-maturity investments | | | |
| Long-term receivable | | | |
| Long-term equity investments | 3 | 2,390,778,553.34 | 2,378,086,172.55 |
| Investment property | | | |
| Fixed assets | | 139,354,684.45 | 148,234,979.95 |
| Construction in progress | | 12,184,902.08 | 2,800,949.02 |
| Construction materials | | | |
| Fixed assets disposal | | | |
| Biological assets | | | |
| Oil & gas assets | | | |
| Intangible assets | | 89,742,330.00 | 92,113,561.40 |
| Development expenditures | | | |
| Goodwill | | | |
| Long-term prepayments | | | |
| Deferred tax assets | | 18,684,076.72 | 6,495,246.32 |
| Other non-current assets | | | |
| Total non-current assets | | 2,650,744,546.59 | 2,627,730,909.24 |
| Total assets | | 4,451,260,308.61 | 4,229,973,914.64 |

[Zhejiang Supor Co., Ltd]

Parent company balance sheet as at June 30, 2017 (continued)

(Expressed in Renminbi Yuan)

| Liabilities & Equity | Note No. | Closing balance | Opening balance |
|--|----------|------------------|------------------|
| Current liabilities: | | | |
| Short-term borrowings | | | |
| Financial liabilities at fair value through profit or loss | | | |
| Derivative financial liabilities | | | |
| Notes payable | | | |
| Accounts payable | | 174,111,828.97 | 203,158,940.49 |
| Advances received | | 4,924,851.07 | 3,696,699.18 |
| Employee benefits payable | | 49,949,917.28 | 59,142,122.51 |
| Taxes and rates payable | | 20,872,804.26 | 35,057,310.03 |
| Interest payable | | | |
| Dividend payable | | | |
| Other payables | | 2,085,545,732.74 | 1,424,893,390.16 |
| Liabilities classified as held-for-sale | | | |
| Non-current liabilities due within one year | | | |
| Other current liabilities | | | |
| Total current liabilities | | 2,335,405,134.32 | 1,725,948,462.37 |
| Non-current liabilities: | | | |
| Long-term borrowings | | | |
| Bonds payable | | | |
| Long-term payables | | | |
| Long-term employee benefits payable | | | |
| Special payables | | | |
| Provisions | | 5,000,000.00 | |
| Deferred income | | | |
| Deferred tax liabilities | | | |
| Other non-current liabilities | | | |
| Total non-current liabilities | | 5,000,000.00 | |
| Total liabilities | | 2,340,405,134.32 | 1,725,948,462.37 |
| Equity: | | | |
| Share capital/Paid-in capital | | 821,287,610.00 | 631,765,700.00 |
| Capital reserve | | 578,977,547.01 | 566,162,828.10 |
| Less: treasury shares | | | |
| Other comprehensive income | | | |
| Special reserve | | | |
| Surplus reserve | | 304,163,002.42 | 304,163,002.42 |
| General risk reserve | | | |
| Undistributed profit | | 406,427,014.86 | 1,001,933,921.75 |
| Total equity | | 2,110,855,174.29 | 2,504,025,452.27 |

| | | | |
|----------------------------|--|------------------|------------------|
| Total liabilities & equity | | 4,451,260,308.61 | 4,229,973,914.64 |
|----------------------------|--|------------------|------------------|

[Zhejiang Supor Co., Ltd]
Consolidated income statement for the month ending June 30, 2017

(Expressed in Renminbi Yuan)

| Items | Note No. | Current period cumulative | Preceding period comparative |
|--|----------|---------------------------|------------------------------|
| I. Total operating revenue | | 6,909,466,633.07 | 5,751,920,817.78 |
| Including: operating revenue | 1 | 6,909,466,633.07 | 5,751,920,817.78 |
| Interest proceeds | | | |
| Premium earned | | | |
| Revenue from handling charges and commission | | | |
| II. Total operating cost | | 6,218,775,325.27 | 5,147,946,137.68 |
| Including: operating cost | 1 | 4,834,039,606.04 | 4,012,799,751.80 |
| Interest expenses | | | |
| Handling charges and commission expenditures | | | |
| Surrender value | | | |
| Net payment of insurance claims | | | |
| Net provision of insurance reserve | | | |
| Premium bonus expenditures | | | |
| Reinsurance expenses | | | |
| Taxes & surcharge | 2 | 54,176,909.36 | 42,812,300.27 |
| Selling expenses | 3 | 1,134,645,241.04 | 907,452,327.58 |
| Administrative expenses | 4 | 193,325,749.99 | 179,836,717.36 |
| Financial expense | 5 | -1,348,604.52 | -8,175,484.32 |
| Assets impairment loss | 6 | 3,936,423.36 | 13,220,524.99 |
| Add: gains on changes of fair value(or less: losses) | 7 | 2,346,163.51 | -349,986.11 |
| Investment income (or less: losses) | 8 | 24,695,608.32 | 53,398,678.80 |
| Including: investment income from associates and joint ventures | | 1,822,909.46 | 2,036,082.93 |
| Gains on foreign exchange (or less: losses) | | | |
| III. Operating profit(or less: losses) | | 717,733,079.63 | 657,023,372.79 |
| Add: Non-operating revenue | 9 | 23,301,240.23 | 19,343,027.72 |
| Including: Gains on disposal of non-current assets | | 1,436,054.78 | 487,923.34 |
| Less: Non-operating expenditures | 10 | 12,091,158.71 | 5,948,132.61 |
| Including: losses on disposal of fixed assets | | 2,108,069.92 | 1,079,737.29 |
| IV. Profit before tax (or less: total loss) | | 728,943,161.15 | 670,418,267.90 |
| Less: income tax | 11 | 131,663,860.57 | 144,399,904.08 |
| V. Net profit (or less: net loss) | | 597,279,300.58 | 526,018,363.82 |
| Net profit attributable to owners of parent company | | 596,973,222.60 | 470,536,171.34 |
| Non-controlling interest income | | 306,077.98 | 55,482,192.48 |
| VI. Other comprehensive income after tax | 12 | -3,302,294.75 | -4,305,124.53 |
| (I) Not reclassified subsequently to profit or loss | | | |
| Including: Changes in remeasurement on the net defined benefit liability/asset | | | |
| Items attributable to investees under equity method that will not reclassified to profit or loss | | | |

| | | |
|---|----------------|----------------|
| (II) To be reclassified subsequently to profit or loss | -3,302,294.75 | -4,305,124.53 |
| Including: Items attributable to investees under equity method that may be reclassified to profit or loss | | |
| Profit or loss from changes in fair value of available-for-sale financial assets | | |
| Profit or loss from reclassification of held-to-maturity investments as available-for-sale assets | | |
| Profit or loss on cash flow hedging | | |
| Translation difference of financial statements in foreign currencies | -3,302,294.75 | -4,305,124.53 |
| VII. Total comprehensive income | 593,977,005.83 | 521,713,239.29 |
| Including: Items attributable to owners of parent company | 593,670,927.85 | 466,231,046.81 |
| Items attributable to non-controlling interest | 306,077.98 | 55,482,192.48 |
| VIII. Earnings per share: | | |
| (I) Basic EPS | 0.728 | 0.574 |
| (II) Diluted EPS | 0.727 | 0.573 |

There was a new entity under the same parent control consolidated in the reporting period. The net profit of the new entity before consolidation was RMB -760,827.11. The net profit of the new entity in the last year was RMB 0.00.

[Zhejiang Supor Co., Ltd]

Parent company income statement for the month ending June 30, 2017

(Expressed in Renminbi Yuan)

| Items | Note No. | Current period cumulative | Preceding period comparative |
|---|----------|---------------------------|------------------------------|
| I. Operating revenue | 1 | 825,897,642.81 | 628,065,992.42 |
| Less: Operating cost | 1 | 657,783,032.26 | 500,613,395.38 |
| Taxes & surcharge | | 6,530,041.78 | 6,312,653.42 |
| Selling expenses | | 20,567,091.65 | 16,927,219.34 |
| Administrative expenses | | 46,373,974.81 | 50,271,198.76 |
| Financial expense | | 5,940,312.84 | -678,173.90 |
| Assets impairment loss | | 1,177,694.30 | -10,137,982.84 |
| Add: Gain on changes of fair value (or less: losses) | | | |
| Investment income (or less: losses) | 2 | 13,236,763.17 | 863,519,737.02 |
| Including: investment income from associates and joint ventures | | 1,822,909.46 | 2,036,082.93 |
| II. Operating profit(or less: losses) | | 100,762,258.34 | 928,277,419.28 |
| Add: Non-operating revenue | | 876,827.95 | 5,380,941.50 |
| Including: Gains on disposal of non-current assets | | 256,766.98 | 169,338.14 |
| Less: Non-operating expenditures | | 6,499,287.07 | 1,150,309.40 |
| Including: losses on disposal of non-current assets | | 147,687.07 | 34,043.97 |
| III. Profit before tax (or less: total loss) | | 95,139,799.22 | 932,508,051.38 |
| Less: income tax | | 14,663,827.11 | 17,016,562.87 |
| IV. Net profit (or less: net loss) | | 80,475,972.11 | 915,491,488.51 |
| V. Other comprehensive income after tax | | | |
| (I) Not reclassified subsequently to profit or loss | | | |
| Including: Changes in remeasurement on the net defined benefit liability/asset | | | |
| Items attributable to investees under equity method that will not reclassified to profit or loss | | | |
| (II) To be reclassified subsequently to profit or loss | | | |
| Including: Items attributable to investees under equity method that may be reclassified to profit or loss | | | |
| Profit or loss from changes in fair value of available-for-sale financial assets | | | |
| Profit or loss from reclassification of held-to-maturity investments as available-for-sale assets | | | |
| Profit or loss on cash flow hedging | | | |
| Translation difference of financial statements in foreign currencies | | | |
| VI. Total comprehensive income | | 80,475,972.11 | 915,491,488.51 |
| VII. Earnings per share: | | | |
| (I) Basic EPS | | | |
| (II) Diluted EPS | | | |

[Zhejiang Supor Co., Ltd]

Consolidated cash flow statement for the month ending June 30, 2017

(Expressed in Renminbi Yuan)

| Items | Note No. | Current period cumulative | Preceding period comparative |
|--|----------|---------------------------|------------------------------|
| I. Cash flows from operating activities: | | | |
| Cash receipts from sale of goods or rendering of services | | 4,876,404,641.23 | 3,511,182,907.70 |
| Net increase of client deposit and interbank deposit | | | |
| Net increase of central bank loans | | | |
| Net increase of loans from other financial institutions | | | |
| Cash receipts of original insurance contract premium | | | |
| Net cash receipts from reinsurance | | | |
| Net increase of policy-holder deposit and investment | | | |
| Net increase of trading financial assets disposal | | | |
| Cash receipts from interest, handling charges and commission | | | |
| Net increase of loans from others | | | |
| Net increase of repurchase | | | |
| Receipts of tax refund | | 70,151,561.15 | 44,054,370.25 |
| Other cash receipts related to operating activities | 1 | 27,690,310.01 | 23,718,648.60 |
| Subtotal of cash inflows from operating activities | | 4,974,246,512.39 | 3,578,955,926.55 |
| Cash payments for goods purchased and services received | | 3,035,326,084.31 | 2,161,394,169.28 |
| Net increase of loans and advances to clients | | | |
| Net increase of central bank deposit and interbank deposit | | | |
| Cash payment of insurance indemnities of original insurance | | | |
| Cash payment of interest, handling charges and commission | | | |
| Cash payment of policy bonus | | | |
| Cash paid to and on behalf of employees | | 635,516,836.31 | 561,340,860.62 |
| Cash payments of taxes and rates | | 451,462,490.24 | 420,609,666.48 |
| Other cash payments related to operating activities | 2 | 293,083,893.83 | 228,974,699.55 |
| Subtotal cash outflows from operating activities | | 4,415,389,304.69 | 3,372,319,395.93 |
| Net cash flows from operating activities | | 558,857,207.70 | 206,636,530.62 |
| II. Cash flows from investing activities: | | | |
| Cash received from return of investments | | 1.00 | |
| Cash received from return on investments | | 22,071,415.90 | 24,915,253.41 |
| Net cash received from the disposal of fixed assets, intangible assets | | 1,406,811.00 | 66,909.00 |
| Net cash received from the disposal of subsidiaries & other business | | | |
| Other cash receipts related to investing activities | 3 | 1,161,021,998.45 | 1,827,949,233.26 |
| Subtotal of cash inflows from investing activities | | 1,184,500,226.35 | 1,852,931,395.67 |
| Cash paid for acquiring fixed assets, intangible assets and other | | 87,841,245.63 | 87,298,714.10 |
| Cash paid for acquiring investments | | | 642,500,000.00 |
| Net increase of pledged loans | | | |
| Net cash paid for acquiring subsidiaries & other business units | | 1,866,064.50 | |
| Other cash payments related to investing activities | 4 | 1,414,000,000.00 | 1,257,600,000.00 |
| Subtotal of cash outflows from investing activities | | 1,503,707,310.13 | 1,987,398,714.10 |
| Net cash flows from investing activities | | -319,207,083.78 | -134,467,318.43 |

| | | |
|--|-----------------|-----------------|
| III. Cash flows from financing activities: | | |
| Cash received from investment by others | | |
| Including: cash received by subsidiaries from non-controlling owners | | |
| Cash received from borrowings | | |
| Cash received from issuing of bonds | | |
| Other cash receipts related to financing activities | | |
| Subtotal of cash inflows from financing activities | | |
| Cash repayments of borrowings | | |
| Cash paid for distribution of dividends or profits and for interest | 481,162,114.75 | 369,003,970.42 |
| Including: cash paid for distribution of dividends or profits by subsidiaries to minority owners | | 15,215,178.42 |
| Other cash payments related to financing activities | 8,152,513.65 | |
| Subtotal of cash outflows from financing activities | 489,314,628.40 | 369,003,970.42 |
| Net cash flows from financing activities | -489,314,628.40 | -369,003,970.42 |
| IV. Effect of foreign exchange rate changes on cash & cash equivalents | -1,141,377.39 | 1,198,307.52 |
| V. Net increase in cash and cash equivalents | -250,805,881.87 | -295,636,450.71 |
| Add: Opening balance of cash and cash equivalents | 741,144,152.56 | 887,822,304.52 |
| VI. Closing balance of cash and cash equivalents | 490,338,270.69 | 592,185,853.81 |

[Zhejiang Supor Co., Ltd]

Parent company cash flow statement for the month ending June 30, 2017

(Expressed in Renminbi Yuan)

| Items | Note No. | Current period cumulative | Preceding period comparative |
|---|----------|---------------------------|------------------------------|
| I. Cash flows from operating activities: | | | |
| Cash receipts from sale of goods and rendering of services | | 742,729,246.09 | 654,631,233.62 |
| Receipts of tax refund | | 20,476,025.43 | 10,396,223.95 |
| Other cash receipts related to operating activities | | 1,688,193.34 | 5,625,421.39 |
| Subtotal of cash inflow from operating activities | | 764,893,464.86 | 670,652,878.96 |
| Cash payments for goods purchased and services received | | 654,926,209.48 | 489,101,130.33 |
| Cash payments to and on behalf of employees | | 89,733,176.24 | 77,197,199.79 |
| Cash payments of taxes and rates | | 44,302,065.99 | 45,741,086.40 |
| Other cash payments related to operating activities | | 19,449,263.81 | 13,201,171.70 |
| Subtotal of cash outflows from operating activities | | 808,410,715.52 | 625,240,588.22 |
| Net cash flows from operating activities | | -43,517,250.66 | 45,412,290.74 |
| II. Cash flows from investing activities: | | | |
| Cash received from return of investments | | | 1,400,000.00 |
| Cash received from investments gains | | 11,520,054.79 | 1,100,982,503.41 |
| Net cash receipts from disposals of fixed assets, intangible assets and other | | 158,000.00 | 63,000.00 |
| Net cash receipts from disposals of subsidiaries and other business units | | | |
| Other cash receipts related to investing activities | | 720,000,000.00 | 716,064,239.88 |
| Subtotal of cash inflow from investing activities | | 731,678,054.79 | 1,818,509,743.29 |
| Cash payments to acquire fixed assets, intangible assets and other | | 7,655,017.47 | 55,881,126.19 |
| Cash payments to acquire investments | | 10,018,578.15 | 642,500,000.00 |
| Net cash payments for acquisitions of subsidiaries and other business units | | | |
| Other cash payments related to investing activities | | 1,021,958,075.93 | 1,205,271,561.20 |
| Subtotal of cash outflows from investing activities | | 1,039,631,671.55 | 1,903,652,687.39 |
| Net cash flows from investing activities | | -307,953,616.76 | -85,142,944.10 |
| III. Cash flows from financing activities: | | | |
| Cash receipts from investment by others | | | |
| Cash receipts from borrowings | | | |
| Cash received from issuing bonds | | | |
| Other cash receipts related to financing activities | | 654,118,550.28 | 16,974,701.83 |
| Subtotal of cash inflows from financing activities | | 654,118,550.28 | 16,974,701.83 |
| Cash repayments of borrowings | | | |
| Cash payments for distribution of dividends or profit or interest expenses | | 481,162,114.75 | 353,788,792.00 |
| Other cash payments related to financing activities | | | |
| Subtotal of cash outflows from financing activities | | 481,162,114.75 | 353,788,792.00 |
| Net cash flows from financing activities | | 172,956,435.53 | -336,814,090.17 |
| IV. Effect of foreign exchange rate changes on cash and cash equivalents | | -722,261.31 | -255,502.59 |
| V. Net increase in cash and cash equivalents | | -179,236,693.20 | -376,800,246.12 |
| Add: Opening balance of cash and cash equivalents | | 263,064,886.69 | 452,950,870.93 |
| VI. Closing balance of cash and cash equivalents | | 83,828,193.49 | 76,150,624.81 |

[Zhejiang Supor Co., Ltd]

Consolidated statement of changes in equity for the month ending June 30, 2017

(Expressed in Renminbi Yuan)

| Items | Current period cumulative | | | | | | | | | | |
|---|---------------------------------------|-----------------|-----------------------|----------------------------|-----------------|----------------------|----------------------|-----------------|--------|--------------------------|------------------|
| | Equity attributable to parent company | | | | | | | | | Non-controlling interest | Total equity |
| | Share capital /Paid-in capital | Capital reserve | Less: treasury shares | Other comprehensive income | Surplus reserve | General risk reserve | Undistributed profit | Special reserve | Others | | |
| I. Balance at the end of prior year | 631,765,700.00 | 39,885,839.32 | | -21,115,130.39 | 295,681,206.47 | | 3,594,110,982.19 | | | 17,911,065.28 | 4,558,239,662.87 |
| Add: cumulative changes of accounting policies | | | | | | | | | | | |
| Error correction of prior period | | | | | | | | | | | |
| Business combination under common control | | 1,866,064.51 | | | | | -177,199.00 | | | 1,622,635.48 | 3,311,500.99 |
| Others | | | | | | | | | | | |
| II. Balance at the beginning of current year | 631,765,700.00 | 41,751,903.83 | | -21,115,130.39 | 295,681,206.47 | | 3,593,933,783.19 | | | 19,533,700.765 | 4,561,551,163.86 |
| III. Current period increase (or less: decrease) | 189,521,910.00 | 18,307,909.14 | | -3,302,294.75 | | | -79,009,656.40 | | | -8,049,123.39 | 117,468,744.60 |
| (I) Other comprehensive income | | | | -3,302,294.75 | | | 596,973,222.60 | | | 306,077.98 | 593,977,005.83 |
| (II) Capital contributed or withdrew by owners | -6,000.00 | 19,971,285.92 | | | | | | | | | 19,965,285.92 |
| 1. Capital contributed by owners | | | | | | | | | | | |
| 2. Amount of share-based payment included in equity | -6,000.00 | 2,898,855.60 | | | | | | | | | 2,892,855.60 |
| 3. Others | | 17,072,430.32 | | | | | | | | | 17,072,430.32 |
| (III) Profit distribution | 189,527,910.00 | | | | | | -675,982,879.00 | | | | -486,454,969.00 |
| 1. Appropriation of surplus reserve | | | | | | | | | | | |
| 2. Appropriation of general risk reserve | | | | | | | | | | | |
| 3. Appropriation of profit to owners | 189,527,910.00 | | | | | | -675,982,879.00 | | | | -486,454,969.00 |
| 4. Others | | | | | | | | | | | |
| (IV) Internal carry-over within equity | | | | | | | | | | | |
| 1. Transfer of capital reserve to capital | | | | | | | | | | | |
| 2. Transfer of surplus reserve to capital | | | | | | | | | | | |

Semiannual Report of Zhejiang Supor Co., Ltd. for First Half Year 2017

| | | | | | | | | | | |
|--|----------------|---------------|--|----------------|----------------|--|------------------|--|---------------|------------------|
| 3.Surplus reserve to cover losses | | | | | | | | | | |
| 4.Others | | | | | | | | | | |
| (V) Special reserve | | | | | | | | | | |
| 1. Appropriation of current period | | | | | | | | | | |
| 2. Application of current period | | | | | | | | | | |
| (VI) Others | | -1,663,376.78 | | | | | | | -8,355,201.37 | -10,018,578.15 |
| IV. Balance at the end of current period | 821,287,610.00 | 60,059,812.97 | | -24,417,425.14 | 295,681,206.47 | | 3,514,924,126.79 | | 11,484,577.37 | 4,679,019,908.46 |

[Zhejiang Supor Co., Ltd]

Consolidated statement of changes in equity for the month ending June 30, 2017 (continued)

(Expressed in Renminbi Yuan)

| Items | Preceding period comparative | | | | | | | | | | |
|---|---------------------------------------|-----------------|-----------------------|----------------------------|-----------------|----------------------|----------------------|-----------------|--------|--------------------------|-------------------|
| | Equity attributable to parent company | | | | | | | | | Non-controlling interest | Total equity |
| | Share capital /Paid-in capital | Capital reserve | Less: treasury shares | Other comprehensive income | Surplus reserve | General risk reserve | Undistributed profit | Special reserve | Others | | |
| I. Balance at the end of prior year | 632,875,188.00 | 557,582,021.72 | | -20,233,714.96 | 197,410,981.99 | | 3,053,468,801.78 | | | 588,627,283.55 | 5,009,730,562.08 |
| Add: cumulative changes of accounting policies | | | | | | | | | | | |
| Error correction of prior period | | | | | | | | | | | |
| Others | | | | | | | | | | | |
| II. Balance at the beginning of current year | 632,875,188.00 | 557,582,021.72 | | -20,233,714.96 | 197,410,981.99 | | 3,053,468,801.78 | | | 588,627,283.55 | 5,009,730,562.08 |
| III. Current period increase (or less: decrease) | -1,109,488.00 | -521,316,543.40 | | -4,305,124.53 | -8,481,795.95 | | 40,411,215.78 | | | -571,668,619.03 | -1,066,470,355.13 |
| (I) Other comprehensive income | | | | -4,305,124.53 | | | 470,536,171.34 | | | 55,482,192.48 | 521,713,239.29 |
| (II) Capital contributed or withdrew by owners | -1,109,488.00 | 4,729,864.00 | | | | | | | | | 3,620,376.00 |
| 1. Capital contributed by owners | | | | | | | | | | | |
| 2. Amount of share-based payment included in equity | -1,109,488.00 | 4,729,864.00 | | | | | | | | | 3,620,376.00 |
| 3. Others | | | | | | | | | | | |
| (III) Profit distribution | | | | | | | -353,788,792.00 | | | -15,515,178.42 | -369,303,970.42 |
| 1. Appropriation of surplus reserve | | | | | | | | | | | |
| 2. Appropriation of general risk reserve | | | | | | | | | | | |
| 3. Appropriation of profit to owners | | | | | | | -353,788,792.00 | | | -15,515,178.42 | -369,303,970.42 |
| 4. Others | | | | | | | | | | | |
| (IV) Internal carry-over within equity | | | | | | | | | | | |
| 1. Transfer of capital reserve to capital | | | | | | | | | | | |
| 2. Transfer of surplus reserve to capital | | | | | | | | | | | |
| 3. Surplus reserve to cover losses | | | | | | | | | | | |
| 4. Others | | | | | | | | | | | |
| (V) Special reserve | | | | | | | | | | | |
| 1. Appropriation of current period | | | | | | | | | | | |

