

SUPOR 苏泊尔

Zhejiang Supor Co., Ltd.

Annual Report 2014

March 2015

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 top management warrant that this annual report is true, accurate and complete, and does not contain any fictitious statements, misleading information or significant omissions. All directors, supervisors and top management of the Company undertake, separately and jointly, all responsibilities in relation to the truth, accuracy and completeness hereof.

Besides director below, other directors have attended the Board Meeting in person, in which the current annual report was reviewed and approved.

The Name of Director Absent	The Position of Director Absent	The Reason for Director Absent	The name of Proxy
Su Yan	Director	Business Trip	Su Xianze

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

The profit distribution plan adopted at this Board Meeting specifies that: based on the total capital stock of 632,875,188 shares (total capital stock of 633,853,440 shares on December 31, 2014 deducted by 978,252 shares of restricted stock will be repurchased and canceled), the Company will distribute all shareholders RMB 4.30 yuan per 10 shares (tax included) as the cash

dividends, issue 0 bonus shares (tax included), and will not convert capital reserves to capital.

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

Investors shall be aware that future plans and all other forward-looking statements concerned in this annual report shall not constitute any virtual commitment made by the Company to any investor.

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Definitions

Items to be Defined	means	Definitions
SZSE	means	Shenzhen Stock Exchange
CSRC	means	China Securities Regulatory Commission
Securities Clearing Corporation	means	Shenzhen Branch of China Securities Depository and Clearing Corporation Limited
The Company/this Company	means	Zhejiang Supor Co., Ltd.
SEB Internationale	means	SEB INTERNATIONALE S.A.S
SEB Group	means	SEB S.A.
Zhejiang Electrical Appliances	means	Zhejiang Supor Electrical Appliance Manufacturing Co., Ltd
Supor Electrical	means	Zhejiang Shaoxing Supor Domestic Electrical Appliances Co., Ltd
Shaoxing Supor	means	Zhejiang Shaoxing Supor Domestic Appliances Co., Ltd.
Supor Vietnam	means	Supor (Vietnam) Co., Ltd
Wuhan Recycling	means	Wuhan Supor Recycling Co., Ltd
Wuhan Cookware	means	Wuhan Supor Cookware CO., Ltd.
Wuhan PC	means	Wuhan Supor Pressure Cooker Co., Ltd.
Omegna	means	Hangzhou Omegna Commercial Trade Co., Ltd.
Shanghai Sales	means	Shanghai Supor Cookware Selling Co., Ltd.
P&R	means	Zhejiang Supor Plastic & Rubber Co., Ltd
Wuhan Supor	means	Wuhan Supor Co., Ltd
Yuhuan Recycling	means	Yuhuan Supor Recycling Co., Ltd.
Stock Option Incentive Plan for 2012	means	Stock Option and Restricted Stock Incentive Plan (Revised Draft)
Stock Option Incentive Plan for 2013	means	Restricted Stock Incentive Plan (Revised Draft)

Significant Risk Tips

Investors are kindly reminded to pay attention to possible investment risks, such as caused by declining market demand under the depressed macroeconomic situation, acceleration of industrial competition, fluctuation of RM price, rigid increase of human cost, and fluctuation of exchange rate.

SECTION II COMPANY PROFILE

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	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		
Registration Place	Damaiyu Economic Development Zone, Yuhuan, Zhejiang		
Postal Code	317604		
Office Address	19F of Supor Building, No.1772 Jianghui Road, New & High Tech Development Zone, Hangzhou China		
Postal Code	310051		
Website	www.supor.com.cn		
Email	002032@supor.com		

II. Contact Person and Contact Information

	Board Secretary	Representative of Securities Affairs
Name	Ye Jide	Fang Lin
Address	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. Place for Information Disclosure and Archiving

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

IV. Changes of Registration

	Registration Date	Registration Place	Registration Number	Tax Registration Number	Organization Code
First Registration	July 17, 1998	Zhejiang Administration for Industry and Commerce	3300001007355	331021704697686	70469768-6
Registered at reporting period end	September 02, 2014	Zhejiang Administration for Industry and Commerce	330000400001736	331021704697686	70469768-6
Change of main business since listing of the Company (if any)	No change				
Change of controlling shareholders (if any)	No change				

V. Other Relevant Information

Certified Public Accountants engaged by the Company

Name of the Certified Public Accountants:	Zhejiang Pan-China Certified Public Accountants (special general partnership)
Office Address of the Certified Public Accountants:	6-10F Xinhua Business Building, No.128 Xixi Road, Hangzhou, Zhejiang, China
Name of the Signatory Accountant	Zhu Dawei, Guo Yunhua

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

☐ Applicable ☒ Not Applicable

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

☐ Applicable ☒ Not Applicable

SECTION III MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS

I. Major Accounting Data and Financial Indicators

Has the Company retroactively adjusted or restated the accounting data of previous years for the reason of accounting policy change or accounting error correction?

☐ Yes ☒ No

	2014	2013	Increase/ decrease (%)	2012
Total sales (yuan)	9,534,643,945.84	8,383,249,626.61	13.73%	6,889,460,447.50
Net profit attributable to shareholders of listed company (yuan)	689,892,322.91	588,509,160.46	17.23%	469,139,044.47
Net profit attributable to shareholders of listed company deducted by non-recurring profit or loss (yuan)	662,562,169.90	589,145,466.45	12.46%	450,483,731.11
Net cash flows resulting from operating activities	833,189,311.71	587,991,877.50	41.70%	857,330,477.77
Basic earnings per share (yuan/share)	1.088	0.927	17.37%	0.739
Diluted earnings per share (yuan/share)	1.088	0.927	17.37%	0.739
Return on weighted average net assets	19.63%	18.54%	1.09%	16.24%
	2014 year end	2013 year end	Increase/decrease in the period (%)	2012 year end
Total assets (yuan)	6,633,644,956.98	5,737,469,958.54	15.62%	4,960,254,989.12
Net assets attributable to shareholders of listed company (yuan)	3,788,068,076.63	3,318,850,290.60	14.14%	3,032,744,003.43

II. Non-recurring Profit or Loss Items and Amount

☒ Applicable ☐ Not Applicable

(Unit: RMB)

Item	Amount in 2014	Amount in 2013	Amount in 2012	Explanation
Gains on disposal of non-current assets (including the written-off of provision for impairment loss)	-1,384,988.05	-781,569.83	-1,437,076.50	
Tax refund, credit or exemption without authorities permission	3,975,797.87	3,797,693.97	3,418,555.61	
Government grant included in current period profit or loss (excluding those related to operating activities or regular government grants)	25,456,430.00	21,194,605.80	27,397,101.00	
Gains on changes in fair value of trading financial assets and liabilities and investment gains from disposal of trading financial assets and liabilities, and available-for-sale financial assets, excluding those arising from hedging business related to operating activities	71,568.27	1,698,892.01	-146,036.97	
Other non-operating revenues or expenditures	-16,893,265.57	-26,006,810.53	-4,956,204.13	Mainly the provision of 13,013,355.00 yuan for estimated liabilities
Other profit or loss satisfying the definition of non-recurring profit or loss	27,259,955.19	2,523,716.89		Mainly investment income from financial products
Less: enterprise income tax incurred by taxable gains	8,322,149.96	2,437,669.84	4,986,801.78	
Effects on minority interest (after tax)	2,833,194.74	625,164.46	634,223.87	
Total	27,330,153.01	-636,305.99	18,655,313.36	--

The Company didn't have any recurring gains and losses defined in accordance with the definition of "non-recurring profit or loss" in the "Regulations of Questions and Responses of Information Disclosure Standard by Companies Publicly Issuing Securities No. 1 --- Non-recurring Profit or Loss".

SECTION IV REPORT OF THE BOARD OF DIRECTORS

I. Description

With the upturn of domestic and overseas economic situation in 2014, the Company stuck to the set strategic guidelines and accomplished the stable growth of general business sales. In the reporting period, the total sales reached RMB 9,534,643,945.84, showing an increase of 13.73% compared with the previous period. The total profit was RMB 908,074,671.10, increased by 21.29% YoY. Basic earnings per share was 1.088 yuan, with YoY growth of 17.37%. Both CW and electrical appliances business have behaved well. The total sales of main CW business was 3,885,344,595.60 yuan, representing a YoY growth of 9.51%; the total sales of main electrical appliance business was 5,482,441,744.91 yuan, with year-on-year growth of 17.09%. Total sales of the main domestic sales was 6,212,681,373.04 yuan, increased by 18.08% YoY; for the main export business, the total sales was 3,180,732,335.70 yuan, increased by 6.22% YoY.

II. Main Business Analysis

1. Overview

The main business sales of the Company during the reporting period was 9,393,413,708.74 yuan, with an increase of 1,137,534,471.90 yuan compared with the same period last year and a growth rate of 13.78%. The main contributing factors are the expanded sales of cookware and electrical appliances, and expansion of market share. The main business cost was RMB 6,625,249,053.32, indicating an increase of 773,750,503.84 yuan and growing rate of 13.22%. The gross profit margin of main business was 29.47% with an annual increase of 0.35%, mainly benefiting from optimization of company products and customer structure.

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

(1) Domestic sales

1) Product strategy

During the reporting period, the Company stuck to the product innovation strategy and actively promoted new category development. As the result, products were showing further enhanced competitiveness and sustained market leadership.

In CW business, the Company's star products, such as rustproof (Zhenbuxiu) iron wok II, thermospot fumeless wok II, Clipso efficient pressure cooker, thermospot and exquisite ceramic frying pan, continued to lead the industry development. According to GFK data, the market share of Supor's five core CW categories, i.e. wok, pressure cooker, frying pan, steamer and sauce pan, was 0.5% higher compared with the same period last year. In 2014, the Company successfully launched category of ceramic clay pot, with good results in modern channels. Water cup and kitchen utensil categories maintained sound development.

Regarding SDA business, the great success of Supor spherical pot rice cooker drove the upgrading of the entire RC industry. New product "Fresh Breath" electric PC received good market response. CMM data show that the five categories of Supor SDA had an increase of 2.2% in market shares compared with 2013. Such new products as electric stewer and grill machine also showed good performance in the market. The company formally entered the home and personal care (H&PC) industry, and launched four new categories - air purifier, dust cleaner, garment steamer and electric iron. With the huge market size, H&PC industry will become an important growth point for the Company.

2) Channel strategy

By keeping improving the competitiveness of modern channels, the Company has shown a constantly enhanced competitive edge in this field in the reporting period. CW had spread brand influence and further consolidated leading edge. In 2014, Supor was the best CW supplier of Wal-Mart, the most innovative new SDA supplier of Wal-mart, VIP supplier of Ren Ren Le, and "Golden Stone" winner of Vanguard.

Furthermore, the Company kept promoting the development of tier-3 and 4 markets, kept constructing networks and service systems, and developed products specialized for these markets to expand its coverage rate.

Besides, the Company did not let go the E-commerce opportunity. It actively developed cooking products targeted for "Web group". Marketing through microblog, WeChat and Big Data also achieved good results. During Tmall "Double Eleven" campaign, several Supor categories won champion sales.

3) Brand building

In 2014, the Company was the title sponsor of CCTV - "A Bite of China II". With hot broadcast of this program, Supor brand awareness and reputation are further elevated. Meanwhile, taking the advantage of this program, the Company carried out on-line and below-the-line integrated marketing themed by "A Bite of Supor", and achieved great success.

(2) Export sales

Despite the relatively sluggish international economy and unstable international situation in 2014, the Company's export sales achieved YoY growth of 6.22%, and the export to SEB business had the YoY growth of 8.43%.

(3) Progress of SEB Integration Project

During the reporting period, the SEB integration project ran smoothly and synergistic effect was further intensified.

With the continuous transfer of SEB orders, the Company got sizable boost in R&D, design and manufacturing competitiveness. Scale effect was further revealed. Competitiveness of Supor products were further consolidated in the domestic market.

In 2014, the Company used the global advantage of SEB in H&PC category and formally entered this industry. It will become an important driving force for the Company's future development.

In the context of general business performance of 2014 and the sluggish macro economy, the Company earnestly implemented the set strategic guidelines, coming out with good operating performance, increasing market share and further consolidated industry status.

Reasons for the discrepancy of less or more than 20% between the actual business performance and the profit forecast disclosed before

☐ Applicable ☒ Not Applicable

2. Income

By Industries	2014	2013	Increase / decrease YoY (%)
Cookware	3,885,344,595.60	3,548,085,202.35	9.51%
Electrical appliances	5,482,441,744.91	4,682,068,642.42	17.09%
Plastic & rubber	25,627,368.23	25,725,392.07	-0.38%
Subtotal	9,393,413,708.74	8,255,879,236.84	13.78%
By Products			
Electric pot	2,518,142,909.37	2,224,869,029.62	13.18%
Set pot	1,000,216,306.31	905,269,756.01	10.49%

By Areas			
Domestic sales	6,212,681,373.04	5,261,311,410.96	18.08%
Export sales	3,180,732,335.70	2,994,567,825.88	6.22%
Subtotal	9,393,413,708.74	8,255,879,236.84	13.78%

Total sales in 2014 was 9,534,643,945.84 yuan, different from the above-stated main business income (9,393,413,708.74 yuan). The gap comes from other business income (141,230,237.10 yuan) which is not included in the main business income.

Is the Company's physical sales higher than the sales of service?

☒ Yes ☐ No

Important orders in hand

☐ Applicable ☒ Not Applicable

Significant changes or adjustments of products or services in the reporting period

☐ Applicable ☒ Not Applicable

Major customers of the Company

Total amount of sales to top 5 customers (yuan)	2,954,310,090.11
Proportion in the year's total sales (%)	30.99%

Top 5 customers of the Company

☒ Applicable ☐ Not Applicable

No.	Customer	Sales amount (yuan)	Proportion in the total sales amount of the year (%)
1	Customer 1	2,382,694,296.74	24.99%
2	Customer 2	197,467,089.01	2.07%
3	Customer 3	150,051,255.70	1.57%
4	Customer 4	118,519,547.33	1.24%
5	Customer 5	105,577,901.33	1.12%
Total	—	2,954,310,090.11	30.99%

3. Cost

Industry classification

(Unit: RMB)

Industry classification	Item	2014		2013		YoY increase / decrease
		Amount	Weight in operating cost	Amount	Weight in operating cost	
CW	Main business cost	2,611,358,606.57	38.59%	2,391,958,924.49	39.93%	9.17%

Electrical appliance	Main business cost	3,993,022,692.57	59.01%	3,438,565,835.42	57.40%	16.12%
Plastic & rubber	Main business cost	20,867,754.18	0.31%	20,973,789.57	0.35%	-0.51%
Subtotal		6,625,249,053.32	97.91%	5,851,498,549.48	97.68%	13.22%

Product classification

(Unit: RMB)

Product classification	Item	2014		2013		YoY increase / decrease
		Amount	Weight in operating cost	Amount	Weight in operating cost	
Electric pot	Main business cost	1,781,343,813.73	26.32%	1,613,365,192.61	26.93%	10.41%
Set pot	Main business cost	808,180,667.24	11.94%	712,561,810.90	11.89%	13.42%

Note

Operating cost in 2014 was 6,766,783,798.59 yuan, different from the above-stated main business cost (6,625,249,053.32 yuan). The gap comes from other business cost (141,534,745.27 yuan) which is not included in the main business cost.

Main suppliers

Total purchasing value from top 5 suppliers (yuan)	772,935,739.33
Proportion in the year's total purchasing value	12.51%

Information on top 5 suppliers

√ Applicable □ Not Applicable

No.	Supplier	Purchasing value (yuan)	Proportion in the total purchasing amount of the year
1	Supplier 1	260,961,983.22	4.22%
2	Supplier 2	155,904,840.66	2.52%
3	Supplier 3	153,856,012.31	2.49%
4	Supplier 4	103,001,687.77	1.67%
5	Supplier 5	99,211,215.37	1.61%
Total	--	772,935,739.33	12.51%

4. Expenses

Item	2014		2013		Increase / decrease in proportion (%)	Increase / decrease YoY (%)
	Amount	Proportion in sales (%)	Amount	Proportion in sales (%)		

Financial expense	-19,280,618.58	-0.20%	-11,788,240.66	-0.14%	-0.06%	-63.56%
Gain or loss from changes of fair value	3,667,973.86	0.04%	133,211.97	0.00%	0.04%	2,653.49%
Return on investment	26,278,044.44	0.28%	7,951,619.32	0.09%	0.19%	230.47%
Income tax expense	143,131,731.81	1.50%	107,716,186.74	1.28%	0.22%	32.88%

Notes on the change:

(1) Financial expense in this period was decreased by 63.56% YoY. The main reason is the big exchange fluctuation of RMB against USD, which results in substantial reduction of exchange loss.

(2) Gain from change of fair value was up by 2,653.49% YoY, as the result of increase in the gain from change of fair value of financial products in the period.

(3) Return on investment is increased by 230.47% YoY, with increase of investment income from financial products as the main contributing factor.

(4) Income tax was increased by 32.88%, resulted from the increase of total profit.

5. R&D expenses

Guided by customer's needs, the Company focused on developing differential products suited in kitchens and accustomed to local eating and lifestyle habits. The Company attached great importance to R&D and technical innovation to further explore product category and increase the added value. The Company also showed great respect to customers' experiences, and wouldn't miss any detail to forge safe, environmental friendly, fashionable and convenient products. The R&D expense of this year accounted for respectively 6.70% and 3.01% of the latest net assets and sales income audited.

6. Cash flow

(Unit: RMB)

Item	2014	2013	YoY increase / decrease
Sub-total of cash inflows from operating activities	10,713,904,536.30	9,492,668,366.39	12.87%
Sub-total of cash outflows from operating activities	9,880,715,224.59	8,904,676,488.89	10.96%
Net cash flows resulting from operating activities	833,189,311.71	587,991,877.50	41.70%
Sub-total of cash inflows from investment activities	1,394,926,020.23	849,349,823.21	64.23%
Sub-total of cash outflows	1,965,214,346.03	1,164,574,770.43	68.75%
Net cash flow arising from investing activities	-570,288,325.80	-315,224,947.22	-80.91%
Sub-total of cash outflows from financing activities	234,659,145.56	209,506,175.97	12.01%
Net cash flow from financing	-234,659,145.56	-209,506,175.97	12.01%

activities			
Net increase in cash and cash equivalents	26,616,994.97	50,452,175.42	-47.24%

Reasons for more than 30% in variation of related data

☒ Applicable ☐ Not Applicable

(1) Net cash flow from operating activities was up by 41.70% YoY, with increase of cash paid for selling commodities and offering labor being the main contributing factor.

(2) Net cash flow from investment activities was down by 80.91% YoY, with increase of cash paid for investing in financial products being the main contributing factor.

(3) Due to the reasons stated above, net increase of cash and cash equivalents of the Company was decreased by 47.24% in this period..

Explanation for the big discrepancy between the net cash flow from operating activities and the year's net profit

☐ Applicable ☒ Not Applicable

III. Contents of Main Business

(Unit: RMB)

	Sales	Operating Cost	Gross profit margin	YoY Increase/decrease of sales	YoY Increase/decrease of operating cost	YoY increase/decrease of gross profit margin
By Industries						
CW	3,885,344,595.60	2,611,358,606.57	32.79%	9.51%	9.17%	0.21%
Electrical appliance	5,482,441,744.91	3,993,022,692.57	27.17%	17.09%	16.12%	0.61%
R & P	25,627,368.23	20,867,754.18	18.57%	-0.38%	-0.51%	0.10%
Subtotal	9,393,413,708.74	6,625,249,053.32	29.47%	13.78%	13.22%	0.35%
By Products						
Electric pot	2,518,142,909.37	1,781,343,813.73	29.26%	13.18%	10.41%	1.77%
Set pot	1,000,216,306.31	808,180,667.24	19.20%	10.49%	13.42%	-2.09%
By Areas						
Domestic sales	6,212,681,373.04	4,045,946,054.74	34.88%	18.08%	16.18%	1.07%
Export sales	3,180,732,335.70	2,579,302,998.58	18.91%	6.22%	8.88%	-1.98%
Subtotal	9,393,413,708.74	6,625,249,053.32	29.47%	13.78%	13.22%	0.35%

Main business data of the reporting period after adjustment of the statistical criteria

☐ Applicable ☒ Not Applicable

IV. Analysis of Assets and Liabilities

1. Significant changes in assets

(Unit: RMB)

	2014 year end		2013 year end		Increase / decrease in proportion	Cause of change
	Amount	Proportion in total assets	Amount	Proportion in total assets		
Monetary funds	620,684,489.46	9.36%	1,405,405,891.78	24.50%	-15.14%	Buying principal-protected financial products with a part of monetary funds
Accounts receivable	1,004,256,291.61	15.14%	655,589,352.03	11.43%	3.71%	
Inventories	1,568,475,227.88	23.64%	1,325,378,544.29	23.10%	0.54%	
Long-term equity investment	48,480,778.13	0.73%	44,495,224.65	0.78%	-0.05%	
Fixed assets	956,192,336.23	14.41%	893,776,421.04	15.58%	-1.17%	
Project under construction	24,928,527.13	0.38%	61,803,487.53	1.08%	-0.70%	

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 measured at fair value with variation included in current profit or loss (excluding derivative financial					913,655,148.86		913,655,148.86

assets)							
Total	0.00				913,655,148.86		913,655,148.86
Financial liabilities	12,825.00	12,825.00					0.00

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

☐ Yes ☒ No

V. Analysis of Core Competitiveness

1. Outstanding product innovation capability

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

It is the company that produced the first safety pressure cooker in China, that promoted the upgrade of wok category, and that led the innovation of the inner pot of rice cooker. Rustproof (Zhenbuxiu) iron wok, Thermospot wok, Clipso efficient pressure cooker, spherical pot rice cooker, Fresh Breath electric pressure cooker and slow juicer, all these new products are gaining favor on the market. According to a third party's monitoring data, Supor's CW business maintains the leading position in the market; sales of electric RC, electric PC and IH categories consistently rank the second position in the SDA industry.

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 now has built up five production sites, respectively in Yuhuan, Wuhan, Hangzhou, Shaoxing and Vietnam. Wuhan Site is the CW R&D and manufacturing base with highest deliverability in the world. Shaoxing Site also boasts leading manufacturing capacity of SDA products in 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.

4. Synergistic effect of integration with SEB

The strategic cooperation between Supor and SEB started in 2006. Now SEB holds 71.44% shares of the Company. SEB Group is a company of more than 150 years, with 10 categories (including PC, frying pan, juice maker, electrical kettle, electrical fryer) occupying the largest market shares in the world. 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.

VI. Analysis of Investment

1. Foreign equity investment

(1) Foreign investment

☐ Applicable ☒ Not Applicable

No foreign investment was made in the reporting period.

