

SUPOR 苏泊尔

Zhejiang Supor Co., Ltd.

2021 Semiannual Report

August 2021

SECTION I IMPORTANT NOTES, TABLE OF CONTENTS AND DEFINITIONS

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

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

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

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

As for the risk factors confronted by the Company, see Part 10 "Risks and Countermeasures" of Section III "DISCUSSION AND ANALYSIS OF THE MANAGEMENT".

The Company has planned not to distribute cash dividends or bonus shares, and not to convert capital reserve into share capital.

Table of Contents

SECTION I IMPORTANT NOTES, TABLE OF CONTENTS AND DEFINITIONS.....	2
SECTION II COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS.....	7
SECTION III DISCUSSION AND ANALYSIS OF THE MANAGEMENT	10
SECTION IV CORPORATE GOVERNANCE.....	23
SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITY.....	25
SECTION VI SIGNIFICANT EVENTS	29
SECTION VII CHANGES IN SHARE CAPITAL AND PARTICULARS ABOUT SHAREHOLDERS.....	39
SECTION VIII INFORMATION ON PREFERRED SHARE	46
SECTION IX INFORMATION ON BOND.....	47
SECTION X FINANCIAL STATEMENT	48

CATALOG OF REFERENCE DOCUMENTS

- I. 2021 Semiannual Report of the Company and abstract concerned with signature of legal representative;
 - II. Accounting statements with signature and seal of legal representative, person in charge of accounting and person in charge of accounting department;
 - III. Original of all company documents and bulletins published in newspaper designated by CSRC within the reporting period.
- Reference documents above shall be prepared by Securities Department of the Company.

Definitions

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

SECTION II COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS

I. Company Information

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

II. Contact Person and Contact Information

	Board Secretary	Representative of Securities Affairs
Name	Ye Jide	Fang Lin
Address	Securities Department at 23F of Supor Building, No.1772 Jianghui Road, New & High Tech Development Zone, Hangzhou, China	Securities Department at 23F of Supor Building, No.1772 Jianghui Road, New & High Tech Development Zone, Hangzhou, China
Tel.:	0571-86858778	0571-86858778
Fax	0571-86858678	0571-86858678
Email	yjd@supor.com	flin@supor.com

III. Other Information

1. Contact information

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

☐ Applicable ☒ Not-applicable

The registered address, office address and postal code, website and email address of the Company did not change in the reporting period. See Annual Report 2020.

2. Media for information disclosure and archiving

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

☐ Applicable ☒ Not-applicable

Papers appointed by the Company for information disclosure: website appointed by CSRC for publishing semiannual report, and the place for archiving the Company's semiannual report have not been changed in the reporting period. Refer to Annual Report 2020 for details.

IV. Major Accounting Data and Financial Indicators

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

☐ Yes ☒ No

	This reporting period	Same period last year	Increased or decreased
Operating income (RMB)	10,433,875,893.62	8,187,236,558.24	27.44%
Net profits attributable to shareholders of listed company (RMB)	865,590,446.89	666,480,783.76	29.87%
Net profit attributable to shareholders of listed company after deducting non-recurring profit or loss (RMB)	860,175,721.67	591,114,545.46	45.52%
Net cash flows from operating activities (RMB)	300,430,763.45	-77,601,957.76	487.14%
Basic earnings per share (RMB/share)	1.064	0.820	29.76%
Diluted earnings per share (RMB/share)	1.055	0.812	29.93%
Return on weighted average net assets	12.02%	9.95%	2.07%
	End of this reporting period	End of last year	Increased or decreased
Total assets (RMB)	11,879,324,452.54	12,292,270,384.71	-3.36%
Net assets attributable to shareholders of listed company (RMB)	6,764,018,791.30	7,200,939,908.92	-6.07%

V. Accounting Data Discrepancies under Chinese and Overseas Accounting Standards

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

☐ Applicable ☒ Not-applicable

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

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

☐ Applicable ☒ Not-applicable

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

VI. Non-recurring Profit or Loss Items and Amount

√ Applicable □ Not-applicable

Unit: RMB

Item	Amount	Notes
Profit and loss on disposal of non-current assets (including the write-off of provision for asset impairment)	-490,681.14	
Government subsidy included into current profits and losses (excluding government subsidies closely related to operating activities of the Company and subject to uniform national standards on amount and quantity)	32,166,988.75	
Profit and loss from fair value changes due to holding of the transactional financial assets, derivative financial assets, transactional financial liabilities and derivative financial liabilities, and investment income from disposal of transactional financial assets, derivative financial assets, transactional financial liabilities, derivative financial liabilities and other debt investments, in addition to effective hedging business related to normal businesses of the Company.	52,752,118.96	
Enterprise restructuring expenses, such as resettling employees expenses, integration expenses, etc	-62,272,436.27	
Other non-operating incomes or expenditures except for the foregoing items	1,186,523.11	
Other profit or loss conforming to the definition of non-recurring profit or loss	570,844.90	
Minus: influenced amount of income tax	18,212,050.11	
Influenced amount on minority shareholders' equities (after tax)	286,582.98	
Total	5,414,725.22	--

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

□ Applicable √ Not-applicable

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

SECTION III DISCUSSION AND ANALYSIS OF THE MANAGEMENT

I. Main business during reporting period

1. Main Business during reporting period

As China's famous cookware R&D and manufacturing company, Zhejiang Supor Co., Ltd. is a China's leading manufacturer of small domestic appliances and also the first listed company in China's cookware industry. Established in 1994, the headquarters of the Company locates in Hangzhou owning 7 R&D and manufacture bases located in Yuhuan City, Wuhan City, Hangzhou City, Shaoxing City and Ho Chi Minh City with more than 12,000 employees.

Developed strategic cooperation relationship with the Company since 2006, SEB Group is the actual controller of the Company. By the end of the reporting period, SEB Group held 81.61% shares of the Company. With a long history of more than 160 years, SEB Group is the world's famous cookware R&D manufacturer and small domestic appliance with about 350 million products sold to more than 150 countries worldwide per year.

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

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

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

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

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

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

2. Development of the Company's industry and its market status

In the field of small domestic appliances, with the excellent implementation of the national epidemic prevention measures in the first half of 2021, consumers have returned to work positions, which thus led to a reduction in consumers' stay at home, reduced the frequency of cooking, and "cooled" the overall market of small domestic appliance. According to the statistical data reported by AVC, in the first half of 2021, the total retail sales of 12 categories of electric rice cookers, induction hobs, electric pressure cookers, soybean milk machines, high-speed blenders, mixers, juicers, electric kettles, roasting & frying machines (electric cake clangs, electric barbecue pits), electric steaming pans, health kettles and multi-functional pots totaled RMB25.08 billion, which is decreased by 8.6% on a year-on-year basis, with online sales accounting for 70.8% thereof. From the perspective of categories, an obvious difference between the development of different categories is revealed, where highly demanded categories such as electric rice cookers, electric pressure cookers and electric kettles remain in stable or moderate growth. However, high-speed blenders, mixers, soybean milk machines, juicers, etc., show a double-digit decline due to the high base of sales in the first half of 2020. Besides, the sales of small domestic appliances in relation to healthy living are growing rapidly. According to online monitoring data reported by AVC, the market size of oil-free air fryers has grown to RMB1.1 billion in the first half of 2021, which to some extent makes up for the market decline of traditional categories. Thanks to Supor's long-term persistence to product innovation and product quality in the field of small domestic appliances, data monitored by AVC show that, in the first half of the year, Supor's offline market share in 11 categories of electric rice

cookers, electric pressure cookers, induction hobs, electric kettles, soybean milk machines, blenders, juicers, baking and frying machines, slow cookers, high-speed blenders and health kettles has increased by 1.0 percentage point compared with the same period last year. Supor's online market share in 13 categories of electric rice cookers, electric pressure cookers, induction hobs, electric kettles, soybean milk machines, blenders, juicers, baking and frying machines, slow cookers, high-speed blenders, health kettles, electric steamers and electric ovens has increased by 2.2 percentage points compared with the same period last year, and Supor has further consolidated the market status.

In the field of open fire cookware, the upgrading trend of offline consumption becomes obvious. According to the statistical data of cookware in 30 key cities in China monitored by GFK, in the first half of 2021, retail sales of 7 categories of woks, pressure cookers, frying pans, stockpots, steamers, cookware sets and ceramic slow cookers has decreased by 1.4% on a year-on-year basis, with the retail volume decreased by 11.7% on a year-on-year basis, and the increase in average unit price makes up for the decline in the retail volume to some extent. From the perspective of categories, traditional high demand categories such as woks and pressure cookers maintain steady single-digit growth, while non-rigid demand categories such as frying pans, stockpots, and ceramic slow cookers show declines on a year-on-year basis. According to the market share data of cookware in 30 key cities in China monitored by GFK, Supor's total offline market share in 7 categories of woks, pressure cookers, frying pans, stockpots, steamers, cookware sets and ceramic slow cookers has reached 48.7% in total in the first half of 2021, and maintained the leading position in the industry steadily.

3. Business performance during reporting period

In terms of domestic sales, Supor has always taken consumer demand as the guide, and adhered to continuous product innovation and differentiation strategy. In the first half of 2021, a number of innovative products in the industry were launched in the category of small domestic appliances, including the Far-infrared IH Electric Rice Cooker, which innovatively adopts the far-infrared IH heating technology to provide top-side 150W far-infrared penetration heating and bottom-side 1300W IH three-dimensional surrounding heating to cook rice nice and sweet; the electric pressure cooker with air frying, which provides upgraded high-temperature steam frying and 360° high-speed circulation of hot air to restore the crisp taste without hot oil. The Supor All-in-One Multi-Cooker, through guided cooking and accurate weighing, it can easily offer you more than 200 recipes developed by star hotel chefs. In the category of cookware, Supor launched the Core Iron II Rustproof Wok, which is made of high-quality core iron substrate and subversively upgrades the user experience of iron wok. With the advanced alloy cladding process to achieve the excellence level of rustproofing without coating, the product is well received in the market. Supor continues to explore insights into the pain points of consumers, and has developed and launched the Supor thermo-spot non-stick frying pan. With the patented oil accumulation and anti-convex bottom, the product is very popular among consumers.

In terms of E-commerce channels, Supor continues to intensify the development of E-commerce channels, Supor's E-commerce business maintains rapid growth, and the proportion of E-commerce channels in the overall sales of Supor continues to increase. Supor continues to promote the transformation of the channel model and enhance the key capabilities of internal E-commerce operations. In the first half of 2021, Supor continued to promote the layout optimization of the multi-form store operation modes, improved the store matrix of the official Tmall flagship stores, category flagship stores and distributor stores, and completed the direct sale transformation of the Tmall flagship store of cookware. Supor continues to carry out favorable cooperation with JD.com to enhance the agency operation capacity of the JD POP platform, and maintains steady growth on the JD platform in the first half of the year. Besides, Supor has made fast steps to access and develop emerging live streaming channels on TikTok and Kuaishou, etc., and has taken the lead in TikTok. In addition, Supor has strengthened consumer operations and consumer life cycle management, and the number of member centers is growing rapidly. In the E-commerce "6.18" big promotion event, a number of Supor single products won the first places in terms of sales in the corresponding categories.

In terms of offline channels, under the background of a sharp reduction in the number of consumers in offline channels, Supor, together with channel distributors and agents responded proactively to focus on improving the service experience of consumers entering the stores, assign new work functions to shopping guides, and promote marketing activities such as live streaming, internal purchase and WeChat flash sale. Besides, Supor continues to promote and further deepen the development strategy for tier-3 and 4 markets, strengthen and promote comprehensive cooperation with E-commerce platforms among the O2O channel of markets in lower-tier cities,

and give full play to the advantages of medium- and high-end product differentiation and agency stability, with a view to creating new growth points of the Company in the tier-3 and 4 markets. Community group buying and home delivery business maintain rapid growth, and the Company continues to enhance the cooperative relationship with head platforms to seize the opportunities of new channels.

In terms of export business, overseas markets such as Europe and the United States continued to maintain strong demand in the first half of 2021, and thanks to the continued transfer of global orders from SEB Group, the Company's operating income of export business increased significantly on a year-on-year basis.

In terms of internal operation, Supor continues to promote cost optimization and lean economization projects, and takes the initiative to cope with the rising cost of raw materials and the business pressure arising from the shortage of chips in the first half of the year. Supor strengthens the basic management of R&D, promotes the rapid market response ability of the industrial system, and improves the internal operation efficiency and cost competitiveness of the base. In addition, Supor continues to expedite the inventory turnover efficiency, optimizes the SKU efficiency, and improves the efficiency of single products.

II. Core competitiveness analysis

1. Outstanding product innovation capability

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

After 1994 when Supor launched the domestic first safety pressure cooker, the Company also launched the first electric rice cooker with ceramic crystal liner in 2005, pioneered the uncoated stainless iron pan technology in 2007, successfully introduced SEB flaming dot patented technology in 2009, launched the industrial first IH electric rice cooker in 2011, pioneered the spherical liner in 2013, ceremoniously launched the industrial first steam IH electric rice cooker with spherical liner in 2015, innovated technology of electric rice cooker liner and launched the Shallow Pot IH Rice Cooker in 2018 and launched the handy, lighter and healthier "Core Iron II" wok in 2020. In the first half of 2021, with the innovated far-infrared penetration heating technology, Supor launched the far-infrared IH Electric Rice Cooker, and also rolled out the high-end All-in-One Multi-Cooker, which continues to lead the development of the industry. In addition, the innovative and differentiated products of Supor, such as "electric pressure cooker available for air frying and roasting", "detachable low-noise high-speed blender" and "oil-accumulating non-stick frying pan", are also popular among consumers.

According to the market data of China's 30 key cities monitored by GFK in 2021 and online data by AVC, Supor dominated the cookware market, in terms of share; and according to the data of China's offline small domestic appliance market monitored by CMM in 2021 and online data by AVC, it was the second largest dominator of the small domestic appliance market, in terms of share.

2. Well-developed distributor network

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

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

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

4. Synergistic effect of integration with SEB

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

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

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

III. Analysis on main business

During the reporting period, the Company saw its total sales reaching RMB10,433,875,893.62, with a YoY increase of 27.44%; and total profit reaching RMB1,114,549,512.63, with a YoY increase of 38.55%. Basic earnings per share reaching RMB1.064, with a YoY increase of 29.76%. Main business income achieved RMB10,381,939,743.02, with a YoY increase of 27.42%, amounting to RMB2,233,938,404.40, mainly because the business performance of the Company was affected by the negative effects of the COVID-19 epidemic during same period last year. The Company's main operating costs were RMB7,695,160,010.24, up by RMB1,601,700,529.00 than that in the corresponding period of last year, with an increase of 26.29%. The gross margin of main business was 25.88%, increasing by 0.66% compared with the same period of the last year. Among them, the realized revenue from the main business of cookware was RMB3,078,561,410.93, with a YoY increase of 44.13%; the realized revenue from the main business of electric appliance was RMB7,291,006,353.18, with a YoY increase of 21.50%; the realized revenue from the main business of domestic sales was RMB6,964,698,611.43, with a YoY increase of 13.77%; the realized revenue from the main business of export sales was RMB3,417,241,131.59, with a YoY increase of 68.65%.

Changes of main financial data in the same period

Unit: RMB

	This reporting period	Same period last year	Increase / decrease YoY (%)	Reason of change
Operating income	10,433,875,893.62	8,187,236,558.24	27.44%	
Operating cost	7,725,851,457.97	6,130,938,343.64	26.01%	
Sales expense	1,195,543,704.82	973,834,031.86	22.77%	
Administrative expense	214,014,738.06	148,926,613.37	43.70%	Mainly due to the increase in labor costs for the restructuring of subsidiaries in the current period.
Financial expense	-4,600,114.71	-20,624,068.79	77.70%	Mainly due to the increase in interest expenses due to the implementation of the New Lease Standards in the current period and the decrease in exchange gains.
Income tax expense	250,485,268.05	139,976,225.03	78.95%	Mainly due to the increase in the total profit of the current period and the increase in the corporate income tax rate of the Company.
R&D investment	192,490,424.34	184,742,945.70	4.19%	
Net cash flows from operating activities	300,430,763.45	-77,601,957.76	487.14%	Mainly due to the increase in cash from sales of commodities sold and services

				provided in the cash inflow from operating activities in the current period.
Net cash flow from investing activities	354,213,147.88	673,848,534.57	-47.43%	Mainly due to the decrease in cash recovery from investment in financial products in the current cash inflow from investing activities.
Net cash flows from financing activities	-1,305,486,628.95	-400,685,518.74	-225.81%	Mainly due to the 2020 dividend payment in the current period.
Net increase in cash and cash equivalents	-651,828,253.43	201,621,752.29	-423.29%	Mainly due to the increase of cash outflows from financing activities.

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

☐ Applicable ☒ Not-applicable

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

Contents of operating income

Unit: RMB

	This reporting period		Same period last year		Increase / decrease YoY (%)
	Amount	Percentage to total operating income	Amount	Percentage to total operating income	
Total operating income	10,433,875,893.62	100%	8,187,236,558.24	100%	27.44%
By Industry					
Cookware	3,078,561,410.93	29.51%	2,136,019,280.03	26.09%	44.13%
Electric appliances	7,291,006,353.18	69.87%	6,000,861,893.00	73.29%	21.50%
Plastic & rubber	12,371,978.91	0.12%	11,120,165.59	0.14%	11.26%
Others	51,936,150.60	0.50%	39,235,219.62	0.48%	32.37%
By Products					
Electric pots	2,426,214,149.86	23.25%	1,963,485,874.59	23.98%	23.57%
Others	8,007,661,743.76	76.75%	6,223,750,683.65	76.02%	28.66%
By Areas					
Domestic sales	7,016,634,762.03	67.25%	6,160,967,015.02	75.25%	13.89%
Export sales	3,417,241,131.59	32.75%	2,026,269,543.22	24.75%	68.65%

Note:

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

2) The “Others” of the income by products includes the other business income; where the one in the reporting period in 2021 was RMB 51,936,150.60, but it was RMB 39,235,219.62 over the same period last year.

3) Among the “Domestic sales” of the income by areas: the main business income was RMB 6,964,698,611.43, and the income of other business was RMB 51,936,150.60; in the same period last year, the main business income was RMB 6,121,731,795.40 and the

other business income was RMB 39,235,219.62.

The Company's industry, products or areas with operating incomes or operating profits occupying more than 10%

√ Applicable □ Not-applicable

Unit: RMB

	Operating income	Operating cost	Gross margin	Increase / decrease YoY (%) for total operating income	Increase / decrease YoY (%) for operating cost	Increase / decrease YoY (%) for gross margin
By Industry						
Cookware	3,078,561,410.93	2,210,267,930.35	28.20%	44.13%	47.62%	-1.70%
Electric appliance	7,291,006,353.18	5,475,688,526.11	24.90%	21.50%	19.36%	1.35%
By Products						
Electric pots	2,426,214,149.86	1,787,975,091.36	26.31%	23.57%	19.90%	2.26%
By Areas						
Domestic sales	7,016,634,762.03	4,792,641,956.37	31.70%	13.89%	7.35%	4.17%
Export sales	3,417,241,131.59	2,933,209,501.60	14.16%	68.65%	76.02%	-3.60%

The Company's main business data adjusted based on the standard at the end of the latest reporting period if statistical standard for such data was adjusted during the reporting period

□ Applicable √ Not-applicable

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

√ Applicable □ Not-applicable

The operating income of the cookware industry increased by 44.13% over the same period of last year, and that of export sales increased by 68.65% over the same period of last year. This was mainly due to the greater impact on operating income of the COVID-19 pandemic in the same period last year.

IV. Analysis on Non Main Business

□ Applicable √ Not-applicable

V. Analysis on Assets and Liabilities

1. Significant changes in assets

Unit: RMB

	End of this reporting period		End of last year		Increase/decrease in proportion	Cause of change
	Amount	Percentage to total assets	Amount	Percentage to total assets		

Monetary capital	1,501,990,587.75	12.64%	1,719,785,919.04	13.99%	-1.35%	No significant change in the reporting period.
Accounts receivable	2,667,614,725.23	22.46%	2,228,302,318.44	18.13%	4.33%	Mainly due to the increase in accounts receivable from the growth of business scale during the reporting period.
Inventories	1,966,981,923.94	16.56%	2,409,298,690.29	19.60%	-3.04%	Mainly due to the accelerated inventories turnover and reasonable control of inventories.
Long-term equity investment	65,212,944.94	0.55%	64,448,318.46	0.52%	0.03%	No significant change in the reporting period.
Fixed assets	1,183,046,603.14	9.96%	1,228,535,067.85	9.99%	-0.03%	No significant change in the reporting period.
Construction in progress	84,623,267.88	0.71%	47,175,324.72	0.38%	0.33%	No significant change in the reporting period.
Right-of-use asset	232,817,749.10	1.96%			1.96%	Mainly due to the implementation of the New Lease Standards in the current period and the listing of the right to use the leased assets during the lease term.
Short-term borrowings	892,000.00	0.01%			0.01%	No significant change in the reporting period.
Contract liabilities	201,275,126.02	1.69%	850,983,303.37	6.92%	-5.23%	Mainly due to the decrease in advance receipts from some distributors of its subsidiaries in the current period.
Lease obligation	227,145,652.56	1.91%			1.91%	Mainly due to the implementation of the New Lease Standards in the current period, and the listing of lease payments that have not yet been paid during the lease term.
Transactional financial assets			115,992,105.03	0.94%	-0.94%	Mainly due to the delivery upon expiration of investment period of financial products with guaranteed capital and floating earnings as associated with interest rate.
Advance payment	355,944,301.80	3.00%	179,491,969.23	1.46%	1.54%	Mainly due to the increase in advance payment for materials

						purchased in the current period.
Other current assets	2,477,164,823.76	20.85%	2,857,567,546.59	23.25%	-2.40%	Mainly due to the maturity and settlement of time deposits.

2. Main overseas assets

☐ Applicable ☒ Not-applicable

3. Assets and liabilities measured at the fair value

☒ Applicable ☐ Not-applicable

Unit: RMB

Item	Opening balance	Profit and loss from fair value changes in the reporting period	Accumulated fair value changes included into equity	Impairment loss of the current period	Amount of purchasing of the current period	Amount of sales of the current period	Other changes	Ending balance
Financial assets								
1. Transactional financial assets (excluding derivative financial assets)	115,992,105.03	1,005,713.48				116,997,818.51		
2. Receivables financing	321,162,886.99						54,777,846.36	266,385,040.63
Total	437,154,992.02	1,005,713.48				116,997,818.51	54,777,846.36	266,385,040.63
Financial liabilities	0.00	0.00				0.00	0.00	0.00

Content of other changes

The Group discounted or transferred by endorsement part of bank acceptances before maturity as required by its daily fund management and the business mode for such bank acceptance related to management was aimed for acquisition of contact cash flow and for sales. Therefore, bank acceptance was classified as financial assets measured at the fair value with their changes included into other comprehensive incomes.

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

☐ Yes ☒ No

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

For details, see "52. Assets with title or use right restrictions" of "X. Notes to items of consolidated financial statements" in Section XII "FINANCIAL STATEMENT".

VI. Analysis on Investment

1. General conditions

☐ Applicable ☒ Not-applicable

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

☐ Applicable ☒ Not-applicable

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

☐ Applicable ☒ Not-applicable

4. Financial asset investment

(1) Securities investment

☐ Applicable ☒ Not-applicable

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

2. Derivative products investment

☒ Applicable ☐ Not-applicable

Unit: RMB10,000

Name of derivative product investment handler	Correlated relation	Connected transaction	Type of derivative product investment	Original amount of derivative product investment	Start date	Expiry date	Opening investment amount	Purchase amount during the reporting period	Sales amount during the reporting period	Amount of impairment provision (if any)	Ending investment amount	Proportion of ending investment amount to the Company's net assets at the end of the reporting period	Actual profit and loss amount during the reporting period
Bank	None	No	Foreign exchange	12,664.16	January 1, 2021	June 30, 2021	12,664.16	52,168.2	43,830.39		21,001.97	3.10%	235.37

			derivatives										
Total				12,664.16	--	--	12,664.16	52,168.2	43,830.39		21,001.97	3.10%	235.37
Source of derivative product investment fund				Self-owned capital									
Proceedings (if applicable)				Not applicable									
Disclosure date of the announcement of the Board of Directors on the approval of derivatives investment (if any)				April 1, 2021									
Disclosure date of the announcement of the shareholders' meeting on the approval of derivatives investment (if any)													
Description of risk analysis and control measures for derivative positions during the reporting period (including but not limited to market risk, liquidity risk, credit risk, operating risk, legal risk, etc.)				In order to reduce the risk from the fluctuation of exchange rate and interest rate and strengthen the monitoring and management of foreign currency asset position, the Company carried out foreign exchange derivatives trading business.									
				(I) Risks 1. Price fluctuation risk: loss may be caused by price fluctuation of foreign exchange derivatives that was resulted from the fluctuation of market price such as target interest rate and exchange rate. 2. Internal control risk: foreign exchange derivatives trading business is highly specialized and complex, which may cause risks due to imperfect internal control mechanism. 3. Liquidity risk: the risk that a transaction cannot be completed due to insufficient market liquidity. 4. Performance risk: there is a risk of default caused by the failure to perform the contract. 5. Legal risk: loss may be caused due to changes in relevant laws or violation of relevant laws by counterparties, prohibiting the execution of the contract. (II) Risk control measures 1. Clear principle: foreign exchange derivatives trading shall be based on the principle of hedging, to avoid the risk brought by exchange rate fluctuation to the greatest extent, and adjust the operation strategy in time in combination with the market situation, so as to improve the hedging effect. 2. System construction: the Company has established the internal control system for the Administration of Foreign Exchange Derivatives Trading Business, which clearly defines the scope of authorization, approval procedures, key points of operation, risk management and information disclosure of derivatives transactions, and can effectively regulate foreign exchange derivatives transactions and control the risks of foreign exchange derivatives transactions. 3. Product selection: comparative analysis shall be conducted for potential products. The									

	<p>foreign exchange derivatives that are most suitable for the Company's business background, strong liquidity and controllable risk shall be selected for trading.</p> <p>4. Counterparty management: carefully select the counterparties engaged in foreign exchange derivatives business. The Company only conducts foreign exchange derivatives trading business with large-scale commercial banks with legal qualifications and other foreign exchange institutions to avoid possible legal risks.</p> <p>5. Dedicated team: the Company's management representative, treasury department, the financial sharing service center, the audit department, the securities department and other relevant departments set up a special working team to be responsible for the risk assessment, trading execution, booking and monitoring. The working team shall take emergent measures to stop loss when the market changes significantly.</p>
Changes in market prices or product fair values of invested derivatives during the reporting period (The analysis of the fair value of derivatives shall be made with the disclosure of specific methods used, related assumptions and parameter settings)	The amount of profit and loss incurred during the reporting period of foreign exchange derivatives was RMB2.3537 million; it was obtained by evaluating the spot and forward foreign exchange quotations of banking institutions.
Description of whether the accounting policies and specific accounting principles for the Company's derivatives during the reporting period have changed significantly compared with that during the previous reporting period	Not applicable
Independent directors' special opinions on the Company's derivatives investment and risk control	The independent directors have issued independent opinions on the Company's Proposal on the Development of Foreign Exchange Derivatives Trading Business. For details, please refer to the Independent Opinions of Independent Directors on Related Matters disclosed on http://www.cninfo.com.cn on April 1, 2021.

VII. Sales for Major Assets and Equity

1. Sales for major assets

☐ Applicable ☒ Not-applicable

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

2. Sales for major equities

☐ Applicable ☒ Not-applicable

VIII. Analysis for Main Holding Companies and Joint Stock Companies

√ Applicable □ Not-applicable

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

Unit: RMB

Company name	Company type	Main business	Registered capital	Total assets	Net assets	Operating income	Operating profit	Net profit
Wuhan Supor Cookware Co., Ltd.	Subsidiary	Cookware	RMB91.16 million	1,810,370,106.65	1,260,623,215.81	1,693,231,731.69	88,852,405.89	66,759,829.32
Zhejiang Supor Electrical Appliance Manufacturing Co., Ltd.	Subsidiary	Electrical product	RMB133.6971 million	1,864,194,581.55	1,113,554,882.17	1,968,337,777.68	89,931,595.69	67,730,905.74
Zhejiang Shaoxing Supor Domestic Electrical Appliances Co., Ltd.	Subsidiary	SDA, large kitchen appliances	RMB610 million	4,215,537,927.53	3,390,502,781.71	3,072,241,549.71	457,046,559.27	380,710,939.52

Acquiring/disposing subsidiary during the reporting period

□ Applicable √ Not-applicable

Introduction of main holding and joint stock company

IX. Structural Subject under the Company's Control

□ Applicable √ Not-applicable

X. Risks and Countermeasures

1. Risk from macroeconomic fluctuation

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

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

2. Risk from production element price change

The main raw materials used by Supor for producing cookware and small domestic appliance are the aluminum, copper, stainless steel and plastics. If the raw material price grows highly, the production cost will rise rapidly, so it will affect the business performance

of the Company. Meanwhile the cookware and small domestic appliance business belong to the labor-intensive industry; the rapid growth of labor cost in a short time will cause certain influence to the business performance of the Company.

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

3.Risk of intensifying market competitiveness

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

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

4.Overseas market expansion risks

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

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

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

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

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

SECTION IV CORPORATE GOVERNANCE

I. Annual shareholders' meeting and interim shareholders' meeting held in the reporting period

1. Shareholders' meeting in the Reporting Period

Session	Meeting type	Proportion of participated investors	Convening date	Date of disclosure	Meeting resolution
The Annual General Meeting of Shareholders for 2020 Fiscal Year	Annual Shareholders' Meeting	11.07%	April 22, 2021	April 23, 2021	For details, please refer to the Announcement of Resolution of the Annual General Meeting of Shareholders for 2020 Fiscal Year (2021-029) disclosed on http://www.cninfo.com.cn
The First Interim General Meeting of Shareholders 2021	Interim Shareholders' Meeting	9.67%	May 12, 2021	May 13, 2021	For details, please refer to the Announcement of Resolution of the First Interim General Meeting of Shareholders 2021 (2021-040) disclosed on http://www.cninfo.com.cn

2. Interim shareholders' meeting held at the request of preferred shareholders with restored voting right

☐ Applicable ☒ Not-applicable

II. Change of directors, supervisors and senior executives

☒ Applicable ☐ Not-applicable

Name	Position	Type	Date	Cause
Delphine SEGURA VAYLET	Director	Elected	April 22, 2021	Elected as a director of the Company by the shareholders' meeting
Su Ming-Jui	General Manager	Dismissal	March 31, 2021	Resignation due to personal reasons
Cheung Kwok Wah	General Manager	Employment	March 31, 2021	Appointed as General Manager

III. Profit distribution and conversion of conversion from capital reserves to share capital during the reporting period

☐ Applicable ☒ Not-applicable

The Company planned not to distribute cash dividends or bonus shares, and not to convert capital reserve into share capital in the first

half of the year.