Semiannual Report of Zhejiang Supor Co., Ltd. for First Half Year 2017

| | | | | | | | | | | |
|--|----------------|-----------------|--|----------------|----------------|--|------------------|--|-----------------|-------------------|
| 2. Application of current period | | | | | | | | | | |
| (VI) Others | | -526,046,407.40 | | | -8,481,795.95 | | -76,336,163.56 | | -611,635,633.09 | -1,222,500,000.00 |
| IV. Balance at the end of current period | 631,765,700.00 | 36,265,478.32 | | -24,538,839.49 | 188,929,186.04 | | 3,093,880,017.56 | | 16,958,664.52 | 3,943,260,206.95 |

[Zhejiang Supor Co., Ltd]

Parent company statement of changes in equity for the month ending June 30, 2017

(Expressed in Renminbi Yuan)

| Items | Current period cumulative | | | | | | | | |
|---|--------------------------------|-----------------|-----------------------|----------------------------|-----------------|----------------------|----------------------|-----------------|------------------|
| | Share capital /Paid-in capital | Capital reserve | Less: treasury shares | Other comprehensive income | Surplus reserve | General risk reserve | Undistributed profit | Special reserve | Total equity |
| I. Balance at the end of prior year | 631,765,700.00 | 566,162,828.10 | | | 304,163,002.42 | | 1,001,933,921.75 | | 2,504,025,452.27 |
| Add: cumulative changes of accounting policies | | | | | | | | | |
| Error correction of prior period | | | | | | | | | |
| Others | | | | | | | | | |
| II. Balance at the beginning of current year | 631,765,700.00 | 566,162,828.10 | | | 304,163,002.42 | | 1,001,933,921.75 | | 2,504,025,452.27 |
| III. Current period increase (or less: decrease) | 189,521,910.00 | 12,814,718.91 | | | | | -595,506,906.89 | | -393,170,277.98 |
| (I) Other comprehensive income | | | | | | | 80,475,972.11 | | 80,475,972.11 |
| (II) Capital contributed or withdrew by owners | -6,000.00 | 12,991,917.91 | | | | | | | 12,985,917.91 |
| 1. Capital contributed by owners | | | | | | | | | |
| 2. Amount of share-based payment included in equity | -6,000.00 | 2,898,855.60 | | | | | | | 2,892,855.60 |
| 3. Others | | 10,093,062.31 | | | | | | | 10,093,062.31 |
| (III) Profit distribution | 189,527,910.00 | | | | | | -675,982,879.00 | | -486,454,969.00 |
| 1. Appropriation of surplus reserve | | | | | | | | | |
| 2. Appropriation of general risk reserve | | | | | | | | | |
| 3. Appropriation of profit to owners | 189,527,910.00 | | | | | | -675,982,879.00 | | -486,454,969.00 |
| 4. Others | | | | | | | | | |
| (IV) Internal carry-over within equity | | | | | | | | | |
| 1. Transfer of capital reserve to capital | | | | | | | | | |
| 2. Transfer of surplus reserve to capital | | | | | | | | | |
| 3. Surplus reserve to cover losses | | | | | | | | | |
| 4. Others | | | | | | | | | |
| (V) Special reserve | | | | | | | | | |

| | | | | | | | | | |
|--|----------------|----------------|--|--|----------------|--|----------------|--|------------------|
| 1. Appropriation of current period | | | | | | | | | |
| 2. Application of current period | | | | | | | | | |
| (VI) Others | | -177,199.00 | | | | | | | -177,199.00 |
| IV. Balance at the end of current period | 821,287,610.00 | 578,977,547.01 | | | 304,163,002.42 | | 406,427,014.86 | | 2,110,855,174.29 |

[Zhejiang Supor Co., Ltd]

Parent company statement of changes in equity for the month ending June 30, 2017 (continued)

(Expressed in Renminbi Yuan)

| Items | Preceding period comparative | | | | | | | | |
|---|--------------------------------|-----------------|-----------------------|----------------------------|-----------------|----------------------|----------------------|-----------------|------------------|
| | Share capital /Paid-in capital | Capital reserve | Less: treasury shares | Other comprehensive income | Surplus reserve | General risk reserve | Undistributed profit | Special reserve | Total equity |
| I. Balance at the end of prior year | 632,875,188.00 | 557,812,603.10 | | | 197,410,981.99 | | 394,954,529.83 | | 1,783,053,302.92 |
| Add: cumulative changes of accounting policies | | | | | | | | | |
| Error correction of prior period | | | | | | | | | |
| Others | | | | | | | | | |
| II. Balance at the beginning of current year | 632,875,188.00 | 557,812,603.10 | | | 197,410,981.99 | | 394,954,529.83 | | 1,783,053,302.92 |
| III. Current period increase (or less: decrease) | -1,109,488.00 | 4,729,864.00 | | | | | 561,702,696.51 | | 565,323,072.51 |
| (I) Other comprehensive income | | | | | | | 915,491,488.51 | | 915,491,488.51 |
| (II) Capital contributed or withdrew by owners | -1,109,488.00 | 4,729,864.00 | | | | | | | 3,620,376.00 |
| 1. Capital contributed by owners | | | | | | | | | |
| 2. Amount of share-based payment included in equity | -1,109,488.00 | 4,729,864.00 | | | | | | | 3,620,376.00 |
| 3. Others | | | | | | | | | |
| (III) Profit distribution | | | | | | | -353,788,792.00 | | -353,788,792.00 |
| 1. Appropriation of surplus reserve | | | | | | | | | |
| 2. Appropriation of general risk reserve | | | | | | | | | |
| 3. Appropriation of profit to owners | | | | | | | -353,788,792.00 | | -353,788,792.00 |
| 4. Others | | | | | | | | | |
| (IV) Internal carry-over within equity | | | | | | | | | |
| 1. Transfer of capital reserve to capital | | | | | | | | | |
| 2. Transfer of surplus reserve to capital | | | | | | | | | |
| 3. Surplus reserve to cover losses | | | | | | | | | |
| 4. Others | | | | | | | | | |
| (V) Special reserve | | | | | | | | | |

Semiannual Report of Zhejiang Supor Co., Ltd. for First Half Year 2017

| | | | | | | | | | |
|--|----------------|----------------|--|--|----------------|--|----------------|--|------------------|
| 1. Appropriation of current period | | | | | | | | | |
| 2. Application of current period | | | | | | | | | |
| (VI) Others | | | | | | | | | |
| IV. Balance at the end of current period | 631,765,700.00 | 562,542,467.10 | | | 197,410,981.99 | | 956,657,226.34 | | 2,348,376,375.43 |

Fr á é ic VERWAERDE

Xu Bo

Xu Bo

[Name]

[Name]

[Name]

[Legal Representative]

[Officer in charge of accounting]

[Head of accounting department]

(Signature and stamp)

(Signature and stamp)

(Signature and stamp)

Zhejiang Supor Co., Ltd.
Notes to Financial Statements

For the month ended June 30, 2017

Monetary unit: RMB Yuan

I. Company profile

Zhejiang Supor Co., Ltd. (by shares) (“the Company”) is a limited liability company (by shares) transformed on an integral basis from 浙江苏泊尔炊具有限公司(Zhejiang Supor Cookware Co., Ltd.*) under the approval of Leading Group for Enterprise Listing of the People’s Government of Zhejiang Province with document of approval numbered Zhe Shang Shi [2000] 24. On November 10, 2000, the Company registered at Zhejiang Administration for Industry and Commerce, and acquired a corporate business license numbered 913300007046976861. Currently, the Company has registered capital of RMB 821,287,610.00, a total of 821,287,610 shares (each with par value of 1 yuan per share), of which restricted outstanding shares are 275,544,532 shares (A share), and non-restricted outstanding shares are 545,743,078 shares (A share).The Company’s shares have been listed on SME Board of Shenzhen Stock Exchange on August 17, 2004.

The Company belongs to metal products industry. It mainly involved in the manufacturing, selling and development of kitchenware, stainless steel products, general hardware, small electrical home appliances and cooker. Main products include cookware and kitchen appliance etc.

The financial statements were approved and authorized for issue by the 2nd Meeting of the Sixth Session of the BOD dated on August 29, 2017.

The Company has brought 13 subsidiaries including 浙江绍兴苏泊尔生活电器有限公司(Zhejiang Shaoxing Supor Domestic Electrical Appliances Co., Ltd *), 浙江苏泊尔家电制造有限公司(Zhejiang Supor Electrical Appliance Manufacturing Co., Ltd.*), and 武汉苏泊尔压力锅有限公司(Wuhan Supor Pressure Cooker Co., Ltd.*) into the consolidated scope. Please refer to notes to changes in the consolidated scope and equity in other entities for details.

II. Preparation basis of the financial statements

(I) Preparation basis

The financial statements have been prepared on the basis of going concern.

(II) Assessment of the ability to continue as a going concern

The Company has no events or conditions that may cast significant doubts upon the Company’s ability to continue as a going concern within the 12 months after the balance sheet date.

III. Significant accounting policies and estimates

The company has set accounting policies on estimates for key transactions or matters, such as bad debts of account receivables, depreciation of fixed assets, amortization of intangible assets and revenue recognition based on its production and operation characteristics.

(I) Statement of compliance

The financial statements have been prepared in accordance with the requirements of China Accounting Standards for Business Enterprises (CASBEs), and present truly and completely the financial position, results of operations and cash flows of the Company.

(II) Accounting period

The accounting year of the Company runs from January 1 to December 31 under the Gregorian calendar.

(III) Operating cycle

The Company has a relatively short operating cycle for its business, an asset or a liability is classified as current if it is expected to be realized or due within 12 months.

(IV) Functional currency

The Company's functional currency is Renminbi (RMB) Yuan.

(V) Accounting treatments of business combination under and not under common control

1. Accounting treatment of business combination under common control

Assets and liabilities arising from business combination are measured at carrying amount of the combined party included in the consolidated financial statements of the ultimate controlling party at the combination date. Difference between carrying amount of the equity of the combined party included in the consolidated financial statements of the ultimate controlling party and that of the combination consideration or total par value of shares issued is adjusted to capital reserve, if the balance of capital reserve is insufficient to offset, any excess is adjusted to retained earnings.

2. Accounting treatment of business combination not under common control

When combination cost is in excess of the fair value of identifiable net assets obtained from the acquiree at the acquisition date, the excess is recognized as goodwill; otherwise, the fair value of identifiable assets, liabilities and contingent liabilities, and the measurement of the combination cost are reviewed, then the difference is recognized in profit or loss.

(VI) Compilation method of consolidated financial statements

The parent company brings all its controlled subsidiaries into its consolidation scope. The consolidated financial statements are compiled by the parent company according to "CASBE 33 - Consolidated Financial Statements", based on relevant information and the financial statements of the parent company and its subsidiaries.

1. Increasing subsidiaries or businesses

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

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

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

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

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

2. Disposing subsidiary or business

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

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

3. Purchasing minority equity

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

4. Disposing part of the equity investments of subsidiary without the control power lost

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

(VII) Classification of joint arrangements and accounting treatment of joint operations

1. Joint arrangements include joint operations and joint ventures.

2. When the Company is a joint operator of a joint operation, it recognizes in relation to its interest in a joint operation:

(1) its assets, including its share of any assets held jointly;

(2) its liabilities, including its share of any liabilities incurred jointly;

(3) its revenue from the sale of its share of the output arising from the joint operation;

(4) its share of the revenue from the sales of the output by the joint operation; and

(5) its expenses, including its share of any expenses incurred jointly.

(VIII) Recognition criteria of cash and cash equivalents

Cash as presented in cash flow statement refers to cash on hand and deposit on demand for payment. Cash equivalents refer to short-term, highly liquid investments that can be readily converted to cash and that are subject to an insignificant risk of changes in value.

(IX) Foreign currency translation

1. Translation of transactions denominated in foreign currency

Transactions denominated in foreign currency are translated into RMB at the spot exchange rate at the transaction date at initial recognition. At the balance sheet date, monetary items denominated in foreign currency are translated at the spot exchange rate at the balance sheet date with difference, except for those arising from the principal and interest of exclusive borrowings eligible for capitalization, included in profit or loss; non-cash items carried at historical costs are translated at the spot exchange rate at the transaction date, with its RMB amount unchanged; non-cash items carried at fair value in foreign currency are translated at the spot exchange rate at the date when the fair value was determined, with difference included in profit or loss or other comprehensive income.

2. Translation of financial statements measured in foreign currency

The assets and liabilities in the balance sheet are translated into RMB at the spot rate at the balance sheet date; the equity items, other than undistributed profit, are translated at the spot rate at the transaction date; the revenues and expenses in the income statement are translated into RMB at the spot exchange rate at the transaction date. The difference arising from foreign currency translation is included in other comprehensive income.

(X) Financial instruments

1. Classification of financial assets and financial liabilities

Financial assets are classified into the following four categories when initially recognized: financial assets at fair value through profit or loss (including held-for-trading financial assets and financial assets designated at initial recognition as at fair value through profit or loss), held-to-maturity investments, loans and receivables, and available-for-sale financial assets.

Financial liabilities are classified into the following two categories when initially recognized: financial liabilities at fair value through profit or loss (including held-for-trading financial liabilities and financial liabilities designated at initial recognition as at fair value through profit or loss), and other financial liabilities.

2. Recognition criteria, measurement method and derecognition condition of financial assets and financial liabilities

When the Company becomes a party to a financial instrument, it is recognized as a financial asset or financial liability. The financial assets and financial liabilities initially recognized by the Company are measured at fair value; for the financial assets and liabilities at fair value through profit or loss, the transaction expenses thereof are directly included in profit or loss; for other categories of

financial assets and financial liabilities, the transaction expenses thereof are included into the initially recognized amount.

The Company measures its financial assets at fair value subsequent to initial recognition, and does not deduct the transaction expenses that may occur when it disposes of the said financial asset in the future. However, those under the following circumstances are excluded: (1) the held-to-maturity investments, loans and receivables are measured at amortized costs using effective interest method; (2) the equity instrument investments for which there is no quotation in the active market and whose fair value cannot be measured reliably, and the derivative financial assets which are connected with the said equity instrument and must be settled by the delivery of the said equity instrument are measured at their costs.

The Company measures its financial liabilities at the amortized costs using effective interest method, with the exception of those under the following circumstances: (1) for the financial liabilities at fair value through profit or loss, they are measured at fair value, and none of the transaction expenses may be deducted, which may occur when the financial liabilities are settled in the future; (2) for the derivative financial liabilities, which are connected to the equity instrument for which there is no quotation in the active market and whose fair value cannot be reliably measured, and which must be settled by the delivery of the equity instrument, they are measured at their costs; (3) for the financial guarantee contracts which are not designated as a financial liability at fair value through profit or loss, and for the commitments to grant loans which are not designated as at fair value through profit or loss and which will enjoy an interest rate lower than that of the market, they are measured subsequent to initial recognition at the higher of the following two items 1) The amount as determined according to "CASBE13 - Contingencies"; 2) the surplus after accumulative amortization as determined according to "CASBE14 - Revenues".

The gains or losses arising from changes in fair value of financial assets or financial liabilities, if not related to hedging, are measured with the following methods: (1) Gains or losses, arising from the changes in fair value of financial asset or liability at its fair value through profit or loss, is included in gains or losses on changes in fair value; interests or cash dividends gained during the asset-holding period are recognized as investment income; when disposing of the assets, investment income is recognized at the difference between the actual amount received and the initial recorded amount, at the same time, gains or losses on changes in fair value are adjusted accordingly. (2) For available-for-sale financial asset, changes in fair value are recorded as other comprehensive income during the holding period, interests measured at effective interest method are recorded as investment income; cash dividends from available-for-sale equity instrument investment are recognized as investment income at the date of dividend declaration; when disposing of the assets, investment income is recognized at the difference between the actual amount received and the book value deducting the accumulative amount of changes in fair value originally included in other comprehensive.

Financial assets are derecognized when the contractual rights for collecting the cash flow of the said financial assets expire or substantially all risks and rewards related to the said financial assets have been transferred. Only when the underlying present obligations of a financial liability are relieved totally or partly may the financial liability be derecognized accordingly.

3. Recognition criteria and measurement method of financial assets transfer

Where the Company has transferred substantially all of the risks and rewards related to the ownership of the financial asset to the transferee, it derecognizes the financial asset. If it retained substantially all of the risks and rewards related to the ownership of the financial asset, it continues recognizing the financial asset, and the consideration received is recognized as a financial liability. Where the Company does not transfer or retain substantially all of the risks and rewards related to the ownership of a financial asset, it is dealt with according to the circumstances as follows respectively: (1) if the Company gives up its control over the financial asset, it derecognizes the financial asset; (2) if the Company does not give up its control over the financial asset, according to the extent of its continuing involvement in the transferred financial asset, it recognizes the related financial asset and recognizes the relevant liability accordingly.

If the transfer of an entire financial asset satisfies the conditions for derecognition, the difference between the amounts of the following two items are included in profit or loss: (1) the book value of the transferred financial asset; (2) the sum of consideration received from the transfer, and the accumulative amount of the changes of the fair value originally included in equity. If the transfer

of financial asset partially satisfies the conditions to derecognition, the entire book value of the transferred financial asset is, between the portion which is derecognized and the portion which is not, apportioned according to their respective relative fair value, and the difference between the amounts of the following two items are included into profit or loss: (1) the book value of the portion which is derecognized; (2) the sum of consideration of the portion which is derecognized, and the portion of the accumulative amount of the changes in the fair value originally included in equity which is corresponding to the portion which is derecognized.

4. Fair value determination method of financial assets and liabilities

The Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value. The inputs to valuation techniques used to measure fair value are arranged in the following hierarchy and used accordingly:

(1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.

(2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability, for example, interest rates and yield curves observable at commonly quoted intervals; market-corroborated inputs;

(3) Level 3 inputs are unobservable inputs for the asset or liability. Level 3 inputs include interest rate that is not observable and cannot be corroborated by observable market data at commonly quoted intervals, historical volatility, future cash flows to be paid to fulfill the disposal obligation assumed in business combination, and financial forecast developed using the Company's own data, etc.

5. Impairment test and provision for impairment loss of financial assets

(1) An impairment test is carried out at the balance sheet date on the financial assets other than those at fair value through profit or loss, and provisions for impairment loss should be made if there is objective evidence indicating impairment loss.

(2) For held-to-maturity investments, borrowings, and receivables, an impairment test is made on an individual basis on financial assets of individually significant amount; with regard to the financial assets of individually insignificant amount, they may be included in a portfolio of financial assets with similar credit risk features so as to carry out an impairment-related test; where, upon the impairment test on an individual basis, the financial asset (including those financial assets of individually significant amount and of individually insignificant amount) is not impaired, it is included in a portfolio of financial assets with similar credit risk features so as to conduct further impairment test. Where a financial asset is impaired, the carrying amount of the said financial asset is written down to the present value of the predicted future cash flow.

(3) Available-for-sale financial assets

1) Objective evidence indicating that available-for-sale debt instrument investments may be impaired includes:

- a. significant financial difficulties in the debtor;
- b. breach of contract by the debtor, such as principal or interest past due or default;
- c. concessions made to debtors with financial difficulties considering economic and legal factors;
- d. it is highly probable that the debtor is going to dissolve or going through other terms of financial restructuring;
- e. owing to significant financial difficulties occurred to the debtor, the debt instrument is discontinued to trade in active market; or
- f. Other circumstances indicating that available-for-sale debt instrument may be impaired.

2) Evidence indicating that available-for-sale equity instrument investment may be impaired includes the fair value of equity

instrument investment is suffered from significant or non-temporary decline and the technical, market, economic, or legal environment in which the investee operates has significant adverse changes under which the Company may not be able to recover its investment cost.

The Company performs review on available-for-sale equity instrument investment on an individual basis at the balance sheet date. For equity instrument investment at fair value, For equity instrument investment at cost, the Company considers whether the technical, market, economic, or legal environment in which the investee operates has significant adverse changes to determine whether such equity instrument is impaired.

When an available-for-sale financial asset at fair value is impaired, the cumulative loss arising from decline in fair value that has been recognized directly in other comprehensive income is reclassified to impairment loss. If, after an impairment loss has been recognized on available-for-sale debt instrument investment, there is objective evidence of a recovery in value of the financial asset which can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss. Subsequent fair value increase in available-for-sale debt instrument investment whose impairment loss has been recognized is directly recognized in other comprehensive income.

When an available-for-sale equity instrument at cost is impaired, impairment loss on such equity instrument investment is recognized at any excess of its carrying amount over the present value of future cash flows, and such impairment loss is not reversed upon recognition.

(XI) Receivables

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

| | |
|--|--|
| Judgement basis or amount criteria of individually significant amount | Receivables amounting to more than RMB 1 million (including RMB 1 million) and accounting for more than 10% (including 10%) of the total book balance of receivables |
| Provision method for receivables of individually significant amount and with provision made on an individual basis | Provisions are made on the difference between the lower of present value of future cash flow and their carrying amount based on impairment testing on an individual basis. |

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

(1) Specific portfolios and provision method

| | |
|--|---------------------|
| Provision method of provision being made on collective basis using portfolios with similar credit risk features: | |
| Portfolio grouped with age | Age analysis method |

(2) Age analysis method

| Ages | Proportion of provision for accounts receivable (%) | Proportion of provision for other receivables (%) |
|---|---|---|
| Within 1 year (inclusive, the same hereinafter) | 5 | 5 |
| 1-2 years | 8 | 8 |
| 2-3 years | 15 | 15 |
| 3-4 years | 50 | 50 |
| 4-5 years | 80 | 80 |
| Over 5 years | 100 | 100 |

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

| | |
|---|---|
| Reasons for provision made on an individual basis | There is difference between the present value of future cash flow of receivables and the present value of future cash flow of receivables |
|---|---|

| | |
|------------------|--|
| | grouped with similar credit risk featuring the same age. |
| Provision method | Provisions are made on the difference between the lower of present value of future cash flow and their carrying value based on independent impairment testing. |

For other receivables such as notes receivable, interest receivable and long-term receivable, etc., provision for bad debts is made at the difference between the present value of future cash flow and the carrying amount.