2. Consigned financing, derivative investment and consigned loan

(1) Derivative investment

√ Applicable □ Not Applicable

Unit: 10K RMB

Name of derivative investor	Relation	Whether connected transaction	(1) Investment type	Initial investments of derivative	Start date	Expiry date	Initial investment amount	Accrued provision for impairment loss (if any)	Closing investment amount	Percentage of closing investment amount in the Company's net assets at period-end	Actual profit and loss amount during reporting period
Financial institutions;	Non related party	No	Forward Exchange Settlement Contract	0			799.8	0	0	0.00%	276.23
Total				0	--	--	799.8	0	0	0.00%	276.23
Capital source for derivative investment				Mainly foreign exchange earnings							
Lawsuits (if applicable)				N/A							
Date of disclosure of derivative investment announcement by board of directors (if any)				March 27, 2014							
Date of disclosure of derivative investment announcement by board of shareholders (if any)											
Risk analysis and control measures of holding of derivatives (including but not limited to market risk, liquidity risk, credit risk, operation risk and legal risk)				Main risks are exchange rate fluctuations and exchange collection at maturity. All forward exchange settlement business have normal trade backgrounds. The Internal Management System of Forward Exchange Settlement has stipulated strict and effective risk control systems to effectively prevent, find out and eliminate any risks beforehand, during the operation and afterwards.							
Market price or product fair value of invested derivatives in the reporting period; specific analysis method to be disclosed for fair value of derivatives, and setting of assumptions and parameters				Gain /loss from change of fair value due to forward exchange settlement contract during Jan-Dec 2014 was 2,762,314.27 yuan.							
Explanation of any big change of				According to the Internal Control System of Foreign Exchange Hedging at the 22nd							

accounting policies of the Company's derivatives and the specific accounting principles in the reporting period from the previous period	Session of the Fourth Board of Directors on March 25, 2014, the forward exchange settlement business will be treated by hedge accounting.
Special opinions of independent directors about the Company's derivative investment and risk control	N/A

3. Use of raised funds

☒ Applicable ☐ Not Applicable

(1) General use of raised funds

☒ Applicable ☐ Not Applicable

Unit: 10K RMB

Total amount of raised funds	70,463.2
Raised funds input in the reporting period	7,392.71
Accumulated raised funds invested	73,103.88
Total raised funds used for other purposes	0
Accumulated raised funds with changed purposes	0
Percentage of accumulated raised funds with changed purposes	0.00%
Explanation of general use of raised funds	
<p>The total amount of raised funds through additional stock issue in 2007 was 704,632,000 yuan. The amount invested in the reporting period was 73,927,100 yuan, among which 61,022,100 yuan was used to permanently replenish working capital. The accumulated raised funds invested was 731,038,800 yuan. There are three raised funds investment projects of the Company: Production site construction of annual capacity 9.25M pcs electrical appliances in Paojiang, Shaoxing, Technical renovation of production lines of 8M pcs/year stainless steel, aluminum and nonstick pan in Wuhan Site, and Production site construction of 7.9M pcs/year cookware in Vietnam Site. By this period-end, all the raised funds have been invested. There are no abnormal conditions occurred to raised funds-invested projects. Benefits of all raised funds-invested investments can be independently calculated.</p>	

2. Information on committed investment projects by raised funds

☒ Applicable ☐ Not Applicable

Unit: 10K RMB

Committed investment project or use of excessive funds raised	Whether altered (or partially	Committed investment	Investment amount after	Investment in this period	Accumulated investment by	Investment progress till	Date of deliverability of the project	Benefit achieved in this period	Estimated benefit achieved?	Any big change in feasibility
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	altered)	amount by raised funds	adjustme nt (1)		period-en d (2)	period-en d (3)= (2)/(1)				y?
Committed investment projects										
1. Production site construction of annual capacity of 9.25M pcs electrical appliances in Paojiang, Shaoxing	No	45,000	45,000	1,290.5	40,686.68	90.41%	December 31, 2012 [Note 1]	14,898.88	No	No
2. Technical renovation of production lines of 8M pcs/year stainless steel, aluminum and nonstick pan in Wuhan Site [Note 2]	No	15,000	15,000	0	16,026.68 [Note 3]	106.84%	April 30, 2011 [Note 1]	6,468.31	No	No
3. Production site construction of 7.9M pcs/year cookware in Vietnam Site	No	12,000	12,000	0	10,288.31	85.74% [Note4]	December 31, 2012	1,278.11	No	No
Surplus raised funds to replenish working capital	No			6,102.21	6,102.21					
Subtotal of committed investment projects	--	72,000	72,000	7,392.71	73,103.88	--	--	22,645.3	--	--
Use of excessive funds raised										
Subtotal of use of excessive funds raised	--					--	--	0	--	--
Total	--	72,000	72,000	7,392.71	73,103.88	--	--	22,645.3	--	--
Reasons for delay or failure in achieving estimated benefits (by projects)	<p>1. The project of "Production Site Construction of 9.25M pcs/year Electrical Appliances" was due on Oct.31, 2008. The delay is mainly caused by land acquisition difficulties and slow foundation construction. In response, the Company has divided the project into two phases. Phase I has finished the foundation work, installation and commissioning, and has been put into production at 2011 beginning. And Phase II has finished foundation building by 2012 year-end. By this period-end, the project has reached the serviceable condition. 2. The original deadline for the project "Technical Reform of Production Line of 8M pcs/year Stainless Steel, Aluminum and Nonstick Wok in Wuhan Site" was June 30, 2009. But the progress is far behind the schedule, mainly because of the constant improvement of productivity of Wuhan production site which can basically satisfy the production needs of future two years. Therefore, under the "principle of prudence", the Company decided to postpone the project. The main part of this project was completed on April 30, 2011, and trial production started at the beginning of June.</p>									
Significant changes to	N/A within the reporting period.									

the feasibility of the project	
Amount, use and use progress of excessive raised funds	N/A
Change of construction place of the projects	N/A
Change of construction type of the projects	N/A
In-advance input and replacement of the projects	N/A
Temporary replenishment of circulating capital by idle raised funds	N/A
Balance of the raised funds during the execution of project and the reasons	Applicable According to the Proposal on Using Surplus Raised Funds to Permanently Replenish Working Capital adopted at the 2nd Session of the Fifth Board of Directors, the surplus of raised funds of 61,022,100 yuan as invested in the project of "Production site construction of annual capacity of 9.25M pcs electrical appliances in Paojiang, Shaoxing" (including interest income of 17,888,900 yuan) was used to permanently replenish working capital. During use of raised funds, Zhejiang Shaoxing Supor Domestic Appliances Co., Ltd. used raised funds in a reasonable, effective and economical way based on the actual needs of projects, and made strict control over costs during purchase and construction, which generated surplus of raised funds.
Whereabouts of unused raised funds	To permanently replenish working capital
Problems arising from use or disclosure of raised funds	N/A within the reporting period.

[Note 1] The deliverable date of the project was postponed for the reasons stated in "Reasons for delay or failure in achieving estimated benefits (by projects)".

[Note 2] According to the "Proposal on Adjusting the Technical Reform of Production Line of 8M pcs/year Stainless Steel, Aluminum and Nonstick Wok in Wuhan Site" adopted at the 4th Session of the 4th Board of Directors, the subsidiary Wuhan Supor Pressure Cooker Co., Ltd. is permitted leasing the completed raised funds project, including workshops and equipments, to its holding subsidiary Wuhan Supor Cookware Co., Ltd..

[Note 3] By the period-end, the accumulative investment is higher than the committed amount. The amount in excess is the interest revenue invested.

[Note 4] By December 31, 2014, the raised funds for the Production Site Construction Project of 7.9M pcs/year cookware in Vietnam Site was used up, but the project progress was only 85.74%. The reason is that the investment value for this project (120,000,000 yuan) was converted from USD 15,000,000 based on the then exchange rate of 1 USD per 8 RMB. But the actual exchange rate of USD against RMB was decreasing. Therefore the actual expenditure of the project was less than the value committed.

4. Main subsidiaries and joint stock companies

√ Applicable □ Not Applicable

Information on main subsidiaries and joint stock companies

(Unit: RMB)

Company name	Business type	Industry	Main products or services	Registered capital	Total assets	Net assets	Sales	Operating profit	Net profit
Wuhan Supor Pressure Cooker Co., Ltd.	Subsidiary	Manufacturing	Cookware	RMB 224,039,000	296,269,957.59	288,894,232.97	15,000,000.00	916,476.21	6,808,360.57
Wuhan Supor Co., Ltd.	Subsidiary	Manufacturing	Electrical appliances	RMB 5.18M	16,017,445.30	14,745,899.19		-264,254.41	-264,254.41
Zhejaing Shaoxing Supor Domestic Electrical Appliances Co., Ltd	Subsidiary	Manufacturing	Electrical appliances	RMB 2M	50,762,335.35	50,652,629.15		1,385,888.64	1,039,416.49
Wuhan Supor Cookware CO., Ltd.	Subsidiary	Manufacturing	Cookware	HKD 86M	1,653,259,920.33	926,723,658.71	2,481,748,219.26	205,187,831.99	175,425,892.30
Zhejiang Supor Electrical Appliance Manufacturi	Subsidiary	Manufacturing	Electrical appliances	HKD 126,000,000	1,497,840,000.59	921,811,143.62	2,033,110,217.59	153,245,926.01	116,931,861.04

ng Co., Ltd									
Zhejiang Supor Plastic & Rubber Co., Ltd	Subsidiary	Manufacturing	Plastic and rubber manufacturing	RMB 8.0447M	128,746,984.16	91,899,048.67	186,056,981.70	13,913,906.15	10,976,828.72
Yuhuan Supor Recycling Co., Ltd.	Subsidiary	Commercial	Recycling of used metal	RMB 500,000	2,956,067.51	2,949,985.78		60,817.31	54,735.58
Zhejiang Shaoxing Supor Domestic Appliances Co., Ltd.	Subsidiary	Manufacturing	Small appliance, kitchen appliance	RMB 610M	2,290,608,629.33	1,429,585,484.22	3,526,825,912.13	353,096,036.34	302,204,422.24
Supor (Vietnam) Co., Ltd	Subsidiary	Manufacturing	CW and electrical appliances	USD 15M	178,030,601.39	114,922,480.83	181,782,657.36	12,076,650.84	10,781,170.05
Wuhan Supor Recycling Co., Ltd	Subsidiary	Commercial	Recycling of used metal	RMB 1M	1,829,545.20	1,569,824.39	13,154,108.49	89,651.93	40,442.50
Hangzhou Omegna Commercial Trade Co., Ltd.	Subsidiary	Commercial	CW and electrical appliances	RMB 10M	21,130,818.61	-6,928,399.76	24,920,305.18	-3,275,062.49	-3,252,450.20
Shanghai Supor Cookware Selling Co., Ltd.	Subsidiary	Commercial	CW and electrical appliances	RMB 5M	15,128,886.54	5,814,819.71	46,227,410.16	1,761,746.99	1,308,550.06

Information note on main subsidiaries and joint stock companies

Information on acquiring or settling subsidiaries in the reporting period

☐ Applicable ☒ Not Applicable

VII. Outlook of the Company

European and American economy shows the sign of recovery in 2015. Expected economic growth in the US is as high as 3%, and Eurozone economy is ready to rebound. In China, GDP growth slows down, while GDP structure is further optimized.

Consumption-to-GDP ratio rises by year. Along with the government's urbanization construction and improvement of social security system, domestic consumption continues steady growth, and residents' disposable income will be further increased.

Supor will adhere to the innovation strategy: constantly introducing innovative products, actively developing new categories in CW and kitchen appliance fields, and further expanding the sales percentage of new categories.

With the global competitive advantage of SEB in H&PC industry, Supor will accelerate the development of this industry and cultivate new business growth point.

Regarding tier-3 and 4 markets, the Company will increase quantity and improve quality of selling points, vigorously improve the service system and introduce more products suited for such markets.

In the wave of rapid E-commerce development, the Company will seize the opportunity and further improve its professional operation capacity.

Brand investment is also a key emphasis in work. The Company will increase investment in digital media to spread the awareness and reputation of Supor brand.

For export business, Supor will further expand the transfer of SEB orders. SEB's strength in R&D, design and manufacturing will help improve the core competitiveness of Supor products.

Last but not least, Supor will consistently improve internal operation efficiency, respond to customers' needs timely and adapt to market change quickly.

VIII. Explanation of the Board of Directors and the Board of Supervisors of the "Non-standard Audit Report" by the certified public accountants

☐ Applicable ☒ Not Applicable

IX. Change of accounting policy, accounting estimate and calculation method compared with last year's financial report

☒ Applicable ☐ Not Applicable

1) Description and reason of change of accounting policies

The Company has adopted new standards including CASBE 39 – Fair Value Measurement, CASBE 40 – Joint Arrangement, and CASBE 41 – Disclosure of Interests in Other Entities and revised standards including CASBE 2 – Long-Term Equity Investments, CASBE 9 – Employee Benefits, CASBE 30 – Presentation Of Financial Statements, and CASBE 33 – Consolidated Financial Statements promulgated or revised in 2014 by Ministry of Finance of PRC since July 1, 2014, and applied CASBE 37 – Financial Instruments: Disclosures revised by Ministry of Finance of PRC in 2014 in these financial statements.

2) Reporting items and amount under most significant influence

Reporting items under most significant influence	Amount affected	Remark
Items of financial statements by Dec. 2013		
Other comprehensive earnings	-23,286,999.99	Formerly presented as translation difference for foreign currency statements
Long-term wages & welfare payable	7,072,029.81	Dismiss welfare for more than one year service

3) Change of accounting policies has no effect on net assets by 2012 and 2013 year-end, or the new profits of 2012 and 2013.

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

☐ Applicable ☒ Not Applicable

No change of scope of Consolidated Statement happened during the reporting period.

XI. Information on Profit Distribution and Dividends Payout

Stipulation, implementation or adjustment of profit distribution policies

☐ Applicable ☒ Not Applicable

Information on profit distribution plan and conversion of capital reserve to capital over the past three years (including the reporting period)

1. Profit distribution plan for 2012

Based on the total capital stock of 634,867,200 shares (total capital stock of 634,977,200 shares on December 31, 2012 deducted by 110,000 restricted stock held by the Company not awarded), the Company would distribute cash dividend of 3.30 (tax included) yuan per 10 shares, and the total profit distributed was 209,506,175.97 yuan. There will be no distribution of bonus shares or conversion of capital reserve into share capital this year.

2. Profit distribution plan for 2013

Based on the total capital stock of 634,213,907 shares (total capital stock of 634,394,112 shares on December 31, 2013 deducted by 180,205 restricted stock held by the Company not awarded), the Company would distribute cash dividend of 3.70 (tax included) yuan per 10 shares, and the total profit distributed was 234,659,145.56 yuan. There will be no distribution of bonus shares or conversion of capital reserve into share capital this year.

3. Profit distribution plan for 2014

Based on the total capital stock of 632,875,188 shares (total capital stock of 633,853,440 shares on December 31, 2014 deducted by 978,252 shares of restricted stock will be repurchased and canceled), the Company will distribute cash dividend of 4.30 (tax included) per 10 shares and the total profit distributed is 272,136,330.84 yuan. There will be no distribution of bonus shares or conversion of capital reserve into share capital this year.

Distribution of cash dividends over the past 3 years

(Unit: RMB)

Year	Amount of cash dividends (tax included)	Net Profit in the Consolidated Statement attributable to the shareholders of the listed company	Percentage in Net Profit in Consolidated Statement attributable to the shareholders of the listed company	Amount of shares repurchased by cash included in cash dividends	Percentage of shares repurchased by cash included in cash dividends
2014	272,136,330.84	689,892,322.91	39.45%		
2013	234,659,145.56	588,509,160.46	39.87%		
2012	209,506,175.97	469,139,044.47	44.66%		

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

☐ Applicable ☒ Not Applicable

XII. Pre-proposal on Profit Distribution and Conversion of Capital Reserve to Capital for 2014

☒ Applicable ☐ Not Applicable

Number of bonus stock per 10 shares	0
Amount of dividend (yuan) per 10 shares (tax included)	4.30
Number of Conversion per 10 shares (shares)	0
Equity base indistribution plan (shares)	632,875,188
Amount of cash dividends (yuan, tax included)	272,136,330.84
Distributable profits (yuan)	285,134,159.20
Proportion of cash dividends in total distribution of profits	100%
Information on cash dividends of this time:	
Detailed information on profit distribution and conversion of capital reserve to capital pre-proposal	
<p>As per the standard unqualified audit report issued by Pan-China Certified Public Accountants (special general partnership), the annual net profit of the Company for 2014 was RMB 142,372,646.06. Pursuant to the relevant provisions in the Company Law and the Articles of Association, the Company allocated RMB 14,237,264.61 as legal surplus reserve, plus the retained earnings at year-begin of RMB 391,657,923.31 and minus the cash dividends for 2013 of RMB 234,659,145.56 distributed on May 19, 2013, which made the distributable profit for shareholders at the end of year 2014 RMB 285,134,159.20. The profit distribution plan for 2014: Based on the total capital stock of 632,875,188 shares (total capital stock of 633,853,440 shares on December 31, 2014 deducted by 978,252 shares of restricted stock will be repurchased and canceled), the Company will distribute all shareholders RMB 4.30 yuan per 10 shares (tax included) as the cash dividends. The total profit distributed is 272,136,330.84 yuan. There will be no distribution of bonus shares or conversion of capital reserve into share capital this year.</p>	

XIII. CSR Building

☒ Applicable ☐ Not Applicable

The Company was actively involved in social and public welfare undertakings in the reporting period. It kept donating to construct Supor Primary Schools in rural areas in middle and west part of China and to support school running. Now, the public welfare undertakings have extended to the mountainous areas of 11 provinces, i.e. Qinghai, Yunnan, Guizhou, Sichuan, Hubei, Jiangxi, Hunan, Guangxi, Henan, Shaanxi and Gansu Provinces. The quantity of schools donated by the Company has reached 18. Besides the donation to construction of school buildings and dormitories, the Company invited experts on rural education field and model schools to train teachers of Supor primary schools, built up libraries, provided for free kitchen utensils and tableware, and constructed loving canteens and dream centers, which improved both hardware and software of the Supor Primary School Project. Staff of the Company also gave helping hands to mountain children by giving them school bags, sporting facilities and etc.

Are the listed company or subsidiaries in the highly polluted industry category as defined by the state environmental protection

department?

☐ Yes ☐ No ☒ N/A

Are there any other important social security problems with the listed company or subsidiaries?

☐ Yes ☐ No ☒ N/A

Has the Company received any administrative penalty in the reporting period?

☐ Yes ☐ No ☒ N/A

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

☐ Applicable ☒ Not Applicable

No reception of investigation & research, communication and interview activities happened in the reporting period.

SECTION V SIGNIFICANT EVENTS

I. Significant Litigations and Arbitrations

☐ Applicable ☒ Not Applicable

II. Questioning by Media

☐ Applicable ☒ Not Applicable

No widespread questioning by media in the reporting period.

III. Bankruptcy or Reorganization

☐ Applicable ☒ Not Applicable

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

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

☒ Applicable ☐ Not Applicable

In March 2014, 20% of Stock Option and Restricted Stock of the second Exercise Schedule as stipulated in the Equity Incentive Plan 2012 implemented in June 2012, were annulled, repurchased and canceled in accordance with the Equity Incentive Plan 2012 for not meeting the set performance target. With resignation of three incentive objects (Wang Zhengang, Zuo Xianggui and Ma Liang) for personal reasons, the Company should, according to Article 2(3) of Chapter VII "Change to the Company and the Incentive Objects" of the Equity Incentive Plan 2012, annul their Stock Option not meeting the unlock conditions (accounting for 70% of total Stock Option granted to Incentive Objects), and repurchase and cancel at the price of 0 yuan per share the Restricted Stock not meeting the unlock conditions (accounting for 70% of total Restricted Stock granted to Incentive Objects). Totally 1,581,888 shares of Stock Options were to be annulled, and 540,672 shares of Restricted Stock were to be repurchased at the price of 0 yuan per share and canceled. As reviewed and confirmed by Shenzhen Branch of China Securities Depository and Clearing Corporation Limited, the Company has completed the repurchase and cancellation of a part of stock option and restricted stock on June 19, 2014.

In March 2014, 10% of Restricted Stock of the first Unlock Schedule as stipulated in the Equity Incentive Plan 2013 implemented in October 2013, were unlocked in accordance with the Equity Incentive Plan 2013 for meeting the set performance target. The number of Restricted Stock unlocked in the first Unlock Schedule is 554,000, accounting for 0.087% of the total capital stock of the Company. The number of circulation is 554,000, accounting for 0.087% of the total capital stock of the Company. The unlocking date of the Restricted Stock (date of circulation) is January 5, 2015.

With resignation of incentive objects (Xu Dongsheng, Lin Xianglan, Hu Qiang and Wang Zhengmeng) for personal reasons in August 2014, the Company should, according to Article 2(3) of Chapter VII "Change to the Company and the Incentive Objects" of the Equity Incentive Plan 2012, annul their Stock Option not meeting the unlock conditions (accounting for 70% of total Stock Option granted to Incentive Objects), and repurchase and cancel at the price of 0 yuan per share the Restricted Stock not meeting the unlock conditions (accounting for 70% of total Restricted Stock granted to Incentive Objects). In total, 221,760 shares of Stock Options were to be annulled, and 36,960 shares of Restricted Stock were to be repurchased and canceled. Meanwhile, with resignation of Xu Dongsheng, Lin Xianglan, Wang Zhengmeng, Xu Jie and Zhu Yiwei for personal reasons, the Company should repurchase at the price of 0 yuan per share and cancel their restricted stock not meeting the unlock conditions in accordance with

Equity Incentive Plan 2013 (accounting for 90% of total Restricted Stock granted to them). Totally 180,000 shares of Restricted Stock were to be repurchased and canceled. To sum up, 221,760 shares of Stock Options was to be annulled, and 216,960 shares of Restricted Stock was to be repurchased at the price of 0 yuan per share and canceled. (The repurchase and cancellation work are not completed.)

In accordance with the Measures for the Administration of the Equity Incentives of Listed Companies (Trial Implementation), Memorandum No.1-3 on Issues of Equity Incentive, and the Equity Incentive Plan 2013 about relevant provisions on the Grant Date, the Company concludes that the grant conditions for the reserved part defined in the Incentive Plan have been accomplished, and approves the grant of 180,205 shares of reserved Restricted Stock to 15 Incentive Objects. The Grant Date of Restricted Stock is August 28, 2014 and the date of circulation is October 13, 2014.

The Company concludes that the Incentive Objects involved satisfy all unlocking conditions, and the subjective qualifications of the Incentive Objects are legal and effective. The repurchasing and canceling actions are law and regulation compliant, and won't have significant impact on the Company's business performance or the management team's due diligence. Based on the Company's current situation, without considering the Plan's positive impact on the Company's performance, the cost of this Plan and its allocation to each year will lower down the net profit, however this impact is not material. Considering such incentive plan would be positive to support the Company's growth and development, and also ignite the management team's enthusiasm and aggressiveness to improve operation efficiency, and reduce agency cost, the cost of such plan would be compensated by much bigger improvement on the Company's business performance. The management team will continue to fulfill in good faith their obligations to create values for shareholders.

V. Significant Connected Transactions

1. Connected transaction related to daily business

√ Applicable □ Not Applicable

Parties involved	Relation	Type of connected transactions	Content of connected transactions	Pricing rule of connected transactions	Price of connected transactions	Amount of connected transactions (10K RMB)	Proportion in similar transactions	Settlement type of connected transactions	Market price of similar trading achievable	Date of disclosure	Reference for disclosure
Wuhan Azai Cookware Co., Ltd.	Affiliated companies	Goods purchasing	Finished products	Contract price		26,587.43		Bank transfer or bills			
GROUPE SEB EXPORT	Same controlling shareholder with the controlling shareholder	Goods purchasing	Finished products	Contract price		1,127.75		Bank transfer or bills			
S.A.S GROUPE SEB	Same controlling shareholder	Goods purchasing	Accessories	Contract price		1,030.56		Bank transfer or bills			

MOULIN EX	with the controlling shareholder										
LAGOST INA S.P.A.	Same controlling shareholder	Goods purchasing	Finished products	Contract price		589.35		Bank transfer or bills			
TEFAL S.A.S.	Same controlling shareholder with the controlling shareholder	Goods purchasing	Accessorie s	Contract price		565.14		Bank transfer or bills			
SHANG HAI SEB	Same controlling shareholder	Goods purchasing	Finished products	Contract price		145.99		Bank transfer or bills			
S.A.S. SEB	Same controlling shareholder with the controlling shareholder	Goods purchasing	Accessorie s	Contract price		38.53		Bank transfer or bills			
SEB INTERN ATIONA L SERVICE SAS	Same controlling shareholder with the controlling shareholder	Goods purchasing	Finished products	Contract price		11.52		Bank transfer or bills			
SEB ASIA LTD.	Same controlling shareholder	Commodity selling	Finished products	Contract price		260,692.0 4		Bank transfer or bills			
S.A.S. SEB	Same controlling shareholder with the controlling shareholder	Commodity selling	Finished products	Contract price		3,444.59		Bank transfer or bills			
TEFAL S.A.S.	Same controlling shareholder with the controlling shareholder	Commodity selling	Finished products	Contract price		2,301.17		Bank transfer or bills			

S.A.S GROUPE SEB MOULIN EX	Same controlling shareholder with the controlling shareholder	Commodity selling	Finished products	Contract price		1,420.78		Bank transfer or bills			
Supor Group Co., Ltd.	Shareholder	Commodity selling	Finished products	Market price		379.1		Bank transfer or bills			
SEB INTERN ATIONAL SERVICE S.A.S	Same controlling shareholder with the controlling shareholder	Commodity selling	Accessories	Market price		345.85		Bank transfer or bills			
ALL-CL AD METALC RAFTER S LLC	Same controlling shareholder	Commodity selling	Finished products	Contract price		24.49		Bank transfer or bills			
Wuhan Anzai Cookware Co., Ltd.	Affiliated companies	Commodity selling	Finished products	Contract price		64.14		Bank transfer or bills			
SEB COLOM BIA	Same controlling shareholder	Commodity selling	Finished products	Contract price		137.68		Bank transfer or bills			
LAGOST INA S.P.A.	Same controlling shareholder	Commodity selling	Finished products	Contract price		114.77		Bank transfer or bills			
Zhejiang Supor Real Estate Develop ment Co., Ltd.	Subsidiary of the shareholder	Commodity selling	Finished products	Contract price		15.78		Bank transfer or bills			
SEB USA	Same controlling shareholder	Commodity selling	Accessories	Contract price		3.7		Bank transfer or bills			
Total				--	--	299,040.3	--	--	--	--	--

			6					
Return of large sales	N/A							
Necessity and continuity of connected transaction; reason for transacting with connected party (instead of other parties)	SEB and its connected parties have been cooperating with the Company for years, and the two sides maintain good relationships. Transactions with SEB play an active role both in sales in overseas market and expansion of domestic market.							
Influence of connected transactions on independence of listed company	The above stated connected transactions have no impact on the independence of listed company. The main business of the Company will not be dependent on connected parties just because of these transactions.							
Degree of dependence on connected parties and solutions (if any)	N/A							
Actual performance of daily connected transactions expected to happen in the reporting period with total amount estimated (if any)	By the end of 2014, the amount of connected transactions actually happened in 2014 between the Company and SEB Group or its connected parties was 2,719,939,100 yuan, 55,360,900 yuan lower than the estimation at year-begin. (reference can be made to the "Announcement of Estimated Amount of Connected Transactions for 2014" disclosed on March 27, 2014.)							
Reason for big discrepancy between transaction value and reference price in market (if applicable)	N/A							

VI. Significant Contracts and Fulfillment Conditions

1. Custody, contracting, and leasing

(1) Custody

☐ Applicable ☒ Not Applicable

No custody was made in the reporting period.