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

√ Applicable □ Not-applicable

1. On March 31, 2021, the 5th Meeting of the 7th Session of the Board of Directors reviewed and adopted the Proposal on Unlocking of Restricted Stock within the Fourth Unlock Period and the Reserved Restricted Stock within the Third Unlock Period of 2017 Restricted Stock Incentive Plan, agreeing to unlock the Restricted Stock in the fourth unlock period and to unlock the Reserved Restricted Stock in the third unlock period for 204 qualified Incentive Objects. Totally 1,629,200 shares of restricted stock will be unlocked, in which the Restricted Stock unlocked during the fourth unlock period is 1,430,200 shares and Reserved Restricted Stock unlocked during the third unlock period is 199,000 shares. The listing and circulating date of the Restricted Stock unlocked during the fourth unlock period is December 30, 2021 and the listing and circulating date of Reserved Restricted Stock during the third unlock period is November 15, 2021.

For detailed contents, see Announcement of Unlocking of Restricted Stock within the Fourth Unlock Period and the Reserved Restricted Stock of the Third Unlock Period of 2017 Restricted Stock Incentive Plan disclosed on Securities Times, China Securities Journal, Securities Daily, and <http://www.cninfo.com.cn> dated April 1, 2021.

2. On August 27, 2020, the 2nd Meeting of the 7th Session of the Board of Directors reviewed and adopted Proposal on Repurchasing and Canceling a Part of Restricted Stock. For disqualification of five Incentive Objects due to their resignation, the Company has decided to repurchase and cancel 26,000 shares of Restricted Stock at the price of RMB1 per share. The proposals were deliberated and approved during the Annual Shareholders' Meeting for 2020 Fiscal Year held on April 22, 2021. The Company has repurchased and canceled 26,000 shares of Restricted Stock at the price of RMB1 per share and paid totally RMB26,000 to the above resigned incentive objects. After confirmed by Shenzhen Branch of CSDCC, the Company completed purchase and cancellation work on July 1, 2021.

For detailed contents, see Announcement of Repurchasing and Canceling a Part of Restricted Stock and Announcement of Completion Repurchasing and Canceling a Part of Restricted Stock disclosed on Securities Times, China Securities Journal, Securities Daily, and <http://www.cninfo.com.cn> dated August 28, 2020 and July 5, 2021.

SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

I. Significant environmental protection problems

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

√ Yes □ No

Name of the Company or subsidiary	Name of main pollutant or specific pollutant	Discharge mode	Number of discharge ports	Distribution of discharge ports	Discharge concentration	Executive pollutant discharge standard	Total discharge amount	Total discharge amount checked	Excessive discharge
Zhejiang Supor Co., Ltd.	COD	Manage after pollutants are treated up to standards	1	Wastewater discharge port of the wastewater station in plant area	≤30mg/L	"Quasi-IV" standards in the Table of Effluent Indexes and Standard Limits for Urban Sewage Treatment Stations in Taizhou"	3.83538t	85.5t/a	None
	Ammoniacal nitrogen				≤1.5mg/L		0.191769t	7.875t/a	None
Zhejiang Supor Electrical Appliance Manufacturing Co., Ltd.	COD	Manage after pollutants are treated up to standards	1	Wastewater discharge port of the wastewater station in plant area	13.402mg/L	Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB18918-2002)	1.669t	14.6t/a	None
	Ammoniacal nitrogen				0.286mg/L	Indirect Discharge for Emission Limitation of Nitrogen and Phosphorus for Industrial Wastewater (DB33/887-2013)	0.036t	0.73t/a	None
	VOCs	Manage in an organized manner	3	1 drying exhaust gas port, 2 spraying exhaust gas ports	<60mg/m ³	Emission Standard of Air Pollutants for Industrial Surface Coating (DB33/2146-2018)	0.945t	2.067t/a	None
Zhejiang Shaoxing Supor Domestic	COD	Manage after pollutants are treated up to standards	1	Wastewater discharge port of the	63.64mg/L	Integrated Wastewater Discharge Standard (GB8978-1996)	25.2447152t	69.63t/a	None
	Ammoniacal nitrogen				1.98mg/L	Indirect Discharge for Emission Limitation of Nitrogen and Phosphorus	0.7854264t	7.43t/a	None

Electrical Appliances Co., Ltd.				wastewater station in plant area		for Industrial Wastewater (DB33/887-2013)			
	Total nitrogen				22.50mg/L	Wastewater Quality Standards for Discharge to Municipal Sewers (GB/T 31962-2015)	8.9253t	15.07135t/a	None
	Total nickel				0mg/L	Emission Standard of Pollutants for Electroplating (GB21900-2008)	0t	0.000022t/a	None
Wuhan Supor Cookware Co., Ltd.	COD	Under intermittent discharge, the flow is unstable and irregular during discharge, but it does not belong to impact discharge	1		13.59mg/L	Integrated Wastewater Discharge Standard (GB8978-1996)	4.3252t	10.34t/a	None
	Ammoniacal nitrogen				0.71mg/L	Wastewater Quality Standards for Discharge to Municipal Sewers (GB/T 31962-2015)	0.22260t	1.95t/a	None
	VoCs	Manage in an organized manner	1	Spraying waste gas disposal and discharge port	11.9mg/Nm ³	Integrated Emission Standard of Air Pollutants (GB16297-1996)	1.7658t	12.16t/a	None

Construction and operation of pollution prevention facilities

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

During the reporting period, through on-line monitoring by the ecology and environment department, the Company's corresponding pollution prevention and control facilities operate normally and meet the emission standards.

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

Within the reporting period, Shaoxing Supor implemented the technical renovation project for an annual output of 40 million sets of domestic electric appliances. The development of the project complies with the national and local orientation requirements for the relevant industry, the project complies with the overall urban planning and land utilization planning of Shaoxing City and the partitioned control and management plan of "Three Lines and One List" for the ecological environment of Yuecheng District, Shaoxing City, and the site election of the project is substantially rational; the cleaner production measures of the project are feasible, and all the pollutants produced by the project can meet the discharge standards after being treated by the pollutant prevention and control measures proposed in the EIA and the requirements of total quantity control, which creates minor impact on the surrounding ambient air, water environment

and acoustic environment and the objects of protection. The quality of ambient air, surface water, underground water, acoustic environment in the surroundings of the project meet the corresponding functional requirements. Pursuant to the Notice about Enhancement on Environmental Impact Assessment Management with Environmental Quality Improvement as the Core (HHP [2016] No.150), the selected project site is not within the boundary line of ecological protection, and after effective governance measures are implemented for the project, the environmental quality meets relevant requirements. Therefore, the project development meets the requirements of "Three Lines and One List" (as set out in HHP [2016] No.150). To sum up, the project complies with the various principles of environmental protection approval, and the implementation of the project in the proposed development site is feasible from the perspective of environmental protection.

Within the reporting period, Zhejiang Supor Electrical implemented the spray coating line renovation project. Through the investigation of the current environmental situation in the surroundings of the project, engineering analysis, and predictive analysis of the environmental impact following operation, it is held in the assessment that the development of the project is feasible from the perspective of argumentation on environmental protection, as long as the construction unit conscientiously implement the pollution prevention and control measures and countermeasures put forward in the assessment, practically achieve the "Three Simultaneous", ensure in-place investment in environmental protection facilities, strengthens management after project completion and during operation, and properly carries out the prevention and control of environmental pollution.

Within the reporting period, Zhejiang WMF implemented the technical renovation project for the production line of stainless steel products for an annual output of 20 million pieces. The project complies with current national and industrial policies, the site selection of the project complies with the overall urban planning of Yuhuan City, overall land utilization planning of Yuhuan City, and requirements of the partitioned control and management plan of the "Three Lines and One List" for the ecological environment. The emission amount of "Three Wastes" in the production process of the project is relatively small. It is feasible that the emission of various pollutants can reach the standards and the surrounding environmental quality can be sustainable with the current situation, provided that the pollution prevention and control measures proposed by the EIA are strictly implemented, the environmental protection management is enhanced and the correct and efficient operation of environmental protection facilities is ensured. From the perspective of environmental protection, the construction work of the project is feasible.

Environmental emergency plan

In order to establish and perfect the emergency mechanism of environmental events, improve the ability of enterprises to deal with environmental events, prevent the occurrence of abrupt environmental events, and quickly and effectively carry out personnel evacuation, cleaning and purification, environmental monitoring, pollution tracking, information disclosure, ecological environmental impact assessment and restoration actions upon occurrence of environmental events, reduce the accident losses and social hazards to the minimum, maintain social stability, safeguard public health and property security, protect the security of local environment and water resources, and promote the comprehensive, coordinated and sustainable development of the society. In view of the Company's actual situation of production and operation, the Company formulates the emergency plan for abrupt environmental events on the basis of earnest identification and evaluation of potential major hazards, accident types, occurrence possibility, accident consequences, and degree of severity.

The Company has completed the preparation, review & approval and filing of the emergency plan for abrupt environmental events. The Company adheres to the principles of "Prevention Orientation, Hazard Mitigation, Centralized Leadership, Hierarchal Responsibility, Enterprise Self-rescue, Local Management, Resource Integration, Linkage Disposal", and carries out the work in relation to the emergency plan for abrupt environmental events.

Environmental monitoring scheme

The Company has formulated the environment self-monitoring plan in accordance with relevant national laws and regulations, and which includes: (1) Waste gas pollution source monitoring: sampling points are set up at all discharge ports of waste gases, and monitoring of waste gases is conducted on a quarterly/semi-annually basis and from time to time, based on different monitoring indexes; (2) Waste water pollution source monitoring: monitoring and sampling are conducted on a monthly basis at the inlet and outlet of the wastewater treatment station, in order to monitor the variation of wastewater pollution source and the up-to-standard discharge of the

wastewater treated by the wastewater treatment station. The monitoring items include: suspended matters, five-day biochemical oxygen demand, anionic surfactant, total phosphorus, petroleum, etc.

Administrative penalty received within the reporting period due to environmental problems

None

Other environmental information that shall be made public

None

Other environmental protection related information

None

II. CSR building

During the reporting period, the Company kept running the "Supor primary school" charity project to work with love partners to support the improvement of rural education conditions in remote mountainous areas in the central and western regions, build school buildings for improvement of the school environment, and comprehensively improve the school-running ability of rural schools by means of teacher training, online & offline education support, etc.

Upholding the spirit of "letting the rural children in remote mountainous areas enjoy fair and high-quality education", the Company has taken steps to gradually shift the focus of public welfare from the improvement of hardware to the education quality of rural schools, after the achievement of nationwide poverty alleviation in 2020. While continuing to facilitate the construction of Supor primary schools, the Company actively cooperates with public welfare partners to introduce high-quality online & offline education support programs to Supor primary schools, so that rural children can also have access to abundant and diversified art courses. In the future, the Company will also consider taking steps in promoting life education, vocational education, etc.

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

Within the reporting period, the Company fundamentally completed the construction of the main buildings of 3 Supor primary schools, introduced online livestreaming courses of art and foreign language to 12 Supor primary schools, provided study opportunities for 17 rural teachers from Sichuan, Guizhou, Qinghai, Gansu, Shaanxi, Hunan and other provinces, and donated suitable products from the Company for the rural teachers and students.

With the completion of the nationwide poverty alleviation and the opening of the rural revitalization strategy, in the future, the Company will closely keep up with the national policy, give full play to the advantages of own business capabilities and resources on the public welfare platform of the "Supor Primary School" Project, actively promote various public welfare actions in the areas of life education for children in mountain villages and broadening their horizons among young people in mountain villages, and unite more like-minded public welfare partners to work together to contribute to the realization of better life and better society in remote and backward regions.

SECTION VI SIGNIFICANT EVENTS

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

☐ Applicable ☒ Not-applicable

There were no commitments that were fulfilled in the reporting period and had not been fulfilled till the end of the reporting period by actual controller, shareholder, related party, acquirer and the Company during the reporting period.

II. Non-operating occupation of capital of listed companies by controlling shareholders and related parties

☐ Applicable ☒ Not-applicable

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

III. Conditions of illegal external guarantee

☐ Applicable ☒ Not-applicable

The Company involves no illegal external guarantee during the reporting period.

IV. Employment and dismissal of certified public accountants

Has the semiannual financial statement been audited?

☐ Yes ☒ No

The semiannual report has not been audited.

V. Explanation of the Board of Directors and the Board of Supervisors on the "Non-standard audit report"

☐ Applicable ☒ Not-applicable

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

☐ Applicable ☒ Not-applicable

VII. Bankruptcy or reorganization

☐ Applicable ☒ Not-applicable

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

VIII. Lawsuits

Significant litigations and arbitrations

☐ Applicable ☒ Not-applicable

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

Other lawsuits

☐ Applicable ☒ Not-applicable

IX. Punishment and rectification

☐ Applicable ☒ Not-applicable

There was no punishment and rectification in the reporting period.

X. Integrity Status of the Company, controlling shareholder and actual controller

☐ Applicable ☒ Not-applicable

XI. Significant connected transactions

1. Connected transaction related to daily business

☒ Applicable ☐ Not-applicable

Connect ed party	Correlat ed relation	Type of connect ed transacti on	Content s of connect ed transacti on	Pricing principl e of connect ed transacti on	Price of connect ed transacti on	Amount of connect ed transacti on (RMB1 0,000)	Percenta ge to amount of same transacti on	Approve d transacti on limit (RMB1 0,000)	Exceedi ng approve d limit or not	Means of payment s of connect ed transacti on	Market price of availabl e same transacti on	Date of disclosu re	Refere nce for disclosu re
Wuhan Anzai Cookware Co., Ltd.	Associat ed enterpris e	Purchas e of commod ity	Finished products	Contract price	-	7,214.93	1.05%		No	Bank transfer or notes	-		
Wuhan Anzai Cookware Co., Ltd.	Associat ed enterpris e	Purchas e of commod ity	Accesso ries	Market price	-	5,030.84	0.73%		No	Bank transfer or notes	-		
GROUP SEB EXPORT	Same controlli ng shareholder with the controlli ng shareholder	Purchas e of commod ity	Finished products	Contract price	-	468.19	0.07%		No	Bank transfer or notes	-		
TEFAL S.A.S.	Same controlli ng shareholder with	Purchas e of commod ity	Accesso ries	Market price	-	1,190.60	0.17%		No	Bank transfer or notes	-		

	the controlling shareholder												
LAGOSTINA S.P.A.	Same controlling shareholder	Purchase of commodity	Finished products	Contract price	-	142.76	0.02%		No	Bank transfer or notes	-		
SEB INTERNATIONAL SERVICE S.A.S	Same controlling shareholder with the controlling shareholder	Purchase of commodity	Finished products	Contract price	-	8.99	0.00%		No	Bank transfer or notes	-		
S.A.S. GROUPE SEB MOULINEX	Same controlling shareholder with the controlling shareholder	Purchase of commodity	Accessories	Market price	-	407.99	0.06%		No	Bank transfer or notes	-		
CALOR SAS	Same controlling shareholder with the controlling shareholder	Purchase of commodity	Accessories	Market price	-	75.87	0.01%		No	Bank transfer or notes	-		
ETHERA	Same controlling shareholder with the controlling shareholder	Purchase of commodity	Accessories	Market price	-	209.22	0.03%		No	Bank transfer or notes	-		
WMF GROUPE GMBH	Same controlling shareholder	Purchase of commodity	Finished products	Contract price	-	2,119.73	0.31%		No	Bank transfer or notes	-		
GROUP SEB THAILAND	Same controlling shareholder	Purchase of commodity	Finished products	Contract price	-	23.72	0.00%		No	Bank transfer or notes	-		
WMF Consumer Goods (Shanghai) Co.,	Same controlling shareholder	Purchase of commodity	Finished products	Contract price	-	35.77	0.01%		No	Bank transfer or notes	-		

Ltd.													
WMF (HE SHAN) MANUFACTURING COMPANY LIMITED	Same controlling shareholder	Purchase of commodity	Finished products	Contract price	-	15.66	0.00%		No	Bank transfer or notes	-		
EMSA GMBH	Same controlling shareholder	Purchase of commodity	Finished products	Contract price	-	31.22	0.00%		No	Bank transfer or notes	-		
Supor Group Co., Ltd.	Company controlled by related natural person	Purchase of commodity	Finished products	Contract price	-	19.84	0.00%		No	Bank transfer or notes	-		
SEB ASIA LTD.	Same controlling shareholder	Sale of commodities	Finished products	Contract price	-	321,159.48	30.78%		No	Bank transfer or notes	-		
SEB ASIA LTD.	Same controlling shareholder	Sale of commodities	Accessories	Contract price	-	230.35	0.02%		No	Bank transfer or notes	-		
S.A.S. SEB	Same controlling shareholder with the controlling shareholder	Sale of commodities	Finished products	Contract price	-	1,121.20	0.11%		No	Bank transfer or notes	-		
S.A.S. SEB	Same controlling shareholder with the controlling shareholder	Sale of commodities	Accessories	Contract price	-	47.14	0.00%		No	Bank transfer or notes	-		
TEFAL S.A.S.	Same controlling shareholder with the controlling shareholder	Sale of commodities	Finished products	Contract price	-	555.54	0.05%		No	Bank transfer or notes	-		
TEFAL S.A.S.	Same controlling shareholder	Sale of commodities	Accessories	Contract price	-	855.07	0.08%		No	Bank transfer or notes	-		

	shareholder with the controlling shareholder												
S.A.S. GROUP E SEB MOULI NEX	Same controlling shareholder with the controlling shareholder	Sale of commodities	Finished products	Contract price	-	2,012.50	0.19%		No	Bank transfer or notes	-		
Supor Group Co., Ltd.	Company controlled by related natural person	Sale of commodities	Finished products	Market price	-	176.29	0.02%		No	Bank transfer or notes	-		
SEB INTERNATIONAL SERVICE S.A.S.	Same controlling shareholder with the controlling shareholder	Sale of commodities	Finished products	Contract price	-	5.03	0.00%		No	Bank transfer or notes	-		
SEB INTERNATIONAL SERVICE S.A.S.	Same controlling shareholder with the controlling shareholder	Sale of commodities	Accessories	Contract price	-	953.83	0.09%		No	Bank transfer or notes	-		
Wuhan Anzai Cookware Co., Ltd.	Associated enterprise	Sale of commodities	Finished products	Contract price	-	13.62	0.00%		No	Bank transfer or notes	-		
LAGOS TINA S.P.A.	Same controlling shareholder	Sale of commodities	Finished products	Contract price	-	8.59	0.00%		No	Bank transfer or notes	-		
LAGOS TINA S.P.A.	Same controlling shareholder	Sale of commodities	Accessories	Contract price	-	52.53	0.01%		No	Bank transfer or notes	-		
ALL-CLAD METAL CRAFTERS LLC	Same controlling shareholder	Sale of commodities	Finished products	Contract price	-	35.56	0.00%		No	Bank transfer or notes	-		
IMUSA	Same	Sale of	Finished	Contract	-	711.65	0.07%		No	Bank	-		

USA LLC	controlling shareholder	commodities	products	price						transfer or notes			
WMF Consumer Goods (Shanghai) Co., Ltd.	Same controlling shareholder	Sale of commodities	Finished products	Contract price	-	21.07	0.00%		No	Bank transfer or notes	-		
VIETNAM FAN JOINT STOCK COMPANY	Same controlling shareholder	Sale of commodities	Finished products	Contract price	-	1,578.05	0.15%		No	Bank transfer or notes	-		
VIETNAM FAN JOINT STOCK COMPANY	Same controlling shareholder	Sale of commodities	Accessories	Contract price	-	1.15	0.00%		No	Bank transfer or notes	-		
GROUP SEB CANADA INC	Same controlling shareholder	Sale of commodities	Finished products	Contract price	-	633.28	0.06%		No	Bank transfer or notes	-		
GROUP SEB ANDEAN S.A.	Same controlling shareholder	Sale of commodities	Accessories	Contract price	-	53.65	0.01%		No	Bank transfer or notes	-		
CALOR SAS	Same controlling shareholder with the controlling shareholder	Sale of commodities	Finished products	Contract price	-	2,288.70	0.22%		No	Bank transfer or notes	-		
Total					--	--	349,509.61	--	0	--	--	--	--
Details of large sales return					Not applicable								
Actual implementation of estimated total amount of connected transaction by category incurred during the reporting period in the report period (if any)					During January to June of 2021, the total amount of connected transactions between Supor and SEB Group and its related parties was RMB3,370,540,900.								
Reason for the big difference between transacted price and market reference price (if applicable)					Not applicable								

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

☐ Applicable ☒ Not-applicable

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

3. Connected transaction for co-investment abroad

☐ Applicable ☒ Not-applicable

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

4. Connected creditor's rights and debts

☐ Applicable ☒ Not-applicable

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

5. Dealings with the finance companies with association relation and the finance companies controlled by the Company

☐ Applicable ☒ Not-applicable

There was no deposit, loan, credit granting or other financial business between the Company and the financial companies with association relation, and between the finance companies controlled by the Company and the related parties.

6. Other important connected transactions

☐ Applicable ☒ Not-applicable

There were no significant connected transactions in the reporting period.

XII. Significant contracts and performance**1. Custody, contracting, and leasing****(1) Custody**

☐ Applicable ☒ Not-applicable

No custody was made in the reporting period.

(2) Contracting

☐ Applicable ☒ Not-applicable

No contracting was made in the reporting period.

(3) Leasing

☐ Applicable ☒ Not-applicable

2. Important guarantee

☒ Applicable ☐ Not-applicable

Unit: RMB10,000

External guarantee of the Company and its subsidiaries (excluding the guarantee of subsidiaries)										
Name of guaranteed object	Disclosure date of announcement related to the guaranteed amount	Guaranteed amount	Actual occurrence date	Actual guaranteed amount	Guarantee type	Collateral (if any)	Counter - guarantee situation (if any)	Guarantee period	Fulfilled or not	Whether it is guaranteed by related parties
Distributors meeting certain requirements in Supor	January 22, 2021	26,416.50	July 2020 - December 2020	26,416.50	General guaranty; pledge	Cash	Yes	July 2020 - June 2021	Yes	No
Distributors meeting certain requirements in Supor	January 22, 2021	80,000	January 2021 - June 2021	35,190.19	General guaranty; pledge	Cash	Yes	January 2021 - December 2021	No	No
Total approved external guaranteed amount within the reporting period (A1)		80,000		Total actual external guaranteed amount within the reporting period (A2)		61,606.69				
Total approved external guaranteed amount at the end of the reporting period (A3)		106,416.50		Total balance of actual external guarantee at the end of the reporting period (A4)		24,091.58				
The Company's guarantee of subsidiaries										
Name of guaranteed object	Disclosure date of announcement related to the guaranteed amount	Guaranteed amount	Actual occurrence date	Actual guaranteed amount	Guarantee type	Collateral (if any)	Counter - guarantee situation (if any)	Guarantee period	Fulfilled or not	Whether it is guaranteed by related parties
None										
Subsidiaries' guarantee of subsidiaries										
Name of guaranteed object	Disclosure date of announcement related to the guaranteed amount	Guaranteed amount	Actual occurrence date	Actual guaranteed amount	Guarantee type	Collateral (if any)	Counter - guarantee situation (if any)	Guarantee period	Fulfilled or not	Whether it is guaranteed by related parties
Zhejiang Shaoxing Supor Housewares Co., Ltd.	April 1, 2021	300,000	May 2021 - June 2021	21,357	General guaranty	None	None	May 2021 - December 2021	No	No
Total approved guaranteed amount of subsidiaries within the reporting period (C1)		300,000		Total actual guaranteed amount of subsidiaries within the reporting period (C2)		21,357				
Total approved guaranteed amount of subsidiaries at the end of the reporting period (C3)		300,000		Total actual guarantee balance of subsidiaries at the end of the reporting period (C4)		21,357				
Total guaranteed amount of the Company (namely the total of the first three items)										
Total approved guaranteed amount in reporting period (A1+B1+C1)		380,000		Total guaranteed actual amount during the reporting period (A2+B2+C2)		82,963.69				
Total approved guaranteed amount at the end of reporting period (A3+B3+C3)		406,416.50		Total actual guarantee balance at the end of reporting period (A4+B4+C4)		45,448.58				
Proportion of the total actual guaranteed amount				6.72%						

(that is A4+B4+C4) in the Company's net assets	
Including:	
Total guaranteed amount of shareholders, actual controllers and related parties (D)	0
Debt guarantee balance provided for guaranteed objects with a liability rate of assets of over 70% directly or indirectly (E)	21,357
Excess of total guaranteed amount over 50% of net assets (F)	0
Total guaranteed amount of the said three items (D+E+F)	21,357
Description of the situation where the guarantee liability has occurred during the reporting period or there is evidence that it is possible to bear joint liability for repayment for the unexpired guarantee contract (if any)	None
Descriptions for external guarantee provided against the established procedures (if any)	None

Specific description for using the composite guarantee situation

3. Entrusted financing

☒ Applicable ☐ Not-applicable

Unit: RMB10,000

Specific type	Source of fund for entrusted financing	Amount incurred of entrusted financing	Undue balance	Overdue amount unclaimed	Amount of impairment accrued from overdue financial products
Bank financial products	Self-owned capital	11,500.30	0	0	0
Total		11,500.30	0	0	0

During the first half of 2021, the new short-term financial products purchased have been disclosed in <http://www.cninfo.com.cn>: Announcement of Using Excessive Cash to Purchase Short-term Financial Products (2021-019) and Announcement of Progress of Using Excessive Cash to Purchase Short-term Financial Products (2021-052).

The "amount incurred of entrusted financing" in the table above is the maximum one-day balance of unexpired financial products during the reporting period.

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

☐ Applicable ☒ Not-applicable

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

☐ Applicable ☒ Not-applicable

4. Significant contracts for daily operations

☐ Applicable ☒ Not-applicable

5. Other significant contracts

☐ Applicable ☒ Not-applicable

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

XIII. Introduction for other important matters

√ Applicable □ Not-applicable

It is held in the (2021) ZMZ No.250 Written Judgment of Last Instance issued by the Zhejiang Provincial Higher People's Court that, Zhejiang Bach Kitchenware Co., Ltd. fabricated and distributed false information, which was subjectively malicious and constitutes a commercial slander to the Company, and Zhejiang Bach Kitchenware Co., Ltd. shall immediately cease the act of fabricating and distributing the false information or misguiding information, pay RMB3 million to the Company as compensation, and publish statements on the Page A3 of Yangcheng Evening News (entire page), " KOBACH Official Website", " KOBACH Official Weibo" (Sina Weibo), " KOBACH " WeChat official account within the designated period to mitigate the adverse influence caused to the Company. Within the designated period set out in the judgment, Zhejiang Bach Kitchenware Co., Ltd. failed to perform the obligations determined in the judgment, and the Company applies for compulsory execution to the Hangzhou Intermediate People's Court legally

As of the disclosure date of this report, Zhejiang Bach Kitchenware Co., Ltd. has performed its obligations determined in the judgment.

XIV. Important matter of the Company's subsidiaries

√ Applicable □ Not-applicable

1. The Company convened the 7th Meeting of the 7th Session of the Board of Directors on June 16, 2021, and reviewed and adopted the Proposal on Overall Relocation of the Wholly-owned Subsidiary Shanghai SEB Electric Appliance Co., Ltd. in the meeting. In order to effectively integrate the production and manufacturing capacities of the subordinate wholly-owned subsidiary of the Company and further improve production efficiency, the Company plans to completely relocate the production line and supporting facilities of the wholly-owned subsidiary (Shanghai SEB Electric Appliance Co., Ltd.) in Shanghai to the Company's production base in Shaoxing, and Hangzhou, Zhejiang. As of the end of the reporting period, the relocation is in progress.

For details, please refer to the Announcement on the Overall Relocation of the Wholly-owned Subsidiary Shanghai SEB Electric Appliance Co., Ltd. disclosed on Securities Times, China Securities Journal, Securities Daily, and <http://www.cninfo.com.cn> dated June 17, 2021.

SECTION VII CHANGES IN SHARE CAPITAL AND PARTICULARS ABOUT SHAREHOLDERS

I. Changes in share capital

1. Changes in share capital

Unit: share

	Before change		Increase/decrease in the period (+, -)					After change	
	Share number	Proportion	New shares	Shares bonus	Converted capital	Others	Subtotal	Share number	Proportion
I. Restricted outstanding shares	208,944,122	25.45%				-230,768	-230,768	208,713,354	25.55%
1. Shares held by the State	0	0.00%				0	0	0	0.00%
2. Shares held by state-owned legal entities	0	0.00%				0	0	0	0.00%
3. Shares held by other domestic investors	2,576,532	0.32%				-230,768	-230,768	2,345,764	0.29%
Including: shares held by domestic legal entities	0	0.00%				0	0	0	0.00%
Shares held by domestic natural persons	2,576,532	0.32%				-230,768	-230,768	2,345,764	0.29%
4. Shares held by foreign investors	206,367,590	25.13%				0	0	206,367,590	25.26%
Including: Shares held by foreign legal entities	206,367,590	25.13%				0	0	206,367,590	25.26%
Shares held by foreign natural persons	0	0.00%				0	0	0	0.00%
II. Non-restricted outstanding shares	612,139,738	74.55%				-3,980,431	-3,980,431	608,159,307	74.45%
1. RMB common shares	612,139,738	74.55%				-3,980,431	-3,980,431	608,159,307	74.45%
2. Domestically listed foreign shares	0	0.00%				0	0	0	0.00%
3. Overseas listed foreign shares	0	0.00%				0	0	0	0.00%
4. Others	0	0.00%				0	0	0	0.00%
III. Total shares	821,083,860	100.00%				-4,211,199	-4,211,199	816,872,661	100.00%

Reasons for share capital change

√ Applicable □ Not-applicable

1. Top management of the Company unlocked 25% of the shares registered under their names on the transaction date of last year.
2. The non-restricted negotiable shares held by the former General Manager Mr. Su Ming-Jui are locked automatically due to resignation.

3. On April 30, 2021, the Company canceled part of repurchased public shares, accounting for 4,211,199 shares. After cancellation, the total capital stock of the Company decreased from 821,083,860 shares to 816,872,661 shares.