(XII) Inventories

1. Classification of inventories

Inventories include finished goods or goods held for sale in the ordinary course of business, work in process in the process of production, and materials or suppliers etc. to be consumed in the production process or in the rendering of services. They are divided into Raw materials, Work in process, Finished Goods and Packages.

2. Accounting method for dispatching inventories:

Inventories dispatched from storage are accounted for with weighted average method.

3. Basis for determining net realizable value

At the balance sheet date, inventories are measured at the lower of cost or net realizable value; provisions for inventory write-down are made on the excess of its cost over the net realizable value. The net realizable value of inventories held for sale is determined based on the amount of the estimated selling price less the estimated selling expenses and relevant taxes and surcharges in the ordinary course of business; the net realizable value of materials to be processed is determined based on the amount of the estimated selling price less the estimated costs of completion, selling expenses and relevant taxes and surcharges in the ordinary course of business; at the balance sheet date, when only part of the same item of inventories have agreed price, their net realizable value is determined separately and is compared with their costs to set the provision for inventory write-down to be made or reversed.

4. Inventory system

Perpetual inventory counting method is adopted.

5. Amortization method of low-value consumables and packages

(1) Low-value consumables

Low-value consumables are amortized with one-off method.

(2) Packages

Packages are amortized with one-off method.

(XIII) Assets classified as held-for-sale

Non-current assets (excluding financial assets) are accounted for as held-for-sale when the following conditions are all met: a. the component must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such component; b. the Company has made a decision on the disposal of the component; c. the Company has signed an irrevocable transfer agreement with the transferee; and d. the transfer is expected to be completed within one year.

(XIV) Long-term equity investments

1. Judgment of joint control and significant influence

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of these policies.

2. Determination of investment cost

(1) For business combination under common control, if the consideration of the combining party is that it makes payment in cash, transfers non-cash assets, assumes its liabilities or issues equity securities, on the date of combination, it regards the share of the carrying amount of the equity of the combined party included the consolidated financial statements of the ultimate controlling party as the initial cost of the investment. The difference between the initial cost of the long-term equity investment and the carrying value of the combination consideration paid or the par value of shares issued offsets capital reserve; if the balance of capital reserve is insufficient to offset, any excess is adjusted to retained earnings.

When long-term equity investments are obtained through business combination under common control achieved in stages, the Company determines whether it is a “package deal”.

If it is a “package deal”, stages as a whole are considered as one transaction in accounting treatment. If it is not a “package deal”, investment cost is initially recognized at the share of the carrying amount of net assets of the combined party included the consolidated financial statements of the ultimate controlling party. The difference between the acquisition-date investment cost of long-term equity investments and the carrying amount of the previously held long-term equity investments plus the carrying amount of the consideration paid for the newly acquired equity is adjusted to capital reserve; if the balance of capital reserve is insufficient to offset, any excess is adjusted to retained earnings.

(2) For business combination not under common control, investment cost is initially recognized at the acquisition-date fair value of considerations paid.

When long-term equity investments are obtained through business combination not under common control achieved in stages, the Company determined whether they are stand-alone financial statements or consolidated financial statements in accounting treatment:

1) In the case of stand-alone financial statements, investment cost is initially recognized at the carrying amount of the previously held long-term equity investments plus the carrying amount of the consideration paid for the newly acquired equity.

2) In the case of consolidated financial statements, the Company determines whether it is a “package deal”.

If it is a “package deal”, stages as a whole are considered as one transaction in accounting treatment. If it is not a “package deal”, the carrying value of the acquirer’s previously held equity interest in the acquire is remeasured at the acquisition-date fair value, and the difference between the fair value and the carrying amount is recognized in investment income; when the acquirer’s previously held equity interest in the acquire involves other comprehensive income under equity method, the related other comprehensive income is reclassified as income for the acquisition period, excluding other comprehensive income arising from changes in net liabilities or assets from remeasurement of defined benefit plan of the acquiree.

(3) Long-term equity investment obtained through ways other than business combination: the initial cost of a long-term equity investment obtained by making payment in cash is the purchase cost which is actually paid; that obtained on the basis of issuing equity securities is the fair value of the equity securities issued; that obtained through debt restructuring is determined according to “CASBE12 - Debt Restructuring”; and that obtained through non-cash assets exchange is determined according to “CASBE7 - Non-cash Assets Exchange”.

3. Subsequent measurement and recognition method of gain or loss

For long-term equity investment with control relationship, it is accounted for with cost method in some financial report; for long-term equity investment with joint control or significant influence relationship, it is accounted for with equity method.

4. Disposal of a subsidiary in stages resulting in the Company’s loss of control

(1) Stand-alone financial statements

The difference between the carrying amount of the disposed equity and the consideration obtained thereof is recognized in profit or loss. If the disposal does not result in the Company’s loss of significant influence or joint control, the remained equity is accounted

for with equity method; however, if the disposal results in the Company's loss of control, joint control, or significant influence, the remained equity is reclassified as available-for-sale financial assets, and accounted for according to CASBE 22 –Financial Instruments: Recognition and Measurement.

(2) Consolidated financial statements

1) Disposal of a subsidiary in stages not qualified as “package deal” resulting in the Company's loss of control

Before the Company's loss of control, the difference between the disposal consideration and the proportionate share of net assets in the disposed subsidiary from acquisition date or combination date to the disposal date is adjusted to capital reserve (capital premium), if the balance of capital reserve is insufficient to offset, any excess is adjusted to retained earnings.

When the Company loses control, the remained equity is remeasured at the loss-of-control-date fair value. The aggregated value of disposal consideration and the fair value of the remained equity, less the share of net assets in the disposed subsidiary held before the disposal from the acquisition date or combination date to the disposal date is recognized in investment income in the period when the Company loses control over such subsidiary, and meanwhile goodwill is offset correspondingly. Other comprehensive income related to equity investments in former subsidiary is reclassified as investment income upon the Company's loss of control.

2) Disposal of a subsidiary in stages qualified as “package deal” resulting in the Company's loss of control

In case of “package deal”, stages as a whole are considered as one transaction resulting in loss of control in accounting treatment. Before the Company loses control, the difference between the disposal consideration at each stage and the proportionate share of net assets in the disposed subsidiary is recognized as other comprehensive income at the consolidated financial statements and reclassified as profit or loss in the period when the Company loses control over such subsidiary.

(XV) Fixed assets

1. Recognition principles of fixed assets

Fixed assets are tangible assets held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and expected to be used during more than one accounting year. Fixed assets are recognized if, and only if, it is probable that future economic benefits associated with the assets will flow to the Company and the cost of the assets can be measured reliably.

2. Depreciation method of different categories of fixed assets

| Categories | Depreciation method ¹ | Useful life (years) | Estimated residual value proportion (%) | Annual depreciation rate (%) |
|--------------------------|----------------------------------|---------------------|---|------------------------------|
| Buildings and structures | Straight-line method | 20-30 | 3-10 | 3.00-4.85 |
| General equipment | Straight-line method | 3-5 | 3-10 | 18.00-32.33 |
| Special equipment | Straight-line method | 10 | 3-10 | 9.00-9.70 |
| Transport facilities | Straight-line method | 4-10 | 3-10 | 9.00-24.25 |

(XVI) Construction in progress

1. Construction in progress is recognized if, and only if, it is probable that future economic benefits associated with the item will flow to the Company, and the cost of the item can be measured reliably. Construction in progress is measured at the actual cost incurred to reach its designed usable conditions.

2. Construction in progress is transferred into fixed assets at its actual cost when it reaches its designed usable conditions. When the construction completion cost reaches final estimating and auditing of the construction in progress was not finished while it reaching

¹Methods include straight-line method, unit-of-production method, double-declining-balance method, sum-of-the-years-digits method, as well as other methods.

the designed usable conditions, it is transferred to fixed assets using estimated value first, and then adjusted accordingly when the actual cost is settled, but the accumulated depreciation is not to be adjusted retrospectively.

(XVII) Borrowing costs

1. Recognition principle of borrowing costs capitalization

Where the borrowing costs incurred to the Company can be directly attributable to the acquisition and construction or production of assets eligible for capitalization, it is capitalized and included in the costs of relevant assets; other borrowing costs are recognized as expenses on the basis of the actual amount incurred, and are included in profit or loss.

2. Borrowing costs capitalization period

(1) The borrowing costs are not capitalized unless they following requirements are all met: 1) the asset disbursements have already incurred; 2) the borrowing costs have already incurred; and 3) the acquisition and construction or production activities which are necessary to prepare the asset for its intended use or sale have already started.

(2) Suspension of capitalization: where the acquisition and construction or production of a qualified asset is interrupted abnormally and the interruption period lasts for more than 3 months, the capitalization of the borrowing costs is suspended; the borrowing costs incurred during such period are recognized as expenses, and are included in profit or loss, till the acquisition and construction or production of the asset restarts.

(3) Ceasing of capitalization: when the qualified asset under acquisition and construction or production is ready for the intended use or sale, the capitalization of the borrowing costs is ceased.

3. Capitalization rate and capitalized amount of borrowing costs

For borrowings exclusively for the acquisition and construction or production of assets eligible for capitalization, the to-be-capitalized amount of interests is determined in light of the actual interest expenses incurred (including amortization of premium or discount based on effective interest method) of the special borrowings at the present period minus the income of interests earned on the unused borrowings as a deposit in the bank or as a temporary investment; where a general borrowing is used for the acquisition and construction or production of assets eligible for capitalization, the Company calculates and determines the to-be-capitalized amount of interests on the general borrowing by multiplying the weighted average asset disbursement of the part of the accumulative asset disbursements minus the general borrowing by the capitalization rate of the general borrowing used.

(XVIII) Intangible assets

1. Intangible asset includes land use right, patent right and non-patented technology etc. The initial measurement of intangible asset is based its cost.

2. For intangible assets with finite useful lives, its amortization amount is amortized within its useful lives systematically and reasonably, if it is unable to determine the expected realization pattern reliably, intangible assets are amortized by the straight-line method with details as follows:

| Items | Amortization period (years) |
|----------------------|-----------------------------|
| Land use right | 43-50 |
| Application software | 2-10 |
| Trademark use right | 10 |

3. Expenditures on the research phase of an internal project are recognized as profit or loss when it is incurred. An intangible asset arising from the development phase of an internal project is recognized if the Company can demonstrate all of the following: (1) the technical feasibility of completing the intangible asset so that it will be available for use or sale; (2) its intention to complete the intangible asset and use or sell it; (3) how the intangible asset will generate probable future economic benefits. Among other things,

the Company can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset; (4) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and (5) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Criteria for distinguishing the research phase from the development phase of an internal project to create an intangible asset:

(XIX) Impairment of part of non-current assets

For non-current assets such as long-term equity investments, investment property at cost model, fixed assets, construction in progress, intangible assets with finite useful life, etc., if at the balance sheet date there is indication of impairment, the recoverable amount is estimated. For goodwill recognized in business combination and intangible assets with indefinite useful life, no matter whether there is indication of impairment, impairment test is performed annually. Impairment test on goodwill is performed on related group of assets or a portfolio of groups of assets.

When the recoverable amount of such non-current assets is lower than their carrying amount, the difference is recognized as assets impairment loss through profit or loss, and provision for assets impairment loss is made accordingly.

(XX) Long-term prepayments

Long-term prepayments are expenses that have been recognized but with amortization period over one year (excluding one year). They are recorded with actual cost, and evenly amortized within its beneficiary period or stipulated period. If items of long-term prepayments fail to be beneficial to the following accounting periods, residual values of such items are included in profit or loss.

The assets impairment loss cannot be reversed once it is recognized.

(XXI) Employee benefits

1. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits.

2. Short-term employee benefits

The Company recognizes, in the accounting period in which an employee provides service, short-term employee benefits actually incurred as liabilities, with a corresponding charge to profit or loss or the cost of a relevant asset.

3. Post-employment benefits

The Company classifies post-employment benefit plans as either defined contribution plans or defined benefit plans.

(1) The Company recognizes in the accounting period in which an employee provides service the contribution payable to a defined contribution plan as a liability, with a corresponding charge to profit or loss or the cost of a relevant asset.

(2) Accounting treatment by the Company for defined benefit plan usually involves the following steps:

1) In accordance with the projected unit credit method, using unbiased and mutually compatible actuarial assumptions to estimate related demographic variables and financial variables, measure the obligations under the defined benefit plan, and determine the periods to which the obligations are attributed. The Company discounts obligations under the defined benefit plan using the discount rate to determine the present value of the defined benefit plan obligations and the current service cost;

2) When a defined benefit plan has assets, the Company recognizes the deficit or surplus by deducting the present value of the defined benefit plan obligation from the fair value of defined benefit plan assets as a net defined benefit plan liability or net defined benefit plan asset. When a defined benefit plan has a surplus, the Company measures the net defined benefit plan asset at the lower of the surplus in the defined benefit plan and the asset ceiling;

3) At the end of reporting period, the Company recognizes the following components of employee benefits cost arising from defined benefit plan: a. service cost; b. net interest on the net defined benefit plan liability (asset); and c. Changes as a result of remeasurement of the net defined benefit liability (asset). Item a and item b are recognized in profit or loss or the cost of a relevant asset. Item c is recognized in other comprehensive income and is not to be reclassified subsequently to profit or loss. However, the Company may transfer those amounts recognized in other comprehensive income within equity.

4. Termination benefits

Termination benefits provided to employees are recognized as an employee benefit liability for termination benefits, with a corresponding charge to profit or loss at the earlier of the following dates: a. when the Company cannot unilaterally withdraw the offer of termination benefits because of an employment termination plan or a curtailment proposal; or b. when the Company recognizes cost or expenses related to a restructuring that involves the payment of termination benefits.

5. Other long-term employee benefits

When other long-term employee benefits provided by the Company to the employees satisfied the conditions for classifying as a defined contribution plan, those benefits are accounted for in accordance with the requirements relating to defined contribution plan. The Company recognizes and measures the net liability or net asset of other long-term employee benefits in accordance with the requirements relation to defined benefit plan. At the end of the reporting period, the Company recognizes the components of cost of employee benefits arising from other long-term employee benefits as the followings: a. service cost; b. net interest on the net liability or net assets of other long-term employee benefits; and c. changes as a result of re-measurement of the net liability or net assets of other long-term employee benefits. As a practical expedient, the net total of the aforesaid amounts are recognized in profit or loss or included in the cost of a relevant asset.

(XXII) Provisions

1. Provisions are recognized when fulfilling the present obligations arising from contingencies such as providing guarantee for other parties, litigation, products quality guarantee, onerous contract, etc., may cause the outflow of the economic benefit and such obligations can be reliably measured.
2. The initial measurement of provisions is based on the best estimated expenditures required in fulfilling the present obligations, and its carrying amount is reviewed at the balance sheet date.

(XXIII) Share-based payment

1. Types of share-based payment

Share-based payment consists of equity-settled share-based payment and cash-settled share-based payment.

2. Accounting treatment for settlements, modifications and cancellations of share-based payment terms and conditions

(1) Equity-settled share-based payment

For equity-settled share-based payment transaction with employees, if the equity instruments granted vest immediately, the fair value of those equity instruments is measured at grant date and recognized as transaction cost or expense, with a corresponding adjustment in capital reserve; if the equity instruments granted do not vest until the counterparty completes a specified period of service, at the balance sheet date within the vesting period, the fair value of those equity instruments measured at grant date based on the best estimate of the number of equity instruments expected to vest is recognized as transaction cost or expense, with a corresponding adjustment in capital reserve.

For equity-settled share-based payment transaction with parties other than employees, if the fair value of the goods or services received can be measured reliably, the fair value is measured at the date the Company obtains the goods or the counterparty renders service; if the fair value of the goods or services received cannot be measured reliably, the fair value of the equity instruments granted measured at the date the Company obtains the goods or the counterparty renders service is referred to, and recognized as

transaction cost or expense, with a corresponding increase in equity.

(2) Cash-settled share-based payment

For cash-settled share-based payment transactions with employees, if share appreciation rights vest immediately, the fair value of the liability incurred as the acquisition of goods or services is measured at grant date and recognized as transaction cost or expense, with a corresponding increase in liabilities; if share appreciation rights do not vest until the employees have completed a specified period of service, the liability is measured, at each balance sheet date until settled, at the fair value of the share appreciation rights measured at grant date based on the best estimate of the number of share appreciation right expected to vest.

(3) Modifications and cancellations of share-based payment terms and conditions

If the modification increases the fair value of the equity instruments granted, measured immediately before and after the modification, the Company includes the incremental fair value granted in the measurement of the amount recognized for services received as consideration for the equity instruments granted; similarly, if the modification increases the number of equity instruments granted, the Company includes the fair value of the additional equity instruments granted, measured at the date of the modification, in the measurement of the amount recognized for services received as consideration for the equity instruments granted; if the Company modifies the vesting conditions in a manner that is beneficial to the employee, the Company takes the modified vesting conditions into account.

If the modification reduces the fair value of the equity instruments granted, measured immediately before and after the modification, the Company does not take into account that decrease in fair value and continue to measure the amount recognized for services received as consideration for the equity instruments based on the grant date fair value of the equity instruments granted; if the modification reduces the number of equity instruments granted to an employee, that reduction is accounted for as a cancellation of that portion of the grant; if the Company modifies the vesting conditions in a manner that is not beneficial to the employee, the Company does not take the modified vesting conditions into account.

If the Company cancels or settles a grant of equity instruments during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied), the Company accounts for the cancellation or settlement as an acceleration of vesting, and therefore recognizes immediately the amount that otherwise would have been recognized for services received over the remainder of the vesting period.

(XXIV) Revenue

1. Revenue recognition principles

(1) Sale of goods

Revenue from sale of goods is recognized if, and only if, the following conditions are all satisfied: a) significant risks and rewards of ownership of the goods is transferred to the buyer; b) the Company retains neither continuing managerial involvement of ownership nor effective control over the goods sold; c) the amount of revenue can be measured reliably; d) it is probable that the economic benefits of the transaction will flow to the Company; and e) the costs of the transaction incurred and to be incurred can be measured reliably.

(2) Rendering of services

When the outcome of the transaction can be estimated reliably (the amount of revenue can be measured reliably, it is probable that the economic benefits will flow to the Company, the percentage of completion of the transaction can be determined reliably, and the costs of the transaction incurred and to be incurred can be measured reliably), revenue from rendering of services is recognized using the percentage of completion method, and the stage of completion is determined at the proportion of cost incurred to the total cost. When the outcome of the transaction cannot be estimated reliably at the balance sheet date, revenue is recognized based on the amount of the costs incurred and the costs incurred are charged off at the same amount when the costs incurred are expected to be recoverable; and no revenue is recognized and the costs incurred are charged off as an expense of the period when the costs incurred

are not expected to be recovered.

(3) Revenue arising from use by others of assets

Revenue arising from use by others of assets is recognized if, and only if, it is probable that economic benefits associated with the transaction will flow to the Company and the amount of the revenue can be measured reliably. Interest income is recognized based on the length of time for which the Company's cash is used by others and the effective interest rate; and royalties are recognized according to the period and method of charging as specified in relevant contract or agreement.

2. Revenue recognition method adopted by the Company

The Company mainly sells cookware and electrical appliance etc. The revenue from domestic sales shall meet the following conditions: the Company has delivered the goods to the buyer as agreed in contracts, and the amount of revenue from the sale of goods is determined, and the goods payment has been received or the evidence of payment receipt has been obtained and it is probable that the economic benefits of the transaction will flow to the Company, the costs of the transaction incurred and to be incurred can be measured reliably. The revenue from overseas sales shall meet the following conditions: the Company has finished customs clearance and the goods are off the harbor with bill of lading obtained as agreed in contracts, and the amount of revenue from the sale of goods is determined, and the goods payment has been received or the evidence of payment receipt has been obtained and it is probable that the economic benefits of the transaction will flow to the Company, the costs of the transaction incurred and to be incurred can be measured reliably.

(XXV) Government grants

1. Government grants related to assets

The government subsidy obtained for the purpose of purchase or acquisition of long-term assets are classified as government subsidy relating to assets. The government subsidy relating to assets is recorded as a deduction of the book value of the related assets or as deferred income. In case of reporting as deferred income, it would be deferred in line with the useful life of the related assets based on a reasonable and systematic approach. If the related assets were sold, transferred, scrapped or damaged before the end of the useful life, the remaining un-deferred income would be recognized as the gain on the disposal of assets. Government subsidy measured at the nominal value is recognized in the current period's profit and loss directly.

2. Government grants related to income

Government grants related to income are government grants other than those related to assets. Government grants related to income if used for compensating the related future expenses or losses of the Company are recognized as deferred income and are included in profit or loss or deduct the related cost during the period when the relevant expenses are recognized; if used for compensating the related expenses or losses incurred to the Company are directly included in profit or loss or deduct the related cost.

For the government subsidy relating to both assets and income at the same time, it would be separated in the accounting treatment. In case the separation was very difficult, the whole amount would be recognized as income.

Government subsidy relating to the daily operation of the company, would be reported in the current period's profit and loss based on its nature. If not relating to the daily operation, it would be reported as non-operational gain.

(XXVI) Deferred tax assets/Deferred tax liabilities

1. Deferred tax assets or deferred tax liabilities are calculated and recognized based on the difference between the carrying amount and tax base of assets and liabilities (and the difference of the carrying amount and tax base of items not recognized as assets and liabilities but with their tax base being able to be determined according to tax laws) and in accordance with the tax rate applicable to the period during which the assets are expected to be recovered or the liabilities are expected to be settled.

2. A deferred tax asset is recognized to the extent of the amount of the taxable income, which it is most likely to obtain and which

can be deducted from the deductible temporary difference. At the balance sheet date, if there is any exact evidence that it is probable that future taxable profits will be available against which deductible temporary differences can be utilized, the deferred tax assets unrecognized in prior periods are recognized.

3. At the balance sheet date, the carrying amount of deferred tax assets is reviewed. The carrying amount of a deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the benefit of the deferred tax asset to be utilized. Such reduction is subsequently reversed to the extent that it becomes probable that sufficient taxable income will be available.

4. The income tax and deferred tax for the period are treated as income tax expenses or income through profit or loss, excluding those arising from the following circumstances: (a) business combination; and (b) the transactions or items directly recognized in equity.

(XXVII) Leases

When the Company is the lessee, lease payments are recognized as cost or profit or loss with straight-line method over the lease term. Initial expenses are recognized directly into profit or loss. Contingent rents are charged as profit or loss in the periods in which they are incurred.