(2) Contracting

☐ Applicable ☒ Not Applicable

No contracting was made in the reporting period.

(3) Leasing

☐ Applicable ☒ Not Applicable

No leasing existed in the reporting period.

VII. Fulfillment of Commitments

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

√ Applicable □ Not Applicable

Undertaking	Undertaken by	Contents of undertaking	Time of undertaking	Term of undertaking	Performance
Commitment of share merger reform					
Undertaking made in Acquisition Report or Equity Change Report	SEB Internationale	SEB Internationale undertook in the Acquisition Report signed on October 19, 2011 that it would not transfer or entrust others to manage, or sell back to Supor the shares obtained from this transfer, within three years as of the date of obtaining them. Meanwhile, within three years since the settlement day, the acquirer undertook that it would not make any decisions or conduct any behaviors that will cause delisting of Supor or deprive its listing qualifications,	October 19, 2011	December 22, 2011 - December 21, 2021	Strictly performed

		and would retain at least 25% of Supor's present or future stock within ten years.			
Commitment made during asset restructuring					
Commitment made during IPO or refinancing					
Other commitments made to minority shareholders	SEB Internationale	SEB Internationale undertook following in the Framework Agreement of Strategic Investment signature on August 14 2006: to retain 25% of the present or future total stocks within 10 years from December 25 2007.	August 14, 2006	December 25, 2007 - December 24, 2017	Strictly performed
Timely fulfillment	Yes				
Reason of unfulfillment and next plans (if any)	N/A				

2. Where assets or projects of the Company are expected to make profit, and the expected profiting period lasts in the reporting period, explanation of the Company on reaching the profiting expectation and reasons

☐ Applicable ☒ Not Applicable

VIII. Employment and Disengagement of Certified Public Accountants

Certified public accountants engaged at the moment

Name of domestic certified public accountants:	Zhejiang Pan-China Certified Public Accountants (special general partnership)
Reward for domestic certified public accountants (in 10K RMB)	135

Service years of audit for the Company	15
Names of CPAs from domestic certified public accountants:	Zhu Dawei, Guo Yunhua

Intension of changing certified public accountants

☐ Yes ☒ No

Engagement of audit certified public accountants, financial advisers or sponsors

☐ Applicable ☒ Not Applicable

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

☐ Applicable ☒ Not Applicable

X. Punishment and Rectification

☐ Applicable ☒ Not Applicable

No punishment or rectification issues happened in the reporting period.

XI. Suspension of Listing or Delisting after Disclosure of Annual Report

☐ Applicable ☒ Not Applicable

XII. Other Significant Issues

☐ Applicable ☒ Not Applicable

No other significant issues need to be explained in the reporting period.

XIII. Significant Events of Subsidiaries of the Company

☐ Applicable ☒ Not Applicable

XIV. Issuance of Company Bonds

☐ Applicable ☒ Not Applicable

SECTION VI CHANGES IN SHARE CAPITAL AND PARTICULARS ABOUT SHAREHOLDERS

I. Changes in Share Capital

(Unit: Shares)

	Before change		Increase/decrease in the period (+, -)					After change	
	Quantity	Scale	New shares	Shares bonus	Converted capital	Others	Subtotal	Quantity	Scale
I. Restricted outstanding shares	295,496,002	46.58%					-1,036,025	294,459,977	46.46%
1. Shares held by the State	0	0.00%						0	0.00%
2. Shares held by state-owned legal entities	0	0.00%						0	0.00%
3. Shares held by other domestic investors	9,756,262	1.54%					-1,036,025	8,720,237	1.38%
In which: Shares held by domestic legal entities	0	0.00%					0	0	0.00%
Shares held by domestic natural persons	9,756,262	1.54%					-1,036,025	8,720,237	1.38%
4. Shares held by foreign investors	285,739,740	45.04%						285,739,740	45.08%
In which: Shares held by foreign legal entities	285,739,740	45.04%						285,739,740	45.08%
Shares held by foreign natural persons	0	0.00%						0	0.00%
II. Non-restricted outstanding shares	338,898,110	53.42%					495,353	339,393,463	53.54%
1. RMB common shares	338,898,110	53.42%					495,353	339,393,463	53.54%
2. Domestically listed foreign shares	0	0.00%						0	0.00%
3. Overseas listed foreign shares	0	0.00%						0	0.00%
(4) Others	0	0.00%						0	0.00%
III. Total shares	634,394,112	100.00%					-540,672	633,853,440	100.00%

Reasons for share capital change

√ Applicable □ Not Applicable

1. On January 2, 2014, top management of the Company unlocked 25% of the shares registered under their names on the last trading day of the previous year.
2. Since the business performance of 2013 failed the requirements of "Equity Incentive Plan 2012", and several incentive objects resigned, the Company adopted the Proposal on Annulling a Part of Stock Options and Repurchasing and Canceling a Part of Restricted Stock at the 22nd Session of the 4th Board of Directors held on March 25, 2014, by which it would repurchase and cancel 540,672 shares of restricted stock at the price of 0 yuan per share.
3. Since the business performance of 2013 satisfied the requirements of "Equity Incentive Plan 2013", the Company adopted the Proposal on Unlocking of Restricted Stock within the First Unlock Schedule of Restricted Stock Incentive Plan at the 22nd Session of the 4th Board of Directors held on March 25, 2014, agreeing to unlock in the first unlock schedule the Restricted Stock for 111 qualified Incentive Objects. The unlocking number of Restricted Stock of first schedule is 554,000, accounting for 0.087% of the total capital stock of the Company. The unlocking date of the Restricted Stock (date of circulation) is January 5, 2015.
4. With resignation of several incentive objects for personal reasons, the Company should, according to Article 2(3) of Chapter VII "Change to the Company and the Incentive Objects" of the Equity Incentive Plan 2012, annul their Stock Option not meeting the unlock conditions (accounting for 70% of total Stock Option granted to Incentive Objects), and repurchase and cancel at the price of 0 yuan per share the Restricted Stock not meeting the unlock conditions (accounting for 70% of total Restricted Stock granted to Incentive Objects). In total, 221,760 shares of Stock Options were to be annulled, and 36,960 shares of Restricted Stock were to be repurchased and canceled. In accordance with the Equity Incentive Plan 2013, the Company should repurchase 180,000 shares of Restricted stock at the price of 0 yuan per share and cancel their restricted stock not meeting the unlock conditions (accounting for 90% of total Restricted Stock granted to them). Totally 216,960 shares of Restricted stock were to be repurchased and canceled (The repurchase and cancellation work are not completed).

Approval of stock changes

√ Applicable □ Not Applicable

1. Since neither domestic sales nor domestic operating profit of 2013 reached the preset minimum equity incentive index of the "Equity Incentive Plan 2012", and the resignation of several incentive objects, the Company adopted the Proposal on Annulling a Part of Stock Options and Repurchasing and Canceling a Part of Restricted Stock at the 22nd Session of the 4th Board of Directors held on March 25, 2014, by which it would annul totally 1,581,888 shares of stock options, and repurchase and cancel 540,672 shares of restricted stock at the price of 0 yuan per share. As reviewed and confirmed by Shenzhen Branch of China Securities Depository and Clearing Corporation Limited, the Company has completed the repurchase and cancellation work of the stock option and restricted stock on June 19, 2014. On September 22, 2014, the Company completed relevant procedures of registration change with Zhejiang Administration for Industry and Commerce, and obtained the new Business License for Legal Corporation. After the change, registered capital of the Company is changed from 634,394,112 yuan to 633,853,440 yuan.

Ownership transfer due to stock change

√ Applicable □ Not Applicable

At the 2nd Session of the Fifth Board of Directors held on August 26, 2014, the Proposal on Granting Reserved Restricted Stock to Incentive Objects was adopted, confirming the grant of 180,205 shares of Restricted Stock to 15 Incentive Objects on August 28, 2014. The listing date of stock granted is October 13, 2014.

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

√ Applicable □ Not Applicable

During this reporting period, totally 540,672 shares have been repurchased and canceled, which would cause minimal effect on basic EPS and diluted EPS, and no effect on net assets belonging to common shareholders of the Company and other financial indicators.

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

□ Applicable √ Not Applicable

II. Security Offering and Listing Information

1. Security offering in past three years by period-end

□ Applicable √ Not Applicable

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

√ Applicable □ Not Applicable

Reference: "I. Changes in Share Capital"

3. Staff shares

□ Applicable √ Not Applicable

III. Shareholders and the Actual Controller

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

(Unit: Shares)

Total number of common share holders by end of reporting period	8,808	Number of common shareholders on the fifth trading day before the disclosure date of the annual report		9,859	Total number of preferred stockholders with restored voting right (if any, see Note 8).		0	
Information on shareholders holding more than 5% shares 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 shares pledged or frozen	
							State of shares	Quantity
SEB INTERNATIONAL	Foreign legal entity	71.44%	452,832,233	0	285,739,740	167,092,493		

ALE S.A.S								
Supor Group Co., Ltd.	Domestic non state-owned legal entity	11.79%	74,703,631	0	0	74,703,631	Pledge	64,700,000
Fidelity Mutual Fund & Investment Management - clients' capital	Foreign legal entity	2.16%	13,669,917	11922176	0	13,669,917		
UBS AG	Foreign legal entity	1.25%	7,909,772	103034	0	7,909,772		
Industrial and Commercial Bank of China - GF Large Growth Hybrid Securities Investment Fund	Others	1.11%	7,005,587	7,005,587	0	7,005,587		
GF International Investment Management Limited - clients' capital	Foreign legal entity	0.82%	5,167,645	5,167,645	0	5,167,645		
DEUTSCHE BANK AKTIENGESELLSCHAFT	Foreign legal entity	0.61%	3,838,664	2181855		3,838,664		
BNP Paribas Investment Partners Asia Limited - Clients' fund	Foreign legal entity	0.59%	3,750,000	0	0	3,750,000		
Societe Generale	Foreign legal entity	0.50%	3,185,625	3,185,625	0	3,185,625		
Su Xianze	Domestic natural person	0.48%	3,040,126	-48576	2,267,950	772,176		
Strategic investor or general corporate investor who becomes top 10 shareholder as a result of rights issue (if any)	No							
Related relationship among the above shareholders or concerted	Among the top 10 shareholders, Mr. Su Xianze and president Su Zengfu of the second largest shareholder of Zhejiang Supor Co., Ltd. - Supor Group have a parent-child relationship. The							

parties	Company is not aware of any connected relationship or concerted parties among other shareholders as stipulated in Administration of the Takeover of Listed Companies Procedures.		
Top 10 shareholders holding non-restricted outstanding shares			
Shareholder's name	Number of non-restricted outstanding shares held at period-end	Nature of share	
		Nature of share	Qty.
SEB INTERNATIONALES.A.S	167,092,493	Renminbi common shares	167,092,493
Supor Group Co., Ltd.	74,703,631	Renminbi common shares	74,703,631
Fidelity Mutual Fund & Investment Management - clients' capital	13,669,917	Renminbi common shares	13,669,917
UBS AG	7,909,772	Renminbi common shares	7,909,772
Industrial and Commercial Bank of China - GF Large Growth Hybrid Securities Investment Fund	7,005,587	Renminbi common shares	7,005,587
GF International Investment Management Limited - clients' capital	5,167,645	Renminbi common shares	5,167,645
DEUTSCHE BANK AKTIENGESELLSCHAFT	3,838,664	Renminbi common shares	3,838,664
BNP Paribas Investment Partners Asia Limited - Clients' fund	3,750,000	Renminbi common shares	3,750,000
Societe Generale	3,185,625	Renminbi common shares	3,185,625
Taikang Life Insurance - bonus - individual bonus - 019L-FH002 Shen	2,609,489	Renminbi common shares	2,609,489
Connected relationship or concerted parties among the top 10 shareholders holding non-restricted outstanding shares, and between the top 10 shareholders holding non-restricted outstanding shares and top 10 shareholders	Among the top 10 shareholders, Mr. Su Xianze and president Su Zengfu of the second largest shareholder of Zhejiang Supor Co., Ltd.- Supor Group have a parent-child relationship. Among other top 10 shareholders holding non-restricted outstanding shares and among top 10 shareholders, the Company is not aware of any connected relationship or concerted parties as stipulated in the Administration of the Takeover of Listed Companies Procedures.		
Information on top 10 common shareholders involved in securities margin trading business (if any) (see Note 4)	No		

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.

2. The controlling shareholder

Legal person

Name of controlling shareholder	Legal representative/person in charge	Date of establishment	Organization Code	Registered capital	Main business
SEB Internationale	Thierry de La Tour d'Artaise	December 26, 1978	No	80,000,000 Euro	Equity investment in France and overseas enterprises (despite business types), namely, purchasing and subscribing of stocks, bonds, company shares, equities, various securities and valuable securities, and transfer of such securities or notes; all financial operations related to equity participation, including purchasing, manufacturing and selling home appliances for the purpose of distribution and providing relevant services; all activities directly or indirectly contributing to the realization of these operations, particularly in the areas of movable properties, estate, finance, commerce and industry.
Future development strategy	No				
Business results,	No				

financial status and cash flow, etc.	
Shareholding of other overseas listed companies by the Company's controlling shareholder in the reporting period	No

Change of controlling shareholder in the reporting period

☐ Applicable ☒ Not Applicable

No change of controlling shareholder occurred in the reporting period.

3. Actual controller

Legal person

Name of the actual controller	Legal representative/person in charge	Date of establishment	Organization Code	Registered capital	Main business
SEB S.A.	Thierry de La Tour d'Artaise	December 28, 1973	No	50,169,049 Euro	Share holding, share participation and equity management in all types of enterprises
Future development strategy	To set the benchmark for global SDA industry				
Business results, financial status and cash flow, etc.	By December 31, 2014, the total sales for SEB Group is 4,253 million euros, gross operating profit is 368 million euros, profit attributable to parent company is 170 million euros, and net earnings per share is 3.45 euros. SEB Group is a worldly reputable international group in domestic electrical appliance. It operates in more than 150 countries with a unique portfolio of top electrical appliance and cookware brands, such as AIRBAKE, ALL-CLAD, ARNO, ASIAFAN, CALOR, CLOCK, IMUSA, KRUPS, LAGOSTINA, MAHARAJA WHITELINE, MIRRO, MOULINEX, PANEX, ROCHEDO, ROWENTA, SAMURAI, SEB, TEFAL, T-FAL, UMC0, WEAREVER and Supor. As a multiple expert and full-line supplier, SEB Group operates in the area of CW and small domestic appliances, involving kitchen electrical appliance (for cooking and food processing) and house care products (personal care products, linen products, home care). By marketing the large scope of products by multiple retail types, the number of products sold each year reaches nearly 200 million. With a view to long-term development, SEB Group focuses on innovation, international development strategy and cultivation of competence. It has over 25,000 employees worldwide.				
Holding of other overseas listed companies by the Company's actual controller in the	No				

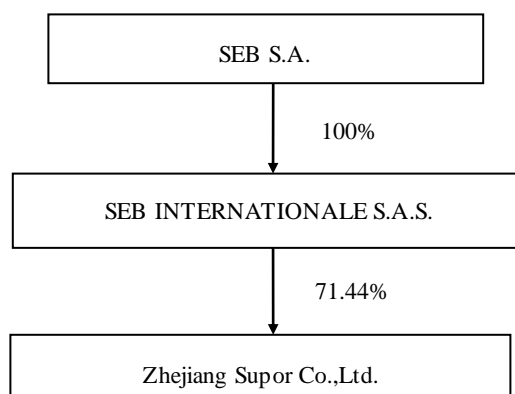
reporting period	
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Change of actual controller in the reporting period

☐ Applicable ☒ Not Applicable

No change of actual controller occurred in the reporting period.

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



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

☐ Applicable ☒ Not Applicable

Other corporate shareholders holding more than 10% shares

☒ Applicable ☐ Not Applicable

Name of corporate shareholder	Legal representative /person in charge	Date of establishment	Organization Code	Registered capital	Main business or management activities
Supor Group Co., Ltd.	Su Zengfu	May 02, 1996	14840370-3	RMB250,000,000	Manufacturing of modern kitchen utensils and accessories, computer accessories, sterilizing appliances, bathing utensils, stainless steel products and ironware

IV. Shareholding increase plan proposed or implemented by Company big shareholders and their concerted parties

☒ Applicable ☐ Not Applicable

Name of shareholder /	Number of shares planned to be	Proportion of shares planned to	Number of shares actually increased	Proportion of shares actually	Initial disclosure date of	Disclosure date after
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concerted parties	increased	be increased		increased	shareholding increase plan	implementation of shareholding increase plan
SEB Internationale	10,000,000	1.58%			January 05, 2015	

Other information

Based on the provisions of CSRC and Shenzhen Stock Exchange and the market conditions, SEB will buy 10 million shares from the Company's second largest shareholder - Supor Group at the price not more than 17.5 yuan per share in following six months from December 31, 2014. The stock transferred accounts for 1.58% of the total shares already issued by the Company. The two parties will process the transfer procedures as required by law. The shareholding increase of SEB Internationale is in compliance with Securities Law and other relevant laws, administrative rules, regulations, as well as the provisions of Shenzhen Stock Exchange. SEB Internationale promises not to reduce shareholding of Company stock during shareholding increase period and statutory period. This shareholding increase plan of controlling shareholder will not affect the listing status of the Company, or cause its share distribution failing to meet the requirements of listing.

SECTION VII INFORMATION ON PREFERRED STOCK

☐ Applicable ☒ Not Applicable

No preferred stock existed in the reporting period.

SECTION VIII PARTICULARS ABOUT DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT STAFFS

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

Name	Position	Post-holding status	Gender	Age	Commencement date of term of office	Expiry date of term of office	Number of shares held at period-begin (shares)	Number of shares increased (shares)	Number of shares reduced (shares)	Number of shares held at period-end (shares)
Frédéric VERWAERDE	Board Chairman	Holding	Male	59	April 24, 2014	April 23, 2017	0	0	0	0
Thierry de La Tour d'Artaise	Director	Holding	Male	60	April 24, 2014	April 23, 2017	0	0	0	0
Su Xianze	Director	Holding	Male	46	April 24, 2014	April 23, 2017	3,088,702	0	48,576	3,040,126
Su Yan	Director	Holding	Female	43	April 24, 2014	April 23, 2017	0	0	0	0
Harry TOURE	Director	Holding	Male	61	April 24, 2014	April 23, 2017	0	0	0	0
Vincent LEONARD	Director	Holding	Male	54	April 24, 2014	April 23, 2017	0	0	0	0
Frederic BERAHA	Independent director	Holding	Male	64	April 24, 2014	April 23, 2017	0	0	0	0
Xiaoqing PELLEMELLE	Independent director	Holding	Female	58	April 24, 2014	April 23, 2017	0	0	0	0
Wang Baoping	Independent director	Holding	Male	51	April 24, 2014	April 23, 2017	0	0	0	0
Chia wahhock	Supervisor	Holding	Male	59	April 24, 2014	April 23, 2017	0	0	0	0
Philippe SUMEIRE	Supervisor	Holding	Male	55	April 24, 2014	April 23, 2017	0	0	0	0
Zhang Junfa	Supervisor	Holding	Male	38	April 24, 2014	April 23, 2017	0	0	0	0

Vincent Tai	General Manager	Holding	Male	54	April 24, 2014	April 23, 2017	0	0	0	0
Xu Bo	Chief Financial Officer	Holding	Male	47	April 24, 2014	April 23, 2017	411,072	0	38,016	373,056
Ye Jide	Deputy GM and Board Secretary	Holding	Male	38	April 24, 2014	April 23, 2017	378,520	0	111,526	266,994
Wang Pingxin	Independent director	Separation from service	Male	66	January 28, 2008	April 24, 2014	0	0	0	0
Total	--	--	--	--	--	--	3,878,294	0	198,118	3,680,176

Note: The share reduction of directors and top management during the reporting period includes the restricted stock defined in Equity Incentive Plan 2012 repurchased and canceled for not meeting the business performance requirements of 2013.

II. Incumbency of Office

Main working experiences of present directors, supervisors and senior management staffs over the past five years

1. Directors

Mr. Frédéric VERWAERDE: Board chairman, graduated from AUDENCIA Nantes. Senior Executive Vice President of Continental Structures for Group SEB and member of the Executive Committee; has worked successively as the President of SEB Cookware business, director for Mercosur markets, product director and export director.

Mr. Thierry de La Tour d'Artaise: Director, Master of Management of Paris ESCP; chartered accountant. Chairman of Board and CEO of Group SEB; has served successively as Deputy Chairman of Group SEB, head of home appliance and personal care division, Chairman of CALOR, CFO and CEO of CROISIERES PAQUET, audit manager of Coopers & Lybrand.

Mr. Su Xianze, Director, CEIBS EMBA, engineer. Board chairman of this Company from 2001 to April 2014, concurrently general manager of this Company from 2001 to March 2010.

Ms. Su Yan: Director. Board chairman and general Manager of Zhejiang Supor South Ocean Pharmaceutical Co., Ltd. and concurrently board chairman of Zhejiang Supor Pharmaceutical Sales Co., Ltd., general manager of Hubei South Ocean Pharmaceutical Co., Ltd., general manager of Zhejiang South Ocean Pharmaceutical Co., Ltd., general manager of Hangzhou South Ocean Pharmaceutical Co., Ltd.; was the general manager of Zhejiang Supor P&R Products Co., Ltd., general manager of the Company and vice president of Supor Group Co., Ltd.

Mr. Harry TOURET: Director, post-graduate diplomas in management science and corporate human resources, Senior Executive Vice President of HR for SEB Group since 2002. He was former senior HR VP of Aventis CropScience.

Mr. Vincent LEONARD: Director, master of business economics of ESSEC; audit manager of Arthur Andersen and then working in PepsiCo Group; joined in SEB Group in March 2013 as Senior Executive Vice President of Finance.

Mr. Wang Baoqing: Independent director of the Company; professor of Zhejiang Gongshang University, master tutor; master of economics (accounting major) of Zhongnan University of Economics and Law; previously was head of audit department of School of Accounting of Zhejiang Gongshang University, director of Modern Accounting Research Institute, and visiting professor of Beijing National Accounting Institute; now peer reviewer of professorate senior accountant of Zhejiang province, China CPA (non-practicing member), deputy secretary of Zhejiang Audit Society, managing director and director of training committee of Zhejiang Society of Zhejiang Institute of Internal Audit, independent director of listed company.

Mr. Frederic BERAHA: Independent director; General manager of Shengzhi Enterprise since 2007; general manager of wholly-owned subsidiary of HEC Paris in China from 2009 to 2012; scientific and cultural counsellor of the French Embassy in China from 2002 to 2007.

Ms. Xiaoqing PELLEMELE: Independent director; Secretary general of French-China Communication Committee of CRCI Paris - Ile-de-France since 2007; International department commissioner of Chamber of Commerce and Industry of Paris from 1997 to 2007.

2. Supervisors

Mr. Chia Wahhock: Supervisor, graduated from Singapore National University as the Electronic/Electrical Engineering Major, and worked for Philips till April 2010, engaged in development, production, organization structure and efficiency, project management, factory management, operation management, global industry management, supply management, Asian Region sourcing, new product introduction and life cycle management, etc.; joined in Supor in May 2010 and is now Director of Industrial Development Department.

Mr. Philippe SUMEIRE: Supervisor; obtained doctor's degree of Private Law in 1987; graduated from International Private Law Department of Aix-en-Provence Law School; now President of Law Department and Company Secretary; was working for PEUGEOT S.A. and ATOCHEM, chief legal consultant and board secretary of CLUB MED, GIAT INDUSTRIES and MOULINEX S.A..

Mr. Zhang Junfa: Supervisor; graduated from Northwestern Polytechnical University; joined in Supor in 1993 in security section, and then worked in legal affairs department and office; currently chairman of the Trade Union of the Company, and office head of Yuhuan Site.

3. Top management

Mr. Vincent Tai: General Manager of the Company, bachelor of industrial engineering of University of Hong Kong; was the director and general manager of Apple China, sales director of Electrolux, director and general manager of SSEAC, COO and vice president of the Company.

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

Mr. Ye Jide: Secretary of Board of Directors, deputy general manager, and manager of securities department, CEIBS EMBA; was the chief of equipment sector, office head and assistant of general manager of the Company since 1999.