Approval of change in stock

☒ Applicable ☐ Not-applicable

1. The Proposal on Public Shares Repurchase Plan was reviewed and approved by the 14th Session of Sixth Board of Directors and the Second Interim General Meeting of Shareholders 2019, the aim of this Stock Repurchase Plan is to reduce registered capital fund of the Company and to implement equity incentive. The Proposal on Adjusting Public Shares Repurchase Plan was reviewed and approved by the 2nd Session of Seventh Board of Directors, approving the Company to adjust the maximum price for repurchasing shares, the total fund amount used for repurchasing shares and the implementation period of shares repurchase plan to ensure the smooth implementation of this public shares repurchase plan. The Company's share repurchase plan was completed on April 7, 2021, and a total of 8,214,314 shares of the Company were repurchased in the form of collective competitive price transaction through the repurchase-specific securities account, in which 4,211,199 shares were used to be canceled and reduce the registered capital. As reviewed and validated by the Shenzhen Branch, China Securities Depository and Clearing Corporation Limited, the Company had completed the cancellation work of the aforesaid shares on April 30, 2021.

Transfer of shares changed

☐ Applicable ☒ Not-applicable

Progress in the implementation of share repurchase

☒ Applicable ☐ Not-applicable

1. The Proposal on Public Shares Repurchase Plan was reviewed and approved by the 14th Meeting of the 6th Session of the Board of Directors held on August 29, 2019. With the confidence in the Company's future development, in order to effectively protect the interests of shareholders and enhance investor confidence, and in consideration of the Company's overall financial situation, the Company planned to repurchase the Company's shares with self-owned capital for reducing registered capital and implementing equity incentive. The Company convened the 2nd Meeting of the 7th Session of the Board of Directors on August 27, 2020, which reviewed and adopted the Proposal on Adjustment of the Repurchase Plan for Part of the Shares Held by Social Public in the meeting, and agreed to adjust the price of share repurchase, total capital amount used for share repurchase and the implementation period of share repurchase in the share repurchase plan to ensure successful implementation and consummation of the share repurchase plan. The Company would repurchase the Company's shares from parallel market in the form of collective competitive price transaction, the ceiling price of the share purchase would not exceed RMB90.97/share, and the number of the share repurchase would not be less than 4,105,600 shares (inclusive) and not greater than 8,211,199 shares (inclusive).

The proposal of share repurchase plan was reviewed and adopted by Second Interim General Meeting of Shareholders in 2019 convened on September 23, 2019, and the *Repurchase Report on Public Shares* was published on September 25; adjustments to shares repurchase were reviewed and approved by the 2nd Session of the Seventh Board of Directors held on August 27, 2020 and the *Repurchase Report on Public Shares (Revision)* was published on August 28. For detailed contents, please see the *Repurchase Report on Public Shares* (Announcement No.: 2019-058), *Announcement on Adjusting Share Price Ceiling for Public Shares Repurchase* (Announcement No.: 2019-064 and 2020-036), *Announcement on Adjusting Public Shares Repurchase Plan* (Announcement No.: 2020-049), *Repurchase Report on Public Shares (Revision)* (Announcement No.: 2020-050), *Announcement on the Progress of Public Shares Repurchase* (Announcement No.: 2019-059, 2019-070, 2019-074, 2020-001, 2020-005, 2020-008, 2020-009, 2020-027, 2020-034, 2020-037, 2020-043, 2020-051, 2020-052, 2020-059, 2020-062, 2021-001, 2021-013 and 2021-026), and *Announcement on the First Share Repurchase* (Announcement No.: 2019-073) disclosed on Securities Times, China Securities Journal, Securities Daily, and <http://www.cninfo.com.cn>.

The Company completed the implementation of the share repurchase plan on April 7, 2021. Because the collective competitive price transaction system automatically made matches, the number of shares actually repurchased by the Company exceeded the limit number specified in the share repurchase plan, and as a result the Company actually repurchased 8,214,314 shares, with 3,115 shares in excess.

The aforesaid shares in excess would be used for subsequent implementation of equity incentive; the 4,211,199 shares used for cancelation and reduction of registered capital was canceled on April 30, 2021. The Company convened the 8th Meeting of the 7th Session of the Board of Directors on August 26, 2021, which reviewed and adopted the Proposal on Adjusting the Use of the Repurchased Shares, and planned to change the original purpose of "implementation of equity incentive" to "cancel and reduction of registered capital" (with a total of 4,003,115 shares for cancelation). The proposal shall be submitted to the Company's Shareholders' Meeting for review and approval before implementation. For details, please refer to the *Announcement on Completion of Public Shares Repurchase Plan* (Announcement No.: 2021-027), *Announcement on Adjusting the Use of Shares for Exceeded Part in Public Shares Repurchase Plan* (Announcement No.: 2021-033), *Announcement on Completion of Cancellation of Repurchased Shares from Public Shares Repurchase Plan* (Announcement No.: 2021-038), and *Announcement on Adjusting the Use of Repurchased Shares* (Announcement No.: 2021-059) disclosed on Securities Times, China Securities Journal, Securities Daily, and <http://www.cninfo.com.cn> dated April 9, 2021, April 23, 2021, May 8, 2021 and August 27, 2021 respectively.

2. The Proposal on Public Shares Repurchase Plan was reviewed and approved by the 6th Session of Seventh Board of Directors and the First Interim General Meeting of Shareholders 2021, the aim of this Stock Repurchase Plan is to reduce registered capital fund of the Company. The maximum price for repurchasing shares shall not exceed CNY77.80 per share (adjusted to CNY76.52 per share after Profit Distribution for 2020 Fiscal Year). The top limitation of shares to be repurchased will not exceed 8,168,466 shares and the bottom limitation of shares will not be lower than 4,084,233 shares. As of the end of the reporting period, the Company has repurchased 1,385,070 shares accounting for 0.17% of the total shares of the Company at the highest price of RMB69.97/share and lowest price of RMB63.03/share with the payment of RMB92,084,300 (excluding transaction cost).

The proposal of share repurchase plan was reviewed and adopted by First Interim General Meeting of Shareholders in 2021 convened on May 12, 2021, and the *Repurchase Report on Public Shares* was published on May 13, 2021. For detailed contents, please see the *Repurchase Report on Public Shares* (Announcement No.: 2021-042), *Announcement on Adjusting Share Price Ceiling for Public Shares Repurchase* (Announcement No.: 2021-044) and *Announcement on the Progress of Public Shares Repurchase* (Announcement No.: 2021-045, 2021-051 and 2021-055) and *Announcement on the First Share Repurchase* (Announcement No.: 2021-046) disclosed on Securities Times, China Securities Journal, Securities Daily, and <http://www.cninfo.com.cn>.

Progress in the reduction of shareholding of repurchased shares through auction

☐ Applicable ☒ Not-applicable

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

☒ Applicable ☐ Not-applicable

A total of 4,211,199.00 restricted shares were written off in this phase of repurchase, which creates minor influence on the earnings per share and diluted revenue per share, and creates no influence on the net asset value per share vested in common shareholders of the Company and other financial indexes.

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

☐ Applicable ☒ Not-applicable

2. Changes of Restricted Stock

☒ Applicable ☐ Not-applicable

Unit: share

Name	Restricted outstanding stocks at period-begin	Restricted outstanding stocks unlocked in the reporting period	Increased outstanding stocks unlocked in the reporting period	Restricted outstanding stocks at period-end	Restriction reason	Date of unlocking restriction
Su Xianze	648,182	162,046	0	486,136	Locked stocks of top	Unlocking 25% of the registered stocks

					management	under his name on the last transaction date of last year
Xu Bo	160,062	57,825	0	102,237	Locked stocks of top management	Unlocking 25% of the stocks registered under his name on the last transaction date of last year
Ye Jide	41,588	17,397	0	24,191	Locked stocks of top management	Unlocking 25% of the stocks registered under his name on the last transaction date of last year
Su Ming-Jui	71,500	45,500	52,000	78,000	Locked stocks of top management	Before November 19, 2023, 25% of the total shares can be unlocked each year, and all the shares held after the above date will be unlocked.
Incentive objects of 2017 Equity Incentive Plan	1,655,200	0	0	1,655,200	Equity incentives have not yet unlocked the restricted shares	The listing and circulating date of the Restricted Stock unlocked during the fourth unlock period of 2017 Equity Incentive Plan is December 30, 2021 and the listing and circulating date of Reserved Restricted Stock during the third unlock period is November 15, 2021.
Total	2,576,532	282,768	52,000	2,345,764	--	--

II. Security Offering and Listing Information

☐ Applicable ☒ Not-applicable

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

Unit: share

Total number of common shareholders at the end of the reporting period	20,259			Total number of preferred shareholder whose voting right is recovered at the end of reporting period (if any) (refer to Note 8)			0	
Information on shareholders holding more than 5% stocks or information on top 10 shareholders								
Name	Nature	Shareholding ratio	Number of shares held at period-end	Increase/decrease in the reporting period	Number of restricted outstanding shares	Number of non-restricted outstanding shares	Pledge, labeling, or freezing	
							Status of share	Share number
SEB INTERNATIONALE S.A.S	Foreign legal entity	81.61%	666,681,904	0	206,367,590	460,314,314		
Hong Kong Securities Clearing Company Ltd.	Foreign legal entity	6.31%	51,559,220	6,428,507	0	51,559,220		
Bank of China -E-Fund Small and Medium Cap Complex Securities Investment Fund	Others	2.83%	23,100,000	1,399,922	0	23,100,000		

E-Fund Management Co., Ltd. -Social Security Fund 1104 Portfolio	Others	0.82%	6,686,867	986,799	0	6,686,867		
ABC- E-fund Consumption Industry Securities Investment Fund	Others	0.69%	5,657,351	-1,600,186	0	5,657,351		
BNP Paribas - Own Funds	Foreign legal entity	0.60%	4,866,481	-308,017	0	4,866,481		
Fidelity Mutual Fund & Investment Management - Customers' Capital	Foreign legal entity	0.32%	2,627,022	0	0	2,627,022		
E-fund-ABC-China Pacific Life Insurance(Insured dividends) Entrusted Investment	Others	0.13%	1,081,387	0	0	1,081,387		
Fullgoal-ABC-Pacific Life Insurance-China Pacific Life Insurance Stock-type Entrusted Investment	Others	0.12%	958,964	958,964	0	958,964		
China Minsheng Bank-Eastern Selected Complex Securities Investment Funds	Others	0.07%	600,052	-69,900	0	600,052		
Strategic investor or general corporate investor who becomes top 10 shareholder as a result of rights issue (if any) (refer to Note 3)	None							
Description on the above-mentioned shareholder relationships or concerted actions	BOC- E-Fund Small and Medium-cap Complex Securities Investment Funds and ABC- E-Fund Consumption Industry Stock-type Securities Investment Funds both belong to E-Fund. It is not aware of whether other shareholders are associated with each other, and whether they are persons acting in concert as stipulated in the Measures for the Administration of the Acquisition of Listed Companies.							
Description of the above shareholders' involvement in entrusted/entrusted voting rights and waiver of voting rights	None							
Special instructions for the existence of special repurchase accounts among the top 10 shareholders (if any) (see Note 11)	At the end of the reporting period, the Company repurchased a total of 5,414,185 shares held in the special repurchase securities account, including the 26,000 shares of restricted stocks for which resigned incentive objects did not meet the conditions for unlocking the sales restriction. The said shares were cancelled on July 1, 2021.							
Top 10 shareholders holding non-restricted outstanding shares								
Name	Number of non-restricted outstanding stocks held at period-end				Type of share			
					Type of share		Share number	
SEB INTERNATIONALE S.A.S	460,314,314				RMB common share		460,314,314	
Hong Kong Securities Clearing Company Ltd.	51,559,220				RMB common share		51,559,220	
Bank of China -E-Fund Small and Medium Cap Complex Securities Investment Fund	23,100,000				RMB common share		23,100,000	
E-Fund Management Co., Ltd. -Social Security Fund 1104 Portfolio	6,686,867				RMB common share		6,686,867	
ABC- E-fund Consumption Industry Securities Investment Fund	5,657,351				RMB common share		5,657,351	
BNP Paribas - Own Funds	4,866,481				RMB common share		4,866,481	
Fidelity Mutual Fund & Investment Management - Customers' Capital	2,627,022				RMB common share		2,627,022	
E-fund-ABC-China Pacific Life Insurance(Insured dividends) Entrusted Investment	1,081,387				RMB common share		1,081,387	
Fullgoal-ABC-Pacific Life Insurance-China Pacific Life Insurance Stock-type Entrusted Investment	958,964				RMB common share		958,964	
China Minsheng Bank-Eastern Selected Complex Securities Investment Funds	600,052				RMB common share		600,052	
Connected relationship or concerted parties	Same as above							

among the top 10 shareholders holding non-restricted outstanding shares, and between the top 10 shareholders holding non-restricted outstanding stocks and top 10 shareholders	
Information on top 10 common shareholders involved in securities margin trading business (if any) (see Note 4)	None

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

☐ Yes ☒ No

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

IV. Changes in share holding status of directors, supervisors and senior executives

☒ Applicable ☐ Not-applicable

Name	Position	Position status	Beginning quantity of stocks	Quantity of increased stocks in this period	Quantity of decreased stocks in this period	Closing quantity of stocks	Quantity of restricted stocks to be granted at the beginning	Quantity of restricted stocks to be granted in this period	Quantity of restricted stocks to be granted at the end of period
Thierry de LA TOUR D'ARTAISE	Board Chairman	On-service	0	0	0	0	0	0	0
Su Xianze	Director	On-service	648,182	0	162,046	486,136	0	0	0
Stanislas de GRAMONT	Director	On-service	0	0	0	0	0	0	0
Nathalie LOMON	Director	On-service	0	0	0	0	0	0	0
Delphine SEGURA VAYLET	Director	On-service	0	0	0	0	0	0	0
Tai Wai Chung	Director	On-service	0	0	0	0	0	0	0
Chen Jun	Independent Director	On-service	0	0	0	0	0	0	0
Hervé MACHENAUD	Independent Director	On-service	0	0	0	0	0	0	0
Jean-Michel PIVETEAU	Independent Director	On-service	0	0	0	0	0	0	0
Philippe SUMEIRE	Chairman of Board of Supervisors	On-service	0	0	0	0	0	0	0
Zhang Junfa	Supervisor	On-service	0	0	0	0	0	0	0
Lu Lanhua	Supervisor	On-service	0	0	0	0	0	0	0
Su Ming-Jui	General Manager	Retired	182,000	0	0	182,000	0	0	0
Cheung Kwok Wah	General Manager	On-service	0	0	0	0	0	0	0
Xu Bo	Chief Financial Officer	On-service	231,650	0	57,913	173,737	0	0	0
Ye Jide	Vice	On-	69,588	0	17,397	52,191	0	0	0

	General Manager , Board Secretar y	service							
Total	--	--	1,131,420	0	237,356	894,064	0	0	0

V. Change of the controlling shareholder or actual controller

Change of controlling shareholder in the reporting period

☐ Applicable ☒ Not-applicable

No change of controlling shareholder occurred in the reporting period.

Change of actual controller in the reporting period

☐ Applicable ☒ Not-applicable

No change of actual controller occurred in the reporting period.

SECTION VIII INFORMATION ON PREFERRED SHARE

☐ Applicable ☒ Not-applicable

No preferred share existed in the reporting period.

SECTION IX INFORMATION ON BOND

☐ Applicable ☒ Not-applicable

SECTION X FINANCIAL STATEMENT

I. Audit report

Was semiannual report audited?

☐ Yes ☒ No

The semiannual financial statement of the Company was not audited.

II. Financial statement

Unit of statement in notes to financial statement: RMB

1. Consolidated balance sheet

Compiled by: Zhejiang Supor Co., Ltd.

June 30, 2021

Unit: RMB

Item	June 30, 2021	December 31, 2020
Current assets:		
Monetary capital	1,501,990,587.75	1,719,785,919.04
Settlement reserve		
Loans to other banks		
Transactional financial assets		115,992,105.03
Derivative financial assets		
Notes receivable	210,854,957.44	245,053,093.69
Accounts receivable	2,667,614,725.23	2,228,302,318.44
Receivables financing	266,385,040.63	321,162,886.99
Advance payment	355,944,301.80	179,491,969.23
Premiums receivable		
Reinsurance accounts receivable		
Reinsurance contract reserve receivable		
Other receivables	17,576,642.35	40,164,877.32
Including: interest receivable		
Dividend receivable		
Reverse-REPO financial assets		
Inventories	1,966,981,923.94	2,409,298,690.29

Contract assets		
Held-for-sale assets		
Non-current assets due within one year		
Other current assets	2,477,164,823.76	2,857,567,546.59
Total current assets	9,464,513,002.90	10,116,819,406.62
Non-current assets:		
Loans and advances granted		
Debt investment		
Other debt investments		
Long-term receivables		
Long-term equity investment	65,212,944.94	64,448,318.46
Other equity instrument investments		
Other non-current financial assets		
Investment properties		
Fixed assets	1,183,046,603.14	1,228,535,067.85
Construction in progress	84,623,267.88	47,175,324.72
Productive biological assets		
Oil and gas assets		
Right-of-use asset	232,817,749.10	
Intangible assets	456,396,126.38	461,801,363.50
Development expenditures		
Goodwill		
Long-term unamortized expenses	1,311,836.04	1,621,068.83
Deferred income tax assets	391,402,922.16	371,869,834.73
Other non-current assets		
Total non-current assets	2,414,811,449.64	2,175,450,978.09
Total assets	11,879,324,452.54	12,292,270,384.71
Current liabilities:		
Short-term borrowings	892,000.00	
Central bank loan		
Loans from others		
Transactional financial liabilities		
Derivative financial liabilities		
Notes payable	934,340,033.11	

Accounts payable	2,920,600,131.83	3,252,438,690.98
Advance receipt		
Contract liabilities	201,275,126.02	850,983,303.37
Proceeds from sale of repurchase financial assets		
Deposit taken and interbank deposit		
Proceeds from security transaction agency		
Proceeds from security underwriting agency		
Employee remuneration payable	264,445,849.92	311,346,204.07
Taxes payable	192,051,556.05	170,298,793.36
Other payables	83,994,364.01	94,521,442.67
Including: interest payable		
Dividend payable		
Handling fee and commission payable		
Reinsurance accounts payable		
Held-for-sale liabilities		
Non-current liabilities due within one year		
Other current liabilities	237,843,278.38	356,888,937.14
Total current liabilities	4,835,442,339.32	5,036,477,371.59
Non-current liabilities:		
Reinsurance contract reserve		
Long-term borrowings		
Bonds payable		
Including: preferred shares		
Perpetual bond		
Lease obligation	227,145,652.56	
Long-term payables		
Long-term employee remuneration payable	2,273,726.88	2,611,773.09
Estimated liabilities	15,150,000.00	15,150,000.00
Deferred income		
Deferred income tax liabilities	1,307,250.00	1,307,250.00
Other non-current liabilities		
Total non-current liabilities	245,876,629.44	19,069,023.09
Total liabilities	5,081,318,968.76	5,055,546,394.68
Owners' equities:		

Share capital	816,846,661.00	821,083,860.00
Other equity instruments		
Including: preferred shares		
Perpetual bond		
Capital reserves	117,440,805.39	226,859,041.81
Minus: treasury share	374,521,836.88	412,206,786.34
Other comprehensive incomes	-40,727,610.99	-39,031,832.57
Special reserves		
Surplus reserve	225,404,595.85	401,648,181.64
General risk reserve		
Undistributed profit	6,019,576,176.93	6,202,587,444.38
Total owners' equities belonging to parent company	6,764,018,791.30	7,200,939,908.92
Minority shareholders' equities	33,986,692.48	35,784,081.11
Total owners' equities	6,798,005,483.78	7,236,723,990.03
Total liabilities and owners' equities	11,879,324,452.54	12,292,270,384.71

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

2. Balance sheet of parent company

Unit: RMB

Item	June 30, 2021	December 31, 2020
Current assets:		
Monetary capital	483,917,065.27	231,835,282.92
Transactional financial assets		
Derivative financial assets		
Notes receivable		
Accounts receivable	563,591,176.77	510,885,126.45
Receivables financing	2,000,000.00	900,000.00
Advance payment	76,523,874.33	38,361,493.94
Other receivables	271,715,876.98	1,150,442,198.95
Including: interest receivable		
Dividend receivable		925,000,000.00
Inventories	215,091,526.60	194,675,071.48
Contract assets		

Held-for-sale assets		
Non-current assets due within one year		
Other current assets	2,006,327,300.51	2,213,511,482.40
Total current assets	3,619,166,820.46	4,340,610,656.14
Non-current assets:		
Debt investment		
Other debt investments		
Long-term receivables		
Long-term equity investment	3,011,799,370.56	3,008,554,335.68
Other equity instrument investments		
Other non-current financial assets		
Investment properties		
Fixed assets	157,829,992.37	166,649,151.50
Construction in progress	1,843,193.98	1,766,027.25
Productive biological assets		
Oil and gas assets		
Right-of-use asset	1,213,620.78	
Intangible assets	84,661,008.10	86,662,225.85
Development expenditures		
Goodwill		
Long-term unamortized expenses		
Deferred income tax assets	17,406,576.56	15,677,698.08
Other non-current assets		
Total non-current assets	3,274,753,762.35	3,279,309,438.36
Total assets	6,893,920,582.81	7,619,920,094.50
Current liabilities:		
Short-term borrowings		
Transactional financial liabilities		
Derivative financial liabilities		
Notes payable	71,488,701.00	
Accounts payable	186,173,105.29	274,242,165.79
Advance receipt		
Contract liabilities	2,182,728.77	11,023,695.88
Employee remuneration payable	44,690,186.14	60,005,114.93

Taxes payable	24,897,895.18	27,034,245.54
Other payables	5,042,784,623.34	4,504,048,304.12
Including: interest payable		
Dividend payable		
Held-for-sale liabilities		
Non-current liabilities due within one year		
Other current liabilities	72,842.64	1,433,080.47
Total current liabilities	5,372,290,082.36	4,877,786,606.73
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Including: preferred shares		
Perpetual bond		
Lease obligation	1,013,200.46	
Long-term payables		
Long-term employee remuneration payable	216,212.85	235,263.62
Estimated liabilities		
Deferred income		
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	1,229,413.31	235,263.62
Total liabilities	5,373,519,495.67	4,878,021,870.35
Owners' equities:		
Share capital	816,846,661.00	821,083,860.00
Other equity instruments		
Including: preferred shares		
Perpetual bond		
Capital reserves	382,399,271.86	666,767,326.32
Minus: treasury share	374,521,836.88	412,206,786.34
Other comprehensive incomes		
Special reserves		
Surplus reserve	410,621,980.00	410,621,980.00
Undistributed profit	285,055,011.16	1,255,631,844.17
Total owners' equities	1,520,401,087.14	2,741,898,224.15

Total liabilities and owners' equities	6,893,920,582.81	7,619,920,094.50
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3. Consolidated profit statement

Unit: RMB

Item	2021 Semiannual Report	2020 Semiannual Report
I. Total operating income	10,433,875,893.62	8,187,236,558.24
Including: Operating income	10,433,875,893.62	8,187,236,558.24
Interest revenue		
Premium earned		
Revenue from handling fees and commission		
II. Total operating cost	9,374,133,409.86	7,466,188,764.31
Including: Operating cost	7,725,851,457.97	6,130,938,343.64
Interest expense		
Expense for handling fees and commission		
Surrender value		
Net payments for insurance claims		
Net amount of withdrawn reserve fund for insured liability		
Policy dividend expenditures		
Reinsurance expenses		
Taxes and surcharges	50,833,199.38	48,370,898.53
Sales expense	1,195,543,704.82	973,834,031.86
Administrative expense	214,014,738.06	148,926,613.37
R&D expense	192,490,424.34	184,742,945.70
Financial expense	-4,600,114.71	-20,624,068.79
Including: interest expense	5,136,071.01	234,582.50
Interest revenue	14,007,637.46	17,371,847.91
Plus: other incomes	33,089,410.91	34,811,175.62
Investment income ("-" for loss)	52,771,988.88	28,579,139.64
Including: investment income on associated enterprise and joint venture	1,025,583.40	1,589,824.61
Income from derecognition of financial assets measured by amortized cost		
Exchange gain ("-" for loss)		
Net exposure hedging gains ("-" for loss)		
Gains from changes in fair value ("-" for loss)	1,005,713.48	25,014,882.49
Credit impairment loss ("-" for loss)	-20,575,682.19	-13,887,957.78

Asset impairment loss ("-" for loss)	-8,335,090.73	11,103,938.21
Assets disposal income ("-" for loss)	-540,385.03	-166,294.96
III. Operating profit ("-" for loss)	1,117,158,439.08	806,502,677.15
Plus: Non-operating income	2,030,947.54	4,568,511.37
Minus: non-operating expense	4,639,873.99	6,640,275.68
IV. Total profit ("-" for total loss)	1,114,549,512.63	804,430,912.84
Minus: income tax expense	250,485,268.05	139,976,225.03
V. Net profit ("-" for net loss)	864,064,244.58	664,454,687.81
(I) By business continuity		
1. Net profit under continuing operation ("-" for net loss)	864,064,244.58	664,454,687.81
2. Net profit under discontinuing operation ("-" for net loss)		
(II) By ownership		
1. Net profit belonging to the owners of parent company	865,590,446.89	666,480,783.76
2. Minority shareholders' profit and loss	-1,526,202.31	-2,026,095.95
VI. After-tax net amount of other comprehensive income	-1,966,964.74	3,505,014.02
After-tax net amount of other comprehensive income belonging to the owners of parent company	-1,695,778.42	3,614,712.21
(I) Other comprehensive incomes that cannot be reclassified into profit and loss		
1. Remeasured amount of changes in defined benefit plan		
2. Other comprehensive income that cannot be transferred to gain and loss under the equity method		
3. Changes in the fair value of other equity instrument investments		
4. Changes in the fair value of the Company's own credit risk		
5. Others		
(II) Other comprehensive incomes to be reclassified into the profit and loss	-1,695,778.42	3,614,712.21
1. Other comprehensive income that can be transferred to gain and loss under the equity method		
2. Changes in the fair value of other debt investments		
3. Amount of financial assets reclassified into other comprehensive income		
4. Credit impairment provision for other debt investments		
5. Cash flow hedging reserve		
6. Conversion difference of foreign currency financial statements	-1,695,778.42	3,614,712.21
7. Others		
After-tax net amount of other comprehensive income belonging to minority	-271,186.32	-109,698.19

shareholder		
VII. Total comprehensive income	862,097,279.84	667,959,701.83
Total comprehensive income attributed to owners of parent company	863,894,668.47	670,095,495.97
Total comprehensive income attributed to minority shareholders	-1,797,388.63	-2,135,794.14
VIII. Earnings per share:		
(I) Basic earnings per share (EPS)	1.064	0.820
(II) Diluted earnings per share (EPS)	1.055	0.812

For enterprise merger under the same control in the current period, the net profit realized by the acquiree before merger was RMB0, and the net profit realized by the acquiree during the prior period was RMB0.