When the Company is the lessor, lease income is recognized as profit or loss with straight-line method over the lease term. Initial expenses, other than those with material amount and eligible for capitalization which are recognized as profit or loss by installments, are recognized directly as profit or loss. Contingent rents are charged into profit or loss in the periods in which they are incurred

(XXVIII) Changes in Significant accounting policies and estimates

According to revise of CASBE16 - Government grants (CK [2017] N.O.15), government subsidy related to operating activities are included in other income or deduct related operating cost since January 1, 2017; government subsidy not related to operating activities are included in non-operating revenue.

IV. Taxes

(I) Main taxes and tax rates

| Taxes | Tax bases | Tax rates |
|--|--|---|
| Value-added tax (VAT) | The taxable revenue from sales of goods or rendering of services | Revenue from sales of water and steam is levied at 13% ,the business of financial products is levied at 6% ,and others are levied at 17% . |
| Urban maintenance and construction tax | Turnover tax payable | The Company, 浙江苏泊尔橡塑制品有限公司 (Zhejiang Supor Plastic & Rubber Co., Ltd.*) (P&R Company), and 玉环县苏泊尔废旧物资回收有限公司 (Yuhuan Supor Recycling Co., Ltd.*) (Yuhuan Recycling) are levied at 5%, and other companies are levied at 7% |
| Enterprise income tax | Taxable income | 15%、25% |

| | | |
|---------------------------|--|---|
| Housing property tax | 武汉苏泊尔压力锅有限公司(Wuhan Supor Pressure Boiler Co., Ltd.*) and 武汉苏泊尔炊具有限公司(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% or 12% |
| Education surcharge | Turnover tax payable | 3% |
| Local education surcharge | Turnover tax payable | 2% , Wuhan companies are levied at 1.5% . |

Different enterprise income tax rates applicable to different taxpayers:

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

(II) Tax preferential policies

- Pursuant to the document numbered GuoKeHuoZi [2015] 256, the Company renewed the hi-tech enterprise qualification in 2015 and is entitled to enjoy the preferential tax rate of 15% for the three-year period starting from January 1, 2015.
- Pursuant to the document numbered ERenDingBan[2015] 8, Wuhan Supor Cookware Co., Ltd. renewed the hi-tech enterprise qualification in 2015 and is entitled to enjoy the preferential tax rate of 15% for the three-year period starting from January 1, 2015.
- Pursuant to the document numbered GuoKeFaHuo [2016] 149, Zhejiang Shaoxing Supor Domestic Electrical Appliances Co., Ltd. renewed the hi-tech enterprise qualification in 2016 and is entitled to enjoy the preferential tax rate of 15% for the three-year period starting from January 1, 2016.

V. Notes to items of consolidated financial statements

(I) Notes to items of the consolidated balance sheet

1. Cash and bank balances

(1) Details

| Items | Closing balance | Opening balance |
|------------------------------|-----------------|-----------------|
| Cash on hand | 80,503.90 | 238,696.91 |
| Cash in bank | 500,383,919.12 | 748,582,839.66 |
| Other cash and bank balances | 6,873,847.67 | 5,322,615.99 |
| Total | 507,338,270.69 | 754,144,152.56 |

| | | |
|-------------------------------|---------------|---------------|
| Including: deposited overseas | 15,597,943.63 | 25,177,499.73 |
|-------------------------------|---------------|---------------|

(2) Other remarks

1) At the end of period, the restricted amount is RMB 17,000,000.00 in total, including RMB 17,000,000.00 fixed deposit in Bank Deposit, which will be held to maturity.

2) The closing balance of Other cash and bank are Alipay moneybag and JingDong wallet settlement account, amounted to RMB 5,951,056.12 and RMB 922,791.55 respectively. The usage of these fund is not restricted.

3) Closing balance deposited in Vietnam Supor totaled RMB 15,022,874.81 of which, USD 215.28 (equivalent to RMB 1,458.39) and VND 63,380,941.00 (equivalent to RMB 18,885.75) are cash on hand, and USD 844,306.64 (equivalent to RMB 5,719,670.90) and VND 31,153,481,946.00 (equivalent to RMB 9,282,859.77) are bank balances.

4) Closing balance deposited in SEADA totaled RMB 575,068.82 of which, SGD 117,038.53 (equivalent to RMB 575,068.82) are cash on hand.

2. Financial assets at fair value through profit or loss

(1) Details

| Items | Closing balance | Opening balance |
|---|------------------|-----------------|
| Financial assets designated as at fair value through profit or loss | 1,309,334,947.59 | 856,988,784.08 |
| Including: Debt instrument investments [note] | 1,309,334,947.59 | 856,988,784.08 |
| Total | 1,309,334,947.59 | 856,988,784.08 |

Note: They are the financial products purchased by the Company, Wuhan Supor Cookware Co., Ltd., Zhejiang Shaoxing Supor Domestic Electrical Appliances Co., Ltd., and Zhejiang Supor Electrical Appliance Manufacturing Co., Ltd. respectively in amount of RMB 650 million, RMB 200 million, RMB 320 million and RMB 130 million. The financial products yield is floating and linked to interest rate, exchange rate, etc., and as of the balance sheet date, gain on changes in fair value was recognized at RMB 9,334,947.59.

3. Notes receivable

(1) Details

| Items | Closing balance | | | Opening balance | | |
|------------------|-----------------|-------------------------|-----------------|-----------------|-------------------------|-----------------|
| | Book balance | Provision for bad debts | Carrying amount | Book balance | Provision for bad debts | Carrying amount |
| Bank acceptance | 701,777,141.90 | | 701,777,141.90 | 843,520,455.60 | | 843,520,455.60 |
| Trade acceptance | | | | | | |
| Total | 701,777,141.90 | | 701,777,141.90 | 843,520,455.60 | | 843,520,455.60 |

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

| Items | Closing balance derecognized | Closing balance not yet derecognized |
|-----------------|------------------------------|--------------------------------------|
| Bank acceptance | 2,145,693,724.21 | |

| | |
|----------|------------------|
| Subtotal | 2,145,693,724.21 |
|----------|------------------|

4. Accounts receivable

(1) Details

1) Details of different categories of accounts receivable

| Categories | Closing balance | | | | Carrying amount |
|--|------------------|----------------|-------------------------|--------------------------|------------------|
| | Book balance | | Provision for bad debts | | |
| | Amount | Proportion (%) | Amount | Provision proportion (%) | |
| Receivables of individually significant amount and with provision made on an individual basis | | | | | |
| Receivables with provision made on a collective basis using portfolios with similar credit risk features | 1,230,245,480.64 | 96.35 | 61,960,012.58 | 5.04 | 1,168,285,468.06 |
| Receivable of individually insignificant amount but with provision made on an individual basis | 46,633,330.16 | 3.65 | 13,685,572.35 | 29.35 | 32,947,757.81 |
| Total | 1,276,878,810.80 | 100.00 | 75,645,584.93 | 5.92 | 1,201,233,225.87 |

(Continued)

| Categories | Opening balance | | | | Carrying amount |
|--|------------------|----------------|-------------------------|--------------------------|------------------|
| | Book balance | | Provision for bad debts | | |
| | Amount | Proportion (%) | Amount | Provision proportion (%) | |
| Receivables of individually significant amount and with provision made on an individual basis | | | | | |
| Receivables with provision made on a collective basis using portfolios with similar credit risk features | 1,167,552,252.59 | 95.04 | 58,931,535.16 | 5.05 | 1,108,620,717.43 |
| Receivable of individually insignificant amount but with provision made on an individual basis | 60,877,011.97 | 4.96 | 9,379,902.68 | 15.41 | 51,497,109.29 |
| Total | 1,228,429,264.56 | 100.00 | 68,311,437.84 | 5.56 | 1,160,117,826.72 |

2) Accounts receivable of individually significant amount and with provision made on an individual basis

| Debtors | Book balance | Provision for bad debts | Provision proportion (%) | Reasons |
|---|---------------|-------------------------|--------------------------|---|
| Lidl HongKong Ltd and other receivables covered by insurance policy | 32,947,757.81 | | | No provision for bad debts is made as such receivables are arising from export sales and covered by export insurance. |

| | | | | |
|----------|---------------|---------------|--------|---|
| Client 1 | 7,564,308.75 | 7,564,308.75 | 100.00 | The Client ran into serious cashflow problem. The company has stopped cooperating with it. The amounts Receivable risk is high. |
| Client 2 | 4,673,328.43 | 4,673,328.43 | 100.00 | Full provisions are made as such receivables are with long age and estimated to be unrecoverable. |
| Client 3 | 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. |
| Subtotal | 46,633,330.16 | 13,685,572.35 | 29.35 | |

3) In portfolios, accounts receivable with provision made on a collective basis with age analysis method

| Ages | Closing balance | | |
|---------------|------------------|-------------------------|--------------------------|
| | Book balance | Provision for bad debts | Provision proportion (%) |
| Within 1 year | 1,223,524,939.13 | 61,159,416.30 | 5.00 |
| 1-2 years | 5,323,800.10 | 425,904.01 | 8.00 |
| 2-3 years | 992,349.74 | 148,852.49 | 15.00 |
| 3-4 years | 357,068.17 | 178,534.09 | 50.00 |
| 4-5 years | 89.00 | 71.20 | 80.00 |
| Over 5 years | 47,234.50 | 47,234.50 | 100.00 |
| Subtotal | 1,230,245,480.64 | 61,960,012.58 | 5.04 |

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

Provision for bad debts made in current period totaled RMB 7,334,147.09, and collected or reversed in current period totaled RMB 0.00.

(3) Accounts receivable written off in current period

Accounts receivable actually written off in current period totaled RMB 0.

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

| Debtors | Book balance | Proportion to the total balance of accounts receivable (%) | Provision for bad debts |
|---------------------------------|----------------|--|-------------------------|
| SEB Asia Ltd. | 827,141,189.37 | 64.78 | 41,357,059.47 |
| Client 1 | 64,548,218.72 | 5.06 | 3,227,410.94 |
| VIETNAM FAN JOINT STOCK COMPANY | 26,432,705.68 | 2.07 | 1,321,635.28 |

| | | | |
|----------|----------------|-------|---------------|
| Client 2 | 20,105,824.03 | 1.57 | 1,005,291.20 |
| Client 3 | 18,694,806.72 | 1.46 | 934,740.34 |
| Subtotal | 956,922,744.52 | 74.94 | 47,846,137.23 |

5. Advances paid

(1) Age analysis

1) Details of ages

| Ages | Closing balance | | | | Opening balance | | | |
|---------------|-----------------|----------------|-------------------------|-----------------|-----------------|----------------|-------------------------|-----------------|
| | Book balance | Proportion (%) | Provision for bad debts | Carrying amount | Book balance | Proportion (%) | Provision for bad debts | Carrying amount |
| Within 1 year | 168,033,868.60 | 96.32 | | 168,033,868.60 | 151,896,831.31 | 96.55 | | 151,896,831.31 |
| 1-2 years | 4,034,591.17 | 2.31 | | 4,034,591.17 | 5,313,859.34 | 3.38 | | 5,313,859.34 |
| 2-3 years | 2,263,567.59 | 1.30 | | 2,263,567.59 | | | | |
| Over 3 years | 115,658.78 | 0.07 | | 115,658.78 | 115,966.58 | 0.07 | | 115,966.58 |
| Total | 174,447,686.14 | 100.00 | | 174,447,686.14 | 157,326,657.23 | 100.00 | | 157,326,657.23 |

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

| Debtors | Book balance | Proportion to the total balance of advances paid (%) |
|------------|----------------|--|
| Supplier 1 | 29,368,016.14 | 16.83 |
| Supplier 2 | 23,669,939.64 | 13.57 |
| Supplier 3 | 22,932,989.80 | 13.15 |
| Supplier 4 | 14,434,986.36 | 8.27 |
| Supplier 5 | 11,388,218.56 | 6.53 |
| Subtotal | 101,794,150.50 | 58.35 |

6. Interest receivable

(1) Details

| Items | | Opening balance |
|---------------------------|--------------|-----------------|
| Interest for time deposit | 1,410,111.74 | 285,680.93 |
| Total | 1,410,111.74 | 285,680.93 |

7. Other receivables

(1) Details

1) Details on categories

| Categories | Closing balance | | | | |
|--|----------------------|----------------|-------------------------|--------------------------|----------------------|
| | Book balance | | Provision for bad debts | | Carrying amount |
| | Amount | Proportion (%) | Amount | Provision proportion (%) | |
| Receivables of individually significant amount and with provision made on an individual basis | 10,681,272.66 | 48.97 | 0 | 0 | 10,681,272.66 |
| Receivables with provision made on a collective basis using portfolios with similar credit risk features | 10,931,261.13 | 50.11 | 1,719,729.47 | 15.73 | 9,211,531.66 |
| Receivable of individually insignificant amount but with provision made on an individual basis | 200,000.00 | 0.92 | 0 | 0 | 200,000.00 |
| Total | 21,812,533.79 | 100.00 | 1,719,729.47 | 7.88 | 20,092,804.32 |

(Continued)

| Categories | Opening balance | | | | |
|--|----------------------|----------------|-------------------------|--------------------------|----------------------|
| | Book balance | | Provision for bad debts | | Carrying amount |
| | Amount | Proportion (%) | Amount | Provision proportion (%) | |
| Receivables of individually significant amount and with provision made on an individual basis | 47,568,371.25 | 82.45 | 0 | 0 | 47,568,371.25 |
| Receivables with provision made on a collective basis using portfolios with similar credit risk features | 9,924,090.58 | 17.20 | 2,038,658.47 | 20.54 | 7,885,432.11 |
| Receivable of individually insignificant amount but with provision made on an individual basis | 204,148.24 | 0.35 | 0 | 0 | 204,148.24 |
| Total | 57,696,610.07 | 100.00 | 2,038,658.47 | 3.53 | 55,657,951.60 |

2) Other receivables of individually significant amount and with provision made on an individual basis

| Debtors | Book balance | Provision for bad debts | Provision proportion (%) | Reasons for provision made |
|----------------------------|----------------------|-------------------------|--------------------------|--|
| VAT refund on export goods | 10,681,272.66 | 0 | 0 | As the age is within one year, and no provision is made as there is no risk over recoverability. |
| Subtotal | 10,681,272.66 | 0 | 0 | |

3) In portfolios, other receivables with provision made on a collective basis with age analysis method

| Ages | Closing balance | | |
|------|-----------------|-------------------------|--------------------------|
| | Book balance | Provision for bad debts | Provision proportion (%) |

| | | | |
|---------------|---------------|--------------|--------|
| Within 1 year | 8,351,123.31 | 417,125.17 | 5.00 |
| 1-2 years | 936,875.74 | 74,950.06 | 8.00 |
| 2-3 years | 445,520.00 | 66,828.00 | 15.00 |
| 3-4 years | 68,770.29 | 34,385.15 | 50.00 |
| 4-5 years | 12,653.50 | 10,122.80 | 80.00 |
| Over 5 years | 1,116,318.29 | 1,116,318.29 | 100.00 |
| Subtotal | 10,931,261.13 | 1,719,729.47 | 15.73 |

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

Provisions for bad debts made in current period totaled RMB 0.00, and collected or reversed in current period totaled RMB 263,558.51.

(3) Other receivables written off in current period

Other receivables actually written off in current period totaled RMB 55,370.49.

(4) Other receivables categorized by nature

| Nature of receivables | Closing balance | Opening balance |
|--------------------------------------|-----------------|-----------------|
| Deposit as security | 4,663,388.87 | 16,934,468.78 |
| VAT refund on export goods | 10,681,272.66 | 34,272,371.25 |
| Temporary advance payment receivable | 2,224,725.10 | 3,775,068.24 |
| Personal deposit | 4,243,147.16 | 2,714,701.80 |
| Total | 21,812,533.79 | 57,696,610.07 |

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

| Debtors | Nature of receivables | Book balance | Age | Proportion to the total balance of other receivables (%) | Provision for bad debts |
|--|------------------------------|---------------|-------------------|--|-------------------------|
| VAT refund on export goods | Tax refund on export goods | 10,681,272.66 | Within 1 year | 48.97 | |
| Client 1 | Deposit as security | 1,500,000.00 | Within 1 year | 6.88 | 75,000.00 |
| VIETNAM FAN JOINT STOCK COMPANY | Temporary payment receivable | 1,046,845.44 | Within 1 year | 4.80 | 52,342.27 |
| 社保工伤专户 (Social security special account for occupational injury and medical treatment) | Temporary payment receivable | 602,995.43 | Within 1 year | 2.76 | 30,149.77 |
| Client 2 | Temporary payment receivable | 342,475.00 | More than 5 years | 1.57 | 342,475.00 |
| Subtotal | | 14,173,588.53 | | 64.98 | 499,967.04 |

8. Inventories

(1) Details

| Items | Closing balance | | | Opening balance | | |
|-----------------|------------------|--------------------------|------------------|------------------|--------------------------|------------------|
| | Book balance | Provision for write-down | Carrying amount | Book balance | Provision for write-down | Carrying amount |
| Raw materials | 376,578,330.52 | 11,653,057.03 | 364,925,273.49 | 381,283,105.84 | 12,445,644.22 | 368,837,461.62 |
| Work in process | 28,782,957.29 | | 28,782,957.29 | 37,801,722.47 | | 37,801,722.47 |
| Finished Goods | 937,509,525.89 | 42,161,020.16 | 895,348,505.73 | 1,328,965,817.26 | 44,202,598.19 | 1,284,763,219.07 |
| Packages | 4,865,186.92 | | 4,865,186.92 | 5,529,800.03 | | 5,529,800.03 |
| Total | 1,347,736,000.62 | 53,814,077.19 | 1,293,921,923.43 | 1,753,580,445.60 | 56,648,242.41 | 1,696,932,203.19 |

(2) Provision for inventory write-down

1) Details

| Items | Opening balance | Increase | | Decrease | | Closing balance |
|----------------|-----------------|--------------|--------|-------------------------|--------|-----------------|
| | | Provision | Others | Reversal or written-off | Others | |
| Raw materials | 12,445,644.22 | 1,088,514.54 | | 1,881,101.73 | | 11,653,057.03 |
| Finished Goods | 44,202,598.19 | 3,194,791.62 | | 5,236,369.65 | | 42,161,020.16 |
| Subtotal | 56,648,242.41 | 4,283,306.16 | | 7,117,471.38 | | 53,814,077.19 |

2) Remarks on basis, reason and amount of the reserve of provision for inventory write-down

| Items | Basis for provision of inventory write-down | The reason of write-down |
|----------------|--|--------------------------|
| Raw materials | Net realizable value being lower than cost on individual basis | Sale/Used |
| Finished Goods | Net realizable value being lower than cost on individual basis | Sale |

9. Other current assets

(1) Details

| Items | Closing balance | Opening balance |
|---------------------------|-----------------|-----------------|
| Creditable VAT | 25,933,548.06 | 75,056,492.01 |
| Financial products [note] | 708,788,058.93 | 906,437,451.54 |
| Others | | 204,936.76 |
| Total | 734,721,606.99 | 981,698,880.31 |

10. Available-for-sale financial assets

(1) Details

| Items | Closing balance | | | Opening balance | | |
|---------------------------|-----------------|--------------------------|-----------------|-----------------|--------------------------|-----------------|
| | Book balance | Provision for impairment | Carrying amount | Book balance | Provision for impairment | Carrying amount |
| Available-for-sale equity | | | | 300,000.00 | 300,000.00 | 0 |

| | | | | | | |
|-----------------------------------|--|--|--|------------|------------|---|
| instrument | | | | | | |
| Including: measured at cost | | | | 300,000.00 | 300,000.00 | 0 |
| Total | | | | 300,000.00 | 300,000.00 | 0 |

(2) Available-for-sale financial assets at cost

| Investees | Book balance | | | |
|--|-----------------|----------|------------|-----------------|
| | Opening balance | Increase | Decrease | Closing balance |
| 玉环大鹿岛旅游开发有限公司(Yuhuan Dalu Island Tourism Development Co.,Ltd.) | 300,000.00 | | 300,000.00 | 0 |
| Subtotal | 300,000.00 | | 300,000.00 | 0 |

(Continue)

| Shareholding ratio in invested company | Cash dividend of current period |
|--|--|
| 3% | |

11. Long-term equity investments

(1) Categories

| Items | Closing balance | | | Opening balance | | |
|------------------------------|-----------------|-----------------------------|-----------------|-----------------|-----------------------------|-----------------|
| | Book balance | Provision for impairment | Carrying amount | Book balance | Provision for impairment | Carrying amount |
| Investments in associates | 55,343,612.4 | | 55,343,612.4 | 53,877,930.88 | | 53,877,930.88 |
| Total | 55,343,612.4 | | 55,343,612.4 | 53,877,930.88 | | 53,877,930.88 |

(2) Details

| Investees | Opening balance | Increase/decrease | | | |
|--|-----------------|--------------------------|--------------------------|--|--|
| | | Investments increased | Investments decreased | Investment income recognized under equity method | Adjustment in other comprehensive income |
| Associates | | | | | |
| 武汉安在厨具有限公司 (Wuhan Anzai Cookware Co., Ltd.*) | 53,877,930.88 | | | 1,465,681.53 | |
| Total | 53,877,930.88 | | | 1,465,681.53 | |

(Continued)

| Investees | Increase/decrease | | | | Closing balance | Closing balance of provision for impairment |
|--------------------------------|-------------------------|--|--------------------------|--------|-----------------|---|
| | Changes in other equity | Cash dividend/profit declared for distribution | Provision for impairment | Others | | |
| Associates | | | | | 55,343,612.41 | |
| Wuhan Anzai Cookware Co., Ltd. | | | | | 55,343,612.41 | |
| Total | | | | | 55,343,612.41 | |

Note: It includes investment income of RMB 1,822,909.46 recognized based on the Company's holding proportion in Wuhan Anzai Cookware Co., Ltd., and investment income of RMB -357,227.93 recognized due to influence of upstream transactions.