Post information in shareholding company

☒ Applicable ☐ Not Applicable

Name	Shareholding company	Post in the shareholding company	Commencement date of term of office	Expiry date of term of office	Payment or allowance from the shareholding company
Thierry de La Tour d'Artaise	SEB Group	Chairman of Board & CEO	May 01, 2000		No
Frédéric VERWAERDE	SEB Group	Senior Executive VP of Continental Structures & Executive Committee Member	January 01, 1998		No
Philippe SUMEIRE	SEB Group	President of Law Department & Company Secretary	December 10, 2001		No
Harry TOURET	SEB Group	Senior Executive VP of HR	September 01, 2002		No
Vincent LEONARD	SEB Group	Senior Executive VP of Finance	March 01, 2013		No

Post information in other companies

√ Applicable □ Not Applicable

Name	Company	Post in the other companies	Commencement date of term of office	Expiry date of term of office	Payment or allowance from other companies
Wang Baoping	Zhejiang Gongshang University	Professor	July 30, 1996		Yes
Wang Baoping	ZHEFU Holding Group	Independent director	November 12, 2013	November 11, 2016	Yes
Wang Baoping	Hangzhou Advance Gearbox Group Co., Ltd.	Independent director	September 25, 2014	September 24, 2017	Yes
Wang Baoping	Hangzhou Coco Healthcare Products Co., Ltd.	Independent director	January 01, 2015	January 01, 2018	Yes
Wang Baoping	Shandong Intco Recycling Resources Co., Ltd.	Independent director	December 01, 2014	December 01, 2017	Yes
Su Yan	Zhejiang Supor South Ocean Pharmaceuticals Co., Ltd.	Board chairman, general manager	May 01, 2006		No
Su Yan	Zhejiang Supor Pharmaceutical Sales Co., Ltd.	Board Chairman	May 01, 2006		Yes
Su Yan	Hubei South Ocean Pharmaceuticals Co., Ltd.	General Manager	May 01, 2006		No

Su Yan	Zhejiang South Ocean Pharmaceuticals Co., Ltd.	General Manager	May 01, 2006		No
Su Yan	Hangzhou Supor South Ocean Pharmaceuticals Co., Ltd.	General Manager	May 01, 2006		No
Frederic BERAHA	Shengzhi Enterprise Co., Ltd.	General Manager	January 01, 2007		Yes
Xiaoqing PELLEMENTE	CRCI Paris - Ile-de-France	Secretary general of French-China Communication Committee	January 01, 2007		Yes

III. Remuneration for Directors, Supervisors and Senior Management Staffs

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

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

Remuneration for Directors, Supervisors and Senior Management Staffs in the Reporting Period

Unit: 10K RMB

Name	Position	Gender	Age	Post-holding status	Remuneration receivable from the Company	Remuneration receivable from shareholding company	Remuneration received in the reporting period
Frédéric VERWAERDE	Board Chairman	Male	59	Holding			
Thierry de La Tour d'Artaise	Director	Male	60	Holding			
Su Xianze	Director	Male	46	Holding	67.63		
Su Yan	Director	Female	43	Holding			
Harry	Director	Male	61	Holding			

TOURET							
Vincent LEONARD	Director	Male	54	Holding			
Frederic BERAHA	Independent director	Male	64	Holding	15		
Xiaoqing PELLEMELE	Independent director	Female	58	Holding	15		
Wang Baoping	Independent director	Male	51	Holding	15		
Chia wahhock	Supervisor	Male	59	Holding	291.77		
Philippe SUMEIRE	Supervisor	Male	55	Holding			
Zhang Junfa	Supervisor	Male	38	Holding	21.73		
Vincent Tai	General Manager	Male	54	Holding	269.38		
Xu Bo	Chief Financial Officer	Male	47	Holding	197.91		
Ye Jide	Deputy GM and Board Secretary	Male	38	Holding	77.88		
Total	--	--	--	--	971.30		

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

☐ Applicable ☒ Not Applicable

IV. Change of directors, supervisors and senior management staffs

Name	Position	Type	Date	Reason
Frédéric VERWAERDE	Board Chairman	Elected	April 24, 2014	Election at expiration of office terms
Thierry de La Tour d'Artaise	Director	Elected	April 24, 2014	Election at expiration of office terms
Su Xianze	Director	Elected	April 24, 2014	Election at expiration of office terms
Su Xianze	Board Chairman	Expiration of term	April 24, 2014	Election at expiration of office terms
Su Yan	Director	Elected	April 24, 2014	Election at expiration of office terms
Harry TOURET	Director	Elected	April 24, 2014	Election at expiration of office terms
Vincent LEONARD	Director	Elected	April 24, 2014	Election at expiration of office terms

Frederic BERAHA	Director	Elected	April 24, 2014	Election at expiration of office terms
Xiaoqing PELLEMELE	Director	Elected	April 24, 2014	Election at expiration of office terms
Wang Baoping	Director	Elected	April 24, 2014	Election at expiration of office terms
Wang Pingxin	Director	Expiration of term	April 24, 2014	Election at expiration of office terms
Chia wahhock	Supervisor	Elected	April 24, 2014	Election at expiration of office terms
Philippe SUMEIRE	Supervisor	Elected	April 24, 2014	Election at expiration of office terms
Zhang Junfa	Supervisor	Elected	April 24, 2014	Election at expiration of office terms
Vincent Tai	General Manager	Appointment	April 24, 2014	Election at expiration of office terms
Xu Bo	Chief Financial Officer	Appointment	April 24, 2014	Election at expiration of office terms
Ye Jide	Deputy GM and Board Secretary	Appointment	April 24, 2014	Election at expiration of office terms

V. Change of Core Technology Team or Key Technical Personnel (non directors, supervisors and top management)

No.	Name	Original duty	Resignation time
1	Xu Dongsheng	Strategic marketing manager of Electrical Appliance BU	May 31, 2014
2	Lin Xianglan	Vice general management of P&R Company	March 10, 2014
3	Wang Zhengmeng	Vice General Manager of Wuhan Site	April 30, 2014
4	Zhu Yiwei	E-commerce manager of Electrical Appliance BU	June 04, 2014

These persons have left the Company for personal reasons. Their resignation will not affect the Company's normal operation.

VI. Staffing Information

By the end of 2014, the total number of employees is 12,267. There are no retired employees for whom the Company shall cover expenses.

Item	Job description	Total number	Proportion (%)
Professionals	Production personnel	4424	61.83%
	Sales personnel	1107	15.47%
	Technician	1116	15.60%
	Financial personnel	145	2.03%
	Administrative personnel	363	5.07%

Education	Postgraduate and above	60	0.84%
	Junior college or university	2412	33.71%
	Technical secondary school or high school	1769	24.72%
	Others	2914	40.73%

SECTION IX CORPORATION GOVERNANCE

I. Basic Situation

In the reporting period, the Company further standardized the operation of the Company and improved the governance by continuously building up and strengthening the corporate governance system, improving the internal control and management system, and deepening the governing process strictly in accordance with the *Company Law*, the *Securities Law* and the *Rules on the Corporate Governance of Listed Companies*, and the *Stocks Listing Rules of Shenzhen Stock Exchange* as well as other regulations of CSRC. By the end of the reporting period, the actual governance of the Company was basically in compliance with the relevant regulations of corporate governance of listed companies issued by the CSRC and Shenzhen Stock Exchange, and with the rules of established systems of the Company. No administrative regulation measures were taken by regulatory department upon the Company.

In the reporting period, disclosures of systems established and relevant public information since the listing are:

No.	System	Date of disclosure	Media of disclosure
1	Internal Control System for Foreign Exchange Hedging	March 27, 2014	cninfo.com.cn

1. Relating to Shareholders and the General Meeting of Shareholders:

The Company has convened and held the General Meetings of Shareholders strictly according to the *Rules for the General Meetings of Shareholders of Listed Companies*, *Rules of Procedures of Shareholders Meeting*, and other rules and requirements, and ensured the legality and validity of the convening, holding and voting procedures of the general meetings, and the legitimate rights and interests of all shareholders, especially of the minority shareholders.

2. Relating to the Company and the Controlling Shareholder

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

3. Relating to Directors and the Board of Directors

The Company elected directors strictly according to the procedures stipulated in the *Company Law* and the *Articles of Association*, and ensured the open, fair, equitable and independent appointment and election of directors, and the compliance of number and composition of the Board of Directors with relevant laws and regulations. Now the Company has three independent directors, representing 1/3 of its directors. All directors have actively participated in the Company's operation and decision-making activities, performed their duties, attended the relevant training sessions organized by supervisory departments, pursuant to the *Company Law*, the *Guidelines on the Conduct of Directors of Companies Listed on the Small and Medium-sized Enterprise Board of Shenzhen Stock Exchange*, the *Articles of Association* and the *Rules of Procedures for the Board of Directors*. The Board of Directors consists of various special committees, with each assuming their respective roles and independent directors fully playing exert their specialties, which further improves the working efficiency and decision-making level of the Board of Directors.

4. Relating to Supervisors and the Board of Supervisors

The Company elected supervisors strictly according to the provisions under the *Company Law* and the *Articles of Association*. The number of supervisors and composition of the Board of Supervisors met the requirement of relevant laws and regulations. All

supervisors have performed their duties as required by the Regulations of Procedure of the Board of Supervisors, effectively supervised the legality and regulatory compliance of significant events, connected transactions, financial conditions, and duty fulfillment of directors and senior management staffs of the Company, and maintained the legitimate rights and interests of the Company and its shareholders.

5. Relating to performance appraisal and the incentive and restraining mechanism

The Company has established the performance appraisal system and the incentive and restraining mechanism. The appointment of and payment for directors, supervisors and senior management staffs of the Company are open, clear and in line with relevant laws and regulations.

6. Relating to information disclosure and transparency

The Securities Department of the Company is responsible for information disclosure and investor's relationship management. As required by the CSRC and Shenzhen Stock Exchange on compilation of periodic reports, the Department, in association with the Financial Department of the Company, has timely and accurately compiled and submitted the 2013 Annual Report, First Quarterly Report 2014, Semi-Annual Report and Third Quarterly Report 2014, based on the strict compliance with the non-disclosure rules before the disclosure of the reports.

The Securities Department of the Company disclosed, after review and adoption by the Board of Directors or the General Meeting of Shareholders, the routine information (Board Meetings and Supervisors' Meetings), fatal information (external investments), significant events truly, accurately, completely, timely and fairly. In the reporting period, the Company has published 44 announcements on the basis of strict compliance with non-disclosure rules before the disclosure and filing management after the disclosure. Information disclosure of the Company in the reporting period was timely, true, accurate, complete and fair, and has never been questioned by any related supervisory authorities. Furthermore, in accordance with the requirement of the Management System of Investor's Relationship, the Company has standardized investors' reception procedures including visiting and consultation, and guaranteed the fair acquisition of the Company's information by all shareholders.

Any discrepancy between corporate governance and Company Law and CSRC regulations

☐ Yes ☒ No

There were no discrepancies between corporate governance and Company Law and CSRC regulations.

Progress of special corporate governance activities, and formulation and implementation of the Management System on Registration of Insiders about Inside Information

(1) Progress of special corporate governance activities: during the reporting period, the profit distribution policy of the Company conformed to relevant rules of CSRC and Shenzhen Stock Exchange and the provisions of the Articles of Association and review procedures. The formulation and execution of cash dividends policy conformed to the provisions of the Articles of Association and resolutions of the General Meeting of Shareholders. Both the standard and proportion in dividends offering were clearly specified. Decision-making procedures and mechanism concerned were well established. Independent directors had clearly specified duties. Minority shareholders were free to express their opinions and requests, and their legal rights were under well protection.

(2) Formulation and implementation of Management System on Registration of Insiders about Inside Information: in the reporting period, the Company strictly enforced relevant laws, regulations and the Company's *Measures for the Administration of Information Disclosure, Internal Reporting System of Significant Information, and the Provisions on the Registration Management System upon Insiders of the Internal Information*. The Company also performed self-audit of stock selling and buying by directors, supervisors, top management and other relevant workers during the time of major issue disclosure or other sensitive period, and found no illegal behavior by related personnel. When relevant information was to be delivered, the Company would request relevant personnel to perform the confidentiality obligation. In the reporting period, the Company did not find any buying or selling of company stock by using its inside information, or any short-term buying and selling during sensitive period or within six months. In the reporting period, the Company did not find any regulatory measures or administrative punishment by regulatory departments against listed company and relevant persons for weak enforcement of the management system on registration of insiders about inside information or

suspicion of inside trading.

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

1. Annual General Meeting of Shareholders

Session	Convening date	Titles of Proposals	Resolutions	Date of disclosure	Reference for disclosure
the General Meeting of Shareholders for 2013	April 24, 2014	Work Report of the Board of Directors for 2013; Work Report of the Board of Supervisors for 2013; Annual Report and Abstract for 2013; Final Financial Report for 2013; Profit Distribution Plan for 2013; Continuing to Engage the Audit Authority; Signing the 2014 Connected Transaction Agreement with SEB S.A.; Revising the Articles of Association; Election of New Board of Directors; Election of New Board of Supervisors	Adopted	April 24, 2014	References can be made to the "Notice of Resolution of the Annual General Meeting of Shareholders for 2013" (2014-020) published in Securities Times, Securities Daily, China Securities Journal and www.cninfo.com.cn .

2. Interim General Meeting of Shareholders in the reporting period

No Interim General Meeting of Shareholders was held during the reporting period.

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

☐ Applicable ☒ Not Applicable

III. Duty Performance of Independent Directors in the Reporting Period

1. Attendance of Board Meeting and General Meeting of Shareholders by independent directors

Attending board meetings						
Name of independent directors:	Due attendance (times)	Presence in on-site meetings (times)	Presence via communication (times)	Presence by entrustment (times)	Absence (times)	Absent for two consecutive times?
Wang Baoping	3	2	1	0	0	No
Frederic BERAHA	4	3	1	0	0	No
Xiaoqing PELLEMELE	4	2	2	0	0	No
Wang Pingxin	1	1	0	0	0	No
Presence in General Meetings by independent directors (times)		1				

Explanations of absence for two consecutive times

No

2. Objections by independent directors to company issues

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

☐ Yes ☒ No

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

3. Other explanations of duty performance of independent directors

Were the advices given by independent directors adopted by the Company?

☒ Yes ☐ No

Explanations of adoption or non-adoption of the advices

During the reporting period, all independent directors of the Company were responsible and diligent. They paid close attention to the impact of external economic situation and market change on the Company business operation, to the reports about Company news by press and on the Internet, and to the progress of company events. They periodically reviewed the information reports provided by the Company, and gave relevant comments and advices. They fully exerted their specialties, actively performed the duties as independent directors, and maintained the legitimate rights and interests of the Company and minority shareholders.

IV. Duty Performance of Special Committees under the Board of Directors

1. Strategy committee

The Company has set up a new Strategy Committee in the reporting period. The main scope of duties of the Committee: (1) to establish long-term strategic development plans; (2) to supervise and verify major investment decisions of the company; (3) other issues authorized by board of directors. Mr. Su Xianze, Mr. Thierry de La Tour d'Artaise and Mr. Frédéric VERWAERDE are elected

members of Strategy Committee of the Board of Directors, and Mr. Su Xianze is convener of the Committee.

2. Audit Committee

During the reporting period, the Company has elected new members of the Audit Committee. Mr. Wang Baoqing (independent director), Mr. Frederic BERAHA (independent director) and Mr. Vincent LEONARD are elected members of the Audit Committee of the Board of Directors, and Mr. Wang Baoqing is convener of the Committee. In the reporting period, the Audit Committee of the Company supervised the establishment and enforcement of internal auditing plans, reviewed the internal auditing work and quarterly work report, and supervised the audit of fund-raising, connected transactions, purchasing and such key items. Besides, the Committee shall supervise preparatory work for compliance of internal control; pay close attention to implementation of internal control, preparation and implementation of financial system and shared center process. Before the coming of registered accountant for annual audit and after the issuing of preliminary auditing opinions, the Auditing Committee would communicate with the accountants and urge the related certified accountants to timely submit the auditing report.

3. Payment and Appraisal Committee

During the reporting period, the Company has elected new members of the Payment and Appraisal Committee. Ms Xiaoqing PELLEMELE (independent director), Mr. Frederic BERAHA (independent director) and Mr. Harry TOURET are elected members of the Payment and Appraisal Committee of the Board of Directors, and Ms Xiaoqing PELLEMELE is convener of the Committee. The Payment and Appraisal Committee of Board of Directors, in strict compliance with the Rules of Procedures for the Board of Directors, reviewed the remuneration for directors, supervisors and top management of the Company.

V. Work of the Board of Supervisors

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

☐ Yes ☒ No

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

VI. Independence and Integrity of the Company and Shareholders Regarding Business, Personnel, Assets, Organization and Finance

In the reporting period, the Company was totally separated from its controlling shareholder in terms of business, personnel, assets, organization and finance. The production and business operation of the Company were stable; the organization was well structured and functioning independently.

1. Independent and complete assets structure

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

2. Independence of personnel

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

3. Independence of finance

The Company has an independent financial department, has established independent accounting system and financial management

system, and makes financial decisions independently. It has opened independent bank accounts and pays taxes independently.

4. Independent of organization structuring

The Company has set up the organization independent from the controlling shareholder completely, and there exists no mixed operation or management. It adopts a BU management system, and has departments directly under the Head Office and five BUs (CW BU, SDA BU, LA BU, and Overseas BU). Neither controlling shareholder nor any other company or individual has intervened with the organization structuring of the Company. No "superior and subordinate relationship" exists between the controlling shareholder and its functional departments on the one hand, and the Company and its functional departments on the other hand.

5. Independence of business operation from shareholders or other related parties

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

VII. Horizontal Competition

☐ Applicable ☒ Not Applicable

VIII. Appraisal of and Incentives for Senior Management

The Company has established a perfect performance appraisal system and salary system of senior management staff, which directly connects the work performance of senior management staffs with their salary. Based on the indicators of the KPI system established at the beginning of 2014, the Company has conducted the year-end appraisal in January 2015 of senior management staffs of their working abilities, duty performance and target fulfillment. During the reporting period, the Company has unlocked the unlockable restricted stock in the first unlock schedule granted to top management in accordance with the Restricted Stock Incentive Plan of 2013. The Payment and Appraisal Committee of the Board of Directors, as the special committee under the Board of Directors, has reviewed the appraisal result.

SECTION X INTERNAL CONTROL

I. Establishment of Internal Control System

In accordance with the Company Law, the Securities Law, Basic Standard for Enterprise Internal Control, Associated Guidelines for Enterprise Internal Control, and Guidelines for the Conduct of Directors of Companies Listed on the Small and Medium-sized Enterprise Board of Shenzhen Stock Exchange, the Company has established an internal control system following the rules of legality, comprehensiveness, importance, equality, adaptability and cost effectiveness, and has evaluated the internal control system based on the "risk-oriented principle".

The internal control system is comprised of five aspects: internal control environment building, risk evaluation, implementation of control activities, information and communication, and internal supervision. The Company has also established series of basic systems regarding company management, daily operation, human resource management and accounting information, and established the business management system covering purchasing, production, sales and asset management. Significant attention was paid to the implementation of international control systems of connected transaction, external guarantee, funds raising, important investment, and information disclosure. During the establishment, the Company has implemented enterprise management system (SAP), financial statements system analysis (BI), business process management (BPM), marketing system management (CRM) and R&D process management (PLM) to gradually improve the portion and level of system control.

II. Declaration of Board of Directors about Internal Control Responsibilities

The Board of Directors concludes that the Company has established and effectively implemented the internal control system in accordance with the Basic Standard for Enterprise Internal Control, evaluated the effectiveness of the system, and truthfully disclosed the evaluation report on the internal control.

The internal control system applies to all main business and issues of the Company and its responsibility centers, covering management rules of subsidiaries, funds, fixed assets, sales and revenue, production and inventory, purchase and payment, and financial statement, etc., and is adapted to the change of business environment and development of the Company. It plays an active role in driving the smooth operation, strengthening management, improving efficiency, preventing risks and promoting the long-term development of the Company.

III. Basis for Establishing Internal Control System over Financial Statements

The Company has established the Internal Control System over financial statements in accordance with the Company Law, the Accounting Law, the Accounting Standard for Business Enterprises, Basic Standard for Enterprise Internal Control, the Guidelines for the Conduct of Directors of Companies Listed on the Small and Medium-sized Enterprise Board of Shenzhen Stock Exchange, and in association with the actual situation of the Company. During the reporting period, the Company has maintained effective internal control over all major aspects of financial reports.

IV. Evaluation Report of Internal Controls

Significant internal control defects in evaluation report of internal controls found in the reporting period	
The Company has maintained effective internal control regarding all major aspects of financial reports in accordance with Basic Standard for Enterprise Internal Control and relevant provisions. No significant defects concerning internal control were found during the reporting period.	
Date of disclosure of full text of Evaluation Report of Internal Controls	March 26, 2015
Reference for full text of Evaluation Report of Internal Controls	Reference can be made to Self-Evaluation Report of the Internal Control System for 2014 published in Securities Times, China Securities Journal, Securities Daily and cninfo.com.cn.

V. Audit Report or Authentication Report of Internal Controls

N/A

VI. Establishment and Implementation of the "Accountability System for Major Errors in Annual Reports"

In accordance with the Company Law, the Accounting Law, the Administrative Measures for Information Disclosure of Listed Companies, and other laws, regulations and regulatory files, the 4th Session of the 4th Board of Directors held on March 28, 2012 adopted the "Accountability System for Major Errors in Information Disclosure of Annual Reports", which defines the responsibility identification and investigation of major errors in information disclosure of annual reports, and regulates that once significant financial errors or omissions have occurred, people responsible for such errors or omissions will be dealt with sternly according to this System. In the reporting period, no such things as correction of significant financial errors, replenish of significant omissions, or amendment to performance brief happened.

SECTION XI FINANCIAL REPORT

Auditor's Report

PCCPAAR[2015]No. 658

To the Shareholders of Zhejiang Supor Co., Ltd.:

We have audited the accompanying financial statements of Zhejiang Supor Co., Ltd.(the "Company"), which comprise the consolidated and parent company balance sheets as at December 31, 2014, the consolidated and parent company income statements, the consolidated and parent company cash flow statements, and the consolidated and parent company statements of changes in equity for the year then ended, as well as notes to financial statements.

I. Management's Responsibility for the Financial Statements

The preparation and fair presentation of these financial statements is the responsibility of the Company's management. This responsibility includes: (1) preparing and presenting fairly the financial statements in accordance with China Accounting Standards for Business Enterprises; and (2) designing, implementing and maintaining internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

II. Certified Public Accountants' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with China Standards on Auditing. Those standards require that we comply with the China Code of Ethics for Certified Public Accountants and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

III. Audit Opinion

In our opinion, the financial statements present fairly, in all material respects the financial position of the Company as at December 31, 2014, and of its financial performance and its cash flows for the year then ended in accordance with China Accounting Standards for Business Enterprises.

Pan-China Certified Public Accountants LLP

Certified Public Accountant: Dawei Zhu

Hangzhou, China

Certified Public Accountant: Yunhua Guo

Date of Report: March 25th, 2015

The auditor's report and the accompanying financial statements are English translations of the Chinese auditor's report and statutory financial statements prepared under accounting principles and practices generally accepted in the People's Republic of China. These financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in other countries and jurisdictions. In case the English version does not conform to the Chinese version, the Chinese version prevails.

Zhejiang Supor Co., Ltd.

Consolidated balance sheet at December 31, 2014

(Expressed in Renminbi Yuan)

Assets	Note No.	Closing balance	Opening balance
Current assets:			
Cash and bank balances	1	620,684,489.46	1,405,405,891.78
Settlement funds			
Loans to other banks			
Financial assets at fair value through profit or loss	2	913,655,148.86	
Derivative financial assets			
Notes receivable	3	486,320,125.68	738,445,081.88
Accounts receivable	4	1,004,256,291.61	655,589,352.03
Advances paid	5	171,336,580.71	194,362,744.27
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance reserve receivable			
Interest receivable	6	1,333,136.33	5,684,198.55
Dividend receivable			
Other receivables	7	48,727,819.25	49,842,803.54
Reverse-REPO financial assets			
Inventories	8	1,568,475,227.88	1,325,378,544.29
Assets classified as held-for-sale			
Non-current assets due within one year			
Other current assets	9	448,717,689.40	60,556,880.74
Total current assets		5,263,506,509.18	4,435,265,497.08
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	48,480,778.13	44,495,224.65
Investment property			
Fixed assets	12	956,192,336.23	893,776,421.04
Construction in progress	13	24,928,527.13	61,803,487.53
Construction materials			
Fixed assets disposal			
Biological assets			
Oil & gas assets			
Intangible assets	14	225,590,281.93	231,184,961.19
Development expenditures			
Goodwill			
Long-term prepayments			

Deferred tax assets	15	114,946,524.38	70,944,367.05
Other non-current assets			
Total non-current assets		1,370,138,447.80	1,302,204,461.46
Total assets		6,633,644,956.98	5,737,469,958.54

Zhejiang Supor Co., Ltd.