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

4. Profit statement of parent company

Unit: RMB

Item	2021 Semiannual Report	2020 Semiannual Report
I. Operating income	1,353,888,354.10	854,940,544.52
Minus: Operating cost	1,160,224,276.22	662,601,937.27
Taxes and surcharges	7,829,816.27	5,596,444.63
Sales expense	35,788,176.87	23,219,385.12
Administrative expense	53,768,220.53	48,669,592.23
R&D expense	22,326,866.27	32,730,068.62
Financial expense	13,837,911.71	9,301,847.85
Including: interest expense	20,972,657.94	16,807,599.44
Interest revenue	8,377,902.92	5,629,340.48
Plus: other incomes	5,944,578.92	3,495,937.78
Investment income ("-" for loss)	41,632,021.76	28,579,139.64
Including: investment income on associated enterprise and joint venture	1,025,583.40	1,589,824.61
Income from derecognition of financial assets measured by amortized cost ("-" for loss)		
Net exposure hedging gains ("-" for loss)		
Gains from changes in fair value ("-" for loss)		14,666,681.32
Credit impairment loss ("-" for loss)	-3,266,715.86	-9,288,135.66
Asset impairment loss ("-" for loss)	374,082.16	549,197.25
Assets disposal income ("-" for loss)	-128,783.76	5,336.37

II. Operating profit ("-" for loss)	104,668,269.45	110,829,425.50
Plus: Non-operating income	303,976.02	1,958,744.05
Minus: non-operating expense	1,266,531.49	1,737,428.47
III. Total profit ("-" for total loss)	103,705,713.98	111,050,741.08
Minus: income tax expense	25,680,832.65	16,419,140.79
IV. Net profit ("-" for net loss)	78,024,881.33	94,631,600.29
(I) Net profit under continuing operation ("-" for net loss)	78,024,881.33	94,631,600.29
(II) Net profit under discontinuing operation ("-" for net loss)		
V. After-tax net amount of other comprehensive income		
(I) Other comprehensive incomes that cannot be reclassified into profit and loss		
1. Remeasured amount of changes in defined benefit plan		
2. Other comprehensive income that cannot be transferred to gain and loss under the equity method		
3. Changes in the fair value of other equity instrument investments		
4. Changes in the fair value of the Company's own credit risk		
5. Others		
(II) Other comprehensive incomes to be reclassified into the profit and loss		
1. Other comprehensive income that can be transferred to gain and loss under the equity method		
2. Changes in the fair value of other debt investments		
3. Amount of financial assets reclassified into other comprehensive income		
4. Credit impairment provision for other debt investments		
5. Cash flow hedging reserve		
6. Conversion difference of foreign currency financial statements		
7. Others		
VI. Total comprehensive income	78,024,881.33	94,631,600.29
VII. Earnings per share:		
(I) Basic earnings per share (EPS)		
(II) Diluted earnings per share (EPS)		

5. Consolidated cash flow statement:

Unit: RMB

Item	2021 Semiannual Report	2020 Semiannual Report
I. Cash flows from operating activities		

Cash received from sales of commodities or rendering of services	8,500,943,320.64	5,196,770,797.01
Net increase of customer deposit and interbank deposit		
Net increase of central bank loans		
Net increase of loans from other financial institutions		
Cash received from original insurance contract premium		
Net cash received from reinsurance		
Net increase of policy-holder deposit and investment		
Cash receipts from interest, handling charges and commission		
Net increase of loans from others		
Net increment of repurchase capital		
Net cash from security transaction agency		
Tax refund received	372,770,395.92	131,304,300.07
Other cash receipts related to operating activities	76,387,133.95	59,130,060.91
Subtotal of cash inflows from operating activities	8,950,100,850.51	5,387,205,157.99
Cash payments for purchasing commodities and receiving services	5,643,346,506.88	3,660,287,833.35
Net increment of customer loans and advances		
Net increase of central bank deposit and interbank deposit		
Cash payment for insurance indemnities of original insurance contracts		
Net increase of loans to others		
Cash payment of interest, handling fees and commission		
Cash payment of policy dividend		
Cash paid to and on behalf of employees	967,472,279.57	792,739,858.43
Taxes paid	628,745,960.07	484,687,720.22
Other cash payments related to operating activities	1,410,105,340.54	527,091,703.75
Subtotal of cash outflows from operating activities	8,649,670,087.06	5,464,807,115.75
Net cash flows from operating activities	300,430,763.45	-77,601,957.76
II. Cash flows from investing activities:		
Cash received from return of investments		
Cash received from investment income	18,883,366.78	22,909,545.43
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	701,751.00	352,399.67
Net cash received from disposal of subsidiaries and other business units		
Other cash receipts related to investing activities	1,015,003,017.64	3,339,101,700.83
Subtotal of cash inflows from investing activities	1,034,588,135.42	3,362,363,645.93

Cash paid for acquiring fixed assets, intangible assets and other long-term assets	134,374,987.54	148,515,111.36
Cash paid for investment		
Net increase of pledge loans		
Net cash paid for acquiring subsidiaries and other business units		
Other cash payments related to investing activities	546,000,000.00	2,540,000,000.00
Subtotal of cash outflows from investing activities	680,374,987.54	2,688,515,111.36
Net cash flow from investing activities	354,213,147.88	673,848,534.57
III. Cash flows from financing activities:		
Cash received from investment by others		28,800,000.00
Including: cash received by subsidiaries from minority shareholder investment		28,800,000.00
Cash received from obtaining borrowings		
Other cash receipts related to financing activities	892,000.00	2,236,500.00
Subtotal of cash inflows from financing activities	892,000.00	31,036,500.00
Cash paid for debt repayment		
Cash paid for distribution of dividends or profits or for payment of interest	1,048,601,714.34	192,107,411.51
Including: dividends or profits paid by subsidiaries to minority shareholders		
Other cash payments related to financing activities	257,776,914.61	239,614,607.23
Subtotal of cash outflows from financing activities	1,306,378,628.95	431,722,018.74
Net cash flows from financing activities	-1,305,486,628.95	-400,685,518.74
IV. Impact of change in exchange rate on cash and cash equivalents	-985,535.81	6,060,694.22
V. Net increase in cash and cash equivalents	-651,828,253.43	201,621,752.29
Plus: balance of cash and cash equivalents at the beginning of the period	1,655,785,919.04	1,234,132,657.16
VI. Balance of cash and cash equivalents at the end of the period	1,003,957,665.61	1,435,754,409.45

6. Cash flow statement of parent company

Unit: RMB

Item	2021 Semiannual Report	2020 Semiannual Report
I. Cash flows from operating activities		
Cash received from sales of commodities or rendering of services	1,104,715,153.93	553,898,146.09
Tax refund received	106,870,814.76	37,745,814.91
Other cash receipts related to operating activities	8,240,439.60	9,333,771.98
Subtotal of cash inflows from operating activities	1,219,826,408.29	600,977,732.98

Cash payments for purchasing commodities and receiving services	1,136,899,701.62	625,626,159.44
Cash paid to and on behalf of employees	126,403,802.15	114,259,129.74
Taxes paid	63,899,866.91	34,442,091.93
Other cash payments related to operating activities	25,851,310.76	14,303,799.48
Subtotal of cash outflows from operating activities	1,353,054,681.44	788,631,180.59
Net cash flows from operating activities	-133,228,273.15	-187,653,447.61
II. Cash flows from investing activities:		
Cash received from return of investments		
Cash received from investment income	933,661,872.24	14,484,147.65
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	292,000.00	26,828.66
Net cash received from disposal of subsidiaries and other business units		
Other cash receipts related to investing activities	400,000,000.00	2,154,101,700.83
Subtotal of cash inflows from investing activities	1,333,953,872.24	2,168,612,677.14
Cash paid for acquiring fixed assets, intangible assets and other long-term assets	11,901,615.99	12,015,888.55
Cash paid for investment		31,200,000.00
Net cash paid for acquiring subsidiaries and other business units		
Other cash payments related to investing activities	535,510,506.31	2,266,847,792.27
Subtotal of cash outflows from investing activities	547,412,122.30	2,310,063,680.82
Net cash flow from investing activities	786,541,749.94	-141,451,003.68
III. Cash flows from financing activities:		
Cash received from investment by others		
Cash received from obtaining borrowings		
Other cash receipts related to financing activities	890,996,856.45	244,842,382.95
Subtotal of cash inflows from financing activities	890,996,856.45	244,842,382.95
Cash paid for debt repayment		
Cash paid for distribution of dividends or profits or for payment of interest	1,048,601,714.34	192,107,411.51
Other cash payments related to financing activities	257,776,914.61	239,614,607.23
Subtotal of cash outflows from financing activities	1,306,378,628.95	431,722,018.74
Net cash flows from financing activities	-415,381,772.50	-186,879,635.79
IV. Impact of change in exchange rate on cash and cash equivalents	-147,662.14	2,053,547.43
V. Net increase in cash and cash equivalents	237,784,042.15	-513,930,539.65
Plus: balance of cash and cash equivalents at the beginning of the period	231,835,282.92	877,009,108.98
VI. Balance of cash and cash equivalents at the end of the period	469,619,325.07	363,078,569.33

7. Consolidated statement of changes in owners' equities

Amount of this period

Unit: RMB

Item	2021 Semiannual Report														
	Owners' equities belonging to parent company												Minority shareholders' equities	Total owners' equities	
	Share capital	Other equity instruments			Capital reserves	Minus: treasury share	Other comprehensive incomes	Special reserves	Surplus reserve	General risk reserve	Undistributed profit	Others			Subtotal
		Preferred shares	Perpetual bond	Others											
I. Closing balance of last year	821,083,860.00				226,859,041.81	412,206,786.34	39,031,832.57		401,648,181.64		6,202,587,444.38		7,200,939,908.92	35,784,081.11	7,236,723,990.03
Plus: cumulative changes of accounting policies															
Error correction of prior period															
Enterprise merger under the same control															
Others															
II. Opening balance of current year	821,083,860.00				226,859,041.81	412,206,786.34	39,031,832.57		401,648,181.64		6,202,587,444.38		7,200,939,908.92	35,784,081.11	7,236,723,990.03
III. Current period increase ("-" for decrease)	-4,237,199.00				109,418,236.42	37,684,949.46	1,695,778.42		176,243,585.79		183,011,267.45		436,921,117.62	1,797,388.63	438,718,506.25
(I) Total of comprehensive incomes							1,695,778.42				865,590,446.89		863,894,668.47	1,797,388.63	862,097,279.84
(II) Capital invested and reduced by the owner	-4,237,199.00				109,387,301.34	295,430,928.99			176,243,585.79				5,562,842.86		5,562,842.86
1. Common shares invested by shareholders															
2. Capital invested by other equity instrument holders															
3. Amount of share-based payment included into owners' equities	-26,000.00				5,562,842.86	26,000.00							5,562,842.86		5,562,842.86
4. Others	-4,211,199.00				114,950,144.20	295,404,928.99			176,243,585.79						
(III) Profit distribution											-1,048,601,714.34		-1,048,601,714.34		-1,048,601,714.34
1. Appropriation of surplus reserve															
2. Appropriation of general risk reserve															
3. Appropriation of profit to owners (or shareholders)											-1,048,601,714.34		-1,048,601,714.34		-1,048,601,714.34
4. Others															
(IV) Internal carry-over within owners' equities															
1. Transfer of capital reserve to capital (or share capital)															
2. Transfer of surplus reserve to capital (or share capital)															
3. Surplus reserve															

to cover losses															
4. Earnings retained carrying over amount of changes in defined benefit plan															
5. Earnings retained after carrying over other comprehensive incomes															
6. Others															
(V) Special reserve															
1. Appropriation of current period															
2. Application of current period															
(VI) Others					30,935.08	257,745,979.53							257,776,914.61		257,776,914.61
IV. Closing balance of current period	816,846,661.00				117,440,805.39	374,521,836.88	40,727.610.99		225,404,595.85		6,019.576,176.93		6,764,018,791.30	33,986.692.48	6,798,005,483.78

Amount of prior period

Unit: RMB

Item	2020 Semiannual Report														
	Owners' equities belonging to parent company													Minority shareholders' equities	Total owners' equities
	Share capital	Other equity instruments			Capital reserves	Minus: treasury share	Other comprehensive incomes	Special reserves	Surplus reserve	General risk reserve	Undistributed profit	Others	Subtotal		
		preferred shares	Perpetual bond	Others											
I. Closing balance of last year	821,119,910.00				194,633,350.10	4,342,472.56	-20,313,446.20		401,648,181.64		5,443,671,509.58		6,836,417,032.56	8,196,544.33	6,844,613,576.89
Plus: cumulative changes of accounting policies															
Error correction of prior period															
Enterprise merger under the same control															
Others															
II. Opening balance of current year	821,119,910.00				194,633,350.10	4,342,472.56	-20,313,446.20		401,648,181.64		5,443,671,509.58		6,836,417,032.56	8,196,544.33	6,844,613,576.89
III. Current period increase ("-" for decrease)					13,826,466.17	239,614,607.23	3,614,712.21				-420,824,819.54		-642,998,248.39	-26,664,205.86	-616,334,042.53
(I) Total of comprehensive incomes							3,614,712.21				666,480,783.76		670,095,495.97	-2,135,794.14	667,959,701.83
(II) Capital invested and reduced by the owner					13,826,466.17	239,614,607.23							-225,788,141.06	28,800,000.00	-196,988,141.06
1. Common shares invested by shareholders														28,800,000.00	28,800,000.00
2. Capital invested by other equity instrument holders															
3. Amount of share-based payment included into owners' equities					13,826,466.17								13,826,466.17		13,826,466.17
4. Others						239,614							-		-

						,607.23							239,614,607.23		239,614,607.23
(III) Profit distribution											-1,087,305,603.30		-1,087,305,603.30		-1,087,305,603.30
1. Appropriation of surplus reserve															
2. Appropriation of general risk reserve															
3. Appropriation of profit to owners (or shareholders)											-1,087,305,603.30		-1,087,305,603.30		-1,087,305,603.30
4. Others															
(IV) Internal carry-over within owners' equities															
1. Transfer of capital reserve to capital (or share capital)															
2. Transfer of surplus reserve to capital (or share capital)															
3. Surplus reserve to cover losses															
4. Earnings retained carrying over amount of changes in defined benefit plan															
5. Earnings retained after carrying over other comprehensive incomes															
6. Others															
(V) Special reserve															
1. Appropriation of current period															
2. Application of current period															
(VI) Others															
IV. Closing balance of current period	821,119,910.00				208,459,816.27	243,957,079.79	-16,698,733.99		401,648,181.64		5,022,846,690.04		6,193,418,784.17	34,860,750.19	6,228,279,534.36

8. Statement of changes in owners' equities of the parent company

Amount of this period

Unit: RMB

Item	2021 Semiannual Report											
	Share capital	Other equity instruments			Capital reserves	Minus: treasury share	Other comprehensive incomes	Special reserves	Surplus reserve	Undistributed profit	Others	Total owners' equities
I. Closing balance of last year	821,083,860.00				666,767,326.32	412,206,786.34			410,621,980.00	1,255,631,844.17		2,741,898,224.15
Plus: cumulative changes of accounting policies												
Error correction of												

prior period												
Others												
II. Opening balance of current year	821,083,860.00				666,767,326.32	412,206,786.34			410,621,980.00	1,255,631,844.17		2,741,898,224.15
III. Current period increase ("-" for decrease)	4,237,199.00				284,368,054.46	37,684,949.46				970,576,833.01		1,221,497,137.01
(I) Total of comprehensive incomes										78,024,881.33		78,024,881.33
(II) Capital invested and reduced by the owner	4,237,199.00				284,337,119.38	295,430,928.99						6,856,610.61
1. Common shares invested by shareholders												
2. Capital invested by other equity instrument holders												
3. Amount of share-based payment included into owners' equities	26,000.00				6,856,610.61	-26,000.00						6,856,610.61
4. Others	4,211,199.00				291,193,729.99	295,404,928.99						
(III) Profit distribution										1,048,601,714.34		1,048,601,714.34
1. Appropriation of surplus reserve												
2. Appropriation of profit to owners (or shareholders)										1,048,601,714.34		1,048,601,714.34
3. Others												
(IV) Internal carry-over within owners' equities												
1. Transfer of capital reserve to capital (or share capital)												
2. Transfer of surplus reserve to capital (or share capital)												
3. Surplus reserve to cover losses												
4. Earnings retained carrying over amount of changes in defined benefit plan												
5. Earnings retained after carrying over other comprehensive incomes												
6. Others												
(V) Special reserve												
1. Appropriation of current period												
2. Application of current period												
(VI) Others					-30,935.08	257,745,979.53						257,776,914.61
IV. Closing balance of current period	816,846,661.00				382,399,271.86	374,521,836.88			410,621,980.00	285,055,011.16		1,520,401,087.14

Amount of prior period

Unit: RMB

Item	2020 Semiannual Report											
	Share capital	Other equity instruments			Capital reserves	Minus: treasury	Other comprehe	Special reserves	Surplus reserve	Undistribut ed profit	Others	Total owners' equities
		Preferre	Perpetu	Others								

		d shares	al bond		share	nsive incomes					
I. Closing balance of last year	821,119,910.00				637,954,156.03	4,342,472.56			410,621,980.00	1,100,501,967.72	2,965,855,541.19
Plus: cumulative changes of accounting policies											
Error correction of prior period											
Others											
II. Opening balance of current year	821,119,910.00				637,954,156.03	4,342,472.56			410,621,980.00	1,100,501,967.72	2,965,855,541.19
III. Current period increase ("-" for decrease)					13,768,475.32	239,614,607.23			-992,674,003.01	-	-1,218,520,134.92
(I) Total of comprehensive incomes									94,631,600.29		94,631,600.29
(II) Capital invested and reduced by the owner					13,768,475.32	239,614,607.23					-225,846,131.91
1. Common shares invested by shareholders											
2. Capital invested by other equity instrument holders											
3. Amount of share-based payment included into owners' equities					13,768,475.32						13,768,475.32
4. Others						239,614,607.23					-239,614,607.23
(III) Profit distribution									1,087,305,603.30		-1,087,305,603.30
1. Appropriation of surplus reserve											
2. Appropriation of profit to owners (or shareholders)									1,087,305,603.30		-1,087,305,603.30
3. Others											
(IV) Internal carry-over within owners' equities											
1. Transfer of capital reserve to capital (or share capital)											
2. Transfer of surplus reserve to capital (or share capital)											
3. Surplus reserve to cover losses											
4. Earnings retained carrying over amount of changes in defined benefit plan											
5. Earnings retained after carrying over other comprehensive incomes											
6. Others											

(V) Special reserve												
1. Appropriation of current period												
2. Application of current period												
(VI) Others												
IV. Closing balance of current period	821,119,910.00				651,722,631.35	243,957,079.79			410,621,980.00	107,827,964.71		1,747,335,406.27

III. Company profile

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

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

The financial statements have been approved by the Board of Directors on August 26, 2021.

As of June 30, 2021, there were altogether 19 subsidiaries included into the scope of consolidated financial statement. See Note 9 "Equity in other entities" for details.

IV. Preparation basis of the financial statements

1. Preparation basis

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

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

2. Continuing operation

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

V. Important accounting policies and estimates

Specific accounting policies and estimates

The Group has made accounting policies and estimates as to method for accruing provision for bad debts for receivables, method for calculating inventory value and accruing depreciation provision, depreciation of fixed assets and amortization of intangible assets, recognition time point of revenue and other transactions and items based on the actual production and operation features and the provisions of related accounting standards for business enterprises. For details, please refer to descriptions of 9. "Financial instruments", 12. "Inventory" - (3), 16. "Fixed assets" - (2), 19. "Intangible assets" - (1), and 26. "Revenue" of Note 5.

1. Statement on abiding by the Accounting Standards for Business Enterprises

The financial statement prepared by the Company conforms to the requirements of the Accounting Standards for Business Enterprises and has reflected relevant information such as the financial conditions on June 30, 2021, and operating results and cash flow of the first half year of 2021 of the Company and the Group on an authentic and intact basis. In addition, the financial statements of the Company and the Group conform to the disclosure requirements of the Regulations of Corporate Information Disclosure and Preparation by Companies Publicly Issuing Securities No.15 - General Provisions on Financial Reporting revised by the China Securities Regulatory Commission in 2014 and related financial statements and their notes.

2. Accounting period

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

3. Operating cycle

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

4. Recording currency

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

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

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

(1) Enterprise merger under the same control

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

control rights of the acquiree.

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

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

(2) Enterprise merger not under the same control

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

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

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

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

The sum of book value of the acquiree's equity investment held prior to the purchase date and the newly investment cost on the purchase date in the individual financial statement shall be regarded as the initial investment cost of such investment; in case that the

equity of the acquiree held before the purchase date is involved in other comprehensive incomes, when disposing the investment, other comprehensive income related shall be accounted on the same basis as the acquiree's direct disposal of relevant assets or liabilities.

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

6. Preparation method for consolidated financial statements

(1) Determination principles of consolidated financial statement

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

The Group will make a re-evaluation if the change in the relevant facts and circumstances leads to the change of the relevant elements involved in the above definition of control.

(2) Preparation method for consolidated financial statements

From the date of obtaining actual control right of subsidiaries' net assets and production operation decision, the Group will begin to include it into the merger scope; subsidiaries will not be included into the merger scope from the date when the Company loses its actual control right. As for the disposed subsidiaries, the operating results and cash flow before disposal date have been properly included into the consolidated profit statement and consolidated cash flow statement; as for subsidiaries disposed in the current period, the opening balance of the consolidated balance sheet will not be adjusted. As for subsidiary increased due to the enterprise merger not under the same control, its operating results and cash flow after the purchase date have been properly included into the consolidated profit statement and consolidated cash flow statement, and the opening balance and contrast balance of the consolidated financial statement shall not be adjusted. As for subsidiary increased due to the enterprise merger under the same control and the acquiree under merger, the operating results and cash flow from the beginning of the current period of the merger to the merger date have been properly included into the consolidated profit statement and the consolidated cash flow statement, and the contrast balance of the consolidated financial statement shall be adjusted simultaneously.

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

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

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

When the control right of the original subsidiary is lost due to disposal of partial equity investment or other reasons, the residual equity shall be remeasured at its fair value on the date of loss of control right. The difference between the sum of the consideration acquired by equity disposal and the fair value of residual equity and the share of net assets of the original subsidiary that shall be

enjoyed and is calculated continuously from the purchase date according to the original shareholding ratio shall be included into the investment income of the current period when the control right is lost. As for other comprehensive incomes related to the equity investment of the original subsidiary, when the control right is lost, the accounting treatment shall be carried out on the same basis as the subsidiary's direct disposal of relevant assets or liabilities. Thereafter, the residual equity of this part shall be further measured in accordance with Accounting Standards for Business Enterprises No. 2 -- Long-term Equity Investment or Accounting Standards for Business Enterprises No. 22 -- Recognition and Measurement of Financial Instruments. As for details, please refer to Note 5. 15 "Long-term equity investment" or Note 5. 9 "Financial instruments".

If the Group disposes the equity investment of subsidiary step by step via multiple transactions until losing the control right, it is necessary to distinguish whether transactions for disposal to the equity investment of subsidiary until losing the control right belong to the package deal. When the disposal of the articles, conditions and the economic impact of various transactions for the equity investment of the subsidiary is subject to one or more of the following conditions, it generally indicates that it shall conduct accounting treatment by taking the multiple transactions as a package deal: ① These transactions are considered to be concluded at the same time or made in the case of considering mutual influence; ② These transactions as a whole can reach a complete business result; ③ The occurrence of a transaction depends on the occurrence of at least one other transaction; ④ One transaction alone is not economical, but when being considered together with other transactions, it is economical. If it is not package deal, every transaction will be conducted by the accounting treatment according to the following suitable principles, namely, "partially dispose the long-term equity investment of subsidiary when the control right is not lost" (See Note 5. 15 "Long-term equity investment" (2), ④) and "lose the control right of the original subsidiary due to disposal of partial equity investment or other reasons" (see previous paragraph). If all transactions from the disposal of equity investment in subsidiaries to the loss of control right are package deals, such transactions are regarded as a transaction that disposes the subsidiary and loses the control right; however, the difference between the disposal price and the subsidiary's net asset shares enjoyed corresponding to disposing investment before losing the control right shall be recognized as other comprehensive incomes in the consolidated financial statement, which shall be transferred into the current profits and losses of losing the control right when the control right is lost.

7. Determining standards for cash and cash equivalents

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

8. Foreign currency business and foreign currency statement conversion

(1) Conversion method for foreign currency transactions

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

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

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

As to foreign currency non-monetary items measured by historical cost, the amount in the recording currency converted at the spot rate on the transaction date is still employed for measurement; as to foreign currency non-monetary items measured by fair value,

it's required to employ the spot rate at the fair value confirmation date for conversion, and the difference between the translated recording currency amount and the original recording currency amount shall be treated as the change in fair value (including the change in exchange rate) and included into the current profits and losses or recognized as other comprehensive incomes.

(3) Conversion method of foreign currency financial statements

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

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

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

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

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

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

9. Financial instruments

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

(1) Classification, recognition and measurement of financial assets

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

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

receivable or notes receivable that are from sale of products or rendering of labors, and do not include or take into account significant financing parts are taken as initial recognition amount by the Group based on the consideration amount that the Group is entitled to receive.

① Income from derecognition of financial assets measured by amortized cost

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

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

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

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

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

The Group recognizes foregoing financial assets measured by amortized cost and that are not financial assets measured at the fair value with their changes included into other comprehensive incomes as financial assets measured at the fair value with their changes included into the current profits and losses. In addition, during initial recognition, in order to eliminate or significantly reduce accounting mismatches, the Group designates part of the financial assets as financial assets measured at the fair value with their changes included into the current profits and losses. As to such financial assets, subsequent measurement shall be carried out by the Group based on fair value, and all change in fair value shall be included into the current profits and losses.

(2) Classification, recognition and measurement of financial liabilities

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

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

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

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

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

losses.

② Other financial liabilities

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

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

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

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

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

In case part transfer of financial assets satisfies the derecognition condition, book value of the financial assets transferred shall be amortized between the derecognition part and the part without derecognition according to their own fair value, and the difference between the sum of the consideration received for the transfer and accumulated amount of the change in fair value to be amortized to derecognition part and originally included into other comprehensive income, and the foregoing book value amortized shall be included into the current profits and losses.

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

(4) Derecognition of financial liabilities

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

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

(5) Offset of financial assets and financial liabilities

In case the Group has the legal right of offsetting the financial assets and financial liabilities recognized and such legal right is

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

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

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

(7) Equity instruments

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

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

10. Financial assets impairment

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

(1) Recognition method of impairment provision

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

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

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

At the time of evaluating expected credit loss, the Group considers all reasonable and well-founded information, including forward-looking information.

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

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

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

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

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

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

(4) Accounting treatment method of financial assets impairment

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

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

1. Notes receivable

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

Item	Basis for determination of portfolio
Portfolio 1: Advance payment financing	Advance payment financing
Portfolio 2: Bank acceptance	Except for the advance payment financing business, the acceptor is a bank acceptance bill with less credit risk

② Accounts receivable and contract assets

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

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

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

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

1. Other receivables

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

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

11. Receivables financing

The notes receivable and accounts receivable measured at the fair value with their changes included into other comprehensive incomes are listed as receivables financing with a term of less than one year (including one year) from the initial recognition; If with a term of more than one year from the initial recognition, it shall be listed as other debt investments. For related accounting policies, please refer to Note 5. 9 "Financial instruments" and Note 5. 10 "Financial assets impairment".

12. Inventories

(1) Inventory classification

Inventory mainly includes raw materials, unfinished products, commodity inventory, low-value consumables and packing materials.

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

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

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

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

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

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

(4) Inventory system is perpetual inventory system

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

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

13. Contract assets

The Group lists as contract assets in the balance sheet the right that the customer has not paid the contract consideration, but the Group has fulfilled the performance obligations according to the contract and does not belong to the unconditional (only depending on the passage of time) collection right from the customer. Contract assets and contract liabilities under the same contract are reported in net amount, and contract assets and contract liabilities under different contracts are not offset.

For the determination and accounting treatment methods of expected credit loss of contract assets, please refer to Note 5. 10 "Financial assets impairment".

14. Held-for-sale assets and disposal group

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

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

Depreciation or amortization will not be withdrawn for held-for-sale non-current assets or non-current assets in the disposal group, and the interest of liabilities in held-for-sale disposal group and other expenses shall be recognized continuously.

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

(2) Recoverable amount.

15. Long-term equity investment

The long-term equity investment mentioned in this part refers to the long-term equity investment of which the Group has control right, common control right or significant impact on the invested units. Long-term equity investments that the Group does not have control, common control or significant impact on the invested unit are checked as financial assets measured at the fair value with their changes included into the current profits and losses. If such assets are non-transactional, the Group may specify these capitals as financial assets measured at the fair value with their changes included into other comprehensive incomes at the time of initial recognition. For the accounting policy, please refer to Note 5.8 "Financial instruments".

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

(1) Determination of investment cost

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

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

relevant other comprehensive incomes will not be accounted for the time being.

Audit fee, legal service fee, evaluation & consulting cost and other intermediary expenses and other related administrative expenses incurred for enterprise merger of acquirer shall be included into the current profits and losses upon they're incurred.

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

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

The long-term equity investment implementing the common control (except constituting the joint operator) or significant impact upon the invested unit adopts the equity method for accounting. Besides, the Company's financial statement adopts the cost method to account the long-term equity investment that can be controlled by the invested unit.

① Long-term equity investments under the cost method

When the cost method is adopted for the accounting, the long-term equity investment shall be valued according to the initial investment cost and the cost of long-term equity investment shall be adjusted by additional or recovering of the investment. The current investment incomes shall be recognized by the cash dividends or profits announced and issued by the invested unit, except for the actual price paid when the investment is obtained or the cash dividends or profits which have been declared but not issued in the consideration.

② Long-term equity investments under the equity method

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

Under equity method, it's required to recognize the investment income and other comprehensive income respectively according to net profit or loss realized by the invested unit that shall be enjoyed or shared and other comprehensive income, and book value of the long-term equity investment shall be adjusted simultaneously. As to the part that shall be enjoyed and calculated according to the profits or cash dividends announced and distributed by the invested unit, it's required to reduce the book value of long-term equity investment correspondingly. As to other changes in owners' equities of the invested unit except for net profits and losses, other comprehensive incomes and profit distribution, book value of the long-term equity investment shall be adjusted and included into the capital reserve. When the shares of net profit or loss of the invested unit that shall be enjoyed are recognized, it shall be based on fair value of identifiable assets of the invested unit when the investment is acquired and after the adjustment is made on net profit of the invested unit. In case the accounting policy and accounting period employed by the invested unit are different from those employed by the Group, financial statements of the invested unit shall be adjusted according to the Group's accounting policy and accounting period. Besides, investment income, other comprehensive income, etc., shall be recognized on this basis. For the transaction incurred between the Group and associated enterprises and joint ventures, if the invested or sold assets do not constitute a business, the parts that do not achieve internal transaction profits and losses or belongs to the Group calculated according to the enjoyed ratio will be offset, and the profits or losses on investment will be confirmed on this basis. However, the unrealized internal transaction losses between the Group and the invested unit are not offset if they belong to the impairment loss of the transferred assets. If the assets invested by the Group to

the joint venture or associated enterprise constitute business, and the investor thereupon obtains the long-term equity investment but fails to obtain the control right, the fair value of business launched is taken as the initial investment cost of newly long-term equity investment, and the difference between the initial investment cost and book value of business launched will be included into current profits and losses in full. If the assets sold by the Group to the joint venture or associated enterprise constitute the business, the difference between the consideration acquired and the book value of business shall be fully included into the current profits and losses. If the Group's assets purchased from the joint venture or associated enterprise constitute business, accounting treatment shall be conducted in accordance with the provisions of the Accounting Standards for Business Enterprises No. 20 -- Business Combinations, fully recognize the gains or losses related to the transaction.

When the net loss of the invested unit that shall be shared is recognized, it shall be limited to writing off the book value of long-term equity investment and other long-term equity constituting the net investment in the invested unit to the zero. Besides, if the Group is obliged to bear the extra loss for the invested unit, it shall be necessary to determine estimated liabilities and record them to current investment loss in compliance with obligations expected to be assumed. In case the net profit is realized by the invested unit later, after the Group makes up the unrecognized loss amount shared by the income amount shared, it's required to recover the recognition of income amount shared.

③ Acquisition of minority shareholders' equities

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

④ Disposal of the long-term equity investment

The parent company partially disposes the long-term equity investment of the subsidiary when the control right is not lost in consolidated financial statement. The difference between disposal price and subsidiaries' net assets enjoyed corresponding to the disposal of long-term equity investment will be included into the shareholders' equities; supposing that the parent company loses the control right for the subsidiary due to the partial disposal of the long-term equity investment for the subsidiary, it shall be dealt with according to the related accounting policy as specified in the Note 5. 6 "Preparation method for consolidated financial statements" (2).

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

For the long-term equity investment accounted by the equity method, if the residual equities after disposal shall still be accounted by the equity method, upon the disposal, the part of the other comprehensive incomes that is originally included into the shareholders' equities shall have the accounting treatment on the same basis of the invested unit's directly disposing the relevant assets or liabilities according to the corresponding proportion. However, the owners' equities that are recognized based on the changes in other owners' equities shall be converted into current profits and losses in proportion, except for net profits and losses, other comprehensive incomes and profit distribution of the investee.

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

If the Group loses control of the invested unit due to disposal of partial equity investment, and the residual equities after disposal may exert common control or significant impact on the invested unit while preparing individual financial statement, equity method will be adopted for accounting, and it will be accounted with equity method which is same as that when obtaining and adjusted; if the residual equities after disposal cannot implement the common control or exert significant impact on the invested unit, the relevant

provisions in respect of the standards of recognition and measurement of financial instruments shall be referenced for the accounting treatment, and the difference between the fair value and book value shall be included into current profits and losses on the date of losing control. Before the Group acquires the control on the invested unit, for other comprehensive incomes confirmed due to adopting the equity method for accounting or adopting the standards of recognition and measurement of financial instruments for accounting, when the Group loses the control on the invested unit, it shall conduct the accounting treatment on the same basis of the invested unit's directly disposing the relevant assets or liabilities; the changes of the other owners' equities in net assets of the invested unit other than the net profits and losses, other comprehensive incomes and profit distribution accounted and confirmed by the equity method shall be converted into current profits and losses when the Group loses control on invested unit. Among which, if the residual equities after disposal are calculated by the equity method, other comprehensive incomes and other owners' equities shall be carried forward in proportion; if the residual equities after disposal are subject to the standards of recognition and measurement of financial instruments for the accounting treatment, other comprehensive incomes and other owners' equities shall be carried down.