12. Fixed assets

(1) Details

| Items | Buildings and structures | General equipment | Special equipment | Transport facilities | Total |
|---|--------------------------|-------------------|-------------------|----------------------|------------------|
| Cost | | | | | |
| Opening balance | 756,403,449.43 | 161,236,615.70 | 641,396,770.19 | 29,149,455.70 | 1,588,186,291.02 |
| Increase | | 2,283,866.35 | 14,843,186.73 | 1,358,656.43 | 18,485,709.51 |
| 1) Acquisition | | 2,283,866.35 | 11,109,412.25 | 1,358,656.43 | 18,485,709.51 |
| 2) Transferred in from construction in progress | | | 3,733,774.48 | | |
| Decrease | 1,739,629.76 | 1,279,347.47 | 13,439,180.76 | 1,193,762.81 | 17,651,920.80 |
| 1) Disposal/scrap | 435,000.00 | 1,279,347.47 | 13,439,180.76 | 1,193,762.81 | 16,347,291.04 |
| 2) Others | 1,304,629.76 | | | | 1,304,629.76 |
| Closing balance | 754,663,819.67 | 162,241,134.58 | 642,800,776.16 | 29,314,349.32 | 1,589,020,079.73 |
| Accumulated depreciation | | | | | |
| Opening balance | 190,816,723.27 | 118,865,635.06 | 372,817,205.73 | 20,557,128.85 | 703,056,692.91 |
| Increase | 12,180,175.03 | 6,556,492.78 | 26,865,069.67 | 1,823,014.65 | 47,424,752.13 |
| Accrual | 12,180,175.03 | 6,556,492.78 | 26,865,069.67 | 1,823,014.65 | 47,424,752.13 |
| Decrease | 84,390.24 | 986,251.80 | 4,807,490.26 | 1,135,316.52 | 7,013,448.82 |
| 1) Disposal/scrap | 84,390.24 | 986,251.80 | 4,807,490.26 | 1,135,316.52 | 7,013,448.82 |
| 2) Renewal | | | | | |
| Closing balance | 202,912,508.06 | 124,435,876.04 | 394,874,785.14 | 21,244,826.98 | 743,467,996.22 |
| Carrying amount | | | | | |
| Closing balance | 551,751,311.61 | 37,805,258.54 | 247,925,991.02 | 8,069,522.34 | 845,552,083.51 |
| Opening balance | 565,586,726.16 | 42,370,980.64 | 268,579,564.46 | 8,592,326.85 | 885,129,598.11 |

(2) Fixed assets with certificate of titles unsettled

| Items | Carrying amount | Reasons for unsettlement |
|---|-----------------|---|
| Transformer substation (35KV) of Shaoxing Supor Company | 4,365,443.56 | For all projects completed and completed the unification for property certificates after completion and settlement procedures |
| No.3 plant of Shaoxing Supor Company | 35,674,864.51 | |
| No.1 plant of Shaoxing Supor Company | 32,705,281.24 | |
| Function cafeteria of Shaoxing Supor Company | 16,217,057.26 | |
| Function dormitory of Shaoxing Supor Company | 49,423,007.79 | |
| No. 8 plant of Shaoxing Supor Company | 36,487,177.30 | |
| Water pump building and structures of P&R Products | 210,454.12 | Transfer procedure of land use right certificate not settled |
| No. 10 workshop of P&R Products | 311,949.51 | |
| Extended plant for bakelite workshop of P&R Products | 464,525.03 | |
| Polishing workshop of P&R Products | 201,600.00 | |
| No. 11 plant and structures of P&R Products | 3,744,341.18 | |
| Subtotal | 179,805,701.50 | |

13. Construction in progress

(1) Details

| Projects | Closing balance | | | Opening balance | | |
|--|-----------------|--------------------------|-----------------|-----------------|--------------------------|-----------------|
| | Book balance | Provision for impairment | Carrying amount | Book balance | Provision for impairment | Carrying amount |
| Plant construction of Shaoxing Supor Company | 4,876,605.31 | | 4,876,605.31 | 1,500,304.87 | | 1,500,304.87 |
| Prepayment of equipment | 8,416,391.54 | | 8,416,391.54 | 4,159,133.00 | | 4,159,133.00 |
| Piecemeal projects | 629,819.35 | | 629,819.35 | 327,256.02 | | 327,256.02 |
| Total | 13,922,816.20 | | 13,922,816.20 | 5,986,693.89 | | 5,986,693.89 |

(2) Changes in significant projects

1) Details

| Projects | Budgets | Opening balance | Increase | Transferred to fixed assets | Other decrease | Closing balance |
|--|---------|-----------------|--------------|-----------------------------|----------------|-----------------|
| Plant construction of Shaoxing Supor Company | | 1,500,304.87 | 3,376,300.44 | | | 4,876,605.31 |

| | | | | | | |
|-------------------------|--|--------------|---------------|--------------|--|---------------|
| Prepayment of equipment | | 4,159,133.00 | 7,991,033.02 | 3,733,774.48 | | 8,416,391.54 |
| Piecemeal projects | | 327,256.02 | 302,563.33 | | | 629,819.35 |
| Subtotal | | 5,986,693.89 | 11,669,896.79 | 3,733,774.48 | | 13,922,816.20 |

(Continued)

| Projects | Accumulated investment to budget | Completion percentage (%) | Accumulated amount of borrowing cost capitalization | Amount of borrowing cost capitalization in current period | Annual capitalization rate (%) | Fund source |
|--|----------------------------------|---------------------------|---|---|--------------------------------|---------------|
| Plant construction of Shaoxing Supor Company | | | | | | Other sources |
| Prepayment of equipment | | | | | | Other sources |
| Piecemeal projects | | | | | | Other sources |
| Subtotal | | | | | | |

14. Intangible assets

(1) Details

| Items | Land use right | Trademark use right | Software | Total |
|---|----------------|---------------------|---------------|----------------|
| Cost | | | | |
| Opening balance | 249,050,075.69 | 47,169,811.32 | 30,051,866.00 | 326,271,753.01 |
| Increase | 68,380,303.47 | | 1,777,725.47 | 70,158,028.94 |
| 1) Acquisition | 68,380,303.47 | | 1,777,725.47 | 70,158,028.94 |
| 2) Transferred in from construction in progress | | | | |
| Decrease | | | | |
| Disposal | | | | |
| Closing balance | 317,430,379.16 | 47,169,811.32 | 31,829,591.47 | 396,429,781.95 |
| Accumulated amortization | | | | |
| Opening balance | 49,383,491.39 | 4,716,981.13 | 16,478,301.20 | 70,578,773.72 |
| Increase | 3,100,936.66 | 2,358,490.57 | 1,455,951.62 | 6,915,378.85 |
| Accrual | 3,100,936.66 | 2,358,490.57 | 1,455,951.62 | 6,915,378.85 |
| Decrease | | | | |

| | | | | |
|-----------------|----------------|---------------|---------------|----------------|
| Disposal | | | | |
| Closing balance | 52,484,428.05 | 7,075,471.70 | 17,934,252.82 | 77,494,152.57 |
| Carrying amount | | | | |
| Closing balance | 264,945,951.11 | 40,094,339.62 | 13,895,338.65 | 318,935,629.38 |
| Opening balance | 199,666,584.30 | 42,452,830.19 | 13,573,564.80 | 255,692,979.29 |

15. Deferred tax assets and deferred tax liabilities

(1) Deferred tax assets before offset

| Items | Closing balance | | Opening balance | |
|---|---------------------------------|--------------------|---------------------------------|--------------------|
| | Deductible temporary difference | Deferred tax asset | Deductible temporary difference | Deferred tax asset |
| Provision for impairment of assets | 124,481,620.20 | 20,672,432.98 | 117,818,128.06 | 18,824,727.43 |
| Accrued expenses | 858,928,338.31 | 162,124,362.71 | 587,970,722.28 | 108,282,429.60 |
| Accrued payroll | 42,122,755.62 | 6,318,413.33 | 61,862,171.23 | 9,599,036.54 |
| Temporary difference in consolidated financial statements due to offsetting of unrealized profit or loss arising from internal transactions | 31,941,024.26 | 4,843,107.24 | 41,901,896.62 | 6,339,222.96 |
| Provisions | 15,150,000.00 | 2,272,500.00 | 7,150,000.00 | 1,072,500.00 |
| Expenses deductible in share-based payment | 129,105,661.30 | 21,537,690.61 | 37,764,904.32 | 6,301,913.94 |
| Total | 1,201,729,399.69 | 217,768,506.87 | 854,467,822.51 | 150,419,830.47 |

(2) Deferred tax liabilities before offset

| Items | Closing balance | | Opening balance | |
|--|------------------------------|--------------------------|------------------------------|--------------------------|
| | Taxable temporary difference | Deferred tax liabilities | Taxable temporary difference | Deferred tax liabilities |
| Interest receivable | 902,568.75 | 206,714.07 | 217,946.67 | 48,437.14 |
| Investment income of financial product | 1,804,729.90 | 451,182.48 | | |
| Gains on changes in fair value | 6,445,861.98 | 1,102,031.52 | 6,988,784.08 | 1,048,317.61 |
| Deferred Government subsidy | 22,947,800.00 | 5,736,950.00 | 22,947,800.00 | 5,736,950.00 |
| Total | 32,100,960.63 | 7,496,878.07 | 30,154,530.75 | 6,833,704.75 |

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

| Items | Offset amount of deferred income tax assets and liabilities at period-end | Ending balance of deferred income tax assets or liabilities after offset | Offset amount of deferred income tax assets and liabilities at period-begin | Beginning balance of deferred income tax assets or liabilities after offset |
|--------------------------|---|--|---|---|
| Deferred tax assets | | 217,768,506.87 | | 150,419,830.47 |
| Deferred tax liabilities | | 7,496,878.07 | | 6,833,704.75 |

16. Accounts payable

(1) Details

| Items | Closing balance | Opening balance |
|-------------------|------------------|------------------|
| Goods payment | 989,322,578.36 | 1,411,025,205.16 |
| Equipment payment | 16,843,979.23 | 20,947,993.17 |
| Expenses payment | 886,250,438.64 | 630,167,341.11 |
| Total | 1,892,416,996.23 | 2,062,140,539.44 |

17. Advances received

(1) Details

| Items | Closing balance | Opening balance |
|---------------|-----------------|-----------------|
| Goods payment | 418,593,394.22 | 779,587,538.11 |
| Total | 418,593,394.22 | 779,587,538.11 |

18. Employee benefits payable

(1) Details

| Items | Opening balance | Increase | Decrease | Closing balance |
|---|-----------------|----------------|----------------|-----------------|
| Short-term employee benefits | 234,039,280.15 | 600,887,558.37 | 663,373,004.80 | 171,553,833.72 |
| Post-employment benefits - defined benefit plan | 2,436,773.25 | 30,286,298.50 | 30,218,392.96 | 2,504,678.79 |
| Termination benefits | 1,443,222.63 | 787,225.01 | 776,741.63 | 1,453,706.01 |
| Total | 237,919,276.03 | 631,961,081.88 | 694,368,139.39 | 175,512,218.52 |

(2) Details of short-term employee benefits

| Items | Opening balance | Increase | Decrease | Closing balance |
|------------------------------------|-----------------|----------------|----------------|-----------------|
| Wage, bonus, allowance and subsidy | 216,434,881.78 | 538,678,758.99 | 598,753,498.31 | 156,360,142.46 |
| Employee welfare fund | 2,719,740.83 | 28,599,412.03 | 31,005,783.86 | 313,369.00 |
| Social insurance premium | 1,635,446.15 | 12,335,780.90 | 12,327,649.60 | 1,643,577.45 |
| Including: Medicare premium | 1,393,902.76 | 10,409,183.29 | 10,401,372.27 | 1,401,713.78 |

| | | | | |
|--|----------------|----------------|----------------|----------------|
| Occupational injuries premium | 124,943.16 | 1,077,846.71 | 1,078,025.89 | 124,763.98 |
| Maternity premium | 116,600.23 | 848,750.90 | 848,251.44 | 117,099.69 |
| Housing accumulation funds | | 10,163,935.32 | 10,159,463.28 | 4,472.04 |
| Trade union fund and employee education fund | 13,249,211.39 | 11,109,671.13 | 11,126,609.75 | 13,232,272.77 |
| Subtotal | 234,039,280.15 | 600,887,558.37 | 663,373,004.80 | 171,553,833.72 |

(3) Details of defined benefit plan

| Items | Opening balance | Increase | Decrease | Closing balance |
|-----------------------------------|-----------------|---------------|---------------|-----------------|
| Basic endowment insurance premium | 2,273,279.45 | 29,106,258.04 | 29,080,091.38 | 2,299,446.11 |
| Unemployment insurance premium | 163,493.80 | 1,180,040.46 | 1,138,301.58 | 205,232.68 |
| Subtotal | 2,436,773.25 | 30,286,298.50 | 30,218,392.96 | 2,504,678.79 |

19. Taxes and rates payable

| Items | Closing balance | Opening balance |
|--|-----------------|-----------------|
| VAT | 20,104,030.23 | 20,494,328.77 |
| Enterprise income tax | 114,235,901.03 | 77,692,195.69 |
| Individual income tax withheld for tax authorities | 3,082,761.08 | 3,206,008.12 |
| Urban maintenance and construction tax | 5,193,258.91 | 6,086,882.53 |
| Housing property tax | 1,909,421.93 | 1,019,241.61 |
| Land use tax | 1,026,551.19 | 949,160.19 |
| Stamp tax | 1,036,939.75 | 1,408,051.98 |
| Water conservancy special fund | 12,741.46 | 12,741.46 |
| Education surcharge | 1,934,028.97 | 2,752,706.76 |
| Local education surcharge | 1,623,283.01 | 1,711,793.73 |
| Dike maintenance charges | | 781.33 |
| Total | 150,158,917.56 | 115,333,892.17 |

20. Other payables

| Items | Closing balance | Opening balance |
|----------------------------|-----------------|-----------------|
| Deposits | 43,768,201.16 | 65,390,126.38 |
| Temporary receipts payable | 5,443,285.86 | 4,355,157.62 |
| Others | 1,916,339.38 | 10,542,273.91 |
| Total | 51,127,826.40 | 80,287,557.91 |

21. Long-term employee benefits payable

| Items | Closing balance | Opening balance |
|----------------------|-----------------|-----------------|
| Termination benefits | 6,388,727.58 | 6,975,952.59 |
| Total | 6,388,727.58 | 6,975,952.59 |

22. Provisions

(1) Details

| Items | Closing balance | Opening balance | Reasons for the balance |
|-----------------|-----------------|-----------------|--|
| Pending lawsuit | 15,150,000.00 | 7,150,000.00 | Please refer to Note XII-contingencies for details |
| Total | 15,150,000.00 | 7,150,000.00 | |

23. Share capital

(1) Details

| Items | Opening balance | Movements | | | | | Closing balance |
|--------------|-----------------|---------------------|--------------|-------------------------------|-----------|----------------|-----------------|
| | | Issue of new shares | Bonus shares | Reserve transferred to shares | Others | Subtotal | |
| Total shares | 631,765,700.00 | | | 189,527,910.00 | -6,000.00 | 189,521,910.00 | 821,287,610.00 |

Other remarks: Pursuant to the thirteenth meeting of the fifth session of the BOD resolution, *Proposal on Repurchasing and Canceling a Part of Restricted Stock*, the Company repurchased and cancelled 6,000 restricted shares. According to the approval of BOD and shareholders' meeting, the company paid cash dividend RMB7.7 (including tax) per 10 shares with total amount of RMB486,454,969.00 and stock dividend 3 shares per 10 shares with total of 189,527,910 shares. This is based on 631,759,700 shares derived from 631,765,700 shares by end of 2016 deducting 6,000 shares re-purchased and cancelled in the period.

24. Capital reserve

(1) Details

| Items | Opening balance | Increase | Decrease | Closing balance |
|-----------------------|-----------------|---------------|--------------|-----------------|
| Share premium | 1,866,064.51 | 208,687.73 | 1,866,064.51 | 208,687.73 |
| Other capital reserve | 39,885,839.32 | 19,965,285.92 | 0.00 | 59,851,125.24 |
| Total | 41,751,903.83 | 20,173,973.65 | 1,866,064.51 | 60,059,812.97 |

(2) Other remarks

1) Capital reserve (share reserve) had increased RMB 208,687.73 in reporting period, because a) the Company repurchased 6,000 restricted shares granted to incentive targets who had resigned, which resulted in a decrease in share capital of 6,000 and an increase in capital reserve of the same amount; b) in June 2017, the Company acquired 6.77% of minority shareholder's equity in the subsidiary P&R Products at the price of RMB 7,672,889.88 and acquired 3.47% of minority shareholder's equity in the subsidiary Wuhan Supor at the price of RMB 479,623.77. The difference between the acquisition price and equity owned by the minority shareholder on the acquisition date was RMB 202,687.73, which increased the capital reserve (capital surplus).

2) Other capital reserve increased RMB 19,965,285.92, because a) equity-settled share-based payment expenses at RMB

2,892,855.60 was recognized in reporting period, please refer to note XI – share-based payment for details. b) an increase of income tax was recognized of RMB 17,072,430.32 due to the difference of share-based expenses recognized between income tax law and CASBE, which resulted in an increase of other capital reserve at the same amount accordingly.

3) Share premium decreased RMB 1,866,064.51, due to the acquisition of SEADA this year, which is a company under the same control. The opening balance of capital reserve of SEADA was reduced according to the equity owned by the Company totaled RMB 1,688,865.51 and retained earnings of SEADA owned by the Company before acquisition reduces the capital reserve in amount RMB177,199.00 at the same time.

25. Other comprehensive income (OCI)

(1) Details

| Items | Opening balance | Current period cumulative | | | | | Closing balance |
|--|-----------------|---|---|------------------|--------------------------------|--|-----------------|
| | | Current period cumulative before income tax | Less: OCI carried forward transferred to profit or loss | Less: income tax | Attributable to parent company | Attributable to non-controlling interest | |
| Items to be reclassified subsequently to profit or loss | -21,115,130.39 | -3,302,294.75 | | | -3,302,294.75 | | -24,417,425.14 |
| Translation difference of financial statements in foreign currencies | -21,115,130.39 | -3,302,294.75 | | | -3,302,294.75 | | -24,417,425.14 |
| Total | -21,115,130.39 | -3,302,294.75 | | | -3,302,294.75 | | -24,417,425.14 |

26. Special reserve

(1) Details

| Items | Opening balance | Increase | Decrease | Closing balance |
|---------------------------|-----------------|----------|----------|-----------------|
| Statutory surplus reserve | 295,681,206.47 | | | 295,681,206.47 |
| Total | 295,681,206.47 | | | 295,681,206.47 |

(2) Other remarks

27. Undistributed profit

(1) Details

| Items | Current period cumulative | Preceding period comparative |
|--|---------------------------|------------------------------|
| Opening balance before adjustment | 3,594,110,982.19 | 3,053,468,801.78 |
| Total adjustment | -177,199.00 | |
| Opening balance after adjustment | 3,593,933,783.19 | 3,053,468,801.78 |
| Add: Net profit attributable to owners of the parent company | 596,973,222.60 | 470,536,171.30 |

| | | |
|--|------------------|------------------|
| Less: Appropriation of statutory surplus reserve | | |
| Dividend payable on ordinary shares | 486,454,969.00 | 353,788,792.00 |
| Ordinary shares turned to share capital | 189,527,910.00 | |
| Acquired minority shareholder's equity | | 76,336,163.56 |
| Closing balance | 3,514,924,126.79 | 3,093,880,017.56 |

(2) Other remarks

The Company merged a business under the common control in reporting period, and impacted the retained earnings RMB 177,199.00.

(II) Notes to items of the consolidated income statement

1. Operating revenue/cost

(1) Details

| Items | Current period cumulative | | Preceding period comparative | |
|------------------------------|---------------------------|------------------|------------------------------|------------------|
| | Income | Cost | Income | Cost |
| Revenue from main operation | 6,882,985,567.96 | 4,811,075,805.88 | 5,727,831,631.64 | 3,984,012,140.10 |
| Revenue from other operation | 26,481,065.11 | 22,963,800.16 | 24,089,186.14 | 28,787,611.71 |
| Total | 6,909,466,633.07 | 4,834,039,606.04 | 5,751,920,817.78 | 4,012,799,751.81 |

2. Taxes and surcharge

(1) Details

| Items | Current period cumulative | Preceding period comparative |
|--|---------------------------|------------------------------|
| Urban maintenance and construction tax | 26,139,207.27 | 24,441,138.80 |
| Education surcharge | 11,388,322.04 | 11,051,214.31 |
| Housing property tax | 3,546,336.96 | |
| Land use tax | 2,740,942.47 | |
| Vehicle and vessel use tax | 26,900.00 | |
| Stamp tax | 2,813,028.51 | |
| Business tax | | 92,589.71 |
| Local education surcharge | 7,522,172.11 | 7,227,357.45 |
| Total | 54,176,909.36 | 42,812,300.27 |

3. Selling expenses

(1) Details

| Items | Current period cumulative | Preceding period comparative |
|---|---------------------------|------------------------------|
| Advertising, sales promotion, and special gift expenses | 699,522,074.45 | 540,048,385.33 |
| Transportation expenses | 187,093,044.60 | 146,541,389.52 |

| | | |
|---|------------------|----------------|
| Employee benefits | 184,854,203.59 | 164,493,284.29 |
| Office and business travelling expenses | 44,623,422.05 | 42,610,880.16 |
| Others | 18,552,496.35 | 13,758,388.28 |
| Total | 1,134,645,241.04 | 907,452,327.58 |

4. Administrative expenses

(1) Details

| Items | Current period cumulative | Preceding period comparative |
|--|---------------------------|------------------------------|
| Employee benefits | 80,204,850.59 | 72,554,335.18 |
| Products development and experiment expenses | 65,226,084.77 | 53,089,145.06 |
| Office, business travelling and depreciation and amortization expenses | 24,939,672.46 | 23,449,146.99 |
| Taxes | 4,926.74 | 8,233,009.16 |
| Share incentive expenses | 2,892,855.60 | 3,620,376.00 |
| Others | 20,057,359.83 | 18,890,704.97 |
| Total | 193,325,749.99 | 179,836,717.36 |

5. Financial expenses

(1) Details

| Items | Current period cumulative | Preceding period comparative |
|----------------------------------|---------------------------|------------------------------|
| Interest proceeds | -3,984,462.01 | -4,963,349.95 |
| Gain or loss on foreign exchange | 2,404,338.66 | -3,500,895.30 |
| Handling charges and others | 231,518.81 | 288,760.92 |
| Total | -1,348,604.52 | -8,175,484.32 |

6. Assets impairment loss

| Items | Current period cumulative | Preceding period comparative |
|---|---------------------------|------------------------------|
| Bad debts | 7,070,588.58 | 25,992,529.98 |
| Inventory write-down loss | -2,834,165.22 | -12,772,004.99 |
| Available-for-sale financial assets impairment loss | -300,000.00 | |
| Total | 3,936,423.36 | 13,220,524.99 |

7. Gains on changes in fair value

(1) Details

| Items | Current period cumulative | Preceding period comparative |
|-------|---------------------------|------------------------------|
|-------|---------------------------|------------------------------|

| | | |
|---|--------------|-------------|
| Changes in the fair value of financial products | 2,346,163.51 | -349,986.11 |
| Total | 2,346,163.51 | -349,986.11 |

8. Investment income

(1) Details

| Items | Current period cumulative | Preceding period comparative |
|---|---------------------------|------------------------------|
| Investment income from long-term equity investments under the equity method | 1,822,909.46 | 2,036,082.93 |
| Investment income from financial products | 23,172,697.86 | 51,362,595.87 |
| Investment loss from Available-for-sale financial assets | -299,999.00 | |
| Total | 24,695,608.32 | 53,398,678.80 |

9. Non-operating revenue

(1) Details

| Items | Current period cumulative | Preceding period comparative | Amount included in non-recurring profit or loss |
|--|---------------------------|------------------------------|---|
| Gains from disposal of non-current assets | 1,436,054.78 | 487,923.34 | |
| Including: gains from disposal of fixed assets | 1,436,054.78 | 487,923.34 | 1,436,054.78 |
| Government grants | 18,552,601.20 | 16,961,225.00 | 18,552,601.20 |
| Default fine revenue | 1,901,859.67 | 1,565,868.42 | 1,901,859.67 |
| Others | 1,410,724.59 | 328,010.96 | 1,410,724.59 |
| Total | 23,301,240.23 | 19,343,027.72 | 23,301,240.23 |

(2) Government grants

| Items | Current period cumulative | Preceding period comparative | Related to assets/income |
|----------------------|---------------------------|------------------------------|--------------------------|
| Subsidy for projects | 11,336,330.00 | 11,986,785.00 | Related to income |
| Government reward | 5,864,500.00 | 4,974,440.00 | Related to income |
| Tax refund | 1,351,771.20 | 0.00 | Related to income |
| Subtotal | 18,552,601.20 | 16,961,225.00 | |

10. Non-operating expenditures

| Items | Current period cumulative | Preceding period comparative | Amount included in non-recurring profit or loss |
|---|---------------------------|------------------------------|---|
| Losses on disposal of non-current assets | 2,108,069.92 | 1,079,737.29 | 2,108,069.92 |
| Including: Losses on disposal of fixed assets | 2,108,069.92 | 1,079,737.29 | |
| Donation expenditures | 1,300,000.00 | 510,486.90 | 1,300,000.00 |

| | | | |
|--------------------------------|---------------|--------------|---------------|
| Default fine expenditure | 615,986.60 | 471,852.02 | 615,986.60 |
| Water conservancy special fund | 4,205.65 | 3,781,944.22 | |
| Others | 62,896.54 | 104,112.18 | 62,896.54 |
| Indemnity expenditure | 8,000,000.00 | | 8,000,000.00 |
| Total | 12,091,158.71 | 5,948,132.61 | 12,086,953.06 |

11. Income tax expenses

(1) Details

| Items | Current period cumulative | Preceding period comparative |
|------------------------------------|---------------------------|------------------------------|
| Current period income tax expenses | 181,276,933.33 | 174,858,205.84 |
| Deferred income tax expenses | -49,613,072.76 | -30,458,301.76 |
| Total | 131,663,860.57 | 144,399,904.08 |

(2) Reconciliation of accounting profit to income tax expenses

| Items | Current period cumulative |
|--|---------------------------|
| Profit before tax | 728,943,161.15 |
| Income tax expenses based on statutory/applicable tax rate | 109,341,474.17 |
| Effect of different tax rate applicable to subsidiaries | 23,815,581.10 |
| Effect of prior income tax reconciliation | -2,439,334.08 |
| Effect of non-taxable income | -273,436.42 |
| Effect of non-deductible costs, expenses and losses | 1,219,575.80 |
| Income tax expenses | 131,663,860.57 |

Note: Calculation based on the Company's income tax rate 15% this year.