Consolidated balance sheet at December 31, 2014 (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	16		12,825.00
Notes payable			
Accounts payable	17	1,593,473,427.68	1,252,892,830.24
Advances received	18	355,555,918.02	392,992,316.71
Proceeds from sale of repurchase financial assets			
Handling fee and commission payable			
Employee benefits payable	19	196,269,219.29	184,703,646.97
Taxes and rates payable	20	134,947,117.26	100,812,762.08
Interest payable			
Dividend payable			
Other payables	21	52,765,467.80	50,410,946.22
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		2,333,011,150.05	1,981,825,327.22
Non-current liabilities:			
Long-term borrowings			
Bonds payable			
Long-term payables	22	7,642,438.23	7,072,029.81
Special payables			
Provisions	23	13,013,355.00	14,840,655.00
Deferred income			
Deferred tax liabilities	15	1,161,698.56	821,062.00
Other non-current liabilities			
Total non-current liabilities		21,817,491.79	22,733,746.81
Total liabilities		2,354,828,641.84	2,004,559,074.03
Equity:			
Share capital	24	633,853,440.00	634,394,112.00

Capital reserve	25	544,286,532.15	531,694,082.71
Less: treasury shares	26		2,729,067.34
Other comprehensive income	27	-24,083,236.09	-23,286,999.99
Special reserve			
Surplus reserve	28	154,971,348.50	140,734,083.89
General risk reserve			
Undistributed profit	29	2,479,039,992.07	2,038,044,079.33
Total equity attributable to the parent company		3,788,068,076.63	3,318,850,290.60
Non-controlling interest		490,748,238.51	414,060,593.91
Total equity		4,278,816,315.14	3,732,910,884.51
Total liabilities & equity		6,633,644,956.98	5,737,469,958.54

Zhejiang Supor Co., Ltd.

Parent company balance sheet at December 31, 2014

(Expressed in Renminbi Yuan)

Assets	Note No.	Closing balance	Opening balance
Current assets:			
Cash and bank balances		132,101,639.38	552,333,053.35
Financial assets at fair value through profit or loss		392,310,082.19	
Derivative financial assets			
Notes receivable		19,054,036.48	3,993,097.48
Accounts receivable	1	266,999,774.58	127,847,428.73
Advances paid		55,109,729.12	40,002,883.19
Interest receivable		6,187.51	2,703,880.55
Dividend receivable			
Other receivables	2	95,590,456.19	83,842,089.75
Inventories		181,856,988.65	169,801,627.21
Assets classified as held-for-sale			
Non-current assets due within one year			
Other current assets		392,256,657.53	664,155.53
Total current assets		1,535,285,551.63	981,188,215.79
Non-current assets:			
Available-for-sale financial assets			
Held-to-maturity investments			
Long-term receivable			
Long-term equity investments	3	1,146,897,559.12	1,136,221,745.28
Investment property			
Fixed assets		154,775,280.21	162,504,073.89
Construction in progress		19,699,960.18	10,058,659.54
Construction materials			
Fixed assets disposal			
Biological assets			
Oil & gas assets			
Intangible assets		53,341,341.02	55,629,482.12
Development expenditures			
Goodwill			
Long-term prepayments			
Deferred tax assets		3,781,521.03	1,961,718.66
Other non-current assets			
Total non-current assets		1,378,495,661.56	1,366,375,679.49
Total assets		2,913,781,213.19	2,347,563,895.28

Zhejiang Supor Co., Ltd.

Parent company balance sheet at December 31, 2014 (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			12,825.00
Notes payable			
Accounts payable		130,258,824.88	110,231,768.25
Advances received		4,340,729.62	6,721,016.24
Employee benefits payable		33,233,491.00	43,552,888.97
Taxes and rates payable		29,287,779.19	17,208,734.72
Interest payable			
Dividend payable			
Other payables		1,097,876,067.93	475,464,072.04
Liabilities classified as held-for-sale			
Non-current liabilities due within one year			
Other current liabilities			
Total current liabilities		1,294,996,892.62	653,191,305.22
Non-current liabilities:			
Long-term borrowings			
Bonds payable			
Long-term payables			
Special payables			
Provisions			
Deferred income			
Deferred tax liabilities		685,939.09	405,582.08
Other non-current liabilities			
Total non-current liabilities		685,939.09	405,582.08
Total liabilities		1,295,682,831.71	653,596,887.30
Equity:			
Share capital		633,853,440.00	634,394,112.00
Capital reserve		544,139,433.78	529,909,956.12
Less: treasury shares			2,729,067.34
Other comprehensive income			
Special reserve			
Surplus reserve		154,971,348.50	140,734,083.89
General risk reserve			
Undistributed profit		285,134,159.20	391,657,923.31
Total equity		1,618,098,381.48	1,693,967,007.98
Total liabilities & equity		2,913,781,213.19	2,347,563,895.28

Zhejiang Supor Co., Ltd.

Consolidated income statement for the year ending December 31, 2014 (Expressed in Renminbi Yuan)

Items	Note No.	Current period cumulative	Preceding period comparative
I. Total operating revenue	1	9,534,643,945.84	8,383,249,626.61
Including: operating revenue	1	9,534,643,945.84	8,383,249,626.61
Interest proceeds			
Premium earned			
Revenue from handling charges and commission			
II. Total operating cost		8,659,280,195.32	7,633,416,041.17
Including: operating cost	1	6,766,783,798.59	5,990,546,429.84
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 for operations	2	55,817,139.79	53,068,388.01
Selling expenses	3	1,481,090,948.90	1,261,860,049.78
Administrative expenses	4	324,558,437.29	280,696,194.51
Financial expense	5	-19,280,618.58	-11,788,240.66
Assets impairment loss	6	50,310,489.33	59,033,219.69
Add: gains on changes of fair value(or less: losses)	7	3,667,973.86	133,211.97
Investment income (or less: losses)	8	26,278,044.44	7,951,619.32
Including: investment income from associates and joint ventures		2,614,494.84	3,862,222.39
Gains on foreign exchange (or less: losses)			
III. Operating profit(or less: losses)		905,309,768.82	757,918,416.73
Add: Non-operating revenue	9	32,746,697.98	26,506,570.83
Including: Gains on disposal of non-current assets		1,378,097.09	248,160.41
Less: Non-operating expenditures	10	29,981,795.70	35,761,868.15
Including: losses on disposal of fixed assets		2,763,085.14	1,029,730.24
IV. Profit before tax (or less: total loss)		908,074,671.10	748,663,119.41
Less: income tax	11	143,131,731.81	107,716,186.74
V. Net profit (or less: net loss)		764,942,939.29	640,946,932.67
Net profit attributable to owners of parent company		689,892,322.91	588,509,160.46
Non-controlling interest income		75,050,616.38	52,437,772.21
VI. Other comprehensive income after tax	12	-796,236.10	-4,093,813.69
Attributable to owners of parent company		-796,236.10	-4,093,813.69
(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		-796,236.10	-4,093,813.69
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		-796,236.10	-4,093,813.69
Attributable to non-controlling interest			
VII. Total comprehensive income		764,146,703.19	636,853,118.98
Including: Items attributable to owners of parent company		689,096,086.81	584,415,346.77
Items attributable to non-controlling interest		75,050,616.38	52,437,772.21
VIII. Earnings per share:			
(I) Basic EPS		1.088	0.927
(II) Diluted EPS		1.088	0.927

Zhejiang Supor Co., Ltd.

Parent company income statement for the year ending December 31, 2014

(Expressed in Renminbi Yuan)

Items	Note No.	Current period cumulative	Preceding period comparative
I. Operating revenue	1	1,488,887,671.14	1,531,512,640.60
Less: Operating cost	1	1,197,893,543.83	1,208,522,209.10
Taxes & surcharge for operations		5,887,479.98	8,851,674.38
Selling expenses		49,752,673.67	44,504,306.65
Administrative expenses		75,389,641.48	77,124,172.21
Financial expense		-4,210,517.45	-238,094.77
Assets impairment loss		12,111,071.30	12,678,187.27
Add: Gain on changes of fair value (or less: losses)		2,322,907.19	133,211.97
Investment income (or less: losses)	2	12,341,560.81	260,897,689.04
Including: investment income from associates and joint ventures		2,614,494.84	3,862,222.39
II. Operating profit(or less: losses)		166,728,246.33	441,101,086.77
Add: Non-operating revenue		4,324,815.97	1,458,835.30
Including: Gains on disposal of non-current assets		119,415.86	73,273.20
Less: Non-operating expenditures		5,625,251.74	13,414,053.22
Including: losses on disposal of non-current assets		1,213,993.72	134,781.35
III. Profit before tax (or less: total loss)		165,427,810.56	429,145,868.85
Less: income tax		23,055,164.50	25,313,083.05
IV. Net profit (or less: net loss)		142,372,646.06	403,832,785.80
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		142,372,646.06	403,832,785.80
VII. Earnings per share:			
(I) Basic EPS			
(II) Diluted EPS			

Zhejiang Supor Co., Ltd.

Consolidated cash flow statement for the year ending December 31, 2014

(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		10,490,880,096.66	9,333,237,746.05
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		186,071,636.61	123,806,584.76
Other cash receipts related to operating activities	1	36,952,803.03	35,624,035.58
Subtotal of cash inflows from operating activities		10,713,904,536.30	9,492,668,366.39
Cash payments for goods purchased and services received		7,353,541,507.40	6,673,849,359.71
Net increase of loans and advances to clients			
Net increase of central bank deposit and interbank deposit			
Cash payment of insurance indemnities of original insurance contracts			
Cash payment of interest, handling charges and commission			
Cash payment of policy bonus			
Cash paid to and on behalf of employees		1,013,183,081.75	981,032,765.95
Cash payments of taxes and rates		507,933,973.01	369,464,557.33
Other cash payments related to operating activities	2	1,006,056,662.43	880,329,805.90
Subtotal cash outflows from operating activities		9,880,715,224.60	8,904,676,488.89
Net cash flows from operating activities		833,189,311.70	587,991,877.50
II.Cash flows from investing activities:			
Cash received from return of investments			
Cash received from return on investments		21,406,892.07	4,821,913.33
Net cash received from the disposal of fixed assets, intangible asset and other long-term assets		3,715,232.69	2,165,085.83
Net cash received from the disposal of subsidiaries & other business units			
Other cash receipts related to investing activities	3	1,369,803,895.47	842,362,824.05
Subtotal of cash inflows from investing activities		1,394,926,020.23	849,349,823.21
Cash paid for acquiring fixed assets, intangible assets and other long-term assets		124,458,315.77	102,409,652.75
Cash paid for acquiring investments			
Net increase of pledged loans			

Net cash paid for acquiring subsidiaries & other business units			
Other cash payments related to investing activities	4	1,840,756,030.26	1,062,165,117.68
Subtotal of cash outflows from investing activities		1,965,214,346.03	1,164,574,770.43
Net cash flows from investing activities		-570,288,325.80	-315,224,947.22
III. Cash flows from financing activities:			
Cash received from investment by others			
Including: cash received by subsidiaries from non-controlling owners			
Cash received from borrowings			
Cash received from issuing of bonds			
Other cash receipts related to financing activities			
Subtotal of cash inflows from financing activities			
Cash repayments of borrowings			
Cash paid for distribution of dividends or profits and for interest expenses		234,659,145.56	209,506,175.97
Including: cash paid for distribution of dividends or profits by subsidiaries to minority owners			
Other cash payments related to financing activities			
Subtotal of cash outflows from financing activities		234,659,145.56	209,506,175.97
Net cash flows from financing activities		-234,659,145.56	-209,506,175.97
IV. Effect of foreign exchange rate changes on cash & cash equivalents		-1,624,845.38	-12,808,578.89
V. Net increase in cash and cash equivalents		26,616,994.96	50,452,175.42
Add: Opening balance of cash and cash equivalents		390,261,119.34	339,808,943.92
VI. Closing balance of cash and cash equivalents		416,878,114.30	390,261,119.34

Zhejiang Supor Co., Ltd.

Parent company cash flow statement for the year ending December 31, 2014

(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		1,368,466,103.38	1,621,276,812.87
Receipts of tax refund		80,409,853.44	58,213,761.12
Other cash receipts related to operating activities		7,845,778.54	3,292,968.51
Subtotal of cash inflow from operating activities		1,456,721,735.36	1,682,783,542.50
Cash payments for goods purchased and services received		1,174,515,961.01	1,194,843,115.00
Cash payments to and on behalf of employees		175,268,823.91	255,496,666.86
Cash payments of taxes and rates		41,036,132.76	30,210,059.20
Other cash payments related to operating activities		71,734,673.93	71,758,226.35
Subtotal of cash outflows from operating activities		1,462,555,591.61	1,552,308,067.41
Net cash flows from operating activities		-5,833,856.25	130,475,475.09
II. Cash flows from investing activities:			
Cash received from return of investments			20,654,650.38
Cash received from investments gains		7,470,408.44	255,623,346.97
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		2,032,389.83	1,503,817.26
Net cash receipts from disposals of subsidiaries and other business units			
Other cash receipts related to investing activities		514,446,890.44	289,083,512.69
Subtotal of cash inflow from investing activities		523,949,688.71	566,865,327.30
Cash payments to acquire fixed assets, intangible assets and other long-term assets		25,628,772.62	22,381,867.48
Cash payments to acquire investments			
Net cash payments for acquisitions of subsidiaries and other business units			
Other cash payments related to investing activities		788,807,229.92	457,505,498.66
Subtotal of cash outflows from investing activities		814,436,002.54	479,887,366.14
Net cash flows from investing activities		-290,486,313.83	86,977,961.16
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		625,632,564.10	64,101,812.44
Subtotal of cash inflows from financing activities		625,632,564.10	64,101,812.44
Cash repayments of borrowings			
Cash payments for distribution of dividends or profit or interest expenses		234,659,145.56	209,506,175.97
Other cash payments related to financing activities		6,077,978.91	210,337,741.50
Subtotal of cash outflows from financing activities		240,737,124.47	419,843,917.47
Net cash flows from financing activities		384,895,439.63	-355,742,105.03
IV. Effect of foreign exchange rate changes on cash and cash		-806,683.52	-8,107,639.76

equivalents			
V. Net increase in cash and cash equivalents		87,768,586.03	-146,396,308.54
Add: Opening balance of cash and cash equivalents		44,333,053.35	190,729,361.89
VI. Closing balance of cash and cash equivalents		132,101,639.38	44,333,053.35

Zhejiang Supor Co., Ltd.

Consolidated statement of changes in equity for the year ending December 31, 2014

(Expressed in Renminbi Yuan)

Items	Current period cumulative										
	Equity attributable to parent company									Non-controlling interest	Total equity
	Share 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	634,394,112.00	531,694,082.71	2,729,067.34	-23,286,999.99	140,734,083.89		2,038,044,079.33			414,060,593.91	3,732,910,884.51
Add: cumulative changes of accounting policies											
Error correction of prior period											
Others											
II.Balance at the beginning of current year	634,394,112.00	531,694,082.71	2,729,067.34	-23,286,999.99	140,734,083.89		2,038,044,079.33			414,060,593.91	3,732,910,884.51
III.Current period increase (or less: decrease)	-540,672.00	12,592,449.44	-2,729,067.34	-796,236.10	14,237,264.61		440,995,912.74			76,687,644.60	545,905,430.63
(I) Other comprehensive income				-796,236.10			689,892,322.91			75,050,616.38	764,146,703.19
(II) Capital contributed or withdrew by owners	-540,672.00	12,592,449.44	-2,729,067.34							1,637,028.22	16,417,873.00
1. Capital contributed by owners											
2. Amount of share-based payment included in equity	-540,672.00	12,592,449.44	-2,729,067.34							1,637,028.22	16,417,873.00
3. Others											
(III) Profit distribution					14,237,264.61		-248,896,410.17				-234,659,145.56
1. Appropriation of surplus reserve					14,237,264.61		-14,237,264.61				
2. Appropriation of general risk reserve											

3. Appropriation of profit to owners							-234,659,145.56				-234,659,145.56
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											
IV. Balance at the end of current period	633,853,440.00	544,286,532.15		-24,083,236.09	154,971,348.50		2,479,039,992.07			490,748,238.51	4,278,816,315.14

Zhejiang Supor Co., Ltd.

Consolidated statement of changes in equity for the year ending December 31, 2014 (continued)

(Expressed in Renminbi Yuan)

Items	Preceding period comparative										
	Equity attributable to parent company									Non-controlling interest	Total equity
	Share 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	634,977,200.00	618,571,669.52	1,386,858.52	-19,193,186.30	100,350,805.31		1,699,424,373.42			361,836,305.95	3,394,580,309.38
Add: cumulative changes of accounting policies											
Error correction of prior period											
Others											
II.Balance at the beginning of current year	634,977,200.00	618,571,669.52	1,386,858.52	-19,193,186.30	100,350,805.31		1,699,424,373.42			361,836,305.95	3,394,580,309.38
III.Current period increase (or less: decrease)	-583,088.00	-86,877,586.81	1,342,208.82	-4,093,813.69	40,383,278.58		338,619,705.91			52,224,287.96	338,330,575.13
(I) Other comprehensive income				-4,093,813.69			588,509,160.46			52,437,772.21	636,853,118.98
(II) Capital contributed or withdrew by owners	-583,088.00	-86,877,586.81	1,342,208.82							-213,484.25	-89,016,367.88
1. Capital contributed by owners											
2. Amount of share-based payment included in equity	-583,088.00	-86,877,586.81	1,342,208.82							-213,484.25	-89,016,367.88
3. Others											
(III) Profit distribution					40,383,278.58		-249,889,454.55				-209,506,175.97
1. Appropriation of surplus reserve											

					40,383,278.58		-40,383,278.58				
2. Appropriation of general risk reserve											
3. Appropriation of profit to owners							-209,506,175.97				-209,506,175.97
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											
IV. Balance at the end of current period	634,394,112.00	531,694,082.71	2,729,067.34	-23,286,999.99	140,734,083.89		2,038,044,079.33			414,060,593.91	3,732,910,884.51

Zhejiang Supor Co., Ltd.

Parent company statement of changes in equity for the year ending December 31, 2014

(Expressed in Renminbi Yuan)

	Current period cumulative								
	Share 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	634,394,112.00	529,909,956.12	2,729,067.34		140,734,083.89		391,657,923.31		1,693,967,007.98
Add: cumulative changes of accounting policies									
Error correction of prior period									
Others									
II. Balance at the beginning of current year	634,394,112.00	529,909,956.12	2,729,067.34		140,734,083.89		391,657,923.31		1,693,967,007.98
III. Current period increase (or less: decrease)	-540,672.00	14,229,477.66	-2,729,067.34		14,237,264.61		-106,523,764.11		-75,868,626.50
(I) Other comprehensive income							142,372,646.06		142,372,646.06
(II) Capital contributed or withdrew by owners	-540,672.00	14,229,477.66	-2,729,067.34						16,417,873.00
1. Capital contributed by owners									
2. Amount of share-based payment included in equity	-540,672.00	14,229,477.66	-2,729,067.34						16,417,873.00
3. Others									
(III) Profit distribution					14,237,264.61		-248,896,410.17		-234,659,145.56
1. Appropriation of surplus reserve					14,237,264.61		-14,237,264.61		
2. Appropriation of general risk reserve									
3. Appropriation of profit to owners							-234,659,145.56		-234,659,145.56

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									
IV. Balance at the end of current period	633,853,440.00	544,139,433.78			154,971,348.50		285,134,159.20		1,618,098,381.48

Zhejiang Supor Co., Ltd.

Parent company statement of changes in equity for the year ending December 31, 2014 (continued)

(Expressed in Renminbi Yuan)

	Preceding period comparative								
	Share 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	634,977,200.00	617,001,027.18	1,386,858.52		100,350,805.31		237,714,592.06		1,588,656,766.03
Add: cumulative changes of accounting policies									
Error correction of prior period									
Others									
II. Balance at the beginning of current year	634,977,200.00	617,001,027.18	1,386,858.52		100,350,805.31		237,714,592.06		1,588,656,766.03
III. Current period increase (or less; decrease)	-583,088.00	-87,091,071.06	1,342,208.82		40,383,278.58		153,943,331.25		105,310,241.95
(I) Other comprehensive income							403,832,785.80		403,832,785.80
(II) Capital contributed or withdrew by owners	-583,088.00	-87,091,071.06	1,342,208.82						-89,016,367.88
1. Capital contributed by owners									
2. Amount of share-based payment included in equity	-583,088.00	-87,091,071.06	1,342,208.82						-89,016,367.88
3. Others									
(III) Profit distribution					40,383,278.58		-249,889,454.55		-209,506,175.97
1. Appropriation of surplus reserve					40,383,278.58		-40,383,278.58		
2. Appropriation of general risk reserve									
3. Appropriation of profit to owners							-209,506,175.97		-209,506,175.97
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									
IV. Balance at the end of current period	634,394,112.00	529,909,956.12	2,729,067.34		140,734,083.89		391,657,923.31		1,693,967,007.98

[Name]

[Legal Representative]

(Signature and stamp)

[Name]

[Officer in charge of accounting]

(Signature and stamp)

[Name]

[Head of accounting department]

(Signature and stamp)

Zhejiang Supor Co., Ltd.

Notes to Financial Statements

For the year ended December 31, 2014

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 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 3300001007355. Currently, the Company has registered capital of 633,853,440.00 yuan, a total of 633,853,440 shares (each with par value of 1 yuan per share), of which restricted outstanding shares are 294,459,977 shares (A share), and non-restricted outstanding shares are 339,393,463 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; import & export business (please refer to the Certification of Qualification for Business Scope of Import and Export Business Entities of the People’s Republic of China for detailed business scope); electrical appliance installation and maintenance service. Main products include cookware and kitchen appliance etc.

The financial statements were approved and authorized for issue by the fifth Meeting of the fifth Session of the BOD dated 25th March 2015.

The Company has brought 12 subsidiaries including Zhejiang Shaoxing Supor Home Appliance Co., Ltd., Zhejiang Supor Home Appliance Manufacturing Co., Ltd., and 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.

The English names are for identification purpose only.

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**(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 acquire 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

1. 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.

(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 yuan 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) 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.

(3) Objective evidence in impairment of 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. The Company performs review on available-for-sale equity instrument investment on an individual basis at the balance sheet date, if the balance sheet date fair value is 50% or above lower than the cost, or the balance sheet date fair value has been lower than the cost for a consecutive of 12 months or longer, it is determined that such equity instrument investment is impaired; if the balance sheet date fair value is 20% or above but not exceeding 50% lower than the cost, or the balance sheet date fair value has been lower than the cost for a consecutive of 6 months or longer but not exceeding 12 months, the Company may take other factors such as price volatility into consideration in determining whether such equity instrument investment is impaired.

When available-for-sale financial asset is impaired, the cumulative loss arising from decline in fair value that has been recognized directly in equity 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 equity.

(XI) Receivables

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

Judgment basis or amount criteria of individually significant amount	Receivables amounting to more than one million yuan (inclusive) and accounting for more than 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.

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 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; 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 at fair value.

(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	Useful life (years)	Estimated residual value proportion (%)	Annual depreciation rate (%)
Buildings and structures	20-30	3-10	4.85-3.00
General equipment	5	3-10	19.40-18.00
Special equipment	10	3-10	9.70-9.00
Transport facilities	6-10	3-10	16.17-9.00

(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 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

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.

(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, 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 measurement result indicates that the recoverable amount of such non-current assets is lower than their carrying amount, the carrying amount is reduced to the recoverable amount, and 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.

(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 remeasurement 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 entity, the percentage of completion of the transaction can be determined reliably, and the costs of the transaction incurred and to be incurred 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

Government grants related to assets are government grants, with which the Company purchase, construct or otherwise acquire non-current assets. They are recognized as deferred income, and amortized on a straight-line method over the useful lives of the relevant assets, and included in profit or loss. However, those measured at notional amount is directly included into profit or loss.

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 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.

(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) Significant changes in accounting policies and estimates

1. Contents and reasons for the changes

The Company has adopted new standards including CASBE 39 – Fair Value Measurement, CASBE 40 – Joint Arrangement, and CASBE 41 – Disclosure of Interests in Other Entities and revised standards including CASBE 2 – Long-Term Equity Investments, CASBE 9 - Employee Benefits, CASBE 30 – Presentation Of Financial Statements, and CASBE 33 – Consolidated Financial Statements promulgated or revised in 2014 by Ministry of Finance of PRC since July 1, 2014, and applied CASBE 37 – Financial Instruments: Disclosures revised by Ministry of Finance of PRC in 2014 in these financial statements.

2. Financial statement items and amounts significantly affected

Financial items significantly affected	Amounts affected	Remarks
Items of balance sheet as of December 31, 2013		
Other comprehensive income	-23,286,999.99	Has been disclosed as translation difference of financial statements in foreign currencies in previous period.
Long-term employee benefits payable	7,072,029.81	Termination benefits over one year has been disclosed as employee benefits payable in previous period.