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

The Group will take the multiple transactions to dispose the subsidiaries' equity investment step by step until lose its control right. When the above-mentioned transactions belong to the package deal, the transactions will be subject to the accounting treatment as an equity investment of subsidiaries and transaction which has lost the control right. The difference between disposal price and the corresponding book value of long-term equity investment will be recognized as the other comprehensive incomes before losing the control right, which will be converted into current profits and losses when the control right is lost.

16. Fixed asset

(1) Recognition conditions for fixed assets

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

(2) Depreciation method for the various fixed assets

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

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

The expected net residual value refers to the expected amount that the Group may obtain from the current disposal of fixed assets

after deducting the expected disposal expenses at the expiration of its expected service life.

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

Refer to Note 5. 20 "Impairment of long-term assets" about the impairment test method and the withdrawing method of impairment provision of fixed assets.

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

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

(5) Other remarks

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

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

The Group shall review the service life, expected net residual value and depreciation method of the fixed assets at least by the end of the year. In case of any change, it shall be deemed as changes in accounting estimate.

17. Construction in progress

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

Refer to Note 5. 20 "Impairment of long-term assets" about the impairment test method and the withdrawing method of impairment provision of construction in progress.

18. Borrowing expenses

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

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

occupied. The capitalization rate is determined based on the weighted average interest rate of general borrowing.

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

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

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

19. Intangible assets

(1) Intangible assets

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

The initial measurement of intangible assets shall be conducted according to its costs. Expenditures related to intangible assets shall be included into the cost of intangible assets if the relevant economic benefits may flow in the Group and its cost can be reliably measured. Other expenditures, excepting for this, shall be included into the current profits and losses at the time of occurrence.

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

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

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

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

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

(2) R&D expenditure

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

Research expenditure is included into the current profits and losses when it occurs

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

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

intangible asset, and it is capable of using or selling this intangible asset;

⑤ Expenditure within the development stage of this intangible asset can be measured reliably.

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

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

Refer to Note 5. 20 "Impairment of long-term assets" about the impairment test method and the withdrawing method of impairment provision of intangible assets.

20. Impairment of long-term assets

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

If the impairment test result shows that the recoverable amount of assets is lower than the book value thereof, impairment provision shall be withdrawn according to the difference and it will be included into impairment losses. The recoverable amount shall be determined as the net amount obtained by the fair value of assets minus disposal expense, or as the present value of the estimated future cash flow of assets, whichever is higher. The fair value of the asset is determined according to the price in the sales agreement in the fair transaction; if there is no sales agreement but there is an active market of assets, the fair value is determined according to buyer's price of the asset; if there is no sales agreement and an active market of assets does not exist, the fair value of assets shall be estimated based on the best information obtained. The disposal expenses include the legal fees related to the asset disposal, relevant taxes, carriage expenses as well as direct expenses for achieving the marketable state status. The present value of the estimated future cash flow of assets shall be determined by the discounted amount by an appropriate discount rate, on the basis of the estimated future cash flow generated during the continuous usage and final disposal of assets. The asset impairment provision shall be calculated and recognized on the basis of a single asset. If it is hard to assess the recoverable amount of a single asset, the recoverable amount of the asset group shall be determined according to the asset group including the assets. Asset group refers to the minimum asset portfolio that is capable of independently generating cash inflow.

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

Once the above-mentioned asset impairment losses are recognized, it will not be reversed for the part whose value has been restored in subsequent periods.

21. Long-term unamortized expense

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

22. Contract liabilities

Contractual liabilities refers to the obligation of the Group to transfer commodities to customers on account of the consideration received or receivable by the Group. If a customer has paid the contract consideration or the Group has obtained the unconditional right to receive the commodities before the transfer of the commodities from the Group to the customer, the Group will list the received amount or account receivable as a contract liability at the earlier time of the customer's actual payment and due payment. Contract assets and contract liabilities under the same contract are reported in net amount, and contract assets and contract liabilities under different contracts are not offset.

23. Employee remuneration

Employee remuneration of the Group mainly includes short-term remuneration, post-employment benefit, termination benefit and other long-term employee welfares. Including:

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

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

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

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

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

24. Estimated liabilities

When the obligation related to contingencies satisfies the following conditions at the same time, they will be recognized as estimated liabilities: (1) The obligation is the present obligation undertaken by the Group; (2) Performance of this obligation may make economic benefits flow out of the enterprise; (3) Amount of this obligation can be reliably measured.

On the balance sheet date, considering the risks, uncertainties and time value of money related to contingencies, the estimated liabilities are measured in accordance with the optimal estimate of the expenditure required to perform the relevant current obligations.

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

the book value of anticipation liabilities.

(1) Loss contract

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

(2) Restructuring obligations

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

25. Share-based payment

(1) Accounting treatment of share-based payment

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

① Equity-settled share-based payment

Equity-settled share-based payments in exchange for services provided by employees are measured at the fair value with the equity instruments granted to the employees at the grant date. The amount of the fair value is included into the relevant cost or expense based on the optimal estimate of the number of vesting equity instruments in the waiting period, based on the optimal estimate of the number of vesting equity instruments in case of completing the service within the waiting period or meeting the required performance conditions; when the vesting right is granted immediately after the grant, the relevant cost or expense is included into the grant date, and the capital reserves shall be increased accordingly.

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

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

② Cash-settled share-based payment

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

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

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

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

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

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

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

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

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

② If the service enterprise has no settlement obligation or the equity instruments granted to employees of the enterprise are its own equity instruments, such share-based payment transaction shall be taken as the equity-settled share-based payment treatment; if the service enterprise has settlement obligation and the equity instruments granted to employees of the enterprise are not its own equity instruments, such share-based payment transaction shall be taken as the cash-settled share-based payment treatment;

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

26. Revenue

Accounting policies adopted for revenue recognition and measurement

Revenue is the total inflow of economic benefits that the Group has formed in its daily activities that will result in an increase in shareholders' equities and has nothing to do with the capital invested by shareholders. Where the contract between the Group and its customers can meet the following conditions at the same time, the revenue shall be confirmed when the customer owns the relevant control right of the commodity (including labor service, the same below): the parties to the contract have approved the contract and undertake to perform their respective obligations; the contract specifies the rights and obligations of the parties to the contract in relation to the commodities transferred or the services rendered; the contract has express terms of payment in relation to the commodities transferred; the contract is for commercial purposes, which means the performance of the contract will change the risk, timing or amount of the Group's future cash flows; and the consideration to which the Group is entitled as a result of the transfer of commodities to the customer is likely to be recovered. Obtaining the control right of related commodities means being able to dominate the use of such commodities and obtain almost all economic benefits from them.

At the commencement date of the contract, the Group identifies each individual performance obligation under the contract and

apportions the transaction price to each individual performance obligation in proportion to the selling prices of the commodities to which each individual performance obligation relates. Variable consideration, significant financing parts in the contract, non-cash consideration and consideration payable to the customer are taken into account in determining the transaction price.

For an individual performance obligation under the contract, the Group recognizes as revenue the transaction price apportioned to the individual performance obligation during the relevant performance period based on the progress of the performance in the case of any of the following: the customer obtains and consumes the economic benefits from the Group's performance of the contract at the same time as the Group's performance; the customer is able to control the commodities under construction during the Group's performance of the contract; or the commodities produced during the Group's performance of the contract have irreplaceable uses, and the Group is entitled to receive related amount for the cumulative performed part to date over the entire contract term. The progress of performance is determined by the input method or the output method as applicable to the properties of the commodities transferred. If the progress of performance cannot be reasonably determined, and the costs incurred by the Group are expected to be compensated, income is recognized based on the amount of costs incurred until the progress of performance can be reasonably determined.

If none of the above cases occurs, the Group will recognize as revenue the transaction price apportioned to the individual performance obligation at the time point when the customer acquires control right of relevant commodities. In determining whether the customer has acquired control right of the commodities, the Group takes into account the following indications: the Enterprise has a current right to receive payment for the commodities, which means the customer has a current obligation to pay for the commodities; the Enterprise has transferred the legal ownership of the commodities to the customer, which means the customer has the legal ownership of the commodities; the Enterprise has transferred the commodities to the customer, which means the customer holds the commodities in the physical sense; the Enterprise has transferred the main risks and rewards pertaining to the ownership of the commodities to the customer, that is to say, the customer has obtained the main risks and rewards pertaining to the ownership of the Goods; the customer has accepted the commodities; and other indications that the customer has acquired control right of the commodities.

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

27. Contract cost

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

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

The assets related to the contract cost are amortized on the same basis as the revenue recognition of commodities related to the

assets and included into the current profits and losses.

28. Government subsidies

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

When the Group actually receives the government subsidies, it shall be recognized and measured as the amount received. However, for the end of the period, there are conclusive evidences that it can meet the relevant conditions stipulated by the financial support policy, and it is expected that the financial support funds can be received, it shall be measured according to the amount receivable. The government subsidies measured as the amount receivable shall comply with the following conditions: (1) The amount of the subsidy receivable has been recognized by the competent government department, or may be reasonably calculated according to the relevant provisions of the formally published financial fund management method, and the estimated amount is free of significant uncertainty; (2) The bases are the initiatively published financial support project by the local financial department and its financial fund management method in accordance with the regulations of the Decree of Government Information Openness, and this management method shall be favorable to the public (any enterprise qualified can apply), not just to the specified companies; (3) The relevant subsidy official documents have clearly promised the appropriation period, and the appropriation of this fund shall be safeguarded by the relevant financial budget, so it can be reasonably guaranteed that it can be received within the specified period; (4) Other relevant conditions that shall be satisfied (if any) based on the specific circumstances of the Group and the grant.

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

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

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

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

29. Deferred income tax assets/deferred income tax liabilities

(1) Current income tax

On the balance sheet date, the current income tax liabilities (or assets) incurred in the current period or prior periods shall be measured in accordance with the expected payable (or refundable) amount of income tax which is calculated according to the tax law. The taxable income on which the current income tax expenses are calculated shall be calculated after the corresponding adjustment of the pre-tax accounting profit in the current reporting period in accordance with the relevant tax law.

2. Deferred income tax assets/deferred income tax liabilities

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

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

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

For deductible losses and tax deductions that can be carried forward for subsequent years, the corresponding deferred income tax assets shall be recognized to the extent of the future taxable income likely to be obtained for deducting the deductible losses and tax deduction.

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

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

(3) Income tax expense

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

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

(4) Countervail of income tax

In the case of having legal rights of net settlement and intending to settle or obtain assets and pay off debts with net amount, the Group's current income tax assets and current income tax liabilities shall be presented with the net amount after offsetting.

In the case of having legal rights to settle current income assets and current income liabilities with net amount, deferred income tax assets and deferred income tax liabilities being related to income taxes collected by one tax collection and administration department against the same taxpayer or related to different taxpayers, but involved tax payers intending to settle the current income tax assets and liabilities with net amount or obtaining assets while paying off debts in any important period of reversing deferred income tax assets and liabilities, the Group's deferred tax asset and deferred income tax liabilities shall be presented with the net amount after offsetting.

30. Lease

Lease refers to the lessor transferring the use right of assets to the lessee to get the corresponding consideration within a certain period.

The Group evaluates whether the contract is used for lease or includes the lease on the contract commencement date. If one party of the contract assigns the one or more use rights of the identified assets under the control in a certain period for consideration, the contract is used for lease or includes the lease.

To determine whether the contract transfers the right to control the use of the identified assets within a certain period, the following assessments are conducted by the Group:

- Whether the contract involve the use of identified assets. Identified assets may be explicitly specified by the contract or implicitly specified when the asset is available to customers, and the asset is physically distinguishable, or a certain part of the capacity or other parts of the asset is physically indistinguishable but substantially represents the entire capacity of the asset, so that the customer can obtain almost all the economic benefits arising from the use of the asset. In the event that the supplier of the asset has a substantial right to replace the asset during the entire period of use, the asset is not an identified asset;

- Whether the lessee has the right to obtain almost all the economic benefits arising from the use of the identified assets during the period of use;

- Whether the lessee has the right to direct the use of the identified asset during the period of use.

If the contract contains multiple separate leases at the same time, the lessee and lessor will split the contract and account for each separate lease separately to have accounting treatment. If the contract includes lease and non-lease parts at the same time, the lessee and lessor will split lease and non-lease parts.

(1) The Group as the lessee

On the commencement date of the lease term, the Group recognizes the right-of-use assets and lease obligations. The right-of-use assets are initially measured at cost, including the initial measurement amount of the lease obligation, the amount of lease payments paid on or before the start of the lease term (deducting the amount of lease incentives already enjoyed), the initial direct expense incurred, and the estimated cost incurred for dismantling and removing the leased asset, restoring the site where the leased asset is located, or restoring the leased asset to the state agreed upon in the lease terms.

The Group uses the straight-line method to depreciate the right-of-use assets. If the ownership of the leased assets can be reasonably confirmed to be obtained upon expiry of the lease term, the depreciation of the leased assets shall be withdrawn during the service life thereof by the Group. Otherwise, the leased assets shall be depreciated during the lease term or the remaining service life of the leased assets, whichever is shorter. Right-of-use assets shall be depreciated as per Note 5 "20. Impairment of long-term assets".

The lease obligations are initially measured at the present value of the lease payment that has not been paid at the beginning of the lease term, and the discount rate is the implicit rate of the lease. If the implicit rate of the lease cannot be determined, the Group's incremental borrowing rate is used as the discount rate.

The Group calculates the interest expense of the lease obligation in each period of the lease terms at a fixed cyclical interest rate and includes it into current profits and losses or relevant asset costs. The variable lease payment not included into the measurement of lease obligations will be included into current profits and losses or relevant asset costs when it actually occurs.

In case of the following situations after the commencement date of the lease term, the Group will measure the lease obligation

anew as per the present value of lease payment after the change:

- The amount payable anticipated is changed as per the guaranteed residual value changes;
- The index or ratio used for confirming the lease payment changes;
- The Group has a change in the assessment results of the option to purchase, renewal option or option of determination of tenancy

changes or the actual exercising of the renewal option of determination of the lease is inconsistent with the original assessment result.

When the lease obligation is measured anew, the Group will adjust the book value of right-of-use assets accordingly. If the book value of right-of-use assets has been reduced to zero, but the lease obligation still needs to be further reduced, the Group will include the remaining amount into the current profits and losses.

The Group chooses not to confirm the right-of-use asset and lease obligation for short-term lease (lease term not exceeding 12 months) and low-value asset lease, and includes related lease payment into current profits and losses or relevant asset costs in each period within the lease term pursuant to the straight-line method.

(2) The Group as the lessor

The Group will divide the lease into financing lease and operating lease on the lease commencement date. Financing lease refers to the actual transfer of the lease of almost all the risks and rewards related to the lease asset ownership regardless of whether the ownership is finally transferred. The operating lease refers to the other leases except for the financing lease.

The Group, as the lessor, provides classification of subleases based on the right-of-use assets created by the original lease rather than the underlying assets of the original lease. If the original lease is a short-term lease and the Group elects to apply the simplified treatment of the above short-term lease to the original lease, then the Group classifies the sublease as an operating lease.

Under the financing lease, at the beginning of the lease term, the Group confirms financing lease receivables for financing lease and derecognizes the financial leasing assets. The Group makes the net investment in a lease as the entry value of financing lease receivables at the time of initial measurement for financing lease receivables. The net investment in a lease is the sum of the present value of unguaranteed residual value and rental receipts not gotten yet on the commencement date of the lease term which is subject to discounting in accordance with the implicit rate of the lease.

The Group calculates and confirms the interest revenue in each period within the lease term as the fixed periodic rate. The derecognition and impairment of the receivable financing lease payment are subject to "9. Financial instrument" and "10. Financial assets impairment" in Note 5. The variable lease payment which is not included into the net investment in the lease is included into the current profits and losses when it actually occurs.

The lease receipts of operating lease are confirmed as rental revenue within the lease term in light of straight-line method. The Group capitalizes the initial direct expenses pertaining to operating leases as well as apportions and includes such expenses into current profits and losses as per the same basis used for recognizing the rental revenue within the lease term. The variable lease payment which is not included into the lease receipts is included into the current profits and losses when it actually occurs.

31. Other important accounting policies and estimates

(1) Repurchase of shares

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

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

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

undistributed profit in sequence.

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

(2) Hedge accounting

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

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

① Fair value hedge

The gains or losses from the hedging tool specified as fair value hedge with qualification are included into the current profits and losses. Otherwise, the profits or losses from non-transactional equity instruments (or their components) measured at the fair value with their changes included into other comprehensive incomes are included into other comprehensive earning. The gains or losses formed from the hedging risks of the hedged item shall be included into current profits and losses and the book value of hedged item shall be adjusted simultaneously. The related gain or loss from the hedged item that is measured as fair value is included into the current profits and losses and other comprehensive income without book value adjustment.

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

(3) Measurement of fair value

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

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

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

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

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

measurement data, and further exits after transfer, and the market participant, as the transferee, obtains relevant rights to this instrument and undertakes corresponding obligations.

32. Change of important accounting policies and estimates

(1) Change of important accounting policies

☒ Applicable ☐ Not-applicable

On December 7, 2018, the Ministry of Finance revised and issued the Accounting Standards for Business Enterprises No. 21 -- Lease (abbreviated as the "New Lease Standards"). The Company started to carry out accounting treatment in accordance with the above newly revised standards on and from January 1, 2021.

(2) Change of important accounting estimates

☐ Applicable ☒ Not-applicable

(3) Adjustments to related items in financial statements at the beginning of the year during which the New Lease Standards were implemented for the first time since 2021

Applicable

Whether it is necessary to adjust accounts of balance sheet for the beginning of the year

☒ Yes ☐ No

Consolidated balance sheet

Unit: RMB

Item	December 31, 2020	January 1, 2021	Adjustment amount
Current assets:			
Monetary capital	1,719,785,919.04	1,719,785,919.04	
Settlement reserve			
Loans to other banks			
Transactional financial assets	115,992,105.03	115,992,105.03	
Derivative financial assets			
Notes receivable	245,053,093.69	245,053,093.69	
Accounts receivable	2,228,302,318.44	2,228,302,318.44	
Receivables financing	321,162,886.99	321,162,886.99	
Advance payment	179,491,969.23	179,491,969.23	
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance contract reserve receivable			
Other receivables	40,164,877.32	40,164,877.32	

Including: interest receivable			
Dividend receivable			
Reverse-REPO financial assets			
Inventories	2,409,298,690.29	2,409,298,690.29	
Contract assets			
Held-for-sale assets			
Non-current assets due within one year			
Other current assets	2,857,567,546.59	2,857,567,546.59	
Total current assets	10,116,819,406.62	10,116,819,406.62	
Non-current assets:			
Loans and advances granted			
Debt investment			
Other debt investments			
Long-term receivables			
Long-term equity investment	64,448,318.46	64,448,318.46	
Other equity instrument investments			
Other non-current financial assets			
Investment properties			
Fixed assets	1,228,535,067.85	1,228,535,067.85	
Construction in progress	47,175,324.72	47,175,324.72	
Productive biological assets			
Oil and gas assets			
Right-of-use asset		181,194,821.00	181,194,821.00
Intangible assets	461,801,363.50	461,801,363.50	
Development expenditures			
Goodwill			
Long-term unamortized expenses	1,621,068.83	1,621,068.83	
Deferred income tax assets	371,869,834.73	371,869,834.70	
Other non-current assets			
Total non-current assets	2,175,450,978.09	2,356,645,799.09	181,194,821.00
Total assets	12,292,270,384.71	12,473,465,205.71	181,194,821.00
Current liabilities:			
Short-term borrowings			
Central bank loan			

Loans from others			
Transactional financial liabilities			
Derivative financial liabilities			
Notes payable			
Accounts payable	3,252,438,690.98	3,252,438,690.98	
Advance receipt			
Contract liabilities	850,983,303.37	850,983,303.37	
Proceeds from sale of repurchase financial assets			
Deposit taken and interbank deposit			
Proceeds from security transaction agency			
Proceeds from security underwriting agency			
Employee remuneration payable	311,346,204.07	311,346,204.07	
Taxes payable	170,298,793.36	170,298,793.36	
Other payables	94,521,442.67	94,521,442.67	
Including: interest payable			
Dividend payable			
Handling fee and commission payable			
Reinsurance accounts payable			
Held-for-sale liabilities			
Non-current liabilities due within one year			
Other current liabilities	356,888,937.14	356,888,937.14	
Total current liabilities	5,036,477,371.59	5,036,477,371.59	
Non-current liabilities:			
Reinsurance contract reserve			
Long-term borrowings			
Bonds payable			
Including: preferred shares			
Perpetual bond			
Lease obligation		181,194,821.00	181,194,821.00
Long-term payables			
Long-term employee remuneration payable	2,611,773.09	2,611,773.09	
Estimated liabilities	15,150,000.00	15,150,000.00	
Deferred income			
Deferred income tax liabilities	1,307,250.00	1,307,250.00	

Other non-current liabilities			
Total non-current liabilities	19,069,023.09	200,263,844.09	181,194,821.00
Total liabilities	5,055,546,394.68	5,236,741,215.68	181,194,821.00
Owners' equities:			
Share capital	821,083,860.00	821,083,860.00	
Other equity instruments			
Including: preferred shares			
Perpetual bond			
Capital reserves	226,859,041.81	226,859,041.81	
Minus: treasury share	412,206,786.34	412,206,786.34	
Other comprehensive incomes	-39,031,832.57	-39,031,832.57	
Special reserves			
Surplus reserve	401,648,181.64	401,648,181.64	
General risk reserve			
Undistributed profit	6,202,587,444.38	6,202,587,444.38	
Total owners' equities belonging to parent company	7,200,939,908.92	7,200,939,908.92	
Minority shareholders' equities	35,784,081.11	35,784,081.11	
Total owners' equities	7,236,723,990.03	7,236,723,990.03	
Total liabilities and owners' equities	12,292,270,384.71	12,473,465,205.71	181,194,821.00

Description on adjustments

In 2018, the Ministry of Finance issued the Accounting Standards for Business Enterprises No. 21 -- Lease (CK 2018 No.[35]). The Company started to carry out the above New Lease Standards since January 1, 2021, and made corresponding adjustments to the related items in the financial statements.

Balance sheet of parent company

Unit: RMB

Item	December 31, 2020	January 1, 2021	Adjustment amount
Current assets:			
Monetary capital	231,835,282.92	231,835,282.92	
Transactional financial assets			
Derivative financial assets			
Notes receivable			
Accounts receivable	510,885,126.45	510,885,126.45	
Receivables financing	900,000.00	900,000.00	
Advance payment	38,361,493.94	38,361,493.94	

Other receivables	1,150,442,198.95	1,150,442,198.95	
Including: interest receivable			
Dividend receivable	925,000,000.00	925,000,000.00	
Inventories	194,675,071.48	194,675,071.48	
Contract assets			
Held-for-sale assets			
Non-current assets due within one year			
Other current assets	2,213,511,482.40	2,213,511,482.40	
Total current assets	4,340,610,656.14	4,340,610,656.14	
Non-current assets:			
Debt investment			
Other debt investments			
Long-term receivables			
Long-term equity investment	3,008,554,335.68	3,008,554,335.68	
Other equity instrument investments			
Other non-current financial assets			
Investment properties			
Fixed assets	166,649,151.50	166,649,151.50	
Construction in progress	1,766,027.25	1,766,027.25	
Productive biological assets			
Oil and gas assets			
Right-of-use asset		1,383,100.83	1,383,100.83
Intangible assets	86,662,225.85	86,662,225.85	
Development expenditures			
Goodwill			
Long-term unamortized expenses			
Deferred income tax assets	15,677,698.08	15,677,698.08	
Other non-current assets			
Total non-current assets	3,279,309,438.36	3,280,692,539.19	1,383,100.83
Total assets	7,619,920,094.50	7,621,303,195.33	1,383,100.83
Current liabilities:			
Short-term borrowings			
Transactional financial liabilities			
Derivative financial liabilities			

Notes payable			
Accounts payable	274,242,165.79	274,242,165.79	
Advance receipt			
Contract liabilities	11,023,695.88	11,023,695.88	
Employee remuneration payable	60,005,114.93	60,005,114.93	
Taxes payable	27,034,245.54	27,034,245.54	
Other payables	4,504,048,304.12	4,504,048,304.12	
Including: interest payable			
Dividend payable			
Held-for-sale liabilities			
Non-current liabilities due within one year			
Other current liabilities	1,433,080.47	1,433,080.47	
Total current liabilities	4,877,786,606.73	4,877,786,606.73	
Non-current liabilities:			
Long-term borrowings			
Bonds payable			
Including: preferred shares			
Perpetual bond			
Lease obligation		1,383,100.83	1,383,100.83
Long-term payables			
Long-term employee remuneration payable	235,263.62	235,263.62	
Estimated liabilities			
Deferred income			
Deferred income tax liabilities			
Other non-current liabilities			
Total non-current liabilities	235,263.62	1,618,364.45	1,383,100.83
Total liabilities	4,878,021,870.35	4,879,404,971.18	1,383,100.83
Owners' equities:			
Share capital	821,083,860.00	821,083,860.00	
Other equity instruments			
Including: preferred shares			
Perpetual bond			
Capital reserves	666,767,326.32	666,767,326.32	
Minus: treasury share	412,206,786.34	412,206,786.30	

Other comprehensive incomes			
Special reserves			
Surplus reserve	410,621,980.00	410,621,980.00	
Undistributed profit	1,255,631,844.17	1,255,631,844.17	
Total owners' equities	2,741,898,224.15	2,741,898,224.15	
Total liabilities and owners' equities	7,619,920,094.50	7,621,303,195.33	1,383,100.83

Description on adjustments

In 2018, the Ministry of Finance issued the Accounting Standards for Business Enterprises No. 21 -- Lease (CK 2018 No.[35]). The Company started to carry out the above New Lease Standards since January 1, 2021, and made corresponding adjustments to the related items in the financial statements.

(4) Description of retrospective adjustment of comparison data in the previous period upon the first implementation of the New Lease Standards since 2021

☐ Applicable ☒ Not-applicable

VI. Taxes

1. Main taxes and tax rates

Taxes	Tax bases	Tax rates
Value-added tax (VAT)	The taxable revenue from sales of commodities or rendering of services	Taxable income is calculated at output tax rates of 0, 6%, 9%, and 13%, and VAT is calculated based on the difference after deducting the input tax allowable for the current period.
Urban maintenance and construction tax	Turnover tax payable	7%
Enterprise income tax	Taxable income	Corporate income tax rate is 25%. Zhejiang Shaoxing Supor Domestic Electrical Appliances Co., Ltd. are levied at a preferential tax rate of 15%.
Housing property tax	For housing property tax levied on an ad valorem basis, 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 rental revenue.	1.2%, 12%
Education surcharge	Turnover tax payable	3%

Local education surcharge	Turnover tax payable	2%, except for the subsidiaries in Wuhan (at a tax rate of 1.5%).
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Different corporate income tax rates applicable to different taxpayers:

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

2. Tax preferential policies

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

VII. Notes to items of consolidated financial statements

1. Monetary capital

Unit: RMB

Item	Closing balance	Opening balance
Cash on hand	82,112.46	77,763.80
Cash in bank	971,127,227.75	1,640,815,217.66
Other monetary capital	530,781,247.54	78,892,937.58
Total	1,501,990,587.75	1,719,785,919.04
Including: deposited overseas	33,019,002.58	45,224,958.42

Other remarks

1) Other monetary capitals at the end of the period include the acceptance bill security in the amount of RMB434,032,922.14, the supply chain financial deposit with application limitation in the amount of RMB64,000,000.00, and the monetary capital without application limitation in the amount of RMB32,748,325.40 (including JD Wallet, Securities settlement account, future settlement account, and Youzan account, etc.).

2) On June 30, 2021, the Group's monetary capital deposited in Vietnam was equivalent to RMB30,640,489.59 (December 31, 2020: equivalent to RMB39,980,054.04); the monetary capital deposited in Singapore was equivalent to RMB1,921,971.95 (December 31, 2020: equivalent to RMB1,735,862.02); the monetary capital deposited in Indonesia was equivalent to RMB456,541.04 (December 31, 2020: equivalent to RMB3,509,042.36).

2. Transactional financial assets

Unit: RMB

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

Total		115,992,105.03
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3. Notes receivable

(1) Classification list of the notes receivable

Unit: RMB

Item	Closing balance	Opening balance
Bank acceptance bill - advance payment financing	210,854,957.44	245,053,093.69
Total	210,854,957.44	245,053,093.69

Unit: RMB

Categories	Closing balance					Opening balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion	Amount	Provision proportion		Amount	Proportion	Amount	Provision proportion	
Accounts receivables for provision for bad debts on an individual basis										
Notes receivable for provision for bad debts by portfolio	211,914,530.09	100.00%	1,059,572.65	0.50%	210,854,957.44	246,284,516.27	100.00%	1,231,422.58	0.50%	245,053,093.69
Including:										
Portfolio 1: Advance payment financing	211,914,530.09	100.00%	1,059,572.65	0.50%	210,854,957.44	246,284,516.27	100.00%	1,231,422.58	0.50%	245,053,093.69
Total	211,914,530.09	100.00%	1,059,572.65	0.50%	210,854,957.44	246,284,516.27	100.00%	1,231,422.58	0.50%	245,053,093.69

Provision for bad debts by portfolio:

Unit: RMB

Name	Closing balance		
	Book balance	Provision for bad debts	Provision proportion
Bank acceptance	211,914,530.09	1,059,572.65	0.50%
Total	211,914,530.09	1,059,572.65	--

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

☐ Applicable ☒ Not-applicable

(2) Provision for bad debts accrued, collected or reversed in current period

Provision for bad debts in current period:

Unit: RMB

Categories	Opening balance	Amount of changes in current period				Closing balance
		Provision	Collected or reversed	Canceled after verification	Others	
Bank acceptance	1,231,422.58		171,849.93			1,059,572.65
Total	1,231,422.58		171,849.93			1,059,572.65

Wherein, important amounts of provision for bad debts collected or reversed in the current period:

□ Applicable √ Not-applicable

4. Accounts receivable**(1) Details on categories**

Unit: RMB

Categories	Closing balance					Opening balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion	Amount	Provision proportion		Amount	Proportion	Amount	Provision proportion	
Accounts receivables for provision for bad debts on an individual basis	4,523,328.43	0.16%	4,523,328.43	100.00%		5,971,263.60	0.26%	5,971,263.60	100.00%	
Including:										
Accounts receivable for provision for bad debts by portfolio	2,794,650,312.01	99.84%	127,035,586.78	4.55%	2,667,614,725.23	2,334,500,756.23	99.74%	106,198,437.79	4.55%	2,228,302,318.44
Including:										
Portfolio 1: age portfolio	2,719,594,603.36	97.16%	126,960,531.07	4.67%	2,592,634,072.29	2,274,399,056.02	97.18%	106,138,336.09	4.67%	2,168,260,719.93
Portfolio 2: low-risk portfolio	75,055,708.65	2.68%	75,055.71	0.10%	74,980,652.94	60,101,700.21	2.57%	60,101.70	0.10%	60,041,598.51
Total	2,799,173,640.44	100.00%	131,558,915.21	4.70%	2,667,614,725.23	2,340,472,019.83	100.00%	112,169,701.39	4.79%	2,228,302,318.44

Provision for bad debts on an individual basis:

Unit: RMB

Name	Closing balance
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	Book balance	Provision for bad debts	Provision proportion	Reasons
Customer 1	4,523,328.43	4,523,328.43	100.00%	Full provision for bad debts is made as such receivables are with long age and estimated to be unrecoverable.
Total	4,523,328.43	4,523,328.43	--	--

Provision for bad debts by portfolio: Portfolio 1: age portfolio

Unit: RMB

Name	Closing balance		
	Book balance	Provision for bad debts	Provision proportion
Within 1 year (inclusive)	2,713,294,812.42	125,815,727.87	4.64%
1-2 years (inclusive)	5,102,603.09	408,208.25	8.00%
2-3 years (inclusive)	515,727.01	77,359.05	15.00%
3-4 years (inclusive)	43,786.94	21,893.47	50.00%
4-5 years (inclusive)	1,657.34	1,325.87	80.00%
Over 5 years	636,016.56	636,016.56	100.00%
Total	2,719,594,603.36	126,960,531.07	--

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

☐ Applicable ☒ Not-applicable

Disclosure by ages

Unit: RMB

Ages	Closing balance
Within 1 year (inclusive)	2,788,350,521.07
1-2 years	5,102,603.09
2-3 years	515,727.01
Over 3 years	5,204,789.27
3-4 years	43,786.94
4-5 years (with 5 years)	1,657.34
Over 5 years	5,159,344.99
Total	2,799,173,640.44

(2) Provision for bad debts accrued, collected or reversed in current period

Provision for bad debts in current period:

Unit: RMB

Categories	Opening balance	Amount of changes in current period				Closing balance
		Provision	Collected or reversed	Canceled after verification	Others	

Provision for bad debts for accounts receivable	112,169,701.39	20,867,807.16		1,438,020.17	-40,573.17	131,558,915.21
Total	112,169,701.39	20,867,807.16		1,438,020.17	-40,573.17	131,558,915.21

[Note]: Including RMB40,573.17 for the provision for bad debts of the decrease in conversion difference in the foreign currency statements due to change in exchange rate.