12. Other comprehensive income, net of income tax

Please refer to notes to other comprehensive income for details.

(III) Notes to items of the consolidated cash flow statement

1. Other cash receipts related to operating activities

| Items | Current period cumulative | Preceding period comparative |
|--|---------------------------|------------------------------|
| Receipt of government subsidy | 18,555,601.20 | 16,961,225.00 |
| Receipt of deposit and staff reserve fund loan | 3,660,744.71 | 2,061,701.64 |
| Receipt of interest from bank deposit and others | 5,473,964.10 | 4,695,721.96 |
| Total | 27,690,310.01 | 23,718,648.60 |

2. Other cash payments related to operating activities

| Items | Current period cumulative | Preceding period comparative |
|--------------------------------------|---------------------------|------------------------------|
| Cash payment for sales expense | 197,772,005.68 | 141,787,227.75 |
| Cash payment for management expenses | 86,973,627.78 | 80,979,221.02 |
| Donations payment | 1,300,000.00 | 510,486.90 |
| Other payments | 7,038,260.37 | 5,697,763.88 |
| Total | 293,083,893.83 | 228,974,699.55 |

3. Other cash receipts related to investing activities

| Items | Current period cumulative | Preceding period comparative |
|--|---------------------------|------------------------------|
| Cash receipt from recovery of financial products, principal and interest of time deposit | 1,161,021,998.45 | 1,827,949,233.26 |
| Total | 1,161,021,998.45 | 1,827,949,233.26 |

4. Other cash payments related to investing activities

| Items | Current period cumulative | Preceding period comparative |
|--|---------------------------|------------------------------|
| Cash payment for financial products and time deposit | 1,414,000,000.00 | 1,257,600,000.00 |
| Total | 1,414,000,000.00 | 1,257,600,000.00 |

5. Other cash payments related to financing activities

| Items | Current period cumulative | Preceding period comparative |
|--|---------------------------|------------------------------|
| Acquired minority shareholder's equity | 8,152,513.65 | |
| Total | 8,152,513.65 | |

6. Supplement information to the cash flow statement

(1) Supplement information to the cash flow statement

| Supplement information | Current period cumulative | Preceding period comparative |
|--|---------------------------|------------------------------|
| (1) Reconciliation of net profit to cash flow from operating activities: | | |
| Net profit | 597,279,300.58 | 526,018,363.82 |
| Add: Provision for assets impairment loss | 2,963,149.44 | 13,220,524.99 |
| Depreciation of fixed assets, oil and gas assets, productive | 42,461,320.84 | 48,709,243.92 |

| | | |
|--|-----------------|-----------------|
| biological assets | | |
| Amortization of intangible assets | 6,944,732.20 | 6,406,874.07 |
| Amortization of long-term prepayments | | |
| Loss on disposal of fixed assets, intangible assets and other non-current assets (Less: gains) | -1,284,698.32 | -259,987.64 |
| Fixed assets retirement loss (Less: gains) | 1,828,330.86 | 917,796.10 |
| Losses on changes in fair value (Less: gains) | -2,346,163.53 | 349,986.11 |
| Financial expenses (Less: gains) | 1,411,172.46 | -7,459,203.54 |
| Investments losses (Less: gains) | -24,695,608.30 | -53,398,678.80 |
| Decrease of deferred tax assets (Less: increase) | -67,348,676.40 | -33,393,184.74 |
| Increase of deferred tax liabilities (Less: decrease) | 663,173.32 | 2,934,882.98 |
| Decrease in inventories (Less: increase) | 405,844,444.98 | 381,745,258.07 |
| Decrease in operating receivables (Less: increase) | 119,072,032.92 | -614,622,255.58 |
| Increase of operating payables (Less: decrease) | -523,935,303.35 | -64,533,089.14 |
| Others | | |
| Net cash flow from operating activities | 558,857,207.70 | 206,636,530.62 |
| (2) Significant investing and financing activities not related to cash receipts and payments: | | |
| Conversion of debt into share capital | | |
| Convertible bonds due within one year | | |
| Fixed assets rented in under finance leases | | |
| (3) Net changes in cash and cash equivalents: | | |
| Cash at the end of the period | 490,338,270.69 | 592,185,853.81 |
| Less: Cash at the beginning of the period | 741,144,152.56 | 887,822,304.52 |
| Add: Cash equivalents at the end of the period | | |
| Less: Cash equivalents at the beginning of the period | | |
| Net increase of cash and cash equivalents | -250,805,881.87 | -295,636,450.71 |

(2) Cash and cash equivalents

| Items | Closing balance | Opening balance |
|--|-----------------|-----------------|
| 1) Cash | 490,338,270.69 | 741,144,152.56 |
| Including: Cash on hand | | |
| Cash in bank on demand for payment | | |
| Other cash and bank balances on demand for payment | | |
| Central bank deposit on demand for payment | | |

| | | |
|--|----------------|----------------|
| Deposit in other banks | | |
| Loans to other banks | | |
| 2) Cash equivalents | | |
| Including: Bond investments maturing within three months | | |
| 3) Cash and cash equivalents at the end of the period | 490,338,270.69 | 741,144,152.56 |
| Including: Cash and cash equivalents of parent company or subsidiaries with use restrictions | | |

(IV) Others

1. Assets with title or use right restrictions

(1) Details

| Items | Closing carrying amount | Reasons for restrictions |
|------------------------|-------------------------|---|
| Cash and bank balances | 17,000,000.00 | Time deposits for investment purposes and deposit for L/C |
| Total | 17,000,000.00 | |

(2) Other remarks

2. Monetary items in foreign currencies

(1) Details

| Items | Closing balance in foreign currencies | Exchange rate | RMB equivalent |
|------------------------|---------------------------------------|---------------|----------------|
| Cash and bank balances | | | |
| Including: USD | 9,469,216.86 | 6.7744 | 64,148,262.69 |
| EUR | 1,704.27 | 7.7496 | 13,207.41 |
| GPB | 3.83 | 9.5437 | 36.55 |
| VND | 31,216,862,887.00 | 0.000297972 | 9,301,745.52 |
| SGD | 117,038.53 | 4.9135 | 575,068.82 |
| Accounts receivable | | | |
| Including: USD | 11,659,485.34 | 6.7744 | 78,986,017.50 |
| VND | 95,872,081,122.06 | 0.000297972 | 28,567,195.76 |
| Accounts payable | | | |
| Including: USD | 1,060,456.67 | 6.7744 | 7,183,957.67 |
| EUR | 1,085,370.23 | 7.7496 | 8,411,185.12 |
| VND | 34,781,334,469.65 | 0.000297972 | 10,363,863.79 |
| SGD | 270,503.57 | 4.9135 | 1,373,340.79 |

VI. Changes in the consolidated scope

1. Business combination under the common control

1) Business combination under the common control in reporting period

| Name of company | Percentage of equity obtained in acquisition | Basis to identify if under the common control | Acquisition Day | Basis to acquisition day | Revenue during opening date to acquisition date | Net profit during opening date to acquisition date | Revenue of proceeding period | Net profit of proceeding period |
|---|--|---|-----------------|--------------------------|---|--|------------------------------|---------------------------------|
| South East Asia Domestic Appliances Pte. Ltd. | 51.00% | Controlled by the same share holder | Feb 24 2017 | controlled | | | | |
| AFS Vietnam Management Co Ltd | 51.00% | Controlled by the same share holder | Feb 24 2017 | controlled | | | | |

2) Cost of acquisition

| Cost of acquisition | |
|---------------------|--------------|
| Cash | 1,866,064.50 |

3) balance of asset and liabilities of merged company on acquisition day

| | Acquisition Day | Opening balance |
|---------------------|-----------------|-----------------|
| Cash on hand | 3,580,311.85 | |
| Other payable | 268,810.86 | |
| Net assets | 3,311,500.99 | |
| Net assets acquired | 1,688,865.51 | |

VII. Equity in other entities

1. Equity in subsidiaries

(1) Structure of enterprise group

| Subsidiaries | Main operating place | Place of registration | Business nature | Holding proportion (%) | | Acquisition method |
|--|----------------------|-----------------------|------------------------|------------------------|----------|--------------------|
| | | | | Direct | Indirect | |
| 浙江苏泊尔家电制造有限公司 (Zhejiang Supor Electrical Appliance Manufacturing Co., Ltd. *) [Note 1] | Hangzhou | Hangzhou | Manufacturing industry | 100.00 | | Establishment |
| 浙江绍兴苏泊尔生活电器有限公司 (Zhejiang Shaoxing Supor Domestic Electrical Appliances Co., Ltd. *) [Note 1] | Shaoxing | Shaoxing | Manufacturing industry | 100.00 | | Establishment |

| | | | | | | |
|--|-----------|-----------|------------------------|--------|--------|---|
| 苏泊尔（越南）责任有限公司 (Supor (Vietnam) Co., Ltd.*) [Note 1] | Vietnam | Vietnam | Manufacturing industry | 100.00 | | Establishment |
| 武汉苏泊尔废旧物资回收有限公司 (Wuhan Supor Recycling Co., Ltd.*) [Note 1] | Wuhan | Wuhan | Commerce | 100.00 | | Establishment |
| 武汉苏泊尔炊具有限公司 (Wuhan Supor Cookware Co., Ltd.*) [Note 1] & [Note 2] | Wuhan | Wuhan | Manufacturing industry | 25.00 | 75.00 | Establishment |
| 杭州奥梅尼商贸有限公司 (Hangzhou Omega Commercial Trade Co., Ltd.*) [Note 1] | Hangzhou | Hangzhou | Commerce | 100.00 | | Establishment |
| 上海苏泊尔炊具销售有限公司 (Shanghai Supor Cookware Marketing Co., Ltd.*) [Note 1] | Shanghai | Shanghai | Commerce | 100.00 | | Establishment |
| 武汉苏泊尔压力锅有限公司 (Wuhan Supor Pressure Cooker Co., Ltd.*) [Note 1] | Wuhan | Wuhan | Manufacturing industry | 99.36 | | Business combination under common control |
| 浙江苏泊尔橡塑制品有限公司 (Zhejiang Supor Plastic & Rubber Co., Ltd.*) [Note 1] | Yuhuan | Yuhuan | Manufacturing industry | 93.23 | | Business combination under common control |
| 武汉苏泊尔有限公司 (Wuhan Supor Co., Ltd.*) [Note 1] | Wuhan | Wuhan | Manufacturing industry | 96.53 | | Business combination under common control |
| 玉环县苏泊尔废旧物资回收有限公司 (Yuhuan Supor Recycling Co., Ltd.*) [Note 1] | Yuhuan | Yuhuan | Commerce | 60.00 | | Business combination not under common control |
| South East Asia Domestic Appliances Pte. Ltd.[注 1] | Singapore | Singapore | Commerce | 51.00% | | Business combination under common control |
| AFS Vietnam Management Co Ltd[注 1] | Vietnam | Vietnam | Commerce | | 51.00% | Business combination under common control |

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

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

2. Significant not wholly-owned subsidiaries

| Subsidiaries | Holding proportion of non-controlling interest(%) | Profit or loss attributable to non-controlling interest | Dividend declared to non-controlling interest | non-controlling interest purchased | Closing balance of non-controlling interest |
|------------------|---|---|---|------------------------------------|---|
| Wuhan Cookware | 0.48 | 452,266.11 | | | 7,009,429.21 |
| Wuhan PC | 0.64 | 2,450.43 | | | 1,875,711.46 |
| P & R | 6.77 | 229,656.56 | | 7,881,048.25 | 0.00 |
| Wuhan Supor | 3.47 | -5,470.63 | | 474,153.13 | 0.00 |
| Yuhuan Recycling | 40.00 | -19.20 | | | 1,349,606.50 |
| SEADA | 51.00 | -422,579.64 | | | 1,200,055.84 |
| AFS | 51.00 | 49,774.36 | | | 49,774.36 |

3. Main financial information of significant not wholly-owned subsidiaries

(1) Assets and liabilities

| Subsidiaries | Closing balance | | | | | |
|------------------|------------------|--------------------|------------------|---------------------|-------------------------|-------------------|
| | Current assets | Non-current assets | Total assets | Current liabilities | Non-current liabilities | Total liabilities |
| Wuhan Cookware | 1,992,179,198.98 | 201,510,353.54 | 2,193,689,552.52 | 736,491,280.26 | 6,623,778.16 | 743,115,058.42 |
| Wuhan PC | 61,270,191.88 | 241,626,730.63 | 302,896,922.51 | 3,259,268.11 | 5,736,950.00 | 8,996,218.11 |
| P & R | 134,113,245.05 | 11,932,431.67 | 146,045,676.72 | 29,303,417.84 | | 29,303,417.84 |
| Wuhan Supor | 14,691,811.24 | 41,270.99 | 14,733,082.23 | 480,909.79 | 557,492.56 | 1,038,402.35 |
| Yuhuan Recycling | 3,068,837.77 | | 3,068,837.77 | 0.00 | | 0.00 |
| SEADA | 2,204,759.63 | 2,600,079.95 | 4,804,839.58 | 2,309,857.13 | | 2,309,857.13 |
| AFS | 3,511,728.33 | | 3,511,728.33 | 1,027,974.82 | | 1,027,974.82 |

(Continued)

| Subsidiaries | Opening balance | | | | | |
|------------------|------------------|--------------------|------------------|---------------------|-------------------------|-------------------|
| | Current assets | Non-current assets | Total assets | Current liabilities | Non-current liabilities | Total liabilities |
| Wuhan Cookware | 1,985,851,062.93 | 199,624,115.31 | 2,185,475,178.24 | 824,531,308.22 | 6,719,576.86 | 831,250,885.08 |
| Wuhan PC | 48,813,449.52 | 255,403,411.08 | 304,216,860.60 | 4,965,161.84 | 5,736,950.00 | 10,702,111.84 |
| P & R | 140,129,487.11 | 12,999,810.19 | 153,129,297.30 | 39,792,666.82 | | 39,792,666.82 |
| Wuhan Supor | 14,996,411.47 | 41,270.99 | 15,037,682.46 | 612,957.77 | 602,714.17 | 1,215,671.94 |
| Yuhuan Recycling | 3,073,774.90 | | 3,073,774.90 | 4,889.14 | | 4,889.14 |
| SEADA | | | | | | |
| AFS | | | | | | |

(2) Profit or loss and cash flows

| Subsidiaries | Current period cumulative | | | |
|------------------|---------------------------|---------------|----------------------------|--------------------------------------|
| | Operating revenue | Net profit | Total comprehensive income | Cash flows from operating activities |
| Wuhan Cookware | 1,665,912,484.39 | 94,125,574.06 | 94,125,574.06 | 263,025,622.28 |
| Wuhan PC | 8,000,000.04 | 385,955.64 | 385,955.64 | 5,238,030.27 |
| P & R | 87,748,671.25 | 3,405,628.40 | 3,405,628.40 | -27,059,441.81 |
| Wuhan Supor | | -157,655.41 | -157,655.41 | -447,315.22 |
| Yuhuan Recycling | | -47.99 | -47.99 | -4,937.13 |
| SEADA | 1,697,351.13 | -862,407.45 | -862,407.45 | -603,585.05 |

| | | | | |
|------------------|------------------------------|----------------|----------------------------|--------------------------------------|
| AFS | | 101,580.34 | 101,580.34 | -431,746.13 |
| (Continued) | | | | |
| Subsidiaries | Preceding period comparative | | | |
| | Operating revenue | Net profit | Total comprehensive income | Cash flows from operating activities |
| Wuhan Cookware | 1,467,982,498.77 | 109,114,679.96 | 109,114,679.96 | 138,088,052.05 |
| Wuhan P C | 8,500,200.00 | 243,521.29 | 243,521.29 | -3,311,930.05 |
| P & R | 80,965,945.81 | 4,070,466.06 | 4,070,466.06 | 4,785,675.54 |
| Wuhan Supor | | -212,401.54 | -212,401.54 | -495,238.78 |
| Yuhuan Recycling | | 128.52 | 128.52 | -8,177.24 |
| SEADA | | | | |
| AFS | | | | |

(II) Transaction changing owner's equity shares in subsidiary, with the control power over subsidiary unchanged

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

In June 2017, the Company acquired 6.77% of the equity interest of subsidiaries P & R at the price of RMB 7,672,889.88 and acquired 3.47% of the equity interest of subsidiaries Wuhan Cookware at the price of RMB 479,623.77. For adjustment of the difference between acquisition price and equity owned by the minority shareholder, the capital reserve increases RMB 202,687.73.

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

(Unit: RMB)

| Item | Amounts |
|---|--------------|
| --cash | 8,152,513.65 |
| cost of acquisition /consideration of disposal total | 8,152,513.65 |
| Decrease: the subsidiary's net asset share calculated at the proportion of acquired/disposed equity | 8,355,201.38 |
| Margin | -202,687.73 |
| Where, adjusted capital reserve | -202,687.73 |

(III) Equity in joint venture or associates

1. Significant joint ventures or associates

(1) Basic information

| Joint ventures or associates | Main operating place | Place of registration | Business nature | Holding proportion (%) | | Accounting treatment |
|--------------------------------|----------------------|-----------------------|------------------------|------------------------|----------|----------------------|
| | | | | Direct | Indirect | |
| Wuhan Anzai Cookware Co., Ltd. | Wuhan | Wuhan | Manufacturing industry | 30 | | Equity method |

2. Main financial information of significant joint ventures

| Items | Closing balance/current period cumulative | Opening balance/preceding period comparative |
|---|---|--|
| | Wuhan Anzai Cookware Co.Ltd | Wuhan Anzai Cookware Co.Ltd |
| Current assets | 105,235,923.07 | 122,150,141.05 |
| Non-current assets | 54,847,286.96 | 57,332,309.27 |
| Total assets | 160,083,210.03 | 179,482,450.32 |
| Current liabilities | 48,127,185.21 | 72,312,030.61 |
| Non-current liabilities | 1,040,000.00 | 1,140,000.00 |
| Total liabilities | 49,167,185.21 | 73,452,030.61 |
| Non-controlling interest | | |
| Equity attributable to owners of parent company | 110,916,024.82 | 106,030,419.71 |
| Proportionate share in net assets | 33,274,807.44 | 31,809,125.91 |
| Adjustments | | |
| Goodwill | 22,585,444.13 | 22,585,444.13 |
| Unrealized profit in internal trading | | |
| Others | -516,639.16 | -516,639.16 |
| Carrying amount of investments in joint ventures | 55,343,612.41 | 53,877,930.88 |
| Fair value of equity investments in joint ventures in association with quoted price | | |
| Operating revenue | 149,568,084.76 | 140,618,102.04 |
| Net profit of discontinued operations | 4,839,759.32 | 5,789,644.23 |
| Other comprehensive income | | |
| Total comprehensive income | 4,839,759.32 | 5,789,644.23 |
| Dividend from joint ventures received in current period | | |
| | | |

VIII. Risks related to financial instruments

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

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

(I) Credit risk

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

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

1. Notes receivable

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

2. Accounts receivable

The Company only conducts business with credible and well-reputed third parties. According to the Company's policies, credit evaluations are performed on all customers to determine the credit limit and terms applicable to the customers. In addition, the Company conducts ongoing monitoring on receivables, to avoid significant risks in bad debts.

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

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

As the Company only conducts business with credible and well-reputed third parties, normally, does not obtain collateral from customers. The Company manages credit risk aggregated by customers. As of June 30, 2017, the Company's risks were centered in certain credit risks, and 64.78% (December 31, 2016: 65.16%) of the total accounts receivable was due from the related party of the Company SEB ASIA LTD. The Company expects this customer accounts receivable credit risk is relatively low.

As the Company's credit risks fall into several business partners and customers, as of June 30, 2017, 10.16% (December 31, 2016: 8.94%) of the total accounts receivable was due from the five largest customers of the Company after deducting receivables from related parties SEB ASIA LTD. The Company has no significant central credit risk.