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% and others are levied at 17%.
Business tax	The taxable business turnover	5%
Housing property tax	Wuhan Supor Pressure Cooker Co., Ltd. and Wuhan Supor Cookware Co., Ltd. are levied at the rate of 1.2% of the balance of the housing property cost after deducting 25% of the cost; other companies are levied at the rate of 1.2% of the balance of the housing property cost after deducting 30% of the cost; for housing property levied on the basis of rent, housing property tax is levied at the rate of 12% of rent revenue.	1.2% or 12%
Urban maintenance and construction tax	Turnover tax payable	The Company, Zhejiang Supor Plastic & Rubber Co., Ltd. P&R Company), and Yuhuan Supor Recycling Co., Ltd., Yuhuan Recycling are levied at 5%, and other companies are levied at 7%
Education surcharge	Turnover tax payable	3%
Local education surcharge	Turnover tax payable	2%
Enterprise income tax	Taxable income	25%

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 Home Appliance Co., Ltd.	15%
Taxpayers other than the above-mentioned	25%

The English names are for identification purpose only.

(II) Tax preference

1. Pursuant to the document numbered ZheKeFaGao [2012] 312, the Company passed the hi-tech enterprise qualification review in 2012 and is entitled to enjoy the preferential tax rate of 15% for the three-year period starting from January 1, 2012.
2. Pursuant to the document numbered GuoKeHuoZi[2013] 54, Wuhan Supor Cookware Co., Ltd. passed the hi-tech enterprise qualification review in 2012 and is entitled to enjoy the preferential tax rate of 15% for the three-year period starting from January 1, 2012.
3. Pursuant to the document numbered ZheKeFaGao [2013] 294, Zhejiang Shaoxing Supor Home Appliance Co., Ltd. passed the hi-tech enterprise qualification review in 2013 and is entitled to enjoy the preferential tax rate of 15% for the three-year period starting from January 1, 2013.

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	306,130.75	224,392.90
Cash in bank	620,368,358.71	1,403,354,037.57
Other cash and bank balances	10,000.00	1,827,461.31
Total	620,684,489.46	1,405,405,891.78
Including: deposited overseas	51,690,956.78	53,640,769.94

(2) Other remarks

1) Restricted closing balance totaled 203,806,375.16 yuan, which is time deposit on which the Company has an intention to hold to maturity.

Restricted opening balance totaled 1,015,144,772.44 yuan, of which, 1,013,338,117.68 yuan is time deposit on which the Company has an intention to hold to maturity and 1,806,654.76 yuan in other cash and bank balances is deposit for L/C.

2) Closing balance deposited in Vietnam totaled 51,690,956.78 yuan, of which, USD 22,297.78 (with RMB equivalent of 136,440.13 yuan) and VND 177,719,903.00 (with RMB equivalent of 51,184.60 yuan) are cash on hand, and USD 6,792,441.89 (with RMB equivalent of 41,562,951.92 yuan) and VND 34,514,351,412.00 (with RMB equivalent of 9,940,380.13 yuan) are bank balances.

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	913,655,148.86	
Including: Debt instrument investments [note]	913,655,148.86	
Total	913,655,148.86	

Note: They are the financial products purchased by the Company, Zhejiang Shaoxing Supor Home Appliance Co., Ltd., and Wuhan

Supor Cookware Co., Ltd. respectively in amount of 390 million yuan, 260 million yuan, and 260 million yuan. The financial product 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 3,655,148.86 yuan.

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	485,980,125.68		485,980,125.68	738,445,081.88		738,445,081.88
Trade acceptance	340,000.00		340,000.00			
Total	486,320,125.68		486,320,125.68	738,445,081.88		738,445,081.88

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

Items	Closing balance derecognized	Closing balance not yet derecognized
Bank acceptance	1,765,068,611.04	
Subtotal	1,765,068,611.04	

4. Accounts receivable

(1) Details

1) Details of different categories of accounts receivable

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	1,015,810,426.23	96.08	51,197,095.27	5.04	964,613,330.96
Receivable of individually insignificant amount but with provision made on an individual basis	41,458,554.58	3.92	1,815,593.93	4.38	39,642,960.65
Total	1,057,268,980.81	100.00	53,012,689.20	5.01	1,004,256,291.61

(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	666,797,548.15	96.41	33,892,461.23	5.08	632,905,086.92
Receivable of individually insignificant amount but with provision made on an individual basis	24,859,759.04	3.59	2,175,493.93	8.75	22,684,265.11
Total	691,657,307.19	100.00	36,067,955.16	5.21	655,589,352.03

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

Debtors	Book balance	Provision for bad debts	Provision proportion (%)	Reasons
Nuwave, LLC and other receivables covered by insurance policy	39,642,960.65			No provision for bad debts is made as such receivables are arising from export sales and covered by export insurance.
Wuxi Heshunjin Trading Co., Ltd.	1,815,593.93	1,815,593.93	100.00	Full provisions are made as such receivables are with long age and estimated to be unrecoverable.
Subtotal	41,458,554.58	1,815,593.93	4.38	

The English name is for identification purpose only.

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	1,010,847,191.40	50,542,359.59	5.00
1-2 years	4,307,879.78	344,630.39	8.00
2-3 years	354,689.36	53,203.40	15.00
3-4 years	2,183.57	1,091.79	50.00
4-5 years	213,360.12	170,688.10	80.00
Over 5 years	85,122.00	85,122.00	100.00
Subtotal	1,015,810,426.23	51,197,095.27	

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

Provision for bad debts made in current period totaled 16,944,734.04yuan.

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

Debtors	Book balance	Proportion to the total balance of accounts receivable (%)	Provision for bad debts
SEB Asia Ltd.	663,176,661.54	62.73	33,158,945.22
Custom 1	54,652,935.49	5.17	2,732,646.77
Custom 2	18,939,566.54	1.79	946,978.33
Custom 3	16,793,258.85	1.59	839,662.94
Custom 4	16,233,238.43	1.54	811,661.92
Subtotal	769,795,660.85	72.82	38,489,895.18

The English names are for identification purpose only.

5. Advances paid

(1) Age analysis

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	171,083,960.01	99.86		171,083,960.01	193,886,099.60	99.75		193,886,099.60
1-2 years	110,846.30	0.06		110,846.30	70,048.79	0.04		70,048.79
2-3 years	31,428.52	0.02		31,428.52	336,400.00	0.17		336,400.00
Over 3 years	110,345.88	0.06		110,345.88	70,195.88	0.04		70,195.88
Total	171,336,580.71	100.00		171,336,580.71	194,362,744.27	100.00		194,362,744.27

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

Debtors	Book balance	Proportion to the total balance of advances paid (%)
Supplier 1	64,101,414.12	37.41
Supplier 2	23,304,000.00	13.60
Supplier 3	22,922,848.23	13.38
Supplier 4	14,278,500.01	8.33
Supplier 5	10,777,253.41	6.29
Subtotal	135,384,015.77	79.01

6. Interest receivable

Items	Closing balance	Opening balance
Interest for time deposit	1,333,136.33	5,684,198.55
Total	1,333,136.33	5,684,198.55

The English names are for identification purpose only.

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	36,925,890.74	72.54			36,925,890.74
Receivables with provision made on a collective basis using portfolios with similar credit risk features	13,977,463.31	27.46	2,175,534.80	15.56	11,801,928.51
Receivable of individually insignificant amount but with provision made on an individual basis					
Total	50,903,354.05	100.00	2,175,534.80	4.27	48,727,819.25

(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	37,412,977.21	71.89			37,412,977.21
Receivables with provision made on a collective basis using portfolios with similar credit risk features	14,627,033.59	28.11	2,197,207.26	15.02	12,429,826.33
Receivable of individually insignificant amount but with provision made on an individual basis					
Total	52,040,010.80	100.00	2,197,207.26	4.22	49,842,803.54

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	36,925,890.74			As the age is within one year, and no provision is made as there is no risk over recoverability.
Subtotal	36,925,890.74			

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	9,686,446.92	484,325.29	5.00
1-2 years	1,076,817.70	86,145.42	8.00
2-3 years	1,837,584.26	275,637.64	15.00
3-4 years	94,375.98	47,188.00	50.00
Over 5 years	1,282,238.45	1,282,238.45	100.00
Subtotal	13,977,463.31	2,175,534.80	

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

Provisions for bad debts made in current period totaled 70,403.17yuan.

(3) Other receivables written off in current period

Other receivables actually written off in current period totaled 92,075.63yuan.

(4) Other receivables categorized by nature

Nature of receivables	Closing balance	Opening balance
Deposit as security	4,217,205.27	3,226,106.85
VAT refund on export goods	36,925,890.74	37,412,977.21
Temporary advance payment receivable	2,583,004.26	2,896,870.87
Personal deposit	2,977,964.63	4,483,575.23
Others	4,199,289.15	4,020,480.64
Total	50,903,354.05	52,040,010.80

(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	36,925,890.74	Within 1 year	72.54	
Qinghai Changrong UC Cultural Communication Co., Ltd.	Deposit	1,000,000.00	2-3 years	1.96	150,000.00
(State Coffers, Ningbo Haishu District Sub-branch (Beilun))	Deposit	998,856.35	Within 1 year	1.96	49,942.82

Debtors	Nature of receivables	Book balance	Age	Proportion to the total balance of other receivables (%)	Provision for bad debts
Alipay (China) Network Technology Co., Ltd.	Deposit	650,000.00	Within 1 year	1.28	32,500.00
(China Europe International Business School	Temporary payment receivable	470,400.00	Within 1 year	0.92	23,520.00
Subtotal		40,045,147.09		78.66	255,962.82

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	374,943,219.79	18,559,694.64	356,383,525.15	325,425,427.41	17,693,008.25	307,732,419.16
Work in process	32,674,934.91		32,674,934.91	23,272,230.36		23,272,230.36
Goods on hand	1,115,214,963.30	25,188,685.29	1,090,026,278.01	980,580,490.28	36,575,068.52	944,005,421.76
Goods dispatched	255,937.52		255,937.52			
Materials on consignment for further processing	76,325,842.77		76,325,842.77	40,312,394.90		40,312,394.90
Packages	12,808,709.52		12,808,709.52	10,056,078.11		10,056,078.11
Total	1,612,223,607.81	43,748,379.93	1,568,475,227.88	1,379,646,621.06	54,268,076.77	1,325,378,544.29

(2) Provision for inventory write-down

1) Details

Items	Opening balance	Increase		Decrease		Closing balance
		Provision	Others	Reversal or written-off	Others	
Raw materials	17,693,008.25	15,737,167.24		14,870,480.85		18,559,694.64
Goods on hand	36,575,068.52	17,558,184.88		28,944,568.11		25,188,685.29
Subtotal	54,268,076.77	33,295,352.12		43,815,048.96		43,748,379.93

The English names are for identification purpose only.

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

Items	Basis for provision of inventory write-down
Raw materials	Net realizable value being lower than cost on individual basis
Goods on hand	Net realizable value being lower than cost on individual basis

9. Other current assets

Items	Closing balance	Opening balance
Creditable VAT	56,291,276.00	60,526,575.25
Prepaid tax and rates	169,755.87	30,305.49
Financial products [note]	392,256,657.53	
Total	448,717,689.40	60,556,880.74

Note: The closing balance represents the break-even and income guaranteed financial products purchased by the Company.

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 instrument	300,000.00	300,000.00		300,000.00	300,000.00	
Including: those at cost	300,000.00	300,000.00		300,000.00	300,000.00	
Total	300,000.00	300,000.00		300,000.00	300,000.00	

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

Investees	Book balance			
	Opening balance	Increase	Decrease	Closing balance
Yuhuan Dalu Island Tourism Development Co., Ltd.	300,000.00			300,000.00
Subtotal	300,000.00			300,000.00

(Continue)

The English name is for identification purpose only.

Investees	Provision for impairment				Holding proportion in investees (%)	Cash dividend in current period
	Opening balance	Increase	Decrease	Closing balance		
Yuhuan Dalu Island Tourism Development Co., Ltd.	300,000.00			300,000.00	3.00	
Subtotal	300,000.00			300,000.00		

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	48,480,778.13		48,480,778.13	44,495,224.65		44,495,224.65
Total	48,480,778.13		48,480,778.13	44,495,224.65		44,495,224.65

(2) Details

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.	44,495,224.65			[Note]3,985,553.48	
Total	44,495,224.65			3,985,553.48	

(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.					48,480,778.13	
Total					48,480,778.13	

Note: It includes investment income of 2,614,494.84 yuan recognized based on the Company's holding proportion in Wuhan Anzai Cookware Co., Ltd., and investment income of 1,371,058.64 yuan recognized due to influence of upstream transactions.

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12. Fixed assets

(1) Details

Items	Buildings and structures	General equipment	Special equipment	Transport facilities	Total
Cost					
Opening balance	667,193,144.07	70,526,375.72	619,908,574.65	31,551,275.41	1,389,179,369.85
Increase	74,366,680.59	8,398,190.23	77,064,668.44	2,590,038.01	162,419,577.27
1) Acquisition	3,620,805.88	7,666,290.23	33,251,225.33	2,590,038.01	47,128,359.45
2) Transferred in from construction in progress	70,745,874.71	731,900.00	43,813,443.11		115,291,217.82
Decrease	4,382,497.05	3,393,617.12	21,706,464.41	3,495,654.06	32,978,232.64
1) Disposal/scrap	88,703.04	3,393,617.12	20,138,405.45	3,495,654.06	27,116,379.67
2) Renewal	4,293,794.01		1,568,058.96		5,861,852.97
Closing balance	737,177,327.61	75,530,948.83	675,266,778.68	30,645,659.36	1,518,620,714.48
Accumulated depreciation					
Opening balance	126,337,793.37	48,997,200.33	299,905,784.35	20,162,170.76	495,402,948.81
Increase	22,703,450.47	9,092,122.16	55,653,434.27	3,644,407.76	91,093,414.66
Accrual	22,703,450.47	9,092,122.16	55,653,434.27	3,644,407.76	91,093,414.66
Decrease	1,650,537.02	3,250,967.34	16,074,048.79	3,092,432.07	24,067,985.22
1) Disposal/scrap	34,484.89	3,250,967.34	15,418,392.26	3,092,432.07	21,796,276.56
2) Renewal	1,616,052.13		655,656.53		2,271,708.66
Closing balance	147,390,706.82	54,838,355.15	339,485,169.83	20,714,146.45	562,428,378.25
Carrying amount					
Closing balance	589,786,620.79	20,692,593.68	335,781,608.85	9,931,512.91	956,192,336.23
Opening balance	540,855,350.70	21,529,175.39	320,002,790.30	11,389,104.65	893,776,421.04

(2) Fixed assets with certificate of titles unsettled

Items	Carrying amount	Reasons for unsettlement
Transformer substation (35KV) of Shaoxing Supor Home Appliance	4,690,908.26	Completion clearing procedure not settled
No.3 plant of Shaoxing Supor Home Appliance	38,342,517.61	
No.1 plant of Shaoxing Supor Home Appliance	35,141,375.32	
Function cafeteria of Shaoxing Supor Home Appliance	17,753,920.42	
Function dormitory of Shaoxing Supor Home Appliance	52,851,477.18	
No. 8 plant of Shaoxing Supor Home Appliance	40,855,500.13	

Items	Carrying amount	Reasons for unsettlement
Stainless steel plant of Wuhan Supor Cookware	19,733,746.32	Certificate of titles under processing
Phase II plant of Vietnam Supor	18,922,836.03	
Water pump building and structures of P&R Products	249,313.48	Transfer procedure of land use right certificate not settled
No. 10 workshop of P&R Products	369,549.27	
Extended plant for bakelite workshop of P&R Products	550,297.19	
Polishing workshop of P&R Products	236,160.00	
No. 11 plant and structures of P&R Products	4,411,106.66	
Subtotal	234,108,707.87	

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 Home Appliance	1,762,273.48		1,762,273.48	23,202,961.26		23,202,961.26
Phase II plant of Vietnam Supor				15,988,031.57		15,988,031.57
Prepayment of equipment	6,535,048.91		6,535,048.91	9,398,016.06		9,398,016.06
Piecemeal projects	16,631,204.74		16,631,204.74	13,214,478.64		13,214,478.64
Total	24,928,527.13		24,928,527.13	61,803,487.53		61,803,487.53

(2) Changes in significant projects

Projects	Budgets	Opening balance	Increase	Transferred to fixed assets	Other decrease	Closing balance
Plant construction of Shaoxing Supor Home Appliance	450 million	23,202,961.26	14,322,917.65	35,763,605.43		1,762,273.48

Phase II plant of Vietnam Supor		15,988,031.57		15,988,031.57		
Stainless steel plant renewal of Wuhan Supor cookware			19,733,746.32	19,733,746.32		
Prepayment of equipment		9,398,016.06	7,670,602.31	10,533,569.46		6,535,048.91
Piecemeal projects		13,214,478.64	37,417,287.38	33,272,265.04	728,296.24	16,631,204.74
Subtotal		61,803,487.53	79,144,553.66	115,291,217.82	728,296.24	24,928,527.13

(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 Home Appliance	90.41	90.41				Financing capital
Phase II plant of Vietnam Supor						Other sources
Stainless steel plant renewal of Wuhan Supor cookware						Other sources
Prepayment of equipment						Other sources
Piecemeal projects						Other sources
Subtotal						

14. Intangible assets

Items	Land use right	Non-patent technology	Total
Cost			
Opening balance	249,050,075.69	24,308,778.34	273,358,854.03
Increase		2,046,648.08	2,046,648.08
1) Acquisition		1,318,351.84	1,318,351.84
2) Transferred in from construction in progress		728,296.24	728,296.24
Decrease			
Disposal			
Closing balance	249,050,075.69	26,355,426.42	275,405,502.11
Accumulated amortization			
Opening balance	34,050,771.57	8,123,121.27	42,173,892.84
Increase	4,888,807.29	2,752,520.05	7,641,327.34
Accrual	4,888,807.29	2,752,520.05	7,641,327.34
Decrease			

Disposal			
Closing balance	38,939,578.86	10,875,641.32	49,815,220.18
Carrying amount			
Closing balance	210,110,496.83	15,479,785.10	225,590,281.93
Opening balance	214,999,304.12	16,185,657.07	231,184,961.19

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	89,725,161.06	14,751,631.93	86,531,498.80	12,998,072.48
Accrued expenses	461,351,046.83	81,196,315.44	302,934,185.94	45,509,413.71
Accrued payroll	75,136,483.55	11,712,053.59	49,099,185.26	7,989,244.05
Temporary difference in consolidated financial statements due to offsetting of unrealized profit or loss arising from internal transactions	14,256,778.23	2,141,140.97	13,411,531.07	2,011,729.66
Losses on changes in fair value			12,825.00	1,923.75
Provisions	13,013,355.00	1,952,003.25	14,840,655.00	2,226,098.25
Expenses recognized in share-based payment	17,829,250.00	3,193,379.20	1,385,901.00	207,885.15
Total	671,312,074.67	114,946,524.38	468,215,782.07	70,944,367.05

(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	1,186,935.39	274,927.60	5,473,746.66	821,062.00
Investment income of financial product	2,256,657.53	338,498.63		
Gains on changes in fair value	3,655,148.86	548,272.33		
Total	7,098,741.78	1,161,698.56	5,473,746.66	821,062.00

16. Derivative financial liabilities

(1) Details

Items	Closing balance	Opening balance
Changes in fair value of forward foreign exchange settlement		12,825.00
Total		12,825.00

17. Accounts payable

Items	Closing balance	Opening balance
Goods payment	1,074,226,350.57	912,523,789.33
Equipment payment	39,836,985.40	28,190,067.71
Expenses payment	479,410,091.71	312,178,973.20
Total	1,593,473,427.68	1,252,892,830.24

18. Advances received

Items	Closing balance	Opening balance
Goods payment	355,555,918.02	392,992,316.71
Total	355,555,918.02	392,992,316.71

19. Employee benefits payable

(1) Details

Items	Opening balance	Increase	Decrease	Closing balance
Short-term employee benefits	181,943,447.03	990,776,093.69	979,538,905.14	193,180,635.58
Post-employment benefits - defined benefit plan	1,298,484.40	32,978,110.48	32,761,021.09	1,515,573.79
Termination benefits	1,461,715.54	2,464,990.65	2,353,696.27	1,573,009.92
Total	184,703,646.97	1,026,219,194.82	1,014,653,622.50	196,269,219.29

(2) Details of short-term employee benefits

Items	Opening balance	Increase	Decrease	Closing balance
Wage, bonus, allowance and subsidy	164,668,143.11	897,034,019.32	884,656,149.70	177,046,012.73
Employee welfare fund	2,120,613.00	46,551,088.26	46,470,788.86	2,200,912.40
Social insurance premium	657,194.95	13,564,572.10	13,114,251.34	1,107,515.71
Including: Medicare premium	565,807.07	11,149,181.50	10,821,229.39	893,759.18
Occupational injuries premium	41,762.24	1,290,612.12	1,203,977.13	128,397.23
Maternity premium	49,625.64	1,124,778.48	1,089,044.82	85,359.30
Housing accumulation funds	107,167.95	13,164,580.23	13,271,148.18	600.00

Trade union fund and employee education fund	14,390,328.02	20,461,833.78	22,026,567.06	12,825,594.74
Subtotal	181,943,447.03	990,776,093.69	979,538,905.14	193,180,635.58

(3) Details of defined benefit plan

Items	Opening balance	Increase	Decrease	Closing balance
Basic endowment insurance premium	1,163,689.66	30,385,188.17	30,244,480.64	1,304,397.19
Unemployment insurance premium	134,794.74	2,592,922.31	2,516,540.45	211,176.60
Subtotal	1,298,484.40	32,978,110.48	32,761,021.09	1,515,573.79

20. Taxes and rates payable

Items	Closing balance	Opening balance
VAT	17,004,126.42	771,924.03
Business tax	339,904.61	203,796.13
Enterprise income tax	70,712,568.06	61,222,968.91
Individual income tax withheld for tax authorities	4,118,081.26	1,979,562.42
Urban maintenance and construction tax	21,340,601.62	18,777,796.60
Housing property tax	380,341.98	905,139.92
Land use tax	612,376.56	1,172,516.05
Stamp tax	752,803.91	245,620.76
Water conservancy special fund	1,337,557.16	482,261.82
Education surcharge	9,325,565.78	7,772,866.97
Local education surcharge	6,217,719.80	5,178,620.90
Dike maintenance charges	2,805,470.10	2,099,687.57
Total	134,947,117.26	100,812,762.08

21. Other payables

Items	Closing balance	Opening balance
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Deposits	39,785,638.44	39,627,282.52
Temporary receipts payable	5,021,419.82	4,481,744.52
Others	7,958,409.54	6,301,919.18
Total	52,765,467.80	50,410,946.22

22. Long-term employee benefits payable

Items	Closing balance	Opening balance
Termination benefits	7,642,438.23	7,072,029.81
Total	7,642,438.23	7,072,029.81

23. Provisions

Items	Closing balance	Opening balance	Reasons for the balance
Pending lawsuit	13,013,355.00	14,840,655.00	
Total	13,013,355.00	14,840,655.00	

Note: Please refer to Note XI - contingencies for details.

24. Share capital

(1) Details

Items	Opening balance	Movements					Closing balance
		Issue of new shares	Bonus shares	Reserve transferred to shares	Others	Subtotal	
Total shares	634,394,112.00				-540,672.00	-540,672.00	[Note]633,853,440.00

Note: Pursuant to the resolution of the second meeting of the fifth session of the BOD, the Company repurchased 216,960 ordinary shares (each with par value of 1 yuan) of granted restricted shares at the price of 0 yuan/share in the current period as some incentive targets leave the Company. The share movement has been registered at administration for industry and commerce, and as of the period end, total share capital includes the repurchased shares.

(2) Other remarks

1) Current period decrease of 540,672.00 yuan in share capital is because pursuant to the resolution of the 22nd meeting of the fourth session of the BOD and the revised Charters, the Company repurchased 540,672 restricted RMB ordinary shares (each with par value of 1 yuan) granted to incentive targets including Su Xianze and others at the price of 0 yuan/share in the current period, and share capital is decreased by 540,672.00 yuan accordingly. The capital decrease has been verified by Pan-China CPAs LLP, and a Capital Verification Report numbered PCCPACVR [2014] 154 was issued thereon.

2) Pursuant to the Bill on SEB INTERNATIONALE S.A.S's Strategic Investment in the Company Through Agreement Transfer deliberated and passed by the First Extraordinary General Meeting of 2015, the holding shareholder SEB INTERNATIONALE S.A.S is intended to acquire 10 million shares of the Company held by the Company's second largest shareholder Supor Group Co., Ltd. at price not exceeding 17.5 yuan/share within the six months since December 31, 2014.

The English name is for identification purpose only.

25. Capital reserve

(1) Details

Items	Opening balance	Increase	Decrease	Closing balance
Share premium	526,147,062.74	540,672.00	2,729,067.34	523,958,667.40
Other capital reserve	5,547,019.97	14,780,844.78		20,327,864.75
Total	531,694,082.71	15,321,516.78	2,729,067.34	544,286,532.15

(2) Other remarks

1) Current period increase of 540,672.00 yuan in capital reserve (share reserve) is because the Company repurchased restricted shares granted to incentive targets including Su Xianze and others, which resulted in a decrease in share capital of 540,672.00 yuan, and an increase of the same amount accordingly.