(3) Accounts receivable actually written off in current period

Unit: RMB

Item	Amount
Accounts receivable actually written off	1,438,020.17

Including significant accounts receivable written off:

Unit: RMB

Debtors	Type of accounts receivable	Amount	Reason	Write-off procedures performed	Whether the amount was from connected transactions
Customer 1	Goods payment	1,438,020.17	Goods payment cannot be recovered because of the Company's capital chain rupture	Approval by the management	No
Total	--	1,438,020.17	--	--	--

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

Unit: RMB

Debtors	Closing balance of accounts receivable	Proportion in the total closing balance of accounts receivable	Closing balance of provision for bad debts
SEB ASIA LTD.	1,896,481,067.75	67.75%	85,341,648.05
Customer 1	281,179,409.97	10.05%	14,059,180.26
Customer 2	62,346,037.32	2.23%	3,117,301.87
Customer 3	37,482,960.44	1.34%	37,482.96
Customer 4	24,715,249.70	0.88%	1,235,762.49
Total	2,302,204,725.18	82.25%	

5. Receivables financing

Unit: RMB

Item	Closing balance	Opening balance
Including: Bank acceptance	266,385,040.63	321,162,886.99
Total	266,385,040.63	321,162,886.99

Changes in receivables financing and its fair value during the reporting period

☐ Applicable ☒ Not-applicable

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

☐ Applicable ☒ Not-applicable

Other remarks:

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

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

Item	Closing balance derecognized	Closing balance not yet derecognized
Bank acceptance	2,390,402,052.45	
Total	2,390,402,052.45	

6. Advance payment

(1) Listing by ages

Unit: RMB

Ages	Closing balance		Opening balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	350,292,980.56	98.41%	175,117,389.18	97.56%
1-2 years	4,760,725.76	1.34%	3,464,817.10	1.93%
2-3 years			81,000.00	0.05%
Over 3 years	890,595.48	0.25%	828,762.95	0.46%
Total	355,944,301.80	--	179,491,969.23	--

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

Debtors	Book balance	Proportion in the balance of advance payment (%)
Supplier 1	75,464,494.51	21.20%
Supplier 2	63,749,829.21	17.91%
Supplier 3	18,036,220.45	5.07%
Supplier 4	44,864,359.82	12.60%
Supplier 5	23,706,424.50	6.66%
Subtotal	225,821,328.49	63.44%

7. Other receivables

Unit: RMB

Item	Closing balance	Opening balance
Other receivables	17,576,642.35	40,164,877.32
Total	17,576,642.35	40,164,877.32

(1) Other receivables**1) Other receivables categorized by nature**

Unit: RMB

Nature of receivables	Ending book balance	Beginning book balance
Deposit as security	10,184,359.46	10,302,950.94
Export rebate	5,660,453.51	28,009,943.88
Temporary payment receivable	2,197,079.86	4,542,600.72
Personal deposit	3,719,840.31	1,715,607.56
Total	21,761,733.14	44,571,103.10

2) Provision for bad debts

Unit: RMB

Provision for bad debts	Phase I	Phase II	Phase III	Total
	Predicted credit loss in future 12 months	Predicted credit loss in the whole period of existence (without credit impairment)	Predicted credit loss in the whole period of existence (with credit impairment)	
Amount on January 1, 2021	4,406,225.78			4,406,225.78
Balance on January 1, 2021 in the current period	—	—	—	—
Withdrawal in the current period	120,275.04			120,275.04
Write off in the current period	100,000.00			100,000.00
Other changes	-859.95			-859.95
Balance on June 30, 2021	4,185,090.79			4,185,090.79

[Note]: Decreased provision for bad debts of RMB 859.93 for conversion difference in foreign currency statement caused by changes in exchange rate.

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

☐ Applicable ☒ Not-applicable

Disclosure by ages

Unit: RMB

Ages	Closing balance
Within 1 year (inclusive)	14,482,422.56
1-2 years	2,701,209.92
2-3 years	903,145.19
Over 3 years	3,674,955.47
3-4 years	454,164.84
4-5 years (with 5 years)	55,731.63
Over 5 years	3,165,059.00
Total	21,761,733.14

3) Provision for bad debts accrued, collected or reversed in current period

Provision for bad debts in current period:

Unit: RMB

Categories	Opening balance	Amount of changes in current period				Closing balance
		Provision	Collected or reversed	Canceled after verification	Others	
Provision for bad debts of other receivables	4,406,225.78		120,275.04	100,000.00	-859.95	4,185,090.79
Total	4,406,225.78		120,275.04	100,000.00	-859.95	4,185,090.79

4) Other receivables actually written off in current period

Unit: RMB

Item	Amount
Other receivables actually written off	100,000.00

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

Unit: RMB

Debtors	Nature of receivables	Closing balance	Ages	Proportion in total closing balance of other receivables at the end of the reporting period	Closing balance of provision for bad debts
VAT export rebate receivable	Export rebate	5,660,453.51	Within 1 year	26.01%	
Entity 1	Deposit as security	1,980,000.00	Within 1 year	9.10%	99,000.00
Entity 2	Deposit as security	1,402,890.00	Within 1 year	6.45%	70,144.50
Entity 3	Temporary payment receivable	1,030,000.00	1-3 years	4.73%	71,400.00

Entity 4	Deposit as security	799,996.20	Within 1 year	3.68%	799,996.20
Total	--	10,873,339.71	--	49.97%	1,040,540.70

8. Inventories

(1) Inventory classification

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Inventory depreciation reserve/impairment provision for contract performance cost	Book value	Book balance	Inventory depreciation reserve/impairment provision for contract performance cost	Book value
Raw materials	485,541,757.87	14,650,321.87	470,891,436.00	443,598,550.24	9,682,126.27	433,916,423.97
Unfinished products	101,957,875.37		101,957,875.37	88,143,574.46		88,143,574.46
Finished products	1,306,222,783.21	21,394,193.16	1,284,828,590.05	1,770,224,796.42	23,544,067.88	1,746,680,728.54
Low value consumables	97,562,069.61	25,843.21	97,536,226.40	125,665,146.86	22,954.76	125,642,192.10
Packing materials	11,767,796.12		11,767,796.12	14,915,771.22		14,915,771.22
Total	2,003,052,282.18	36,070,358.24	1,966,981,923.94	2,442,547,839.20	33,249,148.91	2,409,298,690.29

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

Unit: RMB

Item	Opening balance	Increase		Decrease		Closing balance
		Provision	Others	Reversed or written off	Others	
Raw materials	9,682,126.27	8,403,564.91		3,425,756.95	9,612.36	14,650,321.87
Finished products	23,544,067.88	4,349,142.97		6,484,433.65	14,584.04	21,394,193.16
Low value consumables	22,954.76	2,888.45				25,843.21
Total	33,249,148.91	12,755,596.33		9,910,190.60	24,196.40	36,070,358.24

[Note]: Decreased inventory depreciation reserve of RMB24,196.40 for conversion difference in foreign currency statement caused by changes in exchange rate.

9. Other current assets

Unit: RMB

Item	Closing balance	Opening balance
Creditable VAT	89,962,649.89	141,716,798.32
Term deposit [Note]	2,382,096,268.47	2,701,165,342.43
Others	5,105,905.40	14,685,405.84
Total	2,477,164,823.76	2,857,567,546.59

Other remarks:

[Note] In terms of term deposits for the purpose of earning interest, the principal was RMB2.246 billion and the interest receivable was RMB136,096,268.47.

10. Long-term equity investments

Unit: RMB

Invested unit	Opening balance (book value)	Increase/decrease								Closing balance (book value)	Closing balance of impairment provision
		Investment increased	Investment decreased	Investment profit or loss recognized by equity method	Adjustment in other comprehensive income	Changes in other equity	Cash dividend/profit declared for distribution	Accrued impairment provision	Others		
I. Joint ventures											
II. Associated enterprises											
Wuhan Anzai Cookware Co., Ltd.	64,448,318.46			764,626.48						65,212,944.94	
Subtotal	64,448,318.46			764,626.48						65,212,944.94	
Total	64,448,318.46			764,626.48						65,212,944.94	

Other remarks

Note: In net profits of Wuhan Anzai Cookware Co., Ltd., investment income owned by the Company determined according to shareholding ratio in the reporting period totaled RMB1,025,583.40 and amount influenced by upstream transaction was RMB260,956.92.

11. Fixed assets

Unit: RMB

Item	Closing balance	Opening balance
Fixed assets	1,183,046,603.14	1,228,535,067.85
Total	1,183,046,603.14	1,228,535,067.85

(1) Fixed assets

Unit: RMB

Item	Buildings and structures	General equipment	Special equipment	Transport facilities	Total
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I. Original book value:					
1. Opening balance	1,121,974,559.09	271,016,833.60	883,766,712.08	29,021,429.97	2,305,779,534.74
2. Increase	3,546,455.62	6,222,022.70	10,869,117.90	5,489,495.91	26,127,092.13
(1) Acquisition	518,043.58	6,222,022.70	8,901,195.54	5,489,495.91	21,130,757.73
(2) Transferred in from construction in progress	3,028,412.04		1,967,922.36		4,996,334.40
(3) Increase from enterprise merger					
3. Decrease		4,198,464.21	5,162,025.36	2,005,928.34	11,366,417.91
(1) Disposal or scrapping		4,198,464.21	5,162,025.36	2,005,928.34	11,366,417.91
4. Closing balance	1,125,521,014.71	273,040,392.09	889,473,804.62	32,504,997.54	2,320,540,208.96
II. Accumulated depreciation					
1. Opening balance	293,608,517.90	184,445,073.65	577,991,985.07	21,198,890.27	1,077,244,466.89
2. Increase	19,260,511.36	12,770,250.41	27,008,743.30	5,598,383.12	64,637,888.19
(1) Provision	19,260,511.36	12,770,250.41	27,008,743.30	5,598,383.12	64,637,888.19
3. Decrease		3,839,409.94	4,245,056.96	1,793,967.36	9,878,434.26
(1) Disposal or scrapping		3,839,409.94	4,245,056.96	1,793,967.36	9,878,434.26
4. Closing balance	312,869,029.26	193,375,914.12	600,755,671.41	25,003,306.03	1,132,003,920.82
III. Impairment provision					
1. Opening balance					
2. Increase		745,784.00	4,743,901.00		5,489,685.00
(1) Provision		745,784.00	4,743,901.00		5,489,685.00
3. Decrease					
(1) Disposal or scrapping					
4. Closing balance		745,784.00	4,743,901.00		5,489,685.00
IV. Book value					
1. Closing book value	812,651,985.45	78,918,693.97	283,974,232.21	7,501,691.51	1,183,046,603.14
2. Opening book value	828,366,041.19	86,571,759.95	305,774,727.01	7,822,539.70	1,228,535,067.85

(2) Fixed assets with certificate of titles unsettled

Unit: RMB

Item	Book value	Reasons for unsettlement
Function dormitory of Shaoxing Supor	39,019,771.17	After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be

		processed uniformly
No.3 plant of Shaoxing Supor	28,884,474.80	After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly
No.1 plant of Shaoxing Supor	26,504,314.49	After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly
No.8 plant of Shaoxing Supor	31,153,763.42	After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly
Function cafeteria of Shaoxing Supor	13,010,899.65	After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly
No.12 plant of Shaoxing Supor	12,999,290.78	After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly
Transformer substation (35 kV) of Shaoxing Supor	3,536,987.96	After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly
No.13 plant of Shaoxing Supor	15,987,637.41	After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly
No.14 plant of Shaoxing Supor	24,661,400.27	After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly
No.15 plant of Shaoxing Supor	44,300,413.98	After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly
Forklift charge room of Shaoxing Supor	967,908.64	After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly
Generator room of P&R Products	2,855.89	Transfer procedures of land use right certificate are not settled due to land ownership issue
Water pump building and structures of P&R Products	123,020.56	Transfer procedures of land use right certificate are not settled due to land ownership issue
Extended plant for bakelite workshop of P&R Products	271,537.67	Transfer procedures of land use right certificate are not settled due to land ownership issue
Polishing workshop of P&R Products	123,840.00	Transfer procedures of land use right certificate are not settled due to land ownership issue
Construction project of the finished product	45,970.42	After all projects are completed, and the completion and settlement

warehouse of kitchen & electric appliance and the quality office area		procedures are fulfilled, the property ownership certificate shall be processed uniformly
Design and decoration project of the indoor exhibition hall for kitchen & electric appliance	1,097,790.95	After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly
Construction project of dust-free workshops for kitchen & electric appliance and water purifier	695,350.89	After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly
High-voltage power distribution room of kitchen & electric appliance	5,959,527.59	After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly
Warehouse of kitchen & electric appliance and stove	19,957,779.12	After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly
Dormitory of kitchen & electric appliance	25,123,503.99	After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly
Underground water pump room of kitchen & electric appliance	1,894,421.82	After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly
Reception room of kitchen & electric appliance	413,004.17	After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly
Bottling storage room of kitchen & electric appliance	169,837.75	After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly
R&D workshop of kitchen & electric appliance	4,776,278.76	After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly
Test workshop of kitchen & electric appliance	4,209,331.14	After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly
Workshop of kitchen & electric appliance and water purifier	19,578,499.22	After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly
Warehouse of kitchen & electric appliance and stove	18,687,063.05	After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly
Warehouse of kitchen & electric appliance and water purifier	21,071,301.68	After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be

		processed uniformly
Subtotal	365,227,777.24	

12. Construction in progress

Unit: RMB

Item	Closing balance	Opening balance
Construction in progress	84,623,267.88	47,175,324.72
Total	84,623,267.88	47,175,324.72

(1) Details

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
WMF factory project in Yuhuan	56,896,322.05		56,896,322.05	42,141,328.92		42,141,328.92
Infrastructure project of kitchen & electric appliance	745,150.00		745,150.00	965,600.00		965,600.00
Equipment payment	10,243,611.26		10,243,611.26	2,633,823.57		2,633,823.57
Piecemeal projects	16,738,184.57		16,738,184.57	1,434,572.23		1,434,572.23
Total	84,623,267.88		84,623,267.88	47,175,324.72		47,175,324.72

(2) Changes in significant projects

Unit: RMB

Item	Budgets	Opening balance	Increase	Transferred to fixed assets	Other decrease	Closing balance	Accumulated investment to budget	Completion percentage (%)	Accumulated amount of borrowing expense capitalization	Including: amount of borrowing expense capitalization in current period	Annual capitalization rate (%)	Capital source
WMF factory project in Yuhuan	232,400,000.00	42,141,328.92	14,754,993.13			56,896,322.05	98.19%	98.19%				Self-owned capital
Infrastructure	138,980,000.00	965,600.00	736,750.00	957,200.00		745,150.00	93.44%	93.44%				Self-owned

project of kitchen & electric appliance												d capital
Equipment payment		2,633,823.57	9,742,498.88	2,132,711.19		10,243,611.26						Self-owned capital
Piecemeal projects		1,434,572.23	17,260,193.61	1,955,183.21	1,398.06	16,738,184.57						Self-owned capital
Total	371,380,000.00	47,175,324.72	42,494,435.62	5,045,094.40	1,398.06	84,623,267.88	--	--				--

Note: Construction budget for the Yuhuan WMF plant area in the amount of RMB232 million, including RMB67.164 million for land use right.

13. Right-of-use assets

Unit: RMB

Item	Buildings and structures	Land	Transport facilities	Total
I. Original book value				
1. Opening balance	177,877,084.70	3,067,524.41	250,211.89	181,194,821.00
2. Increase	67,848,692.13			67,848,692.13
3. Decrease	5,534,239.61			5,534,239.61
4. Closing balance	240,191,537.22	3,067,524.41	250,211.89	243,509,273.52
II. Accumulated amortization				
1. Opening balance				
2. Increase	22,504,171.27	46,027.81	30,887.71	22,581,086.79
(1) Provision	22,504,171.27	46,027.81	30,887.71	22,581,086.79
3. Decrease	11,889,562.37			11,889,562.37
(1) Disposal	11,889,562.37			11,889,562.37
4. Closing balance	10,614,608.90	46,027.81	30,887.71	10,691,524.42
III. Impairment provision				
1. Opening balance				
2. Increase				
3. Decrease				
4. Closing balance				

IV. Book value				
1. Closing book value	229,576,928.32	3,021,496.60	219,324.18	232,817,749.10
2. Opening book value	177,877,084.70	3,067,524.41	250,211.89	181,194,821.00

14. Intangible assets

(1) Details

Unit: RMB

Item	Land use right	Trademark use right	Software	Total
I. Original book value				
1. Opening balance	474,790,174.77	47,328,811.32	74,923,626.55	597,042,612.64
2. Increase			5,317,200.00	5,317,200.00
(1) Acquisition			5,268,440.00	5,268,440.00
(2) In-house R&D				
(3) Increase from enterprise merger				
(4) Transferred in from construction in progress			48,760.00	48,760.00
3. Decrease	27,225.03		65,681.15	92,906.18
(1) Disposal			65,681.15	65,681.15
(2) Others	27,225.03			27,225.03
4. Closing balance	474,762,949.74	47,328,811.32	80,175,145.40	602,266,906.46
II. Accumulated amortization				
1. Opening balance	78,429,977.62	23,619,355.65	33,191,915.87	135,241,249.14
2. Increase	4,977,675.15	2,366,440.57	3,338,299.54	10,682,415.26
(1) Provision	4,977,675.15	2,366,440.57	3,338,299.54	10,682,415.26
3. Decrease			52,884.32	52,884.32
(1) Disposal			52,884.32	52,884.32
4. Closing balance	83,407,652.77	25,985,796.22	36,477,331.09	145,870,780.08
III. Impairment provision				
1. Opening balance				
2. Increase				
(1) Provision				
3. Decrease				
(1) Disposal				
4. Closing balance				

IV. Book value				
1. Closing book value	391,355,296.97	21,343,015.10	43,697,814.31	456,396,126.38
2. Opening book value	396,360,197.15	23,709,455.67	41,731,710.68	461,801,363.50

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

15. Long-term unamortized expenses

Unit: RMB

Item	Opening balance	Increase	Amortization	Other decrease	Closing balance
Improvement expenditure of fixed assets leased for operation	1,618,094.05		308,182.79		1,309,911.26
System upgrading fees	2,974.78		1,050.00		1,924.78
Total	1,621,068.83		309,232.79		1,311,836.04

16. Deferred income tax assets/deferred income tax liabilities

(1) Un-offset deferred income tax assets

Unit: RMB

Item	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Impairment provision of assets	152,186,636.93	31,646,936.66	137,055,554.19	27,916,747.05
Profits not realized by internal transaction	59,482,184.66	14,928,994.64	65,376,639.52	14,880,554.90
Deductible losses	9,187,937.13	2,229,959.83	7,234,432.15	1,808,608.04
Accrued expenses	1,247,139,211.52	305,251,919.35	1,182,941,193.68	288,254,740.26
Accrued salary	56,085,814.56	14,021,453.64	63,707,084.13	15,921,976.44
Estimated liabilities	15,150,000.00	2,872,500.00	15,150,000.00	2,872,500.00
Share-based payment	102,318,465.97	18,475,429.12	101,741,322.65	18,238,979.12
Book-tax difference for depreciation of fixed assets	7,902,915.70	1,975,728.92	7,902,915.70	1,975,728.92
Total	1,649,453,166.47	391,402,922.16	1,581,109,142.02	371,869,834.73

(2) Deferred income tax liabilities before offset

Unit: RMB

Item	Closing balance	Opening balance
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	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities
Governmental subsidy for deferred tax	5,229,000.00	1,307,250.00	5,229,000.00	1,307,250.00
Total	5,229,000.00	1,307,250.00	5,229,000.00	1,307,250.00

17. Short-term borrowings

(1) Classification of short-term borrowings

Unit: RMB

Item	Closing balance	Opening balance
Bank loan	892,000.00	
Total	892,000.00	

18. Notes payable

Unit: RMB

Category	Closing balance	Opening balance
Bank acceptance	934,340,033.11	
Total	934,340,033.11	

The amount of due unpaid notes payable is RMB0.00 at the end of the current period.

19. Accounts payable

(1) Details

Unit: RMB

Item	Closing balance	Opening balance
Goods payment	1,610,208,274.63	2,031,553,880.47
Equipment payment	93,408,063.65	89,607,493.88
Expenses payment	1,216,983,793.55	1,131,277,316.63
Total	2,920,600,131.83	3,252,438,690.98

20. Contract liabilities

Unit: RMB

Item	Closing balance	Opening balance
Advances on sales	201,275,126.02	850,983,303.37

Total	201,275,126.02	850,983,303.37
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21. Employee remuneration payable

(1) Details

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance
I. Short-term employee remuneration	306,165,538.31	824,888,748.82	903,033,311.43	228,020,975.70
II. Post-employment benefits - defined contribution plan	4,427,720.20	49,758,404.90	48,921,660.23	5,264,464.87
III. Termination benefits	752,945.56	49,152,797.48	18,745,333.69	31,160,409.35
Total	311,346,204.07	923,799,951.20	970,700,305.35	264,445,849.92

(2) Details of short-term employee remuneration

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance
1. Wage, bonus, allowance and subsidy	274,927,689.02	735,907,994.43	819,793,745.80	191,041,937.65
2. Employee benefit expense	4,656,201.16	39,906,313.62	38,124,289.50	6,438,225.28
3. Social insurance premium	3,752,485.29	22,317,309.06	22,014,547.62	4,055,246.73
Including: Medical insurance premium	2,989,893.95	20,778,866.91	20,352,097.80	3,416,663.06
Work-related injury insurance	158,262.44	1,503,433.63	1,435,396.77	226,299.30
Birth insurance premium	604,328.90	35,008.52	227,053.05	412,284.37
4. Housing accumulation fund	213,252.59	16,543,195.85	16,512,254.44	244,194.00
5. Labor union expenditure and employees' educational fund	22,615,910.25	10,213,935.86	6,588,474.07	26,241,372.04
Total	306,165,538.31	824,888,748.82	903,033,311.43	228,020,975.70

(3) Details of defined contribution plan

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance
1. Basic endowment insurance	4,278,032.52	48,251,275.53	47,442,808.21	5,086,499.84
2. Unemployment insurance	149,687.68	1,507,129.37	1,478,852.02	177,965.03
Total	4,427,720.20	49,758,404.90	48,921,660.23	5,264,464.87

Other remarks:

The termination benefits paid by the Group for the current year due to termination of labor relations amount to RMB18,745,333.69, and the outstanding amount payable at the end of the period is RMB31,160,409.35.

22. Taxes payable

Unit: RMB

Item	Closing balance	Opening balance
Value-added tax (VAT)	29,944,973.82	28,910,066.39
Enterprise income tax	135,535,775.07	114,039,273.09
Individual income tax	1,958,630.42	2,811,582.95
Urban maintenance and construction tax	6,958,563.25	6,097,175.54
Housing property tax	6,078,799.22	5,593,285.25
Land use tax	5,155,104.79	6,184,715.45
Stamp tax	1,459,184.21	2,328,212.57
Education surcharge	2,966,181.23	2,600,777.91
Local education surcharge	1,994,344.04	1,733,704.21
Total	192,051,556.05	170,298,793.36

23. Other payables

Unit: RMB

Item	Closing balance	Opening balance
Other payables	83,994,364.01	94,521,442.67
Total	83,994,364.01	94,521,442.67

(1) Other payables**1) Listing by nature**

Unit: RMB

Item	Closing balance	Opening balance
Deposit as security	68,432,080.59	69,481,978.83
Temporary receipts payable	5,059,101.59	12,564,334.50
Others	10,503,181.83	12,475,129.34
Total	83,994,364.01	94,521,442.67

24. Other current liabilities

Unit: RMB

Item	Closing balance	Opening balance
Endorsed bank acceptances that are not	211,914,530.09	246,284,516.27

derecognized [note]		
Output tax to be written-off	25,928,748.29	110,604,420.87
Total	237,843,278.38	356,888,937.14

Other remarks:

Note: In order to satisfy the capital demand of high-quality distributors in the business operation process and to support the marketing development of the Company, the Cooperation Agreement and the Advance Payment Financing Cooperation Agreement were entered into respectively between the Bank. The RMB211,914,530.09 at the end of this period refers to the exposure risk in relation to the bank acceptance bills which have been drawn and paid by the distributors to Supor and which have been endorsed by Supor and not yet matured.

25. Lease obligations

Unit: RMB

Item	Closing balance	Opening balance
Lease obligation	227,145,652.56	181,194,821.00
Total	227,145,652.56	181,194,821.00

26. Long-term employee remuneration payable

(1) Long-term employee remuneration payable

Unit: RMB

Item	Closing balance	Opening balance
II. Termination benefits	2,273,726.88	2,611,773.09
Total	2,273,726.88	2,611,773.09

27. Estimated liabilities

Unit: RMB

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

28. Share capital

Unit: RMB

	Opening balance	Movements (+, -)					Closing balance
		New shares	Shares bonus	Converted capital	Others	Subtotal	
Total shares	821,083,860.00				-4,237,199.00	-4,237,199.00	816,846,661.00

Other remarks:

The share capital of the current period is reduced by RMB4,237,199, which corresponds to the repurchase and write-off of the 26,000 restricted shares from the dismissed equity incentive targets at the price of RMB1 per share and results in a reduction of RMB26,000 in share capital. The shares have been cancelled on July 1, 2021. And the 6th Meeting of the 7th Session of the Board of Directors reviewed and adopted the Proposal on Adjustment of the Purpose of the Shares Repurchased in Excess of Part of the Shares Held by Social Public to write off the 4,211,199 repurchase shares.

29. Capital reserve

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance
Capital premium (share capital premium)	114,950,144.20		114,950,144.20	0.00
Other capital reserve	111,908,897.61	5,634,982.68	103,074.90	117,440,805.39
Total	226,859,041.81	5,634,982.68	115,053,219.10	117,440,805.39

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

1) The decrease in share capital premium refers to the write-off of the 4,211,199 repurchase shares by the Company, and the difference between the price paid for the written-off repurchase shares and the book value of the shares is adjusted to offset the capital reserve premium of RMB114,950,144.20.

2) Other capital reserve increased by RMB5,634,982.68 in the reporting period. Increase reason is as follows: ① Equity-settled share-based payment RMB5,634,982.68 in the reporting period was included into capital reserve (other capital reserve). For details, please see Note 13 Description on share-based payment.

Other capital reserve decreased by RMB103,074.90, ① The allowable amount of pre-tax deduction for share-based payment in this period exceeded the cost and expenses related to share-based payment recognized in the accounting standards. The income tax impact of the excess amount of RMB-72,139.82 was directly included into the capital reserve-other capital reserve. ② The handling fee for stock repurchase in the current period is RMB30,935.08.

30. Treasury share

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance
Treasury share	412,206,786.34	257,745,979.53	295,430,928.99	374,521,836.88
Total	412,206,786.34	257,745,979.53	295,430,928.99	374,521,836.88

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

1) The 14th Meeting of the 6th Session of the Board of Directors of the Company reviewed and adopted the Proposal on Public Shares Repurchase Plan, the 2nd Meeting of the 7th Session of the Board of Directors reviewed and adopted the Proposal on Adjustment of the Repurchase Plan for Part of the Shares Held by Social Public, and the 6th Meeting of the 7th Session of the Board of Directors reviewed and adopted the Proposal on Public Shares Repurchase Plan. With the confidence in the Company's future development, in order to effectively protect the interests of shareholders and enhance investor confidence, and in consideration of the Company's overall financial situation, the Company planned to repurchase the Company's shares with self-owned capital for reducing registered capital and implementing equity incentive. The increase in this period was due to the Group's repurchase of 3,689,384 shares of the Company's shares from parallel market in a centralized bidding during the reporting period, a total of RMB257,745,979.53.

2) There was a decrease of RMB295,430,928.99 in the current period, ① The 2nd Meeting of the 7th Session of the Board of Directors

and the 2nd Meeting of the 7th Session of the Board of Supervisors decided that five incentive objects of the Company did not meet the incentive conditions due to resignation. A total of 26,000 restricted stocks were repurchased and cancelled at a price of RMB1 per share, and the repurchase obligation was reduced correspondingly by RMB26,000. ② In the current period, the Company written off and repurchased 4,211,199 shares for a total of RMB295,404,928.99.