3. Other receivables

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

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

| Items | Closing balance | | | | |
|------------------|-------------------------------|---------------------------|-----------|--------------|----------------|
| | Neither past due nor impaired | Past due but not impaired | | | Total |
| | | Within one year | 1-2 years | Over 2 years | |
| Notes receivable | 701,777,141.90 | | | | 701,777,141.90 |
| Subtotal | 701,777,141.90 | | | | 701,777,141.90 |

(Continued)

| Items | Opening balance | | | | |
|------------------|-------------------------------|---------------------------|-----------|--------------|----------------|
| | Neither past due nor impaired | Past due but not impaired | | | Total |
| | | Within one year | 1-2 years | Over 2 years | |
| Notes receivable | 843,520,455.60 | | | | 843,520,455.60 |
| Subtotal | 843,520,455.60 | | | | 843,520,455.60 |

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

(II) Liquidity risk

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

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

Financial instruments classified based on remaining time period till maturity

| Items | Closing balance | | | | |
|---|------------------|------------------------------------|------------------|-----------|--------------|
| | Carrying amount | Contract amount not yet discounted | Within one year | 1-3 years | Over 3 years |
| Financial assets | | | | | |
| Cash and bank balances | 507,338,270.69 | | 507,338,270.69 | | |
| Financial assets at fair value through profit or loss | 1,309,334,947.59 | | 1,309,334,947.59 | | |
| Notes receivable | 701,777,141.90 | | 701,777,141.90 | | |
| Accounts receivable | 1,201,233,225.87 | | 1,201,233,225.87 | | |
| Interest receivable | 1,410,111.74 | | 1,410,111.74 | | |
| Other receivables | 20,092,804.32 | | 20,092,804.32 | | |
| Other current assets [Note] | 708,788,058.93 | | 708,788,058.93 | | |
| Subtotal | 4,449,974,561.04 | | 4,449,974,561.04 | | |
| Financial liabilities | | | | | |
| Accounts payable | 1,892,416,996.23 | | 1,892,416,996.23 | | |
| Other payables | 51,127,826.40 | | 51,127,826.40 | | |
| Subtotal | 1,943,544,822.63 | | 1,943,544,822.63 | | |

Note: They are the financial products purchased.

(Continued)

| Items | Opening balance | | | | |
|---|-----------------|------------------------------------|-----------------|-----------|--------------|
| | Carrying amount | Contract amount not yet discounted | Within one year | 1-3 years | Over 3 years |
| Financial assets | | | | | |
| Cash and bank balances | 754,144,152.56 | | 754,144,152.56 | | |
| Financial assets at fair value through profit or loss | 856,988,784.08 | | 856,988,784.08 | | |
| Notes receivable | 843,520,455.60 | | 843,520,455.60 | | |

| | | | | |
|-----------------------|------------------|--|------------------|--|
| Accounts receivable | 1,160,117,826.72 | | 1,160,117,826.72 | |
| Interest receivable | 285,680.93 | | 285,680.93 | |
| Other receivables | 55,657,951.60 | | 55,657,951.60 | |
| Other current assets | 906,437,451.54 | | 906,437,451.54 | |
| Subtotal | 4,577,152,303.03 | | 4,577,152,303.03 | |
| Financial liabilities | | | | |
| Accounts payable | 2,062,140,539.44 | | 2,062,140,539.44 | |
| Other payables | 80,018,747.05 | | 80,018,747.05 | |
| Subtotal | 2,142,159,286.49 | | 2,142,159,286.49 | |

Note: The financial products purchased.

(III) Market risk

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

1. Interest risk

Interest risk is the risk that an enterprise may encounter fluctuation in fair value of financial instruments or future cash flows due to changes in market interest. As of June 30, 2017 balance of borrowings is zero, the Company's gross profit and equity will not be significantly affected by interest risk.

2. Foreign currency risk

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

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

IX. Fair value disclosure

(I) Details of fair value of assets and liabilities at fair value at the balance sheet date

| Items | Fair value as of the balance sheet date | | | |
|--|---|---------|---------|------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Recurring fair value measurement | | | | |
| Financial assets at fair value through profit or loss | 1,309,334,947.59 | | | 1,309,334,947.59 |
| 1. Financial assets designated as at fair value through profit or loss | 1,309,334,947.59 | | | 1,309,334,947.59 |
| Debt instrument investments | 1,309,334,947.59 | | | 1,309,334,947.59 |
| Total assets at recurring fair value measurement | 1,309,334,947.59 | | | 1,309,334,947.59 |

X. Related party relationships and transactions

(I) Related party relationships

1. Parent company

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

Remarks on the parent company

(1) 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.

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

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

3. Joint ventures and associates of the Company

(1) Joint ventures and associates of the Company

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

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

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

4. Other related parties of the Company

| Related party | Relationships with the Company | Organization code |
|---------------------------------|--|-------------------|
| SEB S.A. | Holding shareholder of SEB Internationale S.A.S. | |
| SEB ASIA LTD. | An affiliated company of SEB Internationale S.A.S. | |
| TEFAL S.A.S | An affiliated company of SEB S.A. | |
| ALL-CLAD METALCRAFTERS LLC | An affiliated company of SEB S.A. | |
| S.A.S SEB | An affiliated company of SEB S.A. | |
| SEB INTERNATIONAL SERVICE S.A.S | An affiliated company of SEB S.A. | |
| LAGOSTINA S.P.A. | An affiliated company of SEB S.A. | |
| SHANGHAI SEB | An affiliated company of SEB Internationale S.A.S. | |
| SEB COLOMBIA | An affiliated company of SEB Internationale S.A.S. | |
| S.A.S GROUPE SEB MOULINEX | An affiliated company of SEB S.A. | |
| GROUPE SEB EXPORT | An affiliated company of SEB S.A. | |

| | | |
|--|--|--------------------|
| SEB DEVELOPPMENT SAS | An affiliated company of SEB S.A. | |
| ROWENTA FRANCE | An affiliated company of SEB S.A. | |
| IMUSA USA LLC | An affiliated company of SEB S.A. | |
| CALOR SAS | An affiliated company of SEB S.A. | |
| GRAIN HARVEST DEVELOPMENT LIMITED | An affiliated company of SEB Internationale S.A.S. | |
| 苏泊尔集团有限公司(Supor group co., LTD) | Company controlled by connected natural person | 913310211484037034 |
| 杭州苏泊尔物业管理有限公司 (Hangzhou Supor Property Management Co., Ltd.*) | Company controlled by connected natural person | 91330108790920396J |
| SEB DO BRASIL PRODUT | An affiliated company of SEB Internationale S.A.S. | |
| WMF CONSUMER ELECTRIC GMBH | An affiliated company of SEB Internationale S.A.S. | |
| VIETNAM FAN JOINT STOCK COMPANY | An affiliated company of SEB Internationale S.A.S. | |

(II) Related party transactions

1. Purchase and sale of goods, rendering and receiving services

(1) Details

1) Purchase of goods and receiving of services

| Related parties | Content of transaction | Current period cumulative | Preceding period comparative |
|--------------------------------|------------------------|---------------------------|------------------------------|
| Wuhan Anzai Cookware Co., Ltd. | Finished goods&Parts | 154,403,313.96 | 131,516,878.48 |
| S.A.S GROUPE SEB MOULINEX | Parts | 9,471,330.86 | 15,086,033.06 |
| S.A.S GROUPE SEB MOULINEX | Service fee etc. | 5,446.09 | 241,851.98 |
| TEFAL S.A.S | Parts | 1,143,372.55 | 1,305,932.29 |
| LAGOSTINA S.P.A. | Finished goods | 1,499,480.33 | 3,388,512.87 |
| GROUPE SEB EXPORT | Finished goods | 1,907,975.22 | 280,190.60 |
| SEB ASIA LTD | Service fee etc. | 2,118,810.32 | 158,195.44 |
| SEB INTERNATIONAL SERVICE SAS | Parts | 40,428.46 | 16,629.72 |
| SEB INTERNATIONAL SERVICE SAS | Service fee etc. | | 28,187.72 |
| S.A.S SEB | Parts | 63,942.74 | |
| S.A.S SEB | Service fee etc. | 367,421.68 | 18,932.74 |
| SHANGHAI SEB | Materials | 4,801.28 | 29,400.15 |
| SHANGHAI SEB | Service fee etc. | 8,400.00 | |
| SEB DEVELOPPEMENT SAS | Mold | 7,700.28 | |
| WMF CONSUMER ELECTRIC GMBH | Service fee etc. | 719,991.00 | |

| | | | |
|---------------------------------|------------------|--------------|--|
| VIETNAM FAN JOINT STOCK COMPANY | Service fee etc. | 1,046,845.44 | |
|---------------------------------|------------------|--------------|--|

2) Sale of goods and rendering of services

| Related parties | Content of transaction | Current period cumulative | Preceding period comparative |
|---------------------------------|------------------------|---------------------------|------------------------------|
| SEB ASIA LTD. | Finished goods | 1,480,252,718.70 | 1,302,806,042.57 |
| SEB ASIA LTD. | Parts | 4,979,803.33 | 3,490,416.56 |
| Supor Group Co., Ltd. | Finished goods | 4,238,709.25 | 5,201,108.57 |
| TEFAL S.A.S | Finished goods | 4,895,993.05 | 3,230,164.40 |
| TEFAL S.A.S | Parts | 7,928,371.54 | 7,389,297.50 |
| S.A.S GROUPE SEB MOULINEX | Finished goods | 18,343,002.89 | 18,185,910.94 |
| S.A.S GROUPE SEB MOULINEX | Parts | 132,577.16 | 214,040.75 |
| S.A.S SEB | Finished goods | 9,630,163.80 | 15,090,945.30 |
| S.A.S SEB | Parts | 607,477.00 | 926,213.27 |
| SEB INTERNATIONAL SERVICE SAS | Finished goods | 313,136.10 | |
| SEB INTERNATIONAL SERVICE SAS | Parts | 3,592,434.94 | 2,645,811.20 |
| ALL-CLAD METALCRAFTERS LLC | Finished goods | 167,227.04 | 326,787.35 |
| LAGOSTINA S.P.A. | Finished goods | 64,041.92 | 105,310.40 |
| LAGOSTINA S.P.A. | Parts | 631,888.66 | 603,172.94 |
| GROUPE SEB COLOMBIA S.A. | Parts | 62,790.60 | 66,900.00 |
| SHANGHAI SEB | Finished goods | | 9,417.95 |
| Wuhan Anzai Cookware Co., Ltd. | Parts | 2,418.97 | 246.10 |
| WMF CONSUMER ELECTRIC GMBH | Finished goods | 20,310,682.92 | |
| WMF CONSUMER ELECTRIC GMBH | Parts | 2,630.27 | |
| VIETNAM FAN JOINT STOCK COMPANY | Finished goods | 39,270,622.26 | |

2. Related party leases

The Company as the lessee

| Lessor | Lessee | Types of leased assets | Lease fee recognized in current period | Lease fee recognized in proceeding period |
|-------------|---------------------------|------------------------|--|---|
| Supor Group | The Company | Housing property | 234,484.20 | 234,484.20 |
| | Wuhan Cookware | Housing property | 1,053,895.00 | 297,835.62 |
| | Omegna, | Housing property | 118,723.20 | 113,069.70 |
| | Zhejiang Supor Electrical | Housing property | 1,861,422.86 | 1,882,751.00 |

| | | | | |
|--|-------------|------------------|------------------------------|------------------------------|
| | Wuhan Supor | Housing property | Temporarily not collect rent | Temporarily not collect rent |
| | R&P | Land | 17,942.16 | Temporarily not collect rent |

3.Key management's emoluments

RMB

| Items | Current period cumulative | Preceding period comparative |
|-----------------------------|---------------------------|------------------------------|
| Key management's emoluments | 2,817,308.69 | 2,755,761.42 |

4. Other related party transactions

(1)Water and electricity fee

| Selling parties | Purchasing parties | Current period cumulative | Preceding period comparative |
|--|---------------------------|---------------------------|------------------------------|
| Supor Group Co., Ltd. | The Company | 258,553.92 | |
| | Wuhan Cookware | 160,598.95 | |
| | Zhejiang Supor Electrical | 115,918.91 | |
| | Omegna | 12,623.60 | |
| Hangzhou Supor Property Management Co., Ltd. | Wuhan Cookware | | 338,238.00 |

(2)Property management fee and berth fee

| Service renderer | Service receiver | Current period cumulative | Preceding period comparative |
|--|---------------------------|---------------------------|------------------------------|
| Hangzhou Supor Property Management Co., Ltd. | Wuhan Cookware | 90,932.40 | 144,787.44 |
| | Omegna | 12,349.40 | 7,434.72 |
| | Zhejiang Supor Electrical | 250,880.58 | |
| | The Company | 67,682.39 | 52,250.00 |

(3)Consulting fee

| Service renderer | Service receiver | Current period cumulative | Preceding period comparative |
|---------------------------|------------------|---------------------------|------------------------------|
| The Company | SEB DEVELOPMENT | | 374,816.16 |
| Wuhan Cookware | | 6,510,000.00 | 9,001,221.04 |
| Zhejiang Supor Electrical | | 2,838,778.02 | 859,026.77 |
| Shaoxing Supor | | 3,671,221.98 | 792,512.14 |
| Supor Vietnam | | | 288,904.22 |
| The Company | SEB ASIA LTD. | 2,037,169.23 | 1,060,884.00 |

| | | | |
|---------------------------|--|--------------|--|
| Shaoxing Supor | | 1,004,092.98 | |
| Zhejiang Supor Electrical | | 1,506,253.54 | |
| Wuhan Cookware | | 715,726.98 | |

(4) Pursuant to the Technical License Contract entered into between Wuhan Supor Cookware Co., Ltd. and TEFAL S.A.S on January 21, 2009, TEFAL S.A.S licensed Wuhan Supor Cookware Co., Ltd. compensated use of its patent of “heating element covered with color-changing decorative layer”, and patent use charges are accrued at 3% of revenue from sales of products using licensed patent. In the current period, Wuhan Supor Cookware Co., Ltd. accrued patent use charges of RMB 6,487,251.51, and as of June 30, 2017, a balance of RMB 2,971,025.92 has not been paid.

(5) Pursuant to the Technical License Contract entered into between Wuhan Supor Cookware Co., Ltd. And SEB S.A. on December 29, 2013, SEB S.A. licensed Wuhan Supor Cookware Co., Ltd. compensated use of its patent of “with the safety valve of elastomer used in pressure cooking” and other four utility patents, and patents use charges are accrued at 3% of revenue from sales of products using licensed patent. In the current period, Wuhan Supor Cookware Co., Ltd. accrued patent use charges of RMB 248,916.78, and as of June 30, 2017, a balance of RMB 100,204.53 has not been paid.

(6) Pursuant to the Technical License Contract entered into between Wuhan Supor Cookware Co., Ltd. and LAGOSTINA SPA. on December 15, 2014, LAGOSTINA SPA. licensed Wuhan Supor Cookware Co., Ltd. compensated use of its patent of “home appliances is equipped with elastomer relief valve used for cooking food under pressure” other five utility patents, and patent use charges are accrued at 4% of revenue from sales of products using licensed patent. In the current period, Wuhan Supor Cookware Co., Ltd. accrued patent use charges of RMB 9,507.86, and as of June 30, 2017, a balance of RMB 312,512.50 has not been paid.

(7) Pursuant to the Technical License Contract entered into between Shaoxing Supor Company. and Rowenta France SAS on July 23, 2014, Rowenta France SAS licensed Shaoxing Supor Company. compensated use of its patent of “Air purifier equipped with degradation of formaldehyde” other two utility patents, and patent use charges are accrued at 3% of revenue from sales of products using licensed patent. In the current period, Shaoxing Supor Cookware Co., Ltd. accrued patent use charges of RMB 223,497.67, and as of June 30, 2017, a balance of RMB 234,137.66 has not been paid.

(8) Pursuant to the Patent License Contract entered into between Omegna and LAGOSTINA SPA. on December 15, 2016, Rowenta France SAS licensed Omegna compensated use of its trademark “LAGE”, and patent use charges are accrued at 4% of revenue from sales of products using licensed patent. In the current period, Omegna accrued patent use charges of RMB 780,357.32 and as of June 30, 2017, a balance of RMB 1,231,469.99 has not been paid.

(9) The company purchased part of the land from Supor Group Co., Ltd. where is located Nanyou Industrial Zone, Damaiyu Subdistrict, Yuhuan Country, Zhejiang Province. The number of land parcel A is “玉国用（2004）字第 093 号土地”, and the land parcel B is “玉土字 201610242009”. Total land area is 2,990 square meters. Total price is RMB 3,588,000, and as of June 30, 2017, a balance of RMB 2,242,500.00 has been paid in advance.

(III) Balance due to or from related parties

1. Balance due from related parties

| Items | Related parties | Closing balance | | Opening balance | |
|---------------------|-----------------|-----------------|-------------------------|-----------------|-------------------------|
| | | Book balance | Provision for bad debts | Book balance | Provision for bad debts |
| Accounts receivable | | | | | |
| | SEB ASIA LTD. | 827,141,189.37 | 41,357,059.47 | 800,407,513.83 | 40,020,375.69 |
| | S.A.S SEB | 6,915,817.13 | 345,790.86 | 3,679,410.35 | 179,707.70 |
| | TEFAL S.A.S | 6,185,191.12 | 309,259.56 | 2,943,656.86 | 147,182.84 |

| | | | | | |
|---------------------------|---------------------------------|----------------|---------------|----------------|---------------|
| | SEB INTERNATIONAL SERVICE S.A.S | 2,088,193.84 | 104,409.69 | 1,593,370.21 | 79,668.51 |
| | SEB INTERNATIONAL | | | 120,615.00 | 6,030.75 |
| | SEB COLOMBIA | | | 77,933.31 | 3,896.67 |
| | LAGOSTINA S.P.A. | 145,609.44 | 7,280.47 | 275,979.53 | 13,798.98 |
| | ALL-CLADMETALCRAFTERS LLC | 165,951.20 | 8,297.56 | 68,398.13 | 3,419.91 |
| | S.A.S GROUPE SEB MOULINEX | 4,820,635.37 | 241,031.77 | 12,439,851.65 | 621,992.58 |
| | IMUSA USA LLC | | | 318,937.46 | |
| | Supor Group Co., Ltd. | 544,973.2 | 27,248.66 | | |
| | VIETNAM FAN JOINT STOCK COMPANY | 26,432,705.68 | 1,321,635.28 | | |
| | WMF CONSUMER ELECTRIC GMBH | 8,718,166.18 | 435,908.31 | | |
| Subtotal | | 883,158,432.53 | 44,157,921.63 | 821,925,666.33 | 41,076,073.63 |
| Advances paid | | | | | |
| | SEB ASIA LTD. | 4,700.00 | | | |
| Subtotal | | 4,700.00 | | | |
| Other Accounts receivable | Supor Group Co., Ltd. | 30,000.00 | 1,500.00 | 30,000.00 | 1,500.00 |
| | VIETNAM FAN JOINT STOCK COMPANY | 1,046,845.44 | 52,342.27 | | |
| Subtotal | | 1,076,845.44 | 53,842.27 | 30,000.00 | 1,500.00 |

2. Balance due to related parties

| Items | Related parties | Closing balance | Opening balance |
|------------------|---------------------------------|-----------------|-----------------|
| Accounts payable | | | |
| | Wuhan Anzai Cookware Co., Ltd. | 5,313,383.55 | 30,129,239.80 |
| | GROUPE SEB EXPORT | 1,595,995.44 | 312,463.87 |
| | TEFAL S.A.S | 3,726,253.00 | 1,060,863.35 |
| | SHANGHAI SEB | | 34,587.90 |
| | S.A.S SEB | 587,728.89 | 75,135.27 |
| | LAGOSTINA S.P.A. | 4,495,639.12 | 2,666,840.16 |
| | S.A.S GROUPE SEB MOULINEX | 2,182,766.74 | 3,268,412.57 |
| | SEB DEVELOPPMENT SAS | 19,310,243.52 | 25,650,060.12 |
| | SEB INTERNATIONAL SERVICE S.A.S | 8,824.16 | 299,102.29 |

| | | | |
|-------------------|--|---------------|---------------|
| | ROWENTA FRANCE | 234,137.66 | 66,994.99 |
| | Supor Group Co., Ltd. | | 872,394.76 |
| | SEB SAS | | 18,891.10 |
| Subtotal | | 37,454,972.08 | 64,454,986.18 |
| Advances received | | | |
| | Supor Group Co., Ltd. | 465,921.00 | 1,310,530.72 |
| Subtotal | | 465,921.00 | 1,310,530.72 |
| Other payables | | | |
| | Hangzhou Supor Property Management Co., Ltd. | | 40,162.20 |
| Subtotal | | | 40,162.20 |

XI. Share-based payment

(I) Overall information

1. Details

| Items | Remarks [Note] |
|---|-----------------------------------|
| Total equity instruments granted in current period | |
| Total equity instruments vested in current period | 2,074,123.00 shares |
| Total equity instruments retired in current period | 6000 shares |
| The range of exercise prices of share options outstanding at the end of the period and the remaining contractual life | 14.15 yuan/share, all cancelled |
| The range of exercise prices of equity instruments at the end of the period and the remaining contractual life | 0yuan/share, 0.0years& 1.46 years |

Note: Details are disclosed below.

2. Other remarks

(1) Pursuant to the “Proposal on the Company’s Restricted Share Incentive Plan (Revised Draft) and Its Summary” passed by the Second Extraordinary General Meeting of the Year 2013 on October 28, 2013 (“Incentive Plan 2013”), and reviewed by China Securities Regulatory Commission without comment, the Company is to grant restricted shares of 5,720,205 shares, to incentive targets. The Company repurchased 5,720,205 shares of the Company’s shares in the period from November 6, 2013 to December 5, 2013. In 2013, the Company for the first time granted 5,540,000 shares, of which, 180,205 shares were granted in 2014 at the price of 0 yuan/share.

The Incentive Plan 2013 is valid for five years from the grant date, within which, the first 12 months are the lock-up period for first grant, and the following 48 months are the unlocking period, which may be unlocked in four phases provided that all conditions for unlocking are met. Incentive targets may apply for unlocking 10%, 20%, 30% and 40% of the total restricted shares respectively in 12 months, 24 months, 36 months and 48 months after the grant date. The lock-up period of reservation is 12 months, and the unlocking period is 36 months, which may be unlocked in three phases provided that all conditions for unlocking are met. Incentive targets may apply for unlocking 20%, 20% and 60% of the total restricted shares respectively in 12 months, 24 months and 36 months after the grant date. As of June 30, 2017, the aforesaid incentive plan has a remaining term of 1.46 years.

Pursuant to the Bill on the First Unlocking Phase of the Restricted Share Incentive Plan deliberated and passed by the 22nd meeting of the fourth session of the BOD, restricted shares unlocked in 2014 totaled 554,000 shares.