Current period decrease of 2,729,067.34 yuan is because the 180,205 treasury shares of 2,729,067.34 yuan reserved at the beginning of the period is granted to incentive targets, and capital reserve is decreased accordingly.

2) Other capital reserve is equity-settled share-based payment expenses recognized in the current period amounting to 16,417,873.00yuan, of which, 1,637,028.22yuan is included in non-controlling interest, and the remaining amount of 14,780,844.78yuan is included in capital reserve (other capital reserve). Please refer to note X – share-based payment for details.

26. Treasury shares

(1) Details

Items	Opening balance	Increase	[Note]Decrease	Closing balance
The Company's shares repurchased	2,729,067.34		2,729,067.34	
Total	2,729,067.34		2,729,067.34	

Note: Please refer to Note V - capital reserve for details.

27. Other comprehensive income (OCI)

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							
Translation difference of financial statements in	-23,286,999.9	-796,236.1			-796,236.1		-24,083,236.0

foreign currencies	9	0			0		9
Total	-23,286,999.9	-796,236.1			-796,236.1		-24,083,236.0
	9	0			0		9

28. Surplus reserve

(1) Details

Items	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserve	140,734,083.89	14,237,264.61		154,971,348.50
Total	140,734,083.89	14,237,264.61		154,971,348.50

(2) Other remarks

Current period increase is due to the appropriation of statutory surplus reserve at 10% of net profit of the parent generated in the current period; please refer to Note XII - events after the balance sheet date for details.

29. Undistributed profit

(1) Details

Items	Current period cumulative	Preceding period comparative
Opening balance	2,038,044,079.33	1,699,424,373.42
Add: Net profit attributable to owners of the parent company	689,892,322.91	588,509,160.46
Less: Appropriation of statutory surplus reserve	14,237,264.61	40,383,278.58
Dividend payable on ordinary shares	234,659,145.56	209,506,175.97
Closing balance	2,479,039,992.07	2,038,044,079.33

(2) Other remarks

Pursuant to the resolution passed by the General Meeting of 2013 dated April 24, 2014, taking the total shares at the year end of 2013 deducting the reserved restricted treasury shares, a total of 634,213,907 shares, as the base, cash dividend of 3.70 yuan (tax included) per 10 shares is distributed to all shareholders.

(II) Notes to items of the consolidated income statement

1. Operating revenue/cost

Items	Current period cumulative		Preceding period comparative	
	Revenue	Cost	Revenue	Cost
Revenue from main operation	9,393,413,708.74	6,625,249,053.32	8,255,879,236.84	5,851,498,549.48

Revenue from other operation	141,230,237.10	141,534,745.27	127,370,389.77	139,047,880.36
Total	9,534,643,945.84	6,766,783,798.59	8,383,249,626.61	5,990,546,429.84

2. Taxes and surcharge for operations

Items	Current period cumulative	Preceding period comparative
Business tax	164,979.73	20,596.63
Urban maintenance and construction tax	31,978,366.08	30,134,975.60
Education surcharge	14,207,630.42	13,746,533.30
Local education surcharge	9,466,163.56	9,166,282.48
Total	55,817,139.79	53,068,388.01

3. Selling expenses

Items	Current period cumulative	Preceding period comparative
Advertising, sales promotion, and special gift expenses	849,336,329.35	677,129,000.15
Transportation expenses	244,352,061.97	218,833,414.09
Employee benefits	279,820,002.89	257,085,788.44
Office and business travelling expenses	83,079,735.15	78,485,604.17
Others	24,502,819.54	30,326,242.93
Total	1,481,090,948.90	1,261,860,049.78

4. Administrative expenses

Items	Current period cumulative	Preceding period comparative
Employee benefits	129,107,988.92	116,546,667.70
Products development and experiment expenses	91,132,734.03	76,336,276.77
Office, business travelling and depreciation and amortization expenses	64,645,180.71	63,386,895.36
Taxes	15,567,964.04	13,588,804.53
Share incentive expenses	16,417,873.00	-2,388,224.19
Others	7,686,696.59	13,225,774.34
Total	324,558,437.29	280,696,194.51

5. Financial expenses

Items	Current period cumulative	Preceding period comparative
Interest proceeds	-18,099,714.54	-27,379,674.50

Gain or loss on foreign exchange	725,192.11	14,634,105.47
Handling charges and others	784,649.75	957,328.37
Gain or loss on hedging exchange	-2,690,745.90	
Total	-19,280,618.58	-11,788,240.66

6. Assets impairment loss

Items	Current period cumulative	Preceding period comparative
Bad debts	17,015,137.21	14,642,921.70
Inventory write-downs	33,295,352.12	44,390,297.99
Total	50,310,489.33	59,033,219.69

7. Gains on changes in fair value

Items	Current period cumulative	Preceding period comparative
Changes in fair value of forward foreign exchange	12,825.00	133,211.97
Changes in the fair value of financial products	3,655,148.86	
Total	3,667,973.86	133,211.97

8. Investment income

Items	Current period cumulative	Preceding period comparative
Investment income from long-term equity investments under the equity method	2,614,494.84	3,862,222.39
Investment income from forward exchange settlement	58,743.27	1,565,680.04
Investment income from financial products	23,604,806.33	2,523,716.89
Total	26,278,044.44	7,951,619.32

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	1,378,097.09	248,160.41	1,378,097.09
Including: gains from disposal of fixed assets	1,378,097.09	248,160.41	1,378,097.09

Government grants	29,432,227.87	24,992,299.77	29,432,227.87
Default fine revenue	888,182.65	377,705.31	888,182.65
Others	1,048,190.37	888,405.34	1,048,190.37
Total	32,746,697.98	26,506,570.83	32,746,697.98

(2)Government grants

Items	Current period cumulative	Preceding period comparative	Related to assets/Related to income
Subsidy for projects	2,098,330.00	3,935,600.00	Related to income
Government reward	23,358,100.00	16,897,715.00	Related to income
Tax refund	3,975,797.87	3,797,693.97	Related to income
Others		361,290.80	Related to income
Subtotal	29,432,227.87	24,992,299.77	

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	2,763,085.14	1,029,730.24	2,763,085.14
Including: Losses on disposal of fixed assets	2,763,085.14	1,029,730.24	2,763,085.14
Donation expenditures	5,223,730.93	12,113,533.00	5,223,730.93
Indemnity expenditure	13,013,355.00	14,840,655.00	13,013,355.00
Default fine expenditure	537,448.98	307,440.84	537,448.98
Water conservancy special fund	6,878,178.03	6,166,498.15	
Dike maintenance charges	1,510,893.94	1,292,718.58	
Others	55,103.68	11,292.34	55,103.68
Total	29,981,795.70	35,761,868.15	21,592,723.73

11. Income tax expenses

(1) Details

Items	Current period cumulative	Preceding period comparative
Current period income tax expenses	186,793,252.58	135,242,236.21

Deferred income tax expenses	-43,661,520.77	-27,526,049.47
Total	143,131,731.81	107,716,186.74

(2) Reconciliation of accounting profit to income tax expenses

Items	Current period cumulative
Profit before tax	908,074,671.10
Income tax expenses based on statutory/applicable tax rate	227,018,667.78
Effect of different tax rate applicable	-82,783,596.36
Effect of prior income tax reconciliation	1,884,294.59
Effect of research and development expenses deduction	-10,950,000.00
Effect of non-deductible costs, expenses and losses	8,411,722.73
Utilization of deductible losses not previously recognized	-92,249.72
Effect of tax incentives	-1,177,500.00
Other effects deemed sales	820,392.79
Income tax expenses	143,131,731.81

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 grants	25,456,430.00	21,194,605.80
Receipt of deposit and staff reserve fund loan	3,813,618.96	10,790,936.28
Receipt of interest from bank deposit and others	7,682,754.07	3,638,493.50
Total	36,952,803.03	35,624,035.58

2. Other cash payments related to operating activities

Items	Current period cumulative	Preceding period comparative
Cash payment for sales expense	882,034,615.45	774,765,388.33
Cash payment for management expenses	100,095,234.12	85,812,300.15
Donations payment	5,223,730.93	12,113,533.00

Other payments	18,703,081.93	7,638,584.42
Total	1,006,056,662.43	880,329,805.90

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	1,369,803,895.47	842,362,824.05
Total	1,369,803,895.47	842,362,824.05

4. Other cash payments related to investing activities

Items	Current period cumulative	Preceding period comparative
Cash payment for financial products and time deposit	1,840,756,030.26	1,062,165,117.68
Total	1,840,756,030.26	1,062,165,117.68

5. 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	764,942,939.29	640,946,932.67
Add: Provision for assets impairment loss	50,310,489.33	59,033,219.69
Depreciation of fixed assets, oil and gas assets, productive biological assets	91,093,414.66	85,358,968.43
Amortization of intangible assets	7,641,327.34	7,394,392.99
Amortization of long-term prepayments		
Loss on disposal of fixed assets, intangible assets and other non-current assets (Less: gains)	1,384,988.05	781,569.82
Fixed assets retirement loss (Less: gains)		
Losses on changes in fair value (Less: gains)	-3,667,973.86	-133,211.97
Financial expenses (Less: gains)	-12,620,158.58	-17,155,614.96
Investments losses (Less: gains)	-26,278,044.44	-7,951,619.32
Decrease of deferred tax assets (Less: increase)	-44,002,157.33	-27,790,915.66
Increase of deferred tax liabilities (Less: decrease)	340,636.56	264,866.19
Decrease in inventories (Less: increase)	-277,763,094.35	-296,399,001.71
Decrease in operating receivables (Less: increase)	-85,137,119.62	-214,161,578.38
Increase of operating payables (Less: decrease)	350,526,191.64	446,820,237.59
Others	16,417,873.00	-89,016,367.88

Supplement information	Current period cumulative	Preceding period comparative
Net cash flow from operating activities	833,189,311.70	587,991,877.50
(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	416,878,114.30	390,261,119.34
Less: Cash at the beginning of the period	390,261,119.34	339,808,943.92
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	26,616,994.96	50,452,175.42

(2) Cash and cash equivalents

Items	Closing balance	Opening balance
1) Cash	416,878,114.30	390,261,119.34
Including: Cash on hand	306,130.75	224,392.90
Cash in bank on demand for payment	416,561,983.55	390,015,919.89
Other cash and bank balances on demand for payment	10,000.00	20,806.55
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	416,878,114.30	390,261,119.34
Including: Cash and cash equivalents of parent company or subsidiaries with use restrictions		

(IV) Others

1. Assets with title or use right restrictions

Items	Closing carrying amount	Reasons for restrictions
Cash and bank balances	203,806,375.16	Time deposits for investment purposes
Total	203,806,375.16	

2. Monetary items in foreign currencies

Items	Closing balance in foreign currencies	Exchange rate	RMB equivalent
Cash and bank balances			
Including: USD	10,366,751.34	6.1190	63,434,151.45
EUR	456,745.11	7.4556	3,405,308.84
GBP	1.08	9.5437	10.31
VND	34,692,071,315.00	0.000288007	9,991,564.73
Accounts receivable			
Including: USD	11,747,957.29	6.1190	71,885,750.66
VND	25,499,902,487.35	0.000288007	7,344,150.42
Accounts payable			
Including: USD	2,815,107.52	6.1190	17,225,642.91
VND	30,553,481,483.47	0.000288007	8,799,616.54

VI. Equity in other entities

(I) Equity in significant subsidiaries

1. Basis information

Subsidiaries	Main operating place	Place of registration	Business nature	Holding proportion (%)		Acquisition method
				Direct	Indirect	
Zhejiang Supor Home Appliance Manufacturing Co., Ltd. [Note 1]	Hangzhou	Hangzhou	Manufacturing industry	75.00		Establishment
Shaoxing Supor Electric Appliance Co., Ltd. [Note 1]	Shaoxing	Shaoxing	Manufacturing industry	70.00		Establishment
Zhejiang Shaoxing Supor Home Appliance Co., Ltd. [Note 1]	Shaoxing	Shaoxing	Manufacturing industry	100.00		Establishment
Supor (Vietnam) Co., Ltd. [Note 1]	Vietnam	Vietnam	Manufacturing industry	100.00		Establishment
Wuhan Supor Recycling Co., Ltd. [Note 1]	Wuhan	Wuhan	Commerce	100.00		Establishment
Wuhan Supor Cookware Co., Ltd. [Note 1]& [Note 2]	Wuhan	Wuhan	Manufacturing industry		75.00	Establishment
Hangzhou Aomeini Commerce and Trade Co., Ltd. [Note 1]	Hangzhou	Hangzhou	Commerce	100.00		Establishment
Shanghai Supor Cookware Marketing Co., Ltd. [Note 1]	Shanghai	Shanghai	Commerce	100.00		Establishment
Wuhan Supor Pressure Cooker Co., Ltd. [Note 1]	Wuhan	Wuhan	Manufacturing industry	99.36		Business combination under common control
Zhejiang Supor Plastic & Rubber Co., Ltd. [Note 1]	Yuhuan	Yuhuan	Manufacturing industry	93.23		Business combination under common control
Wuhan Supor Co., Ltd. [Note 1]	Wuhan	Wuhan	Manufacturing industry	96.53		Business combination under common control
Yuhuan Supor Recycling Co., Ltd. [Note 1]	Yuhuan	Yuhuan	Commerce	60.00		Business combination not under common control

Note 1: These companies are referred to hereinafter respectively as Zhejiang Home Appliance, Supor Electric Appliance, Shaoxing

Supor Home Appliance, Supor Vietnam, Wuhan Recycling, Wuhan Cookware, Aomeini Trade, Shanghai Marketing, Wuhan Pressure Cooker, P & R Products, Wuhan Supor and Yuhuan Recycling.

Note 2: The company is a subsidiary of Wuhan Supor Pressure Cooker Co., Ltd., the holding proportion disclosed are referred to the equity proportion held by Wuhan Supor Pressure Cooker Co., Ltd.

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	Closing balance of non-controlling interest
Zhejiang Home Appliance	25.00	29,232,965.27		229,571,992.50
Supor Electric Appliance	30.00	311,824.95		15,195,788.75
Wuhan Cookware	25.00	43,856,473.08		231,680,914.68
Wuhan Pressure Cooker	0.64	893,497.18		6,264,228.58
P & R Products	6.77	743,131.30		6,221,565.59
Wuhan Supor	3.47	-9,169.63		511,682.70
Yuhuan Recycling	40.00	21,894.23		1,302,065.71

The English names are for identification purpose only.

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
Zhejiang Home Appliance	1,313,391,679.67	184,448,320.92	1,497,840,000.59	575,786,638.75	242,218.22	576,028,856.97
Supor Electric Appliance	50,762,335.35		50,762,335.35	109,706.20		109,706.20
Wuhan Cookware	1,457,309,062.19	195,950,858.14	1,653,259,920.33	719,357,262.40	7,178,999.22	726,536,261.62
Wuhan Pressure Cooker	1,480,525,585.60	398,681,614.32	1,879,207,199.92	726,732,987.02	7,178,999.22	733,911,986.24
P & R Products	110,475,505.69	18,271,478.47	128,746,984.16	36,847,935.49		36,847,935.49
Wuhan Supor	15,965,894.22	51,551.08	16,017,445.30	648,207.10	623,339.01	1,271,546.11
Yuhuan Recycling	2,956,067.51		2,956,067.51	6,081.73		6,081.73

(Continued)

Subsidiaries	Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Zhejiang Home Appliance	1,043,367,009.04	175,661,099.29	1,219,028,108.33	418,759,580.13	245,425.62	419,005,005.75
Supor Electric Appliance	49,757,816.34		49,757,816.34	144,603.68		144,603.68
Wuhan Cookware	1,138,208,690.24	165,487,857.74	1,303,696,547.98	547,661,076.59	6,402,502.98	554,063,579.57
Wuhan Pressure Cooker	1,160,537,360.33	361,506,416.96	1,522,043,777.29	555,476,265.64	6,402,502.98	561,878,768.62
P & R Products	92,679,966.52	22,478,903.98	115,158,870.50	34,218,817.55		34,218,817.55
Wuhan Supor	16,423,021.74	51,551.08	16,474,572.82	667,454.47	796,964.75	1,464,419.22
Yuhuan Recycling	2,927,585.12		2,927,585.12	32,334.92		32,334.92

(2) Profit or loss and cash flows

Subsidiaries	Current period cumulative			
	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities
Zhejiang Home Appliance	2,033,110,217.59	116,931,861.04	116,931,861.04	149,558,642.76
Supor Electric Appliance		1,039,416.49	1,039,416.49	-403,305.83
Wuhan Cookware	2,481,748,219.26	175,425,892.30	175,425,892.30	172,745,079.95

Wuhan Pressure Cooker	2,481,748,219.26	183,465,407.01	183,465,407.01	191,939,803.28
P & R Products	186,056,981.70	10,976,828.72	10,976,828.72	772,233.71
Wuhan Supor		-264,254.41	-264,254.41	-930,132.20
Yuhuan Recycling		54,735.58	54,735.58	28,482.39

(Continued)

Subsidiaries	Preceding period comparative			
	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities
Zhejiang Home Appliance	1,611,764,629.98	77,953,077.19	77,953,077.19	114,468,394.94
Supor Electric Appliance		1,044,950.76	1,044,950.76	-409,889.54
Wuhan Cookware	2,118,495,532.14	125,804,804.89	125,804,804.89	180,315,877.10
Wuhan Pressure Cooker	2,118,495,532.14	131,778,035.47	131,778,035.47	197,216,009.96
P & R Products	166,311,338.64	8,062,079.19	8,062,079.19	10,992,724.31
Wuhan Supor		-203,043.22	-203,043.22	-872,783.06
Yuhuan Recycling		9,918.88	9,918.88	-3,742.75

(II) 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 associates

Items	Closing balance/current period cumulative
Current assets	120,313,967.29
Non-current assets	59,323,857.25
Total assets	179,637,824.54
Current liabilities	92,080,044.54
Non-current liabilities	1,240,000.00
Total liabilities	93,320,044.54
Non-controlling interest	
Equity attributable to owners of parent company	86,317,780.00
Proportionate share in net assets	25,895,334.00
Adjustments	
Goodwill	22,585,444.13

Items	Closing balance/current period cumulative
Unrealized profit in internal trading	1,371,058.64
Others	
Carrying amount of investments in associates	47,109,719.49
Fair value of equity investments in associates in association with quoted price	
Operating revenue	295,959,059.00
Net profit	8,714,982.80
Net profit of discontinued operations	
Other comprehensive income	
Total comprehensive income	8,714,982.80
Dividend from associates received in current period	

VII. 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 December 31, 2014, the Company's risks were

centered in certain credit risks, and 62.73% (December 31, 2013: 52.50%) 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 December 31 2014, 10.09% (December 31, 2013: 13.88%) 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	486,320,125.68				486,320,125.68
Subtotal	486,320,125.68				486,320,125.68

(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	738,445,081.88				738,445,081.88
Subtotal	738,445,081.88				738,445,081.88

(2) Accounts receivable which provision made on an individual basis refer to Note V

(II) Liquidity risk

Liquidity risk is the risk that the Company may encounter deficiency of funds in meeting obligations associated with financial liabilities, 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	620,684,489.46		620,684,489.46		
Financial assets at fair value through profit or loss	913,655,148.86		913,655,148.86		

Notes receivable	486,320,125.68		486,320,125.68		
Accounts receivable	1,004,256,291.61		1,004,256,291.61		
Interest receivable	1,333,136.33		1,333,136.33		
Other receivables	48,727,819.25		48,727,819.25		
Other current assets [Note]	392,256,657.53		392,256,657.53		
Subtotal	3,467,233,668.72		3,467,233,668.72		
Financial liabilities					
Accounts payable	1,593,473,427.68		1,593,473,427.68		
Other payables	52,765,467.80		52,765,467.80		
Subtotal	1,646,238,895.48		1,646,238,895.48		

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	1,405,405,891.78		1,405,405,891.78		
Notes receivable	738,445,081.88		738,445,081.88		
Accounts receivable	655,589,352.03		655,589,352.03		
Interest receivable	5,684,198.55		5,684,198.55		
Other receivables	49,842,803.54		49,842,803.54		
Subtotal	2,854,967,327.78		2,854,967,327.78		
Financial liabilities					
Derivative financial liabilities	12,825.00		12,825.00		
Accounts payable	1,252,892,830.24		1,252,892,830.24		
Other payables	50,410,946.22		50,410,946.22		
Subtotal	1,303,316,601.46		1,303,316,601.46		

(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 December 31, 2014, 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.

VIII. 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	913,655,148.86			913,655,148.86
1. Financial assets designated as at fair value through profit or loss	913,655,148.86			913,655,148.86
Debt instrument investments	913,655,148.86			913,655,148.86
Total assets at recurring fair value measurement	913,655,148.86			913,655,148.86

IX. Related party relationships and transactions

(I) Related party relationships

1. Parent company

(1) Details of the 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 80,000,000.00	71.44	71.44

Remarks on the parent company

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

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

2. Please refer notes to equity 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 Internationale S.A.S.	
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 Internationale S.A.S.	
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.	
SEB USA	An affiliated company of SEB Internationale S.A.S.	
SEB GERMANY	An affiliated company of SEB S.A.	
GROUPE SEB EXPORT	An affiliated company of SEB S.A.	
GROUPE SEB KOREA, LTD	An affiliated company of SEB Internationale S.A.S.	
Supor Group Co., Ltd.	Shareholder	14840370-3
Hangzhou Supor Property Management Co., Ltd.	Subsidiary of the Company's shareholder	79092039-6
Zhejiang Supor Real Estate Development Co., Ltd.	Subsidiary of the Company's shareholder	76017461-X
Zhejiang Nanyang Pharmaceutical Co., Ltd.	Subsidiary of the Company's shareholder	14838032-9

The English names are for identification purpose only.

(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	265,874,313.75	305,971,250.95
GROUPE SEB EXPORT	Finished goods	11,277,494.10	
S.A.S GROUPE SEB MOULINEX	Parts	10,305,633.86	12,847,430.83
TEFAL S.A.S	Parts	5,651,386.66	7,159,531.03
LAGOSTINA S.P.A.	Finished goods	5,893,487.20	1,585,792.99
S.A.S SEB	Parts	385,268.36	134,967.08
S.A.S SEB	Rework fee	1,219,084.49	
SHANGHAI SEB	Finished goods	1,459,880.52	
GROUPE SEB KOREA, LTD	Testing fee	111,457.00	
SEB INTERNATIONAL SERVICE SAS	Finished goods	115,211.80	

2) Sale of goods and rendering of services

Related parties	Content of transaction	Current period cumulative	Preceding period comparative
SEB ASIA LTD.	Finished goods	2,606,920,366.97	2,393,715,584.50
S.A.S SEB	Finished goods	34,445,854.94	28,737,220.42
TEFAL S.A.S	Finished goods	23,011,713.45	22,266,776.84
S.A.S GROUPE SEB MOULINEX	Finished goods	14,207,836.87	7,604,869.79
Supor Group Co., Ltd.	Finished goods	3,791,017.64	3,915,443.01
SEB INTERNATIONAL SERVICE S.A.S	Parts	3,458,488.47	2,466,852.65
SEB COLOMBIA	Finished goods	1,376,780.88	1,269,278.87
LAGOSTINA S.P.A.	Finished goods	1,147,655.02	845,923.51
ALL-CLAD METALCRAFTERS LLC	Finished goods	244,861.93	324,378.25
Wuhan Anzai Cookware Co., Ltd.	Finished goods	641,371.28	53,178.85
Zhejiang Supor Real Estate Development Co., Ltd. Co., Ltd.	Finished goods	157,756.42	67,090.36
SEB USA	Parts	36,995.47	21,900.53

SHANGHAISEB	Finished goods		40,598.29
SEB GERMANY	Parts		9,876.50

2. Related party leases

The Company as the lessee

Lessor	Lessees	Types of asset leased	Lease income for current period	Lease income for the preceding period
Supor Group Co., Ltd.	The Company	Real estate	379,296.00	365,000.00
	Wuhan Cookware	Real estate	609,911.85	573,090.27
	Aomeini Trade	Real estate	203,523.36	203,525.46
	Zhejiang Home Appliance	Real estate	2,491,292.90	2,242,163.60
	Wuhan Supor	Real estate	Temporarily not collect rent	Temporarily not collect rent
	P&R Products	Land	Temporarily not collect rent	Temporarily not collect rent

3. Key management's emoluments

Items	Current period cumulative	Preceding period comparative
Key management's emoluments	11.8568million	10.9446 million

4. Other related party transactions

(1) Water and electricity fee

Selling parties	Purchasing parties	Current period cumulative	Preceding period comparative
Hangzhou Supor Property Management Co., Ltd.	Wuhan Cookware	789,734.76	793,086.80
	Aomeini Trade	17,697.92	23,192.32
The Company	Zhejiang Nanyang Pharmaceutical Co., Ltd.	888,264.17	1,027,142.65
The Company	Supor Group Co., Ltd.	3,948.72	12,384.61

(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	293,845.92	304,118.88
	Aomeini Trade	15,489.00	14,869.44

(3) 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 11,343,943.92yuan, and as of December 31, 2014, a balance of 642,546.81yuan has not been paid.