31. Other comprehensive income

Unit: RMB

Item	Opening balance	Amount incurred during this period						Closing balance
		Current period cumulative before income tax	Minus: OCI carried forward transferred to profit or loss	Minus: OCI carried forward transferred to retained earnings	Minus: income tax expense	Attributable to parent company	Attributable to non-controlling interest	
II. Other comprehensive incomes to be reclassified into the profit and loss	-39,031,832.57	-1,966,964.74				-1,695,778.42	-271,186.32	-40,727,610.99
Conversion difference of foreign currency financial statements	-39,031,832.57	-1,966,964.74				-1,695,778.42	-271,186.32	-40,727,610.99
Total of other comprehensive income	-39,031,832.57	-1,966,964.74				-1,695,778.42	-271,186.32	-40,727,610.99

32. Surplus reserves

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserve	401,648,181.64		176,243,585.79	225,404,595.85
Total	401,648,181.64		176,243,585.79	225,404,595.85

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

The decrease in the surplus reserve was due to the write-off and repurchase of 4,211,199 shares by the Company, and the adjustment of the difference between the price paid for the repurchase of the stocks and the book value of the shares to offset the surplus reserve by RMB176,243,585.79.

33. Undistributed profit

Unit: RMB

Item	Current period	Prior period
Retained profits at period beginning after adjustment	6,202,587,444.38	5,443,671,509.58
Plus: Net profit attributable to owners of the parent company in the current period	865,590,446.89	666,480,783.76
Ordinary share dividends payable	1,048,601,714.34	1,087,305,603.30
Undistributed profits at the end of the period	6,019,576,176.93	5,022,846,690.04

Adjustment of undistributed profits at period beginning:

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

34. Operating income/cost

Unit: RMB

Item	Amount incurred during this period		Amount incurred during prior period	
	Revenue	Cost	Revenue	Cost
Main business	10,381,939,743.02	7,695,160,010.24	8,148,001,338.62	6,093,459,481.24
Other business	51,936,150.60	30,691,447.73	39,235,219.62	37,478,862.40
Total	10,433,875,893.62	7,725,851,457.97	8,187,236,558.24	6,130,938,343.64

35. Taxes and surcharge

Unit: RMB

Item	Amount incurred during this period	Amount incurred during prior period
Urban maintenance and construction tax	23,543,464.32	22,987,134.04
Education surcharge	10,133,084.03	9,846,015.21
Housing property tax	5,430,607.45	3,412,357.14
Land use tax	443,100.90	2,241,182.97
Vehicle and vessel use tax	31,696.40	27,540.00
Stamp tax	4,432,175.02	3,470,188.09
Local education surcharge	6,787,694.21	6,368,320.49
Environmental protection tax	31,377.05	18,160.59
Total	50,833,199.38	48,370,898.53

36. Sales expenses

Unit: RMB

Item	Amount incurred during this period	Amount incurred during prior period
Advertising, sales promotion, and special gift expenses	630,832,596.38	473,878,279.76
Transportation expenses	300,560,031.00	231,852,677.94
Employee remuneration	190,110,925.64	196,843,028.75

Office and business traveling expenses	56,702,384.07	42,477,115.74
Others	17,337,767.73	28,782,929.67
Total	1,195,543,704.82	973,834,031.86

37. Administrative expenses

Unit: RMB

Item	Amount incurred during this period	Amount incurred during prior period
Employee remuneration	146,444,519.38	85,658,701.61
Office, business travelling and depreciation and amortization expenses	37,087,803.85	32,835,279.37
Equity incentive costs	5,634,982.68	13,515,045.78
Others	24,847,432.15	16,917,586.61
Total	214,014,738.06	148,926,613.37

38. R&D expenses

Unit: RMB

Item	Amount incurred during this period	Amount incurred during prior period
Employee remuneration	89,105,947.27	79,148,033.54
Trial production experiment cost and consumption expenditure	60,155,343.04	60,049,093.57
New product design cost	14,765,977.41	21,254,052.62
Patent and external institutional fees	20,576,192.20	17,749,518.47
Others	7,886,964.42	6,542,247.50
Total	192,490,424.34	184,742,945.70

39. Financial expenses

Unit: RMB

Item	Amount incurred during this period	Amount incurred during prior period
Interest revenue	-14,007,637.46	-17,371,847.91
Gain or loss on foreign exchange	3,200,629.44	-3,875,719.49
Handling fees and others	1,070,822.30	388,916.11
Interest expense	5,136,071.01	234,582.50
Total	-4,600,114.71	-20,624,068.79

40. Other incomes

(1) Classification of other incomes

Source of other incomes	Amount incurred during this period	Amount incurred during prior period
Government subsidies concerning daily activities	32,166,988.75	34,806,985.19
Refund of individual income tax withholding commission	922,422.16	4,190.43
Total	33,089,410.91	34,811,175.62

(2) Government subsidies concerning daily activities

Subsidy item	Amount incurred during this period	Amount incurred during prior period	Related to assets/income
Project subsidy	17,184,332.70	22,300,141.80	Related to benefits
Government reward	7,820,000.00	5,472,000.00	Related to benefits
Social contribution returns		7,034,843.39	
Tax returns	7,162,656.05		Related to benefits
Total	32,166,988.75	34,806,985.19	

41. Investment incomes

Unit: RMB

Item	Amount incurred during this period	Amount incurred during prior period
Investment income from long-term equity investments under the equity method	1,025,583.40	1,589,824.61
Interest for term deposit	51,746,405.48	26,989,315.03
Total	52,771,988.88	28,579,139.64

42. Gains from changes in fair value

Unit: RMB

Source of gains from changes in fair value	Amount incurred during this period	Amount incurred during prior period
Variation in fair value of financial products	1,005,713.48	25,014,882.49
Total	1,005,713.48	25,014,882.49

43. Credit impairment loss

Unit: RMB

Item	Amount incurred during this period	Amount incurred during prior period
Loss on bad debts of other receivables	120,275.04	-193,367.74

Accounts receivable impairment loss	-20,867,807.16	-13,694,590.04
Notes receivable impairment loss	171,849.93	
Total	-20,575,682.19	-13,887,957.78

44. Asset impairment loss

Unit: RMB

Item	Amount incurred during this period	Amount incurred during prior period
II. Loss from inventory depreciation and loss from impairment of contract performance cost	-2,845,405.73	11,103,938.21
V. Impairment loss of fixed assets	-5,489,685.00	
Total	-8,335,090.73	11,103,938.21

45. Assets disposal income

Unit: RMB

Source of assets disposal income	Amount incurred during this period	Amount incurred during prior period
Profits for non-current assets disposal Profits of non-current assets (loss "-")	-540,385.03	-166,294.96
Total	-540,385.03	-166,294.96

46. Non-operating income

Unit: RMB

Item	Amount incurred during this period	Amount incurred during prior period	Amount included into non-recurring profit or loss
Gains from disposal of non-current assets	304,679.19	35,766.53	304,679.19
Including: Profits for fixed assets disposal	304,679.19	35,766.53	304,679.19
Default fine revenue	1,350,795.41	2,151,370.16	1,350,795.41
Others	375,472.94	2,381,374.68	375,472.94
Total	2,030,947.54	4,568,511.37	2,030,947.54

47. Non-operating expense

Unit: RMB

Item	Amount incurred during this period	Amount incurred during prior period	Amount included into non-recurring profit or loss
Donation expenditures	1,179,209.52	5,249,272.13	1,179,209.52
Losses on disposal of non-current assets	254,975.30	248,917.25	254,975.30
Including: Losses on disposal of fixed assets	254,975.30	248,917.25	254,975.30

Others	3,205,689.17	1,142,086.30	3,205,689.17
Total	4,639,873.99	6,640,275.68	4,639,873.99

48. Income tax expense

(1) Details

Unit: RMB

Item	Amount incurred during this period	Amount incurred during prior period
Current income tax expenses	270,175,426.88	158,310,882.27
Deferred income tax expenses	-19,690,158.83	-18,334,657.24
Total	250,485,268.05	139,976,225.03

(2) Reconciliation of accounting profit to income tax expenses

Unit: RMB

Item	Amount incurred during this period
Total profit	1,114,549,512.63
Income tax expenses based on statutory/applicable tax rate	278,637,378.16
Effect of different tax rate applicable to subsidiaries	-44,873,274.80
Effect of prior income tax reconciliation	8,838,164.28
Effect of non-taxable revenue	-256,395.85
Effect of deductible temporary differences or deductible losses on unrecognized deferred income tax assets in the current period	8,139,396.26
Income tax expense	250,485,268.05

49. Other comprehensive income

For details, please refer to Note 31.

50. Notes to items of the consolidated cash flow statement

(1) Other cash receipts related to operating activities

Unit: RMB

Item	Amount incurred during this period	Amount incurred during prior period
Receipt of government subsidies	32,166,988.75	34,806,985.19
Receipt of deposit, security and staff reserve fund loan	25,374,312.95	6,790,347.73

Interest revenue and others	18,845,832.25	17,532,727.99
Total	76,387,133.95	59,130,060.91

(2) Other cash payments related to operating activities

Unit: RMB

Item	Amount incurred during this period	Amount incurred during prior period
Cash payment for sales expense	783,583,395.10	332,956,962.33
Cash payment for administrative expenses	82,114,394.80	87,076,776.12
Cash payment for R&D expenses	103,780,795.72	101,500,888.26
Donations payment	908,628.40	521,274.11
Deposit security payment for Note payable	434,032,922.14	
Other payments	5,685,204.38	5,035,802.93
Total	1,410,105,340.54	527,091,703.75

(3) Other cash receipts related to investing activities

Unit: RMB

Item	Amount incurred during this period	Amount incurred during prior period
Cash receipt from recovery of financial products, principal and interest of term deposit	1,015,003,017.64	3,339,101,700.83
Total	1,015,003,017.64	3,339,101,700.83

(4) Other cash payments related to investing activities

Unit: RMB

Item	Amount incurred during this period	Amount incurred during prior period
Cash payment for financial products and term deposit	546,000,000.00	2,540,000,000.00
Total	546,000,000.00	2,540,000,000.00

(5) Other cash receipts related to financing activities

Unit: RMB

Item	Amount incurred during this period	Amount incurred during prior period
Bank loan, etc.	892,000.00	2,236,500.00
Total	892,000.00	2,236,500.00

(6) Other cash payments related to financing activities

Unit: RMB

Item	Amount incurred during this period	Amount incurred during prior period
Stock repurchase, etc.	257,776,914.61	239,614,607.23
Total	257,776,914.61	239,614,607.23

51. Supplement information to the cash flow statement**(1) Supplement information to the cash flow statement**

Unit: RMB

Supplement information	Amount of this period	Amount of prior period
1. Reconciliation of net profit to cash flow from operating activities:	--	--
Net profit	864,064,244.58	664,454,687.81
Plus: Impairment provision of assets	8,335,090.73	-11,103,938.21
Credit impairment loss	20,575,682.19	13,887,957.78
Depreciation of fixed assets, oil and gas assets, productive biological assets	64,637,888.19	56,020,381.78
Depreciation of right-of-use assets	22,581,086.79	
Amortization of intangible assets	10,682,415.26	8,665,961.27
Amortization of long-term unamortized expenses	309,232.79	358,832.37
Loss on disposal of fixed assets, intangible assets and other long-term assets ("- for gains)	540,385.03	166,294.96
Fixed assets retirement loss ("- for gains)	461,304.25	213,150.72
Losses on changes in fair value ("- for gains)	-1,005,713.48	-25,014,882.49
Financial expenses ("- for gains)	8,335,355.17	-3,875,719.49
Investments losses ("- for gains)	-52,771,988.88	-28,579,139.64
Decrease of deferred income tax assets ("- for increase)	-19,533,087.43	-18,822,126.59
Increase of deferred income tax liabilities ("- for decrease)		126,566.13
Decrease in inventories ("- for increase)	439,495,557.02	273,051,583.90
Decrease in operating receivables ("- for increase)	-451,477,284.90	-120,245,874.82
Increase of operating payables ("- for increase)	-180,766,481.72	-886,905,693.24
Others	-434,032,922.14	
Net cash flows from operating activities	300,430,763.45	-77,601,957.76
2. Significant investing and financing activities not related to cash receipts and payments:	--	--
Conversion of debt into capital		

Convertible corporate bonds due within one year		
Fixed assets under financing lease		
3. Net changes in cash and cash equivalents:	--	--
Closing balance of cash	1,003,957,665.61	1,435,754,409.45
Minus: Opening balance of cash	1,655,785,919.04	1,234,132,657.16
Plus: closing balance of cash equivalents		
Minus: opening balance of cash equivalents		
Net increase in cash and cash equivalents	-651,828,253.43	201,621,752.29

(2) Cash and cash equivalents

Unit: RMB

Item	Closing balance	Opening balance
I. Cash	1,003,957,665.61	1,655,785,919.04
Including: Cash on hand	82,112.46	77,763.80
Cash in bank on demand for payment	971,127,227.75	1,640,815,217.66
Other monetary capital on demand for payment	32,748,325.40	14,892,937.58
II. Cash equivalents		
III. Balance of cash and cash equivalents at the end of the period	1,003,957,665.61	1,655,785,919.04

52. Assets with title or use right restrictions

Unit: RMB

Item	Closing book value	Reasons for restrictions
Monetary capital	64,000,000.00	Deposit security for advance payment financing
Monetary capital	434,032,922.14	Deposit security for Note payable
Total	498,032,922.14	--

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

Unit: RMB

Item	Closing balance in foreign currencies	Exchange rate	RMB equivalent
Monetary capital	--	--	
Including: USD	37,037,763.77	6.4601	239,267,657.73

EUR	4,098,345.58	7.6862	31,500,703.80
GBP	29.18	8.9410	260.90
VND	15,098,206,872.52	0.000280630	4,237,009.79
SGD	42,923.58	4.8027	206,149.08
IDR	1,023,634,618.83	0.000446	456,541.04
Accounts receivable	--	--	
Including: USD	36,404,355.36	6.4601	235,175,776.06
EUR	1,766,262.00	7.6862	13,575,842.98
VND	55,266,748,759.46	0.000280630	15,509,507.70
IDR	6,133,436,586.00	0.000446	2,735,512.72
Short-term borrowings			
IDR	2,000,000,000.00	0.000446	892,000.00
Accounts payable			
Including: USD	1,318,364.52	6.4601	8,516,766.64
EUR	69,847.98	7.6862	536,865.54
VND	97,164,784,818.95	0.000280630	27,267,353.56
SGD	72,030.00	4.8027	345,938.48
IDR	3,289,048,727.00	0.000446	1,466,915.73

VIII. Change on merger scope

1. Others

There was no change on merger scope in the current period

IX. Equity in other entities

1. Equity in subsidiaries

(1) Structure of enterprise Group

Subsidiary name	Main operating place	Place of registration	Business nature	Shareholding ratio		Acquisition method
				Direct	Indirect	
Zhejiang Supor Electrical Appliance Manufacturing Co., Ltd. [Note 1]	Hangzhou	Hangzhou	Manufacturing industry	100.00%		Establishment
Zhejiang Shaoxing Supor Domestic Electrical Appliances	Shaoxing	Shaoxing	Manufacturing industry	100.00%		Establishment

Co., Ltd. [Note 1]						
Supor (Vietnam) Co., Ltd. [Note 1]	Vietnam	Vietnam	Manufacturing industry	100.00%		Establishment
Wuhan Supor Recycling Co., Ltd. [Note 1]	Wuhan	Wuhan	Commerce	100.00%		Establishment
Wuhan Supor Cookware Co., Ltd. [Note 1] & [Note 2]	Wuhan	Wuhan	Manufacturing industry	25.00%	75.00%	Establishment
Hangzhou Omegna Commercial Trade Co., Ltd. [Note 1]	Hangzhou	Hangzhou	Commerce	100.00%		Establishment
Shanghai Supor Cookware Marketing Co., Ltd. [Note 1]	Shanghai	Shanghai	Commerce	100.00%		Establishment
Wuhan Supor Pressure Cooker Co., Ltd. [Note 1]	Wuhan	Wuhan	Manufacturing industry	100.00%		Enterprise merger under the same control
Zhejiang Supor Plastic & Rubber Co., Ltd. [Note 1]	Yuhuan	Yuhuan	Manufacturing industry	100.00%		Enterprise merger under the same control
Yuhuan Supor Cookware Sales Co., Ltd.) [Note 1]	Yuhuan	Yuhuan	Commerce	100.00%		Enterprise merger not under the same control
SEADA [Note 1]	Singapore	Singapore	Commerce	51.00%		Enterprise merger under the same control
AFS Vietnam Management Co., Ltd. [Note 1] [Note 3]	Vietnam	Vietnam	Commerce		100.00%	Enterprise merger under the same control
WMF (Shanghai) Co., Ltd. [Note 1]	Shanghai	Shanghai	Manufacturing industry	100.00%		Establishment
Zhejiang WMF Housewares Co., Ltd. [Note 1]	Yuhuan	Yuhuan	Manufacturing industry	100.00%		Establishment
Zhejiang Shaoxing Supor Housewares Co., Ltd. [Note 1]	Shaoxing	Shaoxing	Manufacturing industry	100.00%		Establishment
Shanghai SEB Electrical Appliances Co., Ltd. [Note 1]	Shanghai	Shanghai	Manufacturing industry	100.00%		Enterprise merger under the same control
Zhejiang Supor Large Kitchen Appliance Co., Ltd. [Note 1] [Note 4]	Shaoxing	Shaoxing	Manufacturing industry	100.00%		Establishment
PT GROUPE SEB INDONESIA MSD [Note 5]	Indonesia	Indonesia	Commerce		66.67%	Establishment
Zhejiang Supor Water Heater Co., Ltd. [Note 1]	Shaoxing	Shaoxing	Manufacturing industry	52.00%		Establishment

Other remarks:

Note 1: The following are abbreviations: Zhejiang Supor Electrical, Shaoxing Supor, Supor Vietnam, Wuhan Recycling, Wuhan Supor Cookware, Omegna, Shanghai Marketing, Wuhan Supor Pressure Cooker, P&R Products, Yuhuan Sales, SEADA, AFS,

Shanghai WMF Enterprise Development, WMF Housewares, Shaoxing Supor Housewares, Shanghai SEB Electrical Appliances Co., Ltd., Supor Kitchen & Electric Appliance and Supor Water Heater.

Note 2: The Company is subsidiary of Wuhan Supor Pressure Cooker Co., Ltd.; of which, Wuhan Supor Pressure Cooker Co., Ltd. holds 75% shares and the Company holds 25% shares.

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

Note 4: Zhejiang Supor Large Kitchen Appliance Co., Ltd. is a subsidiary of the Company, established in 2019, mainly engaged in the production and sales of kitchen & electric appliance products of the Company.

Note 5: PT GROUPE SEB INDONESIA MSD was established jointly by SEADA, a subsidiary of the Company and PT MULTIFORTUNA in Indonesia this year. SEADA holds 66.67% shares and PT MULTIFORTUNA holds 33.33% shares.

(2) Significant non-wholly-owned subsidiaries

Unit: RMB

Subsidiary name	Holding proportion of non-controlling interest	Profit or loss attributable to non-controlling interest	Dividend declared to non-controlling interest	Balance of minority shareholders' equities at the end of the period
SEADA	49.00%	-51,203.88		6,583,057.38
ASIA FAN SUPOR	49.00%	119,102.30		461,071.54
PT GROUPE SEB INDONESIA MSD	33.33%	-1,348,544.73		61,085.93
Supor Water Heater	48.00%	-245,556.01		26,881,477.63

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

Unit: RMB

Subsidiary name	Closing balance						Opening balance					
	Current assets	Non-current assets:	Total assets	Current liabilities	Non-current liabilities:	Total liabilities	Current assets	Non-current assets:	Total assets	Current liabilities	Non-current liabilities:	Total liabilities
SEADA	1,921,971.47	13,278,593.94	15,200,565.41	1,644,991.69		1,644,991.69	1,739,845.57	14,049,147.78	15,788,632.35	1,365,207.17		1,365,207.17
ASIA FAN SUPOR	3,875,137.43	465,225.00	4,340,362.43	684,731.64	455,624.26	1,140,355.90	3,982,972.21	19,178.39	4,002,150.61	893,593.48		893,593.48
PT GROUPE SEB INDONESIA MSD	15,713,617.60	5,157,062.47	20,870,680.06	9,654,700.00	2,185,169.58	11,839,869.58	12,417,432.18	2,605,592.72	15,023,024.90	4,443,927.60		4,443,927.60
Supor	71,350,6	3,002,4	74,353,1	18,219,22		18,219,2	76,582,	3,026,23	79,608,6	22,906,7		22,906,7

Water Heater	10.50	99.76	10.26	9.69		29.69	378.09	8.48	16.57	36.60		36.60
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Unit: RMB

Subsidiary name	Amount incurred during this period				Amount incurred during prior period			
	Operating income	Net profit	Total of comprehensive incomes	Cash flows from operating activities	Operating income	Net profit	Total of comprehensive incomes	Cash flows from operating activities
SEADA	322,031.26	-104,497.72	-867,851.46	231,465.12	647,035.70	60,939.70	60,939.70	59,100.60
ASIA FAN SUPOR	0.00	108,108.08	91,449.40	-47,709.90		140,504.21	140,504.21	-213,301.39
PT GROUPE SEB INDONESIA MSD	6,762,711.58	-2,047,878.29	-1,548,286.82	-2,902,272.80	5,570,211.95	-1,782,392.03	-1,782,392.03	-2,766,668.54
Supor Water Heater	33,709,631.15	-567,999.40	-567,999.40	-5,936,272.42	15,818,291.06	-2,177,246.81	-2,177,246.81	1,974,828.30

2. Equity in joint venture or associated enterprise

(1) Significant joint venture or associated enterprise

Name of joint venture or associated enterprise	Main operating place	Place of registration	Business nature	Shareholding ratio		Accounting method for the investment in joint venture or associated enterprise
				Direct	Indirect	
Wuhan Anzai Cookware Co., Ltd.	Wuhan	Wuhan	Manufacturing industry	30.00%		Equity method

(2) Main financial information of significant associated enterprises

Unit: RMB

	Closing balance/current period cumulative	Opening balance/prior period comparative
Current assets	154,926,254.95	169,376,389.83
Non-current assets	44,572,004.45	47,088,384.01
Total assets	199,498,259.40	216,464,773.84
Current liabilities	56,766,590.03	76,181,859.40
Non-current liabilities:	640,000.00	740,000.00

Total liabilities	57,406,590.03	76,921,859.40
Attributable to shareholders' equities of the parent company	142,091,669.37	139,542,914.44
Proportionate share in net assets	42,627,500.81	41,862,874.33
--Goodwill	22,585,444.13	22,585,444.13
Book value of investments in associated enterprises	65,212,944.94	64,448,318.46
Operating income	123,513,682.51	109,147,345.56
Net profit	2,548,754.93	5,593,208.73
Total of comprehensive incomes	2,548,754.93	5,593,208.73

(3) Descriptions for major limitations in the ability of joint ventures or associated enterprises transferring funds to the Company

X. Risks related to financial instruments

(I) Risk management objectives and policies

The Company aims to seek the appropriate difference between risks and returns, minimize the negative impact of risks on the Group's operating performance, and maximize the interests of shareholders and other equity investors. Based on such objectives, the Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

1. Market risk

(1) Foreign exchange risks

Foreign exchange risk refers to the risk of fluctuations in the fair value of financial instruments or future cash flows due to changes in foreign exchange rate. The Company's foreign currency risk relates mainly to foreign currency monetary assets and liabilities. When short-term imbalance occurred to foreign currency assets and liabilities, the Company may conduct foreign exchange hedge or trade foreign currency at market exchange rate when necessary, in order to maintain the net risk exposure within an acceptable level.

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

(2) Interest risk - cash flow change risk

Interest risk is the risk that the Company may encounter fluctuation in fair value of financial instruments or future cash flows due to changes in market rate. As of June 30 2021, the Group had no significant bank borrowings, and the Group's gross profit and shareholders' equities were not significantly affected by interest risk.

2. Credit risk

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

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

1. Receivables financing

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

2. Accounts receivable

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

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

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

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

As the Company only conducts business with credible and well-reputed third parties, normally, it does not obtain collateral from customers. The Company manages credit risk aggregated by customers. At the end of the year, the Company's accounts receivable from related party SEB ASIA LTD accounted for 67.75% of closing balance (68.99% as of December 31, 2020), and the Company's account receivables are expected to have less credit risk. As the Company's credit risks fall into several business partners and customers, as of June 30, 2021, 14.50% (December 31, 2020: 14.31%) of the total accounts receivable was due from the five largest customers of the Company after deducting receivables from related party SEB ASIA LTD. The Company had no significant central credit risk.

3. Other receivables

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

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

Item	Closing balance				
	Neither past due nor impaired	Past due but not impaired			Total
		Within 1 year	1-2 years	Over 2 years	
Receivables financing	266,385,040.63				266,385,040.63
Subtotal	266,385,040.63				266,385,040.63

(Continued)

Item	Opening balance				
	Neither past due nor impaired	Past due but not impaired			Total
		Within 1 year	1-2 years	Over 2 years	
Receivables financing	321,162,886.99				321,162,886.99
Subtotal	321,162,886.99				321,162,886.99

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

(3) Liquidity risk

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

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

Financial instruments classified based on remaining time period till maturity

Item	Closing balance			
	Book value	Within 1 year	1-3 years	Over 3 years
Financial assets				
Monetary capital	1,501,990,587.75	1,501,990,587.75		
Transactional financial assets				

Notes receivable	210,854,957.44	210,854,957.44		
Accounts receivable	2,667,614,725.23	2,667,614,725.23		
Receivables financing	266,385,040.63	266,385,040.63		
Other receivables	17,576,642.35	17,576,642.35		
Other current assets [note]	2,382,096,268.47	2,382,096,268.47		
Subtotal	7,046,518,221.87	7,046,518,221.87		
Financial liabilities				
Notes payable	934,340,033.11	934,340,033.11		
Accounts payable	2,920,600,131.83	2,920,600,131.83		
Other payables	83,994,364.01	83,994,364.01		
Other current liabilities	211,914,530.09	211,914,530.09		
Subtotal	4,150,849,059.04	4,150,849,059.04		

Note: term deposits for the purpose of earning interest
(Continued)

Item	Opening balance			
	Book value	Within 1 year	1-3 years	Over 3 years
Financial assets				
Monetary capital	1,719,785,919.04	1,719,785,919.04		
Transactional financial assets	115,992,105.03	115,992,105.03		
Notes receivable	245,053,093.69	245,053,093.69		
Accounts receivable	2,228,302,318.44	2,228,302,318.44		
Receivables financing	321,162,886.99	321,162,886.99		
Other receivables	40,164,877.32	40,164,877.32		
Other current assets [note]	2,701,165,342.43	2,701,165,342.43		
Subtotal	7,371,626,542.94	7,371,626,542.94		
Financial liabilities				
Accounts payable	3,252,438,690.98	3,252,438,690.98		
Other payables	94,521,442.67	94,521,442.67		
Other current liabilities	246,284,516.27	246,284,516.27		
Subtotal	3,593,244,649.92	3,593,244,649.92		

Note: term deposits for the purpose of earning interest

(II) Transformation of financial assets

1. Financial assets that have been transferred but not collectively terminated for recognition

For details, please refer to the relevant description of Note 7 "5. Receivables financing and 24. Other current liabilities" of this financial statement.

XI. Fair value disclosure

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

Unit: RMB

Item	Fair value as of the balance sheet date			
	Level 1	Level 2	Level 3	Total
I. Recurring fair value measurement	--	--	--	--
(II) Receivables financing		266,385,040.63		266,385,040.63
(1) Notes receivable		266,385,040.63		266,385,040.63
II. Non-continued measurement of fair value	--	--	--	--

XII. Related party and connected transaction

1. Parent company

Parent company name	Place of registration	Business nature	Registered capital	Holding proportion over the parent company (%)	Voting right proportion over the parent company (%)
SEB INTERNATIONALE S.A.S	France	Investment company	EUR 830 Million	81.61%	81.61%

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 sales of home appliance for the purpose of distribution and rendering of relevant services, all activities directly or indirectly contributing to the realization of these operations, particularly in the areas of movable properties, real estate, finance, commerce and industry operation.

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

2. Company's subsidiaries

Please refer Note 9, 1. "Equity in subsidiaries" for details on the Company's subsidiaries.

3. Joint ventures and associated enterprises of the Company

Please refer to Note 9, 2. "Equity in joint venture or associated enterprise" for details on the Company's significant joint ventures and associated enterprises.