Pursuant to the Bill on the Second Unlocking Phase of the Restricted Share and the First Unlocking Phase of Reserved Restricted Stock Incentive Plan deliberated and passed by the 5th meeting of the fifth session of the BOD, restricted shares and reserved restricted shares unlocked in 2015 are 1,068,000 shares and 36,041 shares, totaled 1,104,041 shares.

Pursuant to the Bill on the Third Unlocking Phase of the Restricted Share and the Second Unlocking Phase of the Reserved Restricted Share Incentive Plan deliberated and passed by the eleventh meeting of the fifth session of the BOD, restricted shares and reserved restricted shares unlocked in the current period are 1,486,500 shares and 34,041 shares, totaled 1,520,541 shares.

Pursuant to the resolution of the second meeting of the fifth session of the BOD, the Company repurchased 180,000 shares of granted restricted shares at the price of 0 yuan/share as some incentive targets leave the Company.

Pursuant to the resolution of the fifth meeting of the fifth session of the BOD, the Company repurchased 67,500 shares of granted restricted shares at the price of 0 yuan/share as some incentive targets leave the Company.

Pursuant to the resolution of the seventh meeting of the fifth session of the BOD, the Company repurchased 196,000 shares of granted restricted shares at the price of 0 yuan/share as some incentive targets leave the Company.

Pursuant to the resolution of the eleventh meeting of the fifth session of the BOD, the Company repurchased 18,000 shares of granted restricted shares at the price of 0 yuan/share this year as some incentive targets leave the Company.

Pursuant to the resolution of the thirteenth meeting of the fifth session of the BOD, the Company repurchased 6,000 shares of granted restricted shares at the price of 0 yuan/share as some incentive targets leave the Company (the cancellation work temporarily has not finished yet).

(II) Equity-settled share-based payment

1. Details

| | |
|---|--|
| Determination method for grant-date fair value of equity instruments | According to revised Black-Scholes Model |
| Determination method for the best estimate of the number of equity instruments expected to vest | Based on the corresponding equity instruments of incentive targets, the performance of the Company and the forecast of future performance of the Company |
| Reasons for significant difference between the estimates in current period and preceding period | |
| Capital reserve accumulated due to equity-settled share-based payment | RMB -84,205,963.84 [Note 1] |
| Total expenses incurred due to equity-settled share-based payment transactions | RMB 2,892,855.60 [Note 2] |

Note1: The cumulative amount of RMB -81,313,108.24 includes an opening balance of RMB -84,205,963.84 and amount incurred in the current period of RMB 2,892,855.60.

Note2: The Company previously recognized share-based payment expenses of RMB 37,764,904.32. Based on the actual conditions of the Company's domestic income and domestic operating profit in 2015, it is estimated that Incentive Plan implemented in 2013 may reach unlocking conditions as set in the "Proposal on the Company's Restricted Share Incentive Plan (Revised Draft) and Its Summary". The Company recognized share-based payment expenses of RMB 2,892,855.60 in the current period.

All above, the Company recognized share-based payment expenses at a total of RMB 40,657,759.92.

XII. Commitments and contingencies**(I) Significant commitments**

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

(II) Contingencies

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

Against the subsidiary Shaoxing Supor Company, a civil patent holder files an administrative complaint to the Intellectual Property Office of Guangzhou Municipality for patent infringement, and claims the cease of infringement and compensation for loss. Intellectual Property Office of Guangzhou Municipality made the administrative decision on January 11, 2016: the Company's product constitutes patent infringement, and the Company is required to cease the infringement activities. The Company appealed to Guangzhou Intellectual Property Office to propose administrative review on January 22, 2016 and Guangzhou Intellectual Property Office released its decision on March 18, 2016: the original administrative review should be maintained. The Company has filed the administrative reconsideration to Guangdong Intellectual Property Court on April 22, 2016, and received the first instance judgment from the court made in November 18, 2016 on December 22, 2016: the decision of administrative review of Guangdong Intellectual Property Office should be maintained. By end of 2016, the Company made a provision of RMB 7,150,000 considering the possibility of the potential lawsuit. The Company refused to accept the administrative judgment by Guangzhou authority and filed an appeal on January 6, 2017. The Guangdong Higher People's Court held the second trial on April 6, and maintained the first judgement made by Guangdong Intellectual Property Court. The civil patent holder filed civil lawsuit formally at January, 2017 as well and sent lawyer letter to the Company, requiring to stop patent infringement. The Company estimated the risk of this case comprehensively and made a provision of RMB 8,000,000 in reporting period.

XIII. Events after the balance sheet date**XIV. Other significant events**

Segment information

1. Identification basis and accounting policies for reportable segments

Reportable segments are identified based on operating segments which are determined based on the structure of the Company's internal organization, management requirements and internal reporting system. An operating segment is a component of the Company that:

- (1) Engages in business activities from which it may earn revenues and incur expenses;
- (2) Whose financial performance are regularly reviewed by management to make decisions about resource to be allocated to the segment and assess its performance; and
- (3) For which financial information regarding financial position, financial performance and cash flows is available.

The main products of the Company are cookware and kitchen appliances. The Company identified reportable segments based on products. Assets and liabilities shared by various product segments cannot be clearly distinguished.

2. Financial information of reportable segments**(1) Products segment**

| Items | Cooking products | Electrical products | R&P products | Inter-segment offset | Total |
|-------|------------------|---------------------|--------------|----------------------|-------|
|-------|------------------|---------------------|--------------|----------------------|-------|

| | | | | | |
|------------------------------|------------------|------------------|---------------|----------------|------------------|
| Revenue from main operations | 2,639,402,041.99 | 4,557,842,972.01 | 86,616,213.56 | 400,875,659.60 | 6,882,985,567.96 |
| Cost of main operations | 1,872,511,656.52 | 3,272,744,367.86 | 78,852,206.72 | 413,032,425.22 | 4,811,075,805.88 |

(2) Geographic segment

| Items | Domestic | Overseas | Inter-segment offsetting | Total |
|------------------------------|------------------|------------------|--------------------------|------------------|
| Revenue from main operations | 5,586,139,164.86 | 1,697,722,062.70 | 400,875,659.60 | 6,882,985,567.96 |
| Cost of main operations | 3,822,714,417.02 | 1,401,393,814.08 | 413,032,425.22 | 4,811,075,805.88 |

XV. Notes to items of parent company financial statements

(I) Notes to items of parent company balance sheet

1. Accounts receivable

(1) Details

1) Details on categories

| Categories | Closing balance | | | | |
|--|-----------------|----------------|-------------------------|--------------------------|-----------------|
| | Book balance | | Provision for bad debts | | Carrying amount |
| | Amount | Proportion (%) | Amount | Provision proportion (%) | |
| Receivables of individually significant amount and with provision made on an individual basis | | | | | |
| Receivables with provision made on a collective basis using portfolios with similar credit risk features | 273,494,967.10 | 94.13% | 13,674,748.35 | 5.00% | 259,820,218.75 |
| Receivable of individually insignificant amount but with provision made on an individual basis | 17,049,324.45 | 5.87% | | | 17,049,324.45 |
| Total | 290,544,291.55 | 100.00% | 13,674,748.35 | 4.71% | 276,869,543.20 |

(Continued)

| Categories | Opening balance | | | | |
|--|-----------------|----------------|-------------------------|--------------------------|-----------------|
| | Book balance | | Provision for bad debts | | Carrying amount |
| | Amount | Proportion (%) | Amount | Provision proportion (%) | |
| Receivables of individually significant amount and with provision made on an individual basis | | | | | |
| Receivables with provision made on a collective basis using portfolios with similar credit risk features | 214,016,048.19 | 85.79% | 10,700,802.41 | 5.00% | 203,315,245.78 |
| Receivable of individually insignificant amount but with provision made on an individual basis | 35,439,520.15 | 14.21% | | | 35,439,520.15 |

| | | | | | |
|-------|----------------|---------|---------------|-------|----------------|
| Total | 249,455,568.34 | 100.00% | 10,700,802.41 | 4.29% | 238,754,765.93 |
|-------|----------------|---------|---------------|-------|----------------|

2) Accounts receivable of individually significant amount and with provision made on an individual basis

| Debtors | Book balance | Provision for bad debts | Provision proportion (%) | Reasons for provision made |
|---|---------------|-------------------------|--------------------------|---|
| THE PAMPERED CHEF and other receivables covered by insurance policy | 17,049,324.45 | | | No provision for bad debts is made as such receivables are arising from export sales and covered by export insurance. |
| Subtotal | 17,049,324.45 | | | |

3) In portfolios, accounts receivable with provision made on a collective basis with age analysis method

| Ages | Closing balance | | |
|---------------|-----------------|-------------------------|--------------------------|
| | Book balance | Provision for bad debts | Provision proportion (%) |
| Within 1 year | 273,494,967.10 | 13,674,748.35 | 5.00 |
| Subtotal | 273,494,967.10 | 13,674,748.35 | 5.00 |

2) Provisions made, collected or reversed in current period

Provision for bad debts made in current period totaled RMB 2,973,945.95

(3) Accounts receivable written off in current period

Accounts receivable actually written off in current period totaled RMB 0.00 .

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

| Debtors | Book balance | Proportion to the total balance of accounts receivable (%) | Provision for bad debts |
|--------------|----------------|--|-------------------------|
| SEB ASIA LTD | 268,447,571.35 | 92.39 | 13,422,378.57 |
| Client 1 | 7,323,671.05 | 2.52 | |
| Client 2 | 2,110,987.73 | 0.73 | 105,549.39 |
| Client 3 | 1,824,443.54 | 0.63 | |
| Client 4 | 1,606,202.78 | 0.55 | |
| Subtotal | 281,312,876.45 | 96.82 | 13,527,927.96 |

2. Other receivables

(1) Details

1) Details on categories of other receivables

| Categories | Closing balance | | |
|------------|-----------------|-------------------------|-----------------|
| | Book balance | Provision for bad debts | Carrying amount |

| | Amount | Proportion (%) | Amount | Provision proportion (%) | |
|--|---------------|----------------|------------|--------------------------|---------------|
| Receivables of individually significant amount and with provision made on an individual basis | 24,816,442.00 | 89.11% | 0.00 | | 24,816,442.00 |
| Receivables with provision made on a collective basis using portfolios with similar credit risk features | 2,833,327.41 | 10.17% | 776,102.74 | 27.39% | 2,057,224.67 |
| Receivable of individually insignificant amount but with provision made on an individual basis | 200,000.00 | 0.72% | 0.00 | | 200,000.00 |
| Total | 27,849,769.41 | 100.00% | 776,102.74 | 2.79% | 27,073,666.67 |

(Continued)

| Categories | Opening balance | | | | Carrying amount |
|--|-----------------|----------------|-------------------------|--------------------------|-----------------|
| | Book balance | | Provision for bad debts | | |
| | Amount | Proportion (%) | Amount | Provision proportion (%) | |
| Receivables of individually significant amount and with provision made on an individual basis | 22,436,201.47 | 89.24% | 0.00 | 0.00% | 22,436,201.47 |
| Receivables with provision made on a collective basis using portfolios with similar credit risk features | 2,504,339.33 | 9.96% | 803,998.31 | 32.10% | 1,700,341.02 |
| Receivable of individually insignificant amount but with provision made on an individual basis | 200,000.00 | 0.80% | 0.00 | 0.00% | 200,000.00 |
| Total | 25,140,540.80 | 100.00% | 803,998.31 | 3.20% | 24,336,542.49 |

2) As the age is within one year, and no provision is made as there is no risk over recoverability.

| Debtors | Book balance | Provision for bad debts | Provision proportion (%) | Reasons for provision made |
|----------|---------------|-------------------------|--------------------------|---|
| Omegna | 24,816,442.00 | 0.00 | 0.00% | No provision is made as it is principal and interest of borrowings due from subsidiaries, and it is estimated with no risk in recoverability. |
| Subtotal | 24,816,442.00 | 0.00 | | |

3) In portfolios, other receivables with provision made on a collective basis with age analysis method

| Ages | Closing balance | | |
|---------------|-----------------|-------------------------|--------------------------|
| | Book balance | Provision for bad debts | Provision proportion (%) |
| Within 1 year | 1,975,281.23 | 98,764.06 | 5.00 |
| 1-2 years | 112,093.00 | 8,967.44 | 8.00 |
| 2-3 years | 63,000.00 | 9,450.00 | 15.00 |
| 3-4 years | 44,770.29 | 22,385.15 | 50.00 |
| 4-5 years | 8,234.00 | 6,587.20 | 80.00 |
| Over 5 years | 629,948.89 | 629,948.89 | 100.00 |

| | | |
|----------|--------------|------------|
| Subtotal | 2,833,327.41 | 776,102.74 |
|----------|--------------|------------|

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

Bad debts collected or reversed in current period totaled RMB 27,474.92.

(3) Accounts receivable written off in current period

Accounts receivable actually written off in current period totaled RMB 55,370.49.

(4) Other receivables categorized by nature

| Nature of receivables | Closing balance | Opening balance |
|--------------------------------------|-----------------|-----------------|
| Deposit as security | 200,000.00 | 200,000.00 |
| Call loans | 24,816,442.00 | 22,436,201.47 |
| Temporary advance payment receivable | 1,314,681.02 | 1,633,367.59 |
| Personal deposit | 1,518,646.39 | 870,971.74 |
| Total | 27,849,769.41 | 25,140,540.80 |

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

| Debtors | Nature of receivables | Book balance | Age | Proportion to the total balance of other receivables (%) | Provision for bad debts |
|----------|--------------------------------------|---------------|---------------|--|-------------------------|
| Client 1 | Call loans | 24,816,442.00 | Within 1 year | 89.11 | 0.00 |
| Client 2 | Temporary advance payment receivable | 342,475.00 | Over 5 years | 1.23 | 342,475.00 |
| Client 3 | Temporary advance payment receivable | 248,451.00 | Over 5 years | 0.89 | 248,451.00 |
| Client 4 | Deposit as security | 200,000.00 | Over 5 years | 0.72 | 200,000.00 |
| Client 5 | Personal deposit | 196,366.66 | Over 1 year | 0.71 | 9,818.33 |
| Subtotal | | 25,803,734.66 | | 92.65 | 800,744.33 |

3. Long-term equity investments

(1) Categories

| Items | Closing balance | | | Opening balance | | |
|--|------------------|--------------------------|------------------|------------------|--------------------------|------------------|
| | Book balance | Provision for impairment | Carrying amount | Book balance | Provision for impairment | Carrying amount |
| Investments in subsidiaries | 2,336,205,804.12 | | 2,336,205,804.12 | 2,325,336,332.79 | | 2,325,336,332.79 |
| Investments in associates and joint ventures | 54,572,749.22 | | 54,572,749.22 | 52,749,839.76 | | 52,749,839.76 |
| Total | 2,390,778,553.34 | | 2,390,778,553.34 | 2,378,086,172.55 | | 2,378,086,172.55 |

(2) Investments in subsidiaries

| Investees | Opening balance | Increase [Note] | Decrease [Note] | Closing balance | Provision for impairment made in current period |
|---|------------------|-----------------|-----------------|------------------|---|
| Wuhan Pressure Cooker | 225,660,080.08 | 326,684.72 | | 225,986,764.80 | |
| P&R Products | 13,131,408.04 | 7,672,889.88 | | 20,804,297.92 | |
| Yuhuan Recycling | 1,762,595.51 | | | 1,762,595.51 | |
| Wuhan Supor | 10,700,959.54 | 479,623.77 | | 11,180,583.31 | |
| Zhejiang Supor Electrical | 750,025,391.49 | 493,982.52 | | 750,519,374.01 | |
| Shaoxing Supor | 622,912,732.49 | 207,424.94 | | 623,120,157.43 | |
| Supor Vietnam | 105,143,165.64 | | | 105,143,165.64 | |
| Wuhan Recycling | 1,000,000.00 | | | 1,000,000.00 | |
| Omegna | 10,000,000.00 | | | 10,000,000.00 | |
| Shanghai Marketing | 5,000,000.00 | | | 5,000,000.00 | |
| Wuhan Supor Cookware | 580,000,000.00 | | | 580,000,000.00 | |
| South East Asia Domestic Appliances Pte. Ltd. | | 1,688,865.50 | | 1,688,865.50 | |
| Subtotal | 2,325,336,332.79 | 10,869,471.33 | | 2,336,205,804.12 | |

(3) Investments in associates and joint ventures

| Investees | Opening balance | Increase/decrease | | | |
|--------------------------------|-----------------|-----------------------|-----------------------|--|--|
| | | Investments increased | Investments decreased | Investment income recognized under equity method | Adjustment in other comprehensive income |
| Associates | | | | | |
| Wuhan Anzai Cookware Co., Ltd. | 52,749,839.76 | | | 1,822,909.46 | |
| Total | 52,749,839.76 | | | 1,822,909.46 | |

(Continued)

| Investees | Increase/decrease | | | | Closing balance | Closing balance of provision for impairment |
|--------------------------------|-------------------------|--|--------------------------|--------|-----------------|---|
| | Changes in other equity | Cash dividend/profit declared for distribution | Provision for impairment | Others | | |
| Associates | | | | | | |
| Wuhan Anzai Cookware Co., Ltd. | | | | | 54,572,749.22 | |
| Total | | | | | 54,572,749.22 | |

(II) Notes to items of the parent company income statement

1. Operating revenue/cost

| Items | Current period cumulative | | Preceding period comparative | |
|-------------------------------|---------------------------|----------------|------------------------------|----------------|
| | Revenue | Cost | Revenue | Cost |
| Revenue from main operations | 823,885,861.23 | 657,163,037.36 | 627,249,248.71 | 496,053,900.14 |
| Revenue from other operations | 2,011,781.58 | 619,994.90 | 816,743.71 | 4,559,495.24 |
| Total | 825,897,642.81 | 657,783,032.26 | 628,065,992.42 | 500,613,395.38 |

2. Investment income

| Items | Current period cumulative | Preceding period comparative |
|---|---------------------------|------------------------------|
| Investment income from long-term equity investments under equity method | 1,822,909.46 | 2,036,082.93 |
| Investment income from long-term equity investments under the cost method | | |
| Dividend | | 834,786,000.00 |
| Investment income from financial products | 11,413,853.71 | 26,697,654.09 |
| Total | 13,236,763.17 | 863,519,737.02 |

XV. Other supplementary information

(I) Non-recurring profit or loss

1. Schedule of non-recurring profit or loss of current period

| Items | Amount | Remarks |
|--|---------------|---------|
| Gains on disposal of non-current assets, including written-off of provision for impairment | -672,015.14 | |
| Tax refund, credit or exemption approved beyond the power of authorities, without formal documents, or with occasionality | | |
| Government grant included in profit or loss (excluding those closely related to operating activities, or regular government grants) | 18,552,601.20 | |
| Fund possession charge from non-financial entities and included in profit or loss | | |
| Gains on acquisition of subsidiaries, joint ventures and associates due to the surplus of acquisition-date fair value of net identifiable assets in acquiree over the acquisition cost | | |
| Gains on non-cash assets exchange | | |
| Gains on assets consigned to the third party for investment or management | | |
| Assets impairment loss incurred due to force majeure such as natural disasters | | |
| Gains on debt restructuring | | |
| Entity restructuring expenses, such as staffing and integrating expenses | | |
| Gains on transactions with unfair value | | |
| Net profit gains on subsidiaries acquired through business combination under common control from the beginning of the period to the combination date | | |
| Contingent gains on non-operating activities | | |

| | | |
|--|---------------|--|
| Gains on changes in fair value of held-for-trading financial assets and liabilities and investment income from disposal of held-for-trading financial assets and liabilities, and available-for-sale financial assets, excluding those arising from hedging business related to operating activities | | |
| The reversed provision for impairment of receivables based on impairment testing on an individual basis | | |
| Gains on designated loans | | |
| Gains on changes in fair value of investment properties with subsequent measurement at the fair value mode | | |
| Gains on reconciliation of current period profit or loss following legal and regulative requirements | | |
| Management charges for consigned operations | | |
| Other non-operating revenue or expenditures | -6,666,298.89 | |
| Other profit or loss satisfying the definition of non-recurring profit or loss | 25,518,861.37 | Mainly about the investment income from financial products |
| Subtotal | 6,737,968.05 | |
| Less: enterprise income tax affected | | |
| Non-controlling interest affected (after tax) | 16,927.09 | |
| Net non-recurring profit or loss attributable to shareholders of the parent company | 29,978,253.40 | |

(II) RONA and EPS

1. Details

| Profit of the reporting period | Weighted average RONA (%) | EPS (yuan/share) | |
|---|---------------------------|------------------|-------------|
| | | Basic EPS | Diluted EPS |
| Net profit attributable to shareholders of ordinary shares | 12.76 | 0.728 | 0.727 |
| Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss | 12.12 | 0.692 | 0.690 |

2. Calculation process of weighted average RONA

| Items | Symbols | Current period cumulative |
|---|---------|---------------------------|
| Net profit attributable to shareholders of ordinary shares | A | 596,973,222.60 |
| Non-recurring profit or loss | B | 29,978,253.40 |
| Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss | C=A-B | 566,994,969.20 |
| Opening balance of net assets attributable to shareholders of ordinary shares | D | 4,542,017,463.10 |
| Net assets attributable to shareholders of ordinary shares increased due to offering of new shares or conversion of debts into shares | E | |
| Number of months counting from the next month when the net assets were increased to the end of the reporting period | F | |
| Net assets attributable to shareholders of ordinary shares | G | 486,454,969.00 |

| | | | |
|---|--|---|------------------|
| decreased due to share repurchase or cash dividends appropriation | | | |
| Number of months counting from the next month when the net assets were decreased to the end of the reporting period | | H | 2 |
| Others | Share-based payment expenses included in equity | I1 | 2,892,855.60 |
| | Number of months counting from the next month when other net assets were increased or decreased to the end of the reporting period | J1 | 3 |
| | Increase of translation difference of financial statements in foreign currencies | I2 | -3,302,294.75 |
| | Number of months counting from the next month when other net assets were increased or decreased to the end of the reporting period | J2 | 3 |
| Number of months in the reporting period | | K | 6 |
| Weighted average net assets | | $L = D + A \times 1/2 + E \times F/K - G \times H/K \pm I \times J/K$ | 4,678,147,698.49 |
| Weighted average RONA | | $M = A/L$ | 12.76 |
| Weighted average RONA after deducting non-recurring profit or loss | | $N = C/L$ | 12.12 |

SECTION XI DOCUMENTS AVAILABLE FOR REFERENCE

- I. Original Semi- Annual Report 2017 and Abstract bearing the signature of the legal representative of the Company.
 - II. The financial statements bearing the signature and official stamps of the legal representative, the person responsible for the accounting work, and the person responsible for the accounting department.
 - III. Original Audit Report bearing the official stamp of certified accountants office, and signatures and stamps of certified public accountants.
 - IV. The original copy of all documents and notices disclosed in the reporting period in the newspapers designated by the CSRC.
- Place for archiving the reference documents: Securities Department of the Company.

Zhejiang Supor Co., Ltd.

Board Chairman: Frédéric VERWAERDE

August 31, 2017