(4) 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 384,983.44yuan, and as of December 31, 2014, a balance of 22,363.09yuan has not been paid.

(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.	663,176,661.54	33,158,945.22	363,100,339.62	18,155,016.98
	S.A.S SEB	10,698,702.62	534,935.13	4,163,423.21	208,171.16
	TEFAL S.A.S	4,672,758.68	233,637.93	2,278,932.70	113,946.63
	SEB INTERNATIONAL SERVICE S.A.S	1,011,305.60	50,565.28	1,432,044.69	73,076.56
	SEB COLOMBIA	362,564.58	18,128.23	375,132.75	18,756.64
	LAGOSTINA S.P.A.	67,369.46	3,368.47	32,383.07	1,619.15
	ALL-CLAD METAL CRAFTERS LLC	79,059.87	3,952.99		
	SEB USA	36,995.47	1,849.77		
	S.A.S GROUPE SEB MOULINEX			839,421.37	41,971.07
	Zhejiang Supor Real Estate Development Co., Ltd.			65,050.00	3,252.50
	Wuhan Anzai Cookware Co., Ltd.			35,731.05	2,031.98
Subtotal		680,105,417.82	34,005,383.02	372,322,458.46	18,617,842.67
Advances paid					
	Supor Group Co., Ltd.	147,374.91		128,978.96	
	Hangzhou Supor Property Management Co., Ltd.	140,634.48		12,576.96	
Subtotal		288,009.39		141,555.92	
Other receivables					
	Supor Group Co., Ltd.	10,000.00	500.00		
Subtotal		10,000.00	500.00		

2. Balance due to related parties

Items	Related parties	Closing balance	Opening balance
Accounts payable			
	Wuhan Anzai Cookware Co., Ltd.	36,538,954.11	19,313,766.45
	GROUPE SEB EXPORT	4,092,250.27	
	TEFAL S.A.S	1,645,463.70	4,879,291.71
	SHANGHAI SEB	1,005,306.50	
	S.A.S SEB	998,564.24	493,366.67
	LAGOSTINA S.P.A.	884,408.87	371,496.31
	S.A.S GROUPE SEB MOULINEX	94,053.93	
	SEB INTERNATIONAL SERVICE S.A.S	7,167.13	4,005.66
	SEB S.A.		736,314.24
	Hangzhou Supor Property Management Co., Ltd.		11,253.16
Subtotal		45,266,168.75	25,809,494.20
Advances received			
	SAS GROUPE SEB MOULINEX	92,416.97	
	LAGOSTINA S.P.A.	5,430.12	
	Supor Group Co., Ltd.		62,922.00
Subtotal		97,847.09	62,922.00
Other payables			
	Wuhan Anzai Cookware Co., Ltd.	20,000.00	20,000.00
Subtotal		20,000.00	20,000.00

X. Share-based payment

(I) Overall information

1. Details

Items	Remarks [Note]
Total equity instruments granted in current period	180,205 shares
Total equity instruments vested in current period	554,000 shares
Total equity instruments retired in current period	Options of 1,803,648 shares, restricted shares of 757,632 shares
The range of exercise prices of share options outstanding at the	14.15 yuan/share, 2.5 years

end of the period and the remaining contractual life	
The range of exercise prices of equity instruments at the end of the period and the remaining contractual life	0 yuan/share, 2.5 years & 3.96 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 the current period 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 December 31, 2014, the aforesaid incentive plan has a remaining term of 3.96 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 the current period totaled 554,000 shares.

(2) Pursuant to the “Proposal on the Company’s Restricted Share Incentive Plan (Revised Draft) and Its Summary” passed by the First Extraordinary General Meeting of the Year 2012 on June 29, 2012 (“Incentive Plan 2012”), and reviewed by China Securities Regulatory Commission without comment, the Company is to grant share option and restricted shares respectively of 7,275,840 shares and 2,640,000 shares to incentive targets, and to reserve share option and restricted shares respectively of 794,640 shares and 110,000 share at the price of 14.15 yuan/share and 0 yuan/share respectively.

Pursuant to the resolution of the 14th meeting of the fourth session of the BOD, the Company cancelled share option of 1,088,736 shares in 2013, and repurchased 473,088 shares of granted restricted shares at the price of 0 yuan/share, as the unlocking conditions are not met and some incentive targets leave the Company. Pursuant to the resolution of the 17th meeting of the fourth session of the BOD, the Company cancelled the reserved share option and restricted shares respectively of 794,640 shares and 110,000 shares in 2013. Pursuant to the resolution of the 22nd meeting of the fourth session of the BOD, the Company cancelled granted share option of 1,581,888 shares, and repurchased 540,672 shares of granted restricted shares at the price of 0 yuan/share in the current period. Pursuant to the resolution of the second meeting of the fifth session of the BOD, the Company cancelled granted share option of 221,760 shares, and repurchased 216,960 shares of granted restricted shares at the price of 0 yuan/share in the current period as some incentive targets leave the Company. All above mentioned share movements have been registered at administration for industry and commerce, and as of the period end, total share capital includes the repurchased 216,960 shares.

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 December 31, 2014, the aforesaid incentive plan has a remaining term of 2.5 years.

(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	-104,141,618.16yuan [Note 1]
Total expenses incurred due to equity-settled share-based payment transactions	14,029,648.81yuan [Note 2]

Note1: The cumulative amount of -104,141,618.16 yuan includes an opening balance of -116,734,067.60yuan and amount incurred in the current period of 12,592,449.44 yuan.

Note2: The Company previously recognized share-based payment expenses of -2,388,224.19yuan. Based on the actual conditions of the Company's domestic income and domestic operating profit in 2014, 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 16,417,873.00yuan in the current period.

All above, the Company recognized share-based payment expenses at a total of 14,029,648.81yuan.

2. Other remarks

(1)When determining the fair value of equity instruments including share options and restricted shares at grant date with revised Black-Scholes Model, related parameters are as follows:

- 1) The grant price: the grant price of restricted shares is 0 yuan/share;
- 2) The average cost of restricted share repurchased is 15.14yuan/share;
- 3) The unlocking period of restricted shares at different phases is: 1 year, 2 years, 3 years, and 4 years;
- 4) The expected volatility of share price is: 48.9%;
- 5) Risk-free rate of returns is: 4.13%
- 6) Beta value is: 1.05;
- 7) Risk rate of returns is: 6.82%
- 8) Cash dividend yield is: 2.38%

(2)The cost of restricted shares in Incentive Plan 2013 based on above parameters is 42,641,075.97yuan.

XI. 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

A rival company charged against the subsidiary, Zhejiang Shaoxing Supor Home Appliance Co., Ltd. and dealers such as Hangzhou Carrefour Supermarket Co., Ltd. etc., for the infringement of its patents, and claimed Zhejiang Shaoxing Supor Home Appliance Co., Ltd. and dealers such as Hangzhou Carrefour Supermarket etc. to stop the infringement. At present, the case has not yet been held on court.

The English name is for identification purpose only.

Meanwhile, Zhejiang Supor Home Appliance Manufacturing Co., Ltd. and Zhejiang Shaoxing Supor Home Appliance Co., Ltd. charged against the rival company as mention in the preceding paragraph for patent infringement.

XII. Events after the balance sheet date

According to the profit distribution proposal of 2014 passed by the fifth meeting of the fifth session of the BOD dated March 25th, 2015, statutory surplus reserve is appropriated at 10% of the net profit generated by the parent company in 2014, and cash dividend is distributed at 4.30 yuan (tax included) per 10 shares.

Whereas the Proposal on Annulling a Part of Stock Options and Repurchasing and Cancelling a Part of Restricted Shares passed by the second session of the fifth BOD, the Company is intended to repurchase and cancel 216,960 restricted shares which is hold by separating employee. Whereas the Proposal on Annulling a Part of Stock Options and Repurchasing and Cancelling a Part of Restricted Shares passed by the fifth session of the fifth BOD, the Company is intended to repurchase and cancel 761,292 restricted shares. Then based on the share capital of 632,875,188 shares at the balance between the total share capital of 633,853,440 shares at the ending balance of 2014 and repurchased but not yet canceled restricted shares of 978,252 share, cash dividend is distributed at 4.30 yuan (tax included) per 10 shares. The total cash dividend is 272,136,330.84 yuan. The profit distribution plan is to be deliberated and approved by the General Meeting of Shareholders for 2014.

The Company has recognized surplus reserve of 14,237,264.61 yuan based on the profit distribution plan, and closing balance of undistributed profit includes cash dividend of 272,136,330.84 yuan to be distributed.

XIII. 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 cooker 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	4,146,160,477.10	5,498,710,319.94	183,032,323.20	434,489,411.50	9,393,413,708.74
Cost of main operations	2,892,312,662.14	4,009,418,199.42	164,216,163.13	440,697,971.37	6,625,249,053.32

(2) Geographic segment

Items	Domestic	Overseas	Inter-segment offsetting	Total
Revenue from main operations	6,629,111,311.16	3,198,791,809.08	434,489,411.50	9,393,413,708.74
Cost of main operations	4,461,438,395.24	2,604,508,629.45	440,697,971.37	6,625,249,053.32

XIV. Notes to items of parent company financial statements

(I) Notes to items of the 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	248,224,469.65	88.82	12,456,808.00	5.02	235,767,661.65
Receivable of individually insignificant amount but with provision made on an individual basis	31,232,112.93	11.18			31,232,112.93
Total	279,456,582.58	100.00	12,456,808.00	4.46	266,999,774.58

(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	116,926,063.31	87.34	6,022,978.65	5.15	110,903,084.66

Receivable of individually insignificant amount but with provision made on an individual basis	16,944,344.07	12.66			16,944,344.07
Total	133,870,407.38	100.00	6,022,978.65	4.50	127,847,428.73

2) Accounts receivable of individually not significant amount but with provision made on an individual basis

Debtors	Book balance	Provision for bad debts	Provision proportion (%)	Reasons for provision made
Nuwave. LLC and other receivables covered by insurance policy	29,265,008.04			No provision for bad debts is made as such receivables are arising from export sales and covered by export insurance.
Wuhan Supor Cookware Co., Ltd.	1,967,104.89			No provision is made as it is due from the Company's subsidiary, and it is estimated with no risk in bad debt.
Subtotal	31,232,112.93			

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	248,161,301.33	12,408,065.07	5.00
1-2 years	2,412.03	192.96	8.00
3-4 years	183.57	91.79	50.00
4-5 years	60,572.72	48,458.18	80.00
Subtotal	248,224,469.65	12,456,808.00	

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

Provision for bad debts made in current period totaled 6,433,829.35yuan,

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

Debtors	Book balance	Proportion to the total balance of accounts receivable (%)	Provision for bad debts
SEB ASIA LTD	245,562,423.81	87.87	12,278,121.19
Custom 1	10,953,022.67	3.92	
Custom 2	5,694,552.02	2.04	
Custom 3	3,209,882.09	1.15	
Custom 4	2,534,065.27	0.91	
Subtotal	267,953,945.86	95.89	12,278,121.19

2. Other receivables

(1) Details

1) Details on categories of other receivables

Categories	Closing balance		
	Book balance	Provision for bad debts	Carrying

	Amount	Proportion (%)	Amount	Provision proportion (%)	amount
Receivables of individually significant amount and with provision made on an individual basis	92,195,604.02	95.43			92,195,604.02
Receivables with provision made on a collective basis using portfolios with similar credit risk features	4,411,189.25	4.57	1,016,337.08		3,394,852.17
Receivable of individually insignificant amount but with provision made on an individual basis					
Total	96,606,793.27	100.00	1,016,337.08		95,590,456.19

(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	79,756,842.60	93.87			79,756,842.60
Receivables with provision made on a collective basis using portfolios with similar credit risk features	5,212,673.53	6.13	1,127,426.38	21.63	4,085,247.15
Receivable of individually insignificant amount but with provision made on an individual basis					
Total	84,969,516.13	100.00	1,127,426.38	1.33	83,842,089.75

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
Supor Vietnam	51,982,944.90			No provision is made as it is principal and interest of borrowings due from subsidiaries, and it is estimated with no risk in recoverability.
Aomeini Trade	23,009,713.74			No provision is made as it is principal and interest of borrowings due from subsidiaries, and it is estimated with no risk in recoverability.
VAT export tax refund receivable	17,202,945.38			As the age is within one year, and no provision is made as there is no risk over recoverability.
Subtotal	92,195,604.02			

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	2,294,113.84	114,705.69	5.00
1-2 years	51,503.00	4,120.24	8.00

2-3 years	1,348,099.71	202,214.96	15.00
3-4 years	44,353.03	22,176.52	50.00
Over 5 years	673,119.67	673,119.67	100.00
Subtotal	4,411,189.25	1,016,337.08	

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

Provisions for bad debts made in current period totaled 19,013.67 yuan.

(3) Other receivables written off in current period

Other receivables actually written off in current period totaled 92,075.63yuan.

(4) Other receivables categorized by nature

Nature of receivables	Closing balance	Opening balance
Deposit as security	1,330,900.00	2,046,900.00
Call loans	74,992,658.64	64,514,102.80
Temporary advance payment receivable	1,788,073.13	1,379,076.31
VAT refund on export goods	17,202,945.38	15,242,739.80
Personal deposit	1,292,216.12	1,786,697.22
Total	96,606,793.27	84,969,516.13

(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
Supor Vietnam	Loans	51,982,944.90	[Note]	53.81%	
Aomeini Trade	Loans	23,009,713.74	Within one year	23.82%	
VAT export tax refund receivable	Tax refund on export goods	17,202,945.38	Within one year	17.81%	
Qinghai Changrong UC Cultural Communication Co., Ltd.	Deposit	1,000,000.00	2-3 years	1.04%	150,000.00
China Europe International Business School	Temporary payment receivable	470,400.00	Within one year	0.49%	23,520.00
Subtotal		93,666,004.02		96.97%	173,520.00

Note: The balance includes 1,495,134.63 yuan within one year, 1,509,673.48 yuan of 1-2years, and 48,978,136.79 yuan of 2-3 years.

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	1,099,787,839.63		1,099,787,839.63	1,091,726,520.63		1,091,726,520.63
Investments in associates and joint ventures	47,109,719.49		47,109,719.49	44,495,224.65		44,495,224.65
Total	1,146,897,559.12		1,146,897,559.12	1,136,221,745.28		1,136,221,745.28

(2) Investments in subsidiaries

Investees	Opening balance	Increase [Note]	Decrease [Note]	Closing balance	Provision for impairment made in current period
Wuhan Pressure Cooker	221,641,824.26	1,664,798.00		223,306,622.26	
Supor Electric Appliance	1,400,000.00			1,400,000.00	
P&R Products	13,149,241.04		17,833.00	13,131,408.04	
Yuhuan Recycling	1,762,595.51			1,762,595.51	
Wuhan Supor	10,700,959.54			10,700,959.54	
Zhejiang Home Appliance	101,487,355.41	4,856,180.00		106,343,535.41	
ShaoxingSupor Home Appliance	620,433,736.23	1,565,817.00		621,999,553.23	
Supor Vietnam	105,143,165.64			105,143,165.64	
Wuhan Recycling	1,000,000.00			1,000,000.00	
Aomeini Trade	10,007,643.00		7,643.00	10,000,000.00	
Shanghai Marketing	5,000,000.00			5,000,000.00	
Subtotal	1,091,726,520.63	8,086,795.00	25,476.00	1,099,787,839.63	

Note: Current period increase in Wuhan Pressure Cooker, Zhejiang Home Appliance, Shaoxing Supor Home Appliance, was due to the implementation of share incentive plan of the Company, and the share-based payment expenses assumed by the aforesaid subsidiaries receiving service are recognized as the change of the Company's long-term equity investments accordingly.

Current period decrease in P&R Products and Aomeini Trade was due to staff movements and share-based payment expenses borne by these two companies in the previous year is now borne by the Company.

(3) Investments in associates

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.	44,495,224.65			2,614,494.84	
Total	44,495,224.65			2,614,494.84	

(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.					47,109,719.49	
Total					47,109,719.49	

(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	1,458,234,348.46	1,166,344,245.21	1,489,771,688.37	1,158,729,717.11
Revenue from other operations	30,653,322.68	31,549,298.62	41,740,952.23	49,792,491.99
Total	1,488,887,671.14	1,197,893,543.83	1,531,512,640.60	1,208,522,209.10

2. Investment income

(1) Details

Items	Current period cumulative	Preceding period comparative
Investment income from long-term equity investments under cost method		252,599,897.27
Investment income from long-term equity investments under equity method	2,614,494.84	3,862,222.39
Investment income from forward foreign exchange	58,743.27	1,363,563.44
Investment income from financial products	9,668,322.70	927,369.86
Investment income from the disposal of long-term equity investments		2,144,636.08
Total	12,341,560.81	260,897,689.04

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	-1,384,988.05	
Tax refund, credit or exemption approved beyond the power of authorities, without formal documents, or with occasionality	3,975,797.87	
Government grant included in profit or loss (excluding those closely related to operating activities, or regular government grants)	25,456,430.00	
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	71,568.27	
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	-16,893,265.57	[Note]
Other profit or loss satisfying the definition of non-recurring profit or loss	27,259,955.19	It is investment income from financial products.
Subtotal	38,485,497.71	
Less: enterprise income tax affected	8,322,149.96	
Non-controlling interest affected (after tax)	2,833,194.74	
Net non-recurring profit or loss attributable to shareholders of the parent company	27,330,153.01	

Note: It is mainly the accrued provisions of 13,013,355.00yuan.

(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	19.63	1.088	1.088
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	18.85	1.045	1.045

2. Calculation process of weighted average RONA

Items		Symbols	Current period cumulative
Net profit attributable to shareholders of ordinary shares		A	689,892,322.91
Non-recurring profit or loss		B	27,330,153.01
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss		C=A-B	662,562,169.90
Opening balance of net assets attributable to shareholders of ordinary shares		D	3,318,850,290.60
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 decreased due to share repurchase or cash dividends appropriation		G	234,659,145.56
Number of months counting from the next month when the net assets were decreased to the end of the reporting period		H	8
Others	Share-based payment expenses included in equity	I1	14,780,844.78
	Number of months counting from the next month when other net assets were increased or decreased to the end of the reporting period	J1	6
	Increase of translation difference of financial statements in foreign currencies	I2	-796,236.10
	Number of months counting from the next month when other net assets were increased or decreased to the end of the reporting period	J2	6
Number of months in the reporting period		K	12
Weighted average net assets		$L = D + A \times 1/2 + E \times F/K - G \times H/K \pm I \times J/K$	3,514,349,326.02
Weighted average RONA		$M = A/L$	19.63%
Weighted average RONA after deducting non-recurring profit or loss		$N = C/L$	18.85%

3. Calculation process of basic EPS and diluted EPS

(1) Calculation process of basic EPS

Items	Symbols	Current period cumulative
Net profit attributable to shareholders of ordinary shares	A	689,892,322.91
Non-recurring profit or loss	B	27,330,153.01
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	C=A-B	662,562,169.90
Opening balance of total shares	D	634,394,112.00
Number of shares increased due to conversion of reserve to share capital or share dividend appropriation	E	
Number of shares increased due to offering of new shares or conversion of debts into shares	F	
Number of months counting from the next month when the share was increased to the end of the reporting period	G	
Number of shares decreased due to share repurchase	H	540,672.00
Number of months counting from the next month when the share was decreased to the end of the reporting period	I	3.00
Number of shares decreased in the reporting period	J	
Number of months in the reporting period	K	12
Weighted average of outstanding ordinary shares	$L=D+E+F \times G/K-H \times I/K-J$	634,258,944.00
Basic EPS	$M=A/L$	1.088
Basic EPS after deducting non-recurring profit or loss	$N=C/L$	1.045

(2) Calculation process of diluted EPS

Calculation process of diluted EPS is the same as that of basic EPS.

(III) Supplementary information on changes in accounting policies

Pursuant to changes in CASBE 2 - Long-term Equity Investments and other seven CSABEs promulgated by Ministry of Finance of PRC in 2014, the Company has adopted changes in such policies and retroactive adjustments are made on comparative financial statements. Restated balance sheets as at January 1, 2013 and December 31, 2013 are as follows:

Items	January 1, 2013	December 31, 2013	December 31, 2014
Current assets:			
Cash and bank balances	1,115,082,323.65	1,405,405,891.78	620,684,489.46
Settlement funds			
Loans to other banks			
Financial assets at fair value through profit or loss			913,655,148.86
Derivative financial assets			
Notes receivable	648,366,387.92	738,445,081.88	486,320,125.68
Accounts receivable	667,350,323.53	655,589,352.03	1,004,256,291.61
Advances paid	129,681,301.57	194,362,744.27	171,336,580.71
Premiums receivable			

Reinsurance accounts receivable			
Reinsurance reserve receivable			
Interest receivable	3,752,909.67	5,684,198.55	1,333,136.33
Dividend receivable			
Other receivables	37,261,813.36	49,842,803.54	48,727,819.25
Reverse-repo financial assets			
Inventories	1,073,369,840.57	1,325,378,544.29	1,568,475,227.88
Assets classified as held-for-sale			
Non-current assets due within one year			
Other current asset	12,522,640.28	60,556,880.74	448,717,689.40
Total current assets	3,687,387,540.55	4,435,265,497.08	5,263,506,509.18
Non-current assets:			
Loans and advances paid			
Available-for-sale financial assets			
Held-to-maturity investments			
Long-term receivable			
Long-term equity investments	41,365,518.66	44,495,224.65	48,480,778.13
Investment property			
Fixed assets	883,280,538.15	893,776,421.04	956,192,336.23
Construction in progress	70,351,646.97	61,803,487.53	24,928,527.13
Construction materials			
Disposal of fixed assets			
Productive biological assets			
Oil and gas assets			
Intangible assets	234,716,293.40	231,184,961.19	225,590,281.93
Development expenditures			
Goodwill			
Long-term prepayment			

Deferred tax assets	43,153,451.39	70,944,367.05	114,946,524.38
Other non-current assets			
Total non-current assets	1,272,867,448.57	1,302,204,461.46	1,370,138,447.80
Total assets	4,960,254,989.12	5,737,469,958.54	6,633,644,956.98
Current liabilities:			
Short-term borrowings			
Borrowings from central bank			
Absorbing deposit and interbank deposit			
Borrowings from other banks			
Financial liabilities at fair value through profit or loss			
Derivative financial liabilities	146,036.97	12,825.00	
Notes payable			
Accounts payable	1,026,468,224.26	1,252,892,830.24	1,593,473,427.68
Advances received	280,103,682.36	392,992,316.71	355,555,918.02
Proceeds of REPO financial assets			
Handling fee and commission payable			
Employee benefits payable	156,926,115.30	184,703,646.97	196,269,219.29
Taxes and rates payable	43,762,855.19	100,812,762.08	134,947,117.26
Interest payable			
Dividend payable			
Other payables	48,823,073.44	50,410,946.22	52,765,467.80
Reinsurance accounts payable			
Insurance policy 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	1,556,229,987.52	1,981,825,327.22	2,333,011,150.05
Non-current liabilities:			
Long-term borrowings			
Bonds payable			
Including: premium share			
Perpetual bond			
Long-term payable			
Long-term employee benefits payable	8,888,496.41	7,072,029.81	7,642,438.23
Special payable			
Provisions		14,840,655.00	13,013,355.00
Deferred income			
Deferred tax liabilities	556,195.81	821,062.00	1,161,698.56
Other non-current liabilities			
Total non-current liabilities	9,444,692.22	22,733,746.81	21,817,491.79
Total liabilities	1,565,674,679.74	2,004,559,074.03	2,354,828,641.84
Equity:			
Share capital	634,977,200.00	634,394,112.00	633,853,440.00
Other equity instrument			
Including: preference shares			
Perpetual bonds			

Capital reserve	618,571,669.52	531,694,082.71	544,286,532.15
Less: treasury shares	1,386,858.52	2,729,067.34	
Other comprehensive income	-19,193,186.30	-23,286,999.99	-24,083,236.09
Special reserve			
Surplus reserve	100,350,805.31	140,734,083.89	154,971,348.50
General risk reserve			
Undistributed profit	1,699,424,373.42	2,038,044,079.33	2,479,039,992.07
Total equity attributable to parent company	3,032,744,003.43	3,318,850,290.60	3,788,068,076.63
Non-controlling interest	361,836,305.95	414,060,593.91	490,748,238.51
Total equity	3,394,580,309.38	3,732,910,884.51	4,278,816,315.14
Total liabilities and equity	4,960,254,989.12	5,737,469,958.54	6,633,644,956.98

SECTION XII DOCUMENTS AVAILABLE FOR REFERENCE

- I. Original Annual Report 2014 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

March 26, 2015