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

Name of joint venture or associated enterprise	Relationships with the Company
--	--------------------------------

Wuhan Anzai Cookware Co., Ltd.	Associated enterprise
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4. Other related parties of the Company

Related party	Relationships with the Company
SEB S.A.	Holding shareholder of SEB Internationale S.A.S.
SEB ASIA LTD.	Same controlling shareholder
TEFAL S.A.S	Same controlling shareholder with the controlling shareholder
ALL-CLAD METALCRAFTERS LLC	Same controlling shareholder
S.A.S SEB	Same controlling shareholder with the controlling shareholder
SEB INTERNATIONAL SERVICE S.A.S	Same controlling shareholder with the controlling shareholder
LAGOSTINA S.P.A.	Same controlling shareholder
GROUPE SEB MOULINEX	Same controlling shareholder with the controlling shareholder
GROUPE SEB EXPORT	Same controlling shareholder with the controlling shareholder
SEB DEVELOPPMENT SAS	Same controlling shareholder with the controlling shareholder
IMUSA USA LLC	Same controlling shareholder
CALOR SAS	Same controlling shareholder with the controlling shareholder
Supor Group Co., Ltd.	Company controlled by related natural person
ETHERA	Same controlling shareholder with the controlling shareholder
WMF CONSUMER ELECTRIC GMBH	Same controlling shareholder
WMF Consumer Goods (Shanghai) Co, Ltd.	Same controlling shareholder
WMF GROUPE GMBH	Same controlling shareholder
VIETNAM FAN JOINT STOCK COMPANY	Same controlling shareholder
GROUPE SEB THAILAND	Same controlling shareholder
Emsa Taicang Co., Ltd.	Same controlling shareholder
WMF (HE SHAN) MANUFACTURING COMPANY LIMITED	Same controlling shareholder
ROWENTA WERKE GMBH	Same controlling shareholder with the controlling shareholder
EMSA GMBH	Same controlling shareholder
GROUPE SEB USA	Same controlling shareholder
GROUPE SEB CANADA	Same controlling shareholder
GROUPE SEB ANDEAN S.A.	Same controlling shareholder
SEB DO BRASIL PRODS.DOM.LTDA	Same controlling shareholder
GROUPE SEB KOREA,LTD	Same controlling shareholder
GS INNOVATION CENTER CO., LTD.	Same controlling shareholder

5. Connected transactions

(1) Connected transactions in the purchase and sale of commodities, provision and acceptance of labor services

Purchase of commodities and receiving of services

Unit: RMB

Related party	Contents of connected transaction	Amount incurred during this period	Transaction quota granted	Whether or not exceeding transaction quota	Amount incurred during prior period
Wuhan Anzai Cookware Co., Ltd.	Finished products	72,149,324.35		No	76,876,779.12
Wuhan Anzai Cookware Co., Ltd.	Accessories	50,308,402.62		No	38,133,903.50
GROUPE SEB EXPORT	Finished products	4,681,888.48		No	6,489,207.52
TEFAL S.A.S	Accessories	11,906,028.49		No	8,221,080.40
LAGOSTINA S.P.A.	Finished products	1,427,551.91		No	1,102,552.91
SEB INTERNATIONAL SERVICE S.A.S	Finished products	89,892.57		No	182,843.96
SEB ASIA LTD.	Finished products				597,187.57
SEB ASIA LTD.	Testing cost				114,204.01
SEB ASIA LTD.	Sample cost				4,411,012.79
GROUPE SEB MOULINEX	Accessories	4,079,912.51		No	2,011,188.19
GROUPE SEB MOULINEX	Sample cost				46,205.16
S.A.S SEB	Testing cost				18,029.38
CALOR SAS	Accessories	758,681.93		No	3,395,165.83
CALOR SAS	Sample cost				15,425.88
WMF (HE SHAN) MANUFACTURING COMPANY LIMITED	Finished products	156,628.32		No	331,438.41
GROUPE SEB THAILAND	Finished products	237,155.10		No	214,031.91
EMSA GMBH	Finished products	312,245.49		No	312,238.27
Emsa Taicang Co., Ltd.	Finished products				60,564.82
ETHERA	Accessories	2,092,156.82		No	985,154.93
WMF GROUPE GMBH	Finished products	21,197,316.07		No	18,437,777.91
WMF Consumer Goods (Shanghai) Co, Ltd.	Finished products	357,692.92		No	4,341.59
Supor Group Co., Ltd.	Finished products	198,449.00		No	
WMF CONSUMER ELECTRIC GMBH	Accessories				48,498.00
SEB DO BRASIL PRODS.DOM.LTDA	Others				206,120.61
GROUPE SEB ANDEAN S.A.	Others				114,704.29

GROUPE SEB KOREA,LTD	Others				724,641.66
ALL-CLAD METALCRAFTERS	Others				21,898.82
WMF GROUPE GMBH	Others				74,290.06

Sale of commodities and rendering of services

Unit: RMB

Related party	Contents of connected transaction	Amount incurred during this period	Amount incurred during prior period
SEB ASIA LTD.	Finished products	3,211,594,813.23	1,885,645,224.28
SEB ASIA LTD.	Accessories	2,303,452.69	1,146,402.20
S.A.S SEB	Finished products	11,211,990.95	5,150,455.39
S.A.S SEB	Accessories	471,368.44	263,978.00
TEFAL S.A.S	Finished products	5,555,389.15	3,315,196.21
TEFAL S.A.S	Accessories	8,550,683.56	8,033,590.24
S.A.S GROUPE SEB MOULINEX	Finished products	20,125,024.32	12,679,398.80
Supor Group Co., Ltd.	Finished products	1,762,877.47	2,301,169.33
SEB INTERNATIONAL SERVICE S.A.S	Finished products	50,257.57	4,365,916.33
SEB INTERNATIONAL SERVICE S.A.S	Accessories	9,538,342.63	736,427.23
LAGOSTINA S.P.A.	Finished products	85,928.20	13,852.71
LAGOSTINA S.P.A.	Accessories	525,338.80	285,513.71
ALL-CLAD METALCRAFTERS LLC	Finished products	355,563.53	70,768.02
IMUSA USA LLC	Finished products	7,116,454.14	
WMF Consumer Goods (Shanghai) Co, Ltd.	Finished products	210,726.93	116,903.87
WMF GROUPE GMBH	Finished products		103,219.20
GROUPE SEB CANADA	Finished products	6,332,810.49	3,000,610.24
VIETNAM FAN JOINT STOCK COMPANY	Finished products	15,780,546.35	10,703,611.81
VIETNAM FAN JOINT STOCK COMPANY	Accessories	11,451.68	10,195.62
CALOR SAS	Finished products	22,887,048.00	8,204,685.00
GROUPE SEB ANDEAN S.A.	Accessories	536,496.98	177,094.87
Wuhan Anzai Cookware Co., Ltd.	Finished products	136,200.50	101,035.39

(2) Related party leases

Description of this related lease

Lessor	Lessee	Types of leased assets	Lease income for current period	Lease income for last year
Supor Group Co., Ltd.	The Company	Real estate		338,688.40

	Wuhan Cookware	Real estate	1,375,190.81	2,712,948.86
	Zhejiang Supor Electrical	Real estate	2,453,814.31	1,837,832.49
	Shaoxing Supor	Real estate	420,932.76	537,916.95
	P&R	Real estate	59,600.00	

(3) Key management's emoluments

Unit: RMB

Item	Amount incurred during this period	Amount incurred during prior period
Key management's emoluments	6,902,430.25	7,505,424.90

(4) Other connected transactions

1) Water and electricity fee

Selling parties	Purchasing parties	Current period cumulative	Prior period comparative
Supor Group Co., Ltd.	Zhejiang Supor Electrical	215,047.66	298,022.06
	Wuhan Cookware	31,382.22	38,888.05
	Omegna		16,187.88
	Shaoxing Supor	29,985.43	21,117.11
The Company	Supor Group Co., Ltd.	530,222.21	284,805.71

(2) Property management, maintenance and berth fees

Service renderer	Service receiver	Current period cumulative	Prior period comparative
Supor Group Co., Ltd.	The Company	290,380.76	
	Zhejiang Supor Electrical	97,142.86	178,647.28
	Wuhan Cookware	164,285.71	

(3) Consulting fee

Service renderer	Service receiver	Current period cumulative	Prior period comparative
SEB ASIA LTD.	The Company	448,824.00	1,414,866.00
	Wuhan Cookware	-1,072,070.75	715,728.00
	Shaoxing Supor	318,516.00	1,004,094.00
	Zhejiang Supor Electrical	-972,694.61	648,168.00

(4) Cost of international shopping center

Service renderer	Service receiver	Current period cumulative	Prior period comparative
SEB DEVELOPMENT SAS	Shaoxing Supor	1,680,000.00	1,680,000.00
	Zhejiang Supor Electrical	1,320,000.00	1,320,000.00
	Wuhan Cookware	4,495,122.41	4,000,000.00

(5) Testing services, etc.

Service renderer	Service receiver	Amount incurred during this period	Amount incurred during prior period
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The Company		31,967.45	130,938.78
Shaoxing Supor	GS INNOVATION CENTER CO., LTD.	149,192.38	40,282.51
Zhejiang Supor Electrical		194,180.87	1,236,946.99
AFS	GROUPE SEB VIETNAM JOINT STOCK COMP	1,757,050.03	
GS INNOVATION CENTER CO., LTD.	Shaoxing Supor	1,183,987.50	1,213,593.40

(6) Pursuant to the Technical License Contract entered into by and between Wuhan Supor Cookware Co., Ltd. and SEB S.A. on December 29, 2013, SEB S.A. licensed Wuhan Supor Cookware Co., Ltd. to use its five invention patents including "Household appliance equipped with safety valve of elastomer for cooking food under pressure" on a compensation basis. According to related terms in the contract signed by both parties, use charges are accrued at 3% of revenue from sales of products licensed. In the current period, Wuhan Supor Cookware Co., Ltd. shall pay SEB S.A. technology use charges of RMB370,110.04, and as of June 30, 2021, a balance of RMB54,631.72 has not been paid.

(7) Pursuant to the Trademark License Agreement entered into by and between Wuhan Supor Cookware Co., Ltd. and LAGOSTINA SPA. on December 15, 2014, LAGOSTINA SPA licensed Wuhan Supor Cookware Co., Ltd. to use its trademark "LAGE" on a compensation basis. According to related terms in the contract signed by both parties, use charges are accrued at 4% of revenue from sales of products licensed. In the current period, Wuhan Supor Cookware Co., Ltd. shall pay LAGOSTINA SPA. technology use charges of RMB129,651.20, and as of June 30, 2021, a balance of RMB1,257,081.07 has not been paid.

(8) Pursuant to the Trademark License Agreement entered into by and between Omegna and LAGOSTINA SPA. on December 5, 2016, LAGOSTINA SPA licensed Omegna to use its trademark "LAGE" on a compensation basis. According to related terms in the contract signed by both parties, use charges are accrued at 4% of revenue from sales of products licensed. In the current period, Omegna shall pay LAGOSTINA SPA. trademark use charges of RMB111,440.37, and as of June 30, 2021, a balance of RMB3,738,324.38 has not been paid.

(9) Shaoxing Supor Company purchased and used particles product of air purifier and relevant technology in accordance with Agreement on Purchase and Using for Particles of Air Purifier signed by Shaoxing Supor Company on April 25, 2016 with ETHERA. According to relevant terms in the contract signed by both parties, Shaoxing Supor Company shall pay technology transfer fee RMB16,516.03 to ETHERA in current period, which was calculated as per corresponding unit price of actual total sales. Until June 30, 2021, the remaining RMB13,979.31 had not been paid yet.

6. Receivables and payables by related parties

(1) Items receivable

Unit: RMB

Item	Related party	Closing balance		Opening balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable	SEB ASIA LTD.	1,896,481,067.75	85,341,648.05	1,614,638,669.52	72,658,740.13
	S.A.S SEB	6,807,068.83	306,318.10	4,741,953.45	213,387.91
	TEFAL S.A.S	8,286,504.69	372,892.71	5,436,106.34	244,624.79
	SEB INTERNATIONAL SERVICE S.A.S	4,575,859.31	205,913.67	3,660,298.94	164,713.45

	CALOR SAS	11,245,195.26	506,033.79	12,869,174.14	579,112.84
	GROUPE SEB MOULINEX	10,209,671.55	459,435.22	8,245,666.37	371,054.99
	IMUSA USA LLC	4,496,172.11	202,327.74	529,922.64	23,846.52
	Supor Group Co., Ltd.	577,891.89	28,894.59		
	WMF GROUPE GMBH			13,776.00	619.92
	WMF Consumer Goods (Shanghai) Co, Ltd.	572,352.64	25,755.87	98,517.39	4,433.28
	GROUPE SEB CANADA	2,758,348.21	124,125.67	6,118,341.61	275,325.37
	VIETNAM FAN JOINT STOCK COMPANY	22,812,803.87	1,026,576.17	19,929,351.33	896,820.81
	GROUPE SEB ANDEAN S.A.	466,940.91	21,012.34	39,833.21	1,792.49
	Wuhan Anzai Cookware Co., Ltd.	61,054.00	3,052.70	55,766.08	2,788.30
	LAGOSTINA S.P.A.	399,858.46	17,993.63	287,371.51	12,931.72
	GS INNOVATION CENTER CO., LTD.	68,223.90	3,070.08	401,241.56	18,055.87
	ALL-CLAD METALCRAFTERS LLC	238,504.10	10,732.68	247,688.07	11,145.96
Total		1,970,057,517.48	88,655,783.01	1,677,313,678.15	75,479,394.35
Other receivables	CALOR SAS	93,553.74	4,209.92	66,926.76	3,011.70
	GROUPE SEB USA			247,563.86	11,140.37
	ROWENTA WERKE GMBH			1,077.38	48.48
	SEB DEVELOPPMENT SAS	2,801.65	126.07	36,927.39	1,661.73
	SAS SEB			917.22	41.27
	GROUPE SEB MOULINEX	114,339.24	5,145.27	19,067.20	858.02
	Supor Group Co., Ltd.	145,000.00	27,750.00	145,000.00	23,750.00
	WMF Consumer Goods (Shanghai) Co, Ltd.			127,872.76	5,754.27
	TEFAL S.A.S	34,408.52	1,548.38	63,576.29	2,860.93
Total	Total	390,103.15	38,779.64	708,928.86	49,126.80

(2) Items payable

Unit: RMB

Item	Related party	Ending book balance	Beginning book balance
Accounts payable	Wuhan Anzai Cookware Co., Ltd.	20,350,669.25	34,388,944.91
	WMF GROUPE GMBH	10,204,911.51	6,849,932.11
	GROUPE SEB EXPORT	2,697,145.52	7,715,386.08
	TEFAL S.A.S	5,615,184.23	3,438,122.59
	S.A.S SEB	54,631.72	50,673.67

	LAGOSTINA S.P.A.	5,316,570.63	5,787,864.70
	GROUPE SEB MOULINEX	1,674,682.19	1,511,270.97
	SEB DEVELOPPMENT SAS	7,557,090.33	
	SEB ASIA LTD.	1,145,180.15	
	GROUPE SEB THAILAND	164,607.74	437,244.26
	CALOR SAS		1,565,057.31
	EMSA GMBH		303,976.75
	WMF Consumer Goods (Shanghai) Co, Ltd.	375,828.84	
	SEB INTERNATIONAL SERVICE S.A.S	53,139.91	123,931.08
	ETHERA	530,817.31	1,092,496.28
	GS INNOVATION CENTER CO., LTD.	289,505.08	423,768.92
	Supor Group Co., Ltd.	2,964.18	611,645.30
Total	Total	56,032,928.59	64,300,314.92
Advance receipt	Supor Group Co., Ltd.	25,628.00	528,022.26
Total		25,628.00	528,022.26
Other payables	SAS SEB		3,687,688.05
Total			3,687,688.05

XIII. Share-based payment

1. Overall information

√ Applicable □ Not-applicable

Unit: RMB

Total equity instruments granted in current period	0.00
Total equity instruments vested in current period	0.00
Total equity instruments expired in current period	0.00
The range of exercise prices of equity instruments at the end of the period and the remaining contractual life	2017 Equity Incentive Plan: RMB1/share, 1.43 years

Other remarks

Pursuant to the "Proposal on 2017 Restricted Stock Incentive Plan (Revised Draft) of Zhejiang Supor Co., Ltd. and Its Summary" (hereinafter referred to as "2017 Stock Incentive Plan") ratified via deliberation in the Second Interim Shareholders' Meeting 2017 held on November 16, 2017, the Company was to grant 4,300,000 restricted stocks to incentive objects, and repurchased 4,300,000 shares of the Company during the period from November 6, 2017 to November 28, 2017. The Company granted 3,874,000 shares initially on December 4, 2017 and granted the remainder 426,000 shares on August 30, 2018, with grant price of RMB1 per share.

The 2017 Stock Incentive Plan is valid for five years from the first 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 objects 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%, 30% and 50% of the total restricted shares respectively in 12 months, 24 months and 36 months after the grant date. As of June 30, 2021, the aforesaid incentive plan had a remaining term of 1.43 years.

According to the Proposal on Unlocking of Restricted Stock within the First Unlock Period of 2017 Restricted Stock Incentive Plan deliberated and adopted at the 6th Meeting of the 6th Session of the Board of Directors, totally 387,400 shares of restricted stock were unlocked in 2018.

According to the Proposal on Unlocking of Restricted Stock within the Second Unlock Period and the Reserved Restricted Stock within the First Unlock Period of 2017 Restricted Stock Incentive Plan deliberated and adopted at the 11th Meeting of the 6th Session of the Board of Directors, 756,400 and 84,200 shares of restricted stock, totaling 840,600 shares, were unlocked in 2019.

According to the Proposal on Unlocking of Restricted Stock within the Third Unlock Period and the Reserved Restricted Stock within the Second Unlock Period of 2017 Restricted Stock Incentive Plan deliberated and adopted at the 16th Meeting of the 6th Session of the Board of Directors, 1,093,650 and 119,400 shares of restricted stock, totaling 1,213,050 shares, will be unlocked in 2020.

Since some incentive objects resigned from the Company, totally 43,650 shares of restricted stock that had been granted to resigned incentive objects were repurchased at the price of RMB1 per share in accordance with the Proposal on Repurchasing and Canceling a Part of Restricted Stock deliberated and adopted in the 6th Meeting of the 6th Session of the Board of Directors.

Since some incentive objects resigned from the Company, totally 39,150 shares of restricted stock that had been granted to resigned incentive objects were repurchased at the price of RMB1 per share in accordance with the Proposal on Repurchasing and Canceling a Part of Restricted Stock deliberated and adopted in the 8th Meeting of the 6th Session of the Board of Directors.

Since some incentive objects resigned from the Company, totally 84,900 shares of restricted stock that had been granted to resigned incentive objects were repurchased at the price of RMB1 per share in accordance with the Proposal on Repurchasing and Canceling a Part of Restricted Stock deliberated and adopted in the 11th Meeting of the 6th Session of the Board of Directors.

Since one incentive object resigned from the Company, totally 3,500 shares of restricted stock that had been granted to resigned incentive object were repurchased at the price of RMB1 per share in accordance with the Proposal on Repurchasing and Canceling a Part of Restricted Stock deliberated and adopted in the 14th Meeting of the 6th Session of the Board of Directors.

Since some incentive objects resigned from the Company, totally 32,550 shares of restricted stock that had been granted to resigned incentive objects were repurchased at the price of RMB1 per share in accordance with the Proposal on Repurchasing and Canceling a Part of Restricted Stock deliberated and adopted in the 16th Meeting of the 6th Session of the Board of Directors.

Since some incentive objects resigned from the Company, totally 26,000 shares of restricted stock that had been granted to resigned incentive objects were repurchased at the price of RMB1 per share in accordance with the Proposal on Repurchasing and Canceling a Part of Restricted Stock deliberated and adopted in the 2nd Meeting of the 7th Session of the Board of Directors. The said shares were cancelled on July 1, 2021.

2. Equity-settled share-based payment

√ Applicable □ Not-applicable

Unit: RMB

Determination method for fair value of equity instruments on Grant Date	According to the market price on the Grant Date.
Determination method for the optimal estimate of the number of equity instruments expected to vest	Based on the corresponding equity instruments of incentive targets, the performance of the Company and the forecast of future performance of the Company
Reasons for significant difference between the estimates in current period and prior period	None

Capital reserve accumulated due to equity-settled share-based payment	-15,477,150.81
Total expenses incurred due to equity-settled share-based payment transactions	5,634,982.68

Other remarks

Note: Of which, accumulative amount of the 2017 Equity Incentive Plan at beginning of the reporting period is RMB-21,039,993.67, a mount incurred in the reporting period is RMB5,562,842.86 and accumulative amount is RMB-15,477,150.81

XIV. Commitments and contingencies

1. Contingencies

(1) Significant contingencies at the date of balance sheet

1) Contingent liabilities arising from pending litigation and arbitration and their financial impact

In 2016, private patent holders filed a legal lawsuit against subsidiary Shaoxing Supor, on the ground of infringement of their patents. Due to the fact that the case has not yet been completely closed, considering the principle of conservatism, the Company retained its estimated liabilities of RMB5.15 million end of the closing.

A third-party company filed a lawsuit against subsidiary Wuhan Supor Cookware Co., Ltd., on the ground of infringement of its patent and an export customer filed a lawsuit against subsidiary Shaoxing SUPOR, on the ground of user disputes; neither of the above two cases is conclusive. Based on the principle of conservatism, the Company accrued estimated liabilities totaling RMB10 million for the above cases.

XV. Events after the balance sheet date

1. Description on other events after the balance sheet date

None

XVI. Other major events

1. Segment information

(1) Determination basis and accounting policy of report segment

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

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

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

(2) Financial information of reportable segments

① Product segment

Item	Cookware	Electrical product	Plastic & rubber	Inter-segment offsetting	Total
Revenue from main business	3,095,869,408.58	7,297,626,810.77	99,642,919.33	111,199,395.66	10,381,939,743.02
Cost of main business	2,245,538,680.29	5,472,276,097.09	88,868,067.21	111,522,834.35	7,695,160,010.24

② Geographic segment

Item	Domestic	Overseas	Inter-segment offsetting	Total
Revenue from main business	6,964,698,611.43	3,433,478,619.82	16,237,488.23	10,381,939,743.02
Cost of main business	4,759,222,373.58	2,952,291,426.65	16,353,789.99	7,695,160,010.24

XVII. Notes to items of parent company financial statements**1. Accounts receivable****(1) Details on categories**

Unit: RMB

Categories	Closing balance					Opening balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion	Amount	Proportion		Amount	Proportion	Amount	Proportion	
Accounts receivables for provision for bad debts on an individual basis										
Including:										
Accounts receivable for provision for bad debts by portfolio	585,980,126.19	100.00%	22,388,949.42	3.82%	563,591,176.77	530,070,693.21	100.00%	19,185,566.76	3.62%	510,885,126.45
Including:										
Portfolio 1: age portfolio	497,520,947.74	84.90%	22,326,975.48	4.49%	475,193,972.26	426,307,908.26	80.42%	19,136,075.82	4.49%	407,171,832.44
Portfolio 2: low-risk portfolio	61,973,936.17	10.58%	61,973.94	0.10%	61,911,962.23	49,490,936.78	9.34%	49,490.94	0.10%	49,441,445.84
Portfolio 3: merged related parties portfolio	26,485,242.28	4.52%		0.00%	26,485,242.28	54,271,848.17	10.24%		0.00%	54,271,848.17
Total	585,980,126.19	100.00%	22,388,949.42	3.82%	563,591,176.77	530,070,693.21	100.00%	19,185,566.76	3.62%	510,885,126.45

Provision for bad debts by portfolio:

Unit: RMB

Name	Closing balance		
	Book balance	Provision for bad debts	Provision proportion
Within 1 year	497,520,947.74	22,326,975.48	4.49%

If provision for bad debts for accounts receivable is made based on the general model of expected credit losses, please disclose the

relevant information about the provision for bad debts with reference to the disclosure of other receivables:

☐ Applicable ☒ Not-applicable

Disclosure by ages

Unit: RMB

Ages	Closing balance
Within 1 year (inclusive)	585,980,126.19
Total	585,980,126.19

(2) Provision for bad debts accrued, collected or reversed in current period

Provision for bad debts in current period:

Unit: RMB

Categories	Opening balance	Amount of changes in current period				Closing balance
		Provision	Collected or reversed	Canceled after verification	Others	
Provision for bad debts for accounts receivable	19,185,566.76	3,203,382.66				22,388,949.42
Total	19,185,566.76	3,203,382.66				22,388,949.42

(3) Accounts receivable actually written off in current period

Unit: RMB

Item	Amount
Accounts receivable actually written off in current period	0.00

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

Unit: RMB

Debtors	Closing balance of accounts receivable	Proportion in the total closing balance of accounts receivable	Closing balance of provision for bad debts
SEB ASIA LTD	490,572,045.30	83.72%	22,075,742.04
Customer 1	37,482,960.44	6.40%	37,482.96
SUPOR VIET NAM CO.,LTD	18,985,523.74	3.24%	
Customer 2	8,606,080.88	1.47%	8,606.08
Customer 3	4,074,488.95	0.69%	4,074.49
Total	559,721,099.31	95.52%	

2. Other receivables

Unit: RMB

Item	Closing balance	Opening balance
Dividend receivable		925,000,000.00
Other receivables	271,715,876.98	225,442,198.95
Total	271,715,876.98	1,150,442,198.95

(1) Dividend receivable**1) Classification of dividends receivable**

Unit: RMB

Item (or invested unit)	Closing balance	Opening balance
Zhejiang Shaoxing Supor Domestic Electrical Appliances Co., Ltd.		925,000,000.00
Total		925,000,000.00

(2) Other receivables**1) Other receivables categorized by nature**

Unit: RMB

Nature of receivables	Ending book balance	Beginning book balance
Fund pool	270,053,133.53	225,002,421.34
Temporary payment receivable	1,124,528.32	1,006,368.31
Personal deposit	1,538,977.12	370,838.11
Total	272,716,638.97	226,379,627.76

2) Provision for bad debts

Unit: RMB

Provision for bad debts	Phase I	Phase II	Phase III	Total
	Predicted credit loss in future 12 months	Predicted credit loss in the whole period of existence (without credit impairment)	Predicted credit loss in the whole period of existence (with credit impairment)	
Amount on January 1, 2021	937,428.81			937,428.81
Balance on January 1, 2021 in the current period	—	—	—	—
Provision for bad debts during the reporting period	63,333.18			63,333.18
Balance on June 30, 2021	1,000,761.99			1,000,761.99

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

☐ Applicable ☒ Not-applicable

Disclosure by ages

Unit: RMB

Ages	Closing balance
Within 1 year (inclusive)	271,766,389.79
1-2 years	20,000.00
2-3 years	5,000.00
Over 3 years	925,249.18
3-4 years	25,000.00
4-5 years (with 5 years)	0.00
Over 5 years	900,249.18
Total	272,716,638.97

3) Provision for bad debts accrued, collected or reversed in current period

Provision for bad debts in current period:

Unit: RMB

Categories	Opening balance	Amount of changes in current period				Closing balance
		Provision	Collected or reversed	Canceled after verification	Others	
Provision for bad debts of other receivables	937,428.81	63,333.18				1,000,761.99
Total	937,428.81	63,333.18				1,000,761.99

4) Other receivables actually written off in current period

Unit: RMB

Item	Amount
Other receivables actually written off in current period	0.00

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

Unit: RMB

Debtors	Nature of receivables	Closing balance	Ages	Proportion in total closing balance of other receivables at the end of the reporting period	Closing balance of provision for bad debts
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Zhejiang WMF Housewares Co., Ltd.	Fund pool	148,085,236.48	Within 1 year	54.30%	
Omegna	Fund pool	62,967,897.05	Within 1 year	23.09%	
Shanghai WMF Enterprise Development Co., Ltd.	Fund pool	59,000,000.00	Within 1 year	21.63%	
Entity 1	Temporary payment receivable	342,475.00	Over 5 years	0.13%	342,475.00
Entity 2	Temporary payment receivable	254,580.12	Within 1 year	0.09%	12,729.01
Total	--	270,650,188.65	--	99.24%	355,204.01

3. Long-term equity investment

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Investment in subsidiaries	2,946,732,878.70		2,946,732,878.70	2,944,513,427.22		2,944,513,427.22
Investments in associates and joint ventures	65,066,491.86		65,066,491.86	64,040,908.46		64,040,908.46
Total	3,011,799,370.56		3,011,799,370.56	3,008,554,335.68		3,008,554,335.68

(1) Investments in subsidiaries

Unit: RMB

Invested unit	Opening balance (book value)	Increase/decrease				Closing balance (book value)	Closing balance of impairment provision
		Investment increased	Investment decreased	Accrued impairment provision	Others		
Wuhan PC	240,428,244.41					240,428,244.41	
P&R	20,804,297.92					20,804,297.92	
Yuhuan Recycling	2,990,149.81					2,990,149.81	
Zhejiang Supor Electrical	768,649,454.25	880,913.82				769,530,368.07	
Shaoxing Supor	638,023,877.36	589,075.62				638,612,952.98	
Supor Vietnam	105,143,165.64					105,143,165.64	

Wuhan Recycling	1,000,000.00					1,000,000.00	
Omegna	10,000,000.00					10,000,000.00	
Shanghai Marketing	5,000,000.00					5,000,000.00	
Wuhan Cookware	597,230,886.76	749,462.04				597,980,348.80	
SEADA	11,890,622.45					11,890,622.45	
Shanghai WMF Enterprise Development Co., Ltd.	50,000,000.00					50,000,000.00	
Shanghai SEB Electrical Appliances Co., Ltd.	212,152,728.62					212,152,728.62	
Zhejiang WMF Housewares Co., Ltd.	100,000,000.00					100,000,000.00	
Supor Kitchen & Electric Appliance	100,000,000.00					100,000,000.00	
Shaoxing Supor Housewares Company	50,000,000.00					50,000,000.00	
Supor Water Heater	31,200,000.00					31,200,000.00	
Total	2,944,513,427.22	2,219,451.48				2,946,732,878.70	

(2) Investments in associates and joint ventures

Unit: RMB

Invested unit	Opening balance (book value)	Increase/decrease								Closing balance (book value)	Closing balance of impairment provision
		Investment increased	Investment decreased	Investment profit or loss recognized by equity method	Adjustment in other comprehensive income	Changes in other equity	Cash dividend/profit declared for distribution	Accrued impairment provision	Others		
I. Joint ventures											
II. Associated enterprises											
Wuhan Anzai Cookware Co., Ltd.	64,040,908.46			1,025,583.40						65,066,491.86	
Subtotal	64,040,908.46			1,025,583.40						65,066,491.86	
Total	64,040,908.46			1,025,583.40						65,066,491.86	

	8.46			.40						1.86	
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4. Operating income/cost

Unit: RMB

Item	Amount incurred during this period		Amount incurred during prior period	
	Revenue	Cost	Revenue	Cost
Main business	1,275,291,505.47	1,086,178,831.77	845,513,950.76	651,237,501.53
Other business	78,596,848.63	74,045,444.45	9,426,593.76	11,364,435.74
Total	1,353,888,354.10	1,160,224,276.22	854,940,544.52	662,601,937.27

5. Investment income

Unit: RMB

Item	Amount incurred during this period	Amount incurred during prior period
Investment income from long-term equity investments under the equity method	1,025,583.40	1,589,824.61
Interest for term deposit	40,606,438.36	26,989,315.03
Total	41,632,021.76	28,579,139.64

XVIII. Other supplementary information

1. Breakdown of non-recurring profit or loss in the current period

√ Applicable □ Not-applicable

Unit: RMB

Item	Amount	Notes
Profit and loss on disposal of non-current assets	-490,681.14	
Government subsidy included into current profits and losses (excluding government subsidies closely related to operating activities of the Company and subject to uniform national standards on amount and quantity)	32,166,988.75	
Profit and loss from fair value changes due to holding of the transactional financial assets, derivative financial assets, transactional financial liabilities and derivative financial liabilities, and investment income from disposal of transactional financial assets, derivative financial assets, transactional financial liabilities, derivative financial liabilities and other debt investments, in addition to effective hedging business related to normal businesses of the Company.	52,752,118.96	
Enterprise restructuring expenses, such as resettling employees expenses, integration expenses, etc	-62,272,436.27	
Other non-operating incomes or expenditures except for the foregoing items	1,186,523.11	

Other profit or loss conforming to the definition of non-recurring profit or loss	570,844.90	
Minus: influenced amount of income tax	18,212,050.11	
Influenced amount on minority shareholders' equities	286,582.98	
Total	5,414,725.22	--

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

☐ Applicable ☒ Not-applicable

2. RONA and EPS

Profit of the reporting period	Return on weighted average net assets	EPS (RMB/share)	
		Basic earnings per share (RMB/share)	Diluted earnings per share (RMB/share)
Net profit attributable to shareholders of ordinary shares	12.02%	1.064	1.055
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	11.95%	1.058	1.049

Zhejiang Supor Co., Ltd.

Chairman: Thierry de LA TOUR D'ARTAISE

August 27, 2021