

**SUPOR 苏泊尔**

**Zhejiang Supor Co., Ltd.**

**2017 Annual Report**

**March 2018**

## **SECTION I IMPORTANT NOTES, TABLE OF CONTENTS AND DEFINITIONS**

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

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

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

**Investors shall be aware that future plans and all other forward-looking statements concerned in this annual report shall not constitute any virtual commitment made by the Company to any investor, for the success depends on change of market and contribution of operation team and there are large uncertainties.**

**For the risk factors faced by the Company, see Section IV “OPERATION DISCUSSION AND ANALYSIS” and Part 9 “Future Development Prospect”.**

**The profit distribution plan adopted at this Board Meeting specifies that: based on 820,817,960 shares (total capital stock of 821,287,610 shares on December 31, 2017 deducted by 43,650 shares of Restricted Stock will be repurchased and canceled and 426,000 shares of Reserved Restricted Stock without the profit distribution rights), the Company will distribute all shareholders at the price of RMB 7.20 per 10 shares (tax-inclusive) as the cash dividends, issue 0 bonus shares (tax included) and will not convert capital reserves to capital.**

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## Definitions

Items to be Defined	means	Definitions
SZSE	means	Shenzhen Stock Exchange
CSRC	means	China Securities Regulatory Commission
Securities Clearing Corporation	means	Shenzhen Branch of China Securities Depository and Clearing Corporation Limited
The Company /this Company	means	Zhejiang Supor Co., Ltd.
SEB Internationale	means	SEB INTERNATIONALE S.A.S
SEB Group	means	SEB S.A.
Zhejiang Supor Electrical	means	Zhejiang Supor Electrical Appliance Manufacturing Co., Ltd.
Shaoxing Supor	means	Zhejiang Shaoxing Supor Domestic Electrical Appliances Co., Ltd.
Supor Vietnam	means	Supor (Vietnam) Co., Ltd
Wuhan Recycling	means	Wuhan Supor Recycling Co., Ltd
Wuhan Cookware	means	Wuhan Supor Cookware Co., Ltd.
Wuhan PC	means	Wuhan Supor Pressure Cooker Co., Ltd.
Omegna	means	Hangzhou Omegna Commercial Trade Co., Ltd.
Shanghai Marketing	means	Shanghai Supor Cookware Marketing Co., Ltd.
P&R	means	Zhejiang Supor Plastic & Rubber Co., Ltd
Wuhan Supor	means	Wuhan Supor Co., Ltd.
Yuhuan 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 Co., Ltd.	means	Shanghai WMF Enterprise Development Co., Ltd.
Shanghai SEB/SSEAC	means	Shanghai SEB Electrical Appliances Co., Ltd.
Stock Incentive Plan for 2013	means	2013 Restricted Stock Incentive Plan (Revised Draft)
Stock Incentive Plan for 2017	means	2017 Restricted Stock Incentive Plan (Revised Draft)

## SECTION II COMPANY FILE AND MAJOR FINANCIAL INDICATORS

### I. Company Information

Short Form of the Stock:	Supor	Stock Code	002032
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	Supor		
English Name of the Company (if any)	ZHEJIANG SUPOR CO., LTD		
Abbreviated English Name of the Company (if any)	SUPOR		
Legal Representative	Frédéric VERWAERDE		
Registration Place	Damaiyu Economic Development Zone, Yuhuan, Zhejiang		
Postal Code	317604		
Office Address	19F of Supor Building, No.1772 Jianghui Road, New & High Tech Development Zone, Hangzhou China		
Postal Code	310051		
Website	www.supor.com.cn		
Email	002032@supor.com		

### II. Contact Person and Contact Information

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

### III. Place for Information Disclosure and Archiving

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

### IV. Changes of Registration

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

### V. Other Relevant Information

Certified Public Accountants engaged by the Company

Name of the Certified Public Accountants:	Union Power Certified Public Accountants (Special General Partnership)
Office Address of the Certified Public Accountants:	No. 169, Donghu Road, Wuchang District, Wuhan City
Name of the Signatory Accountants	Li Wei, Guo Youying

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

Applicable  Not Applicable

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

Applicable  Not Applicable

### VI. Major Accounting Data and Financial Indicators

Does the Company need to trace and adjust or restate the accounting data of the previous years?

Yes  No

Cause of traceability and adjustment or restatement

Merger of enterprises under the same control

	2017	2016		Increase/ decrease (%)	2015	
		Before adjustment	After adjustment		Before adjustment	After adjustment
Total sales (RMB)	14,187,347,425.77	11,947,123,201. 12	11,947,123,201. 12	18.75%	10,909,686,625. .90	10,909,686,625. .90
Net profit attributable to	1,307,606,602.94	1,077,519,156.4	1,077,341,957.4	21.37%	889,004,773.99	889,004,773.99

shareholders of listed company (RMB)		0	0			
Net profit attributable to shareholders of listed company deducted by non-recurring profit or loss (RMB)	1,189,099,944.77	980,821,460.64	980,644,261.64	21.26%	830,296,996.82	830,296,996.82
Net cash flows resulting from operating activities(RMB)	1,081,469,057.39	1,388,990,550.62	1,388,911,912.47	-22.14%	1,133,089,710.67	1,133,089,710.67
Basic earnings per share (RMB Yuan/share)	1.601	1.319	1.319	21.38%	1.088	1.088
Diluted earnings per share (RMB Yuan/share)	1.592	1.312	1.312	21.34%	1.082	1.082
Return on weighted average net assets	26.87%	22.79%	22.79%	4.08%	21.90%	21.90%
	2017 year end	2016 year end		Increase/decrease in the period (%)	2015 year end	
		Before adjustment	After adjustment		After adjustment	Before adjustment
Total assets (RMB)	9,171,678,300.83	7,854,199,313.01	7,857,779,624.86	16.72%	7,396,105,410.33	7,396,105,410.33
Net assets attributable to shareholders of listed company (RMB)	5,197,666,513.74	4,540,328,597.59	4,542,017,463.10	14.44%	4,421,103,278.53	4,421,103,278.53

Cause of accounting policy change and correction of accounting errors

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

### 1. Difference between net profits and net assets in financial statement disclosed according to *International Accounting Standard* and *China Accounting Standard*

Applicable  Not Applicable

The difference between net profits and net assets in financial statement disclosed according to International Accounting Standard and China Accounting Standard does not exist in the course of company report.

### 2. Difference between net profits and net assets in financial statement disclosed according to *International Accounting Standard* and *China Accounting Standard*

Applicable  Not Applicable



The difference between net profits and net assets in financial statement disclosed according to both *International Accounting Standard* and *China Accounting Standard* does not exist in the course of company report.

### VIII. Quarter-based Major Financial Indicators

(Unit: RMB)

	The 1 <sup>st</sup> quarter	The 2 <sup>nd</sup> quarter	The 3 <sup>rd</sup> quarter	The 4 <sup>th</sup> quarter
Business incomes	3,946,557,740.55	2,962,908,892.52	3,587,171,652.21	3,690,709,140.49
Net profit attributable to shareholders of listed company	366,478,807.61	230,494,414.99	299,394,504.46	411,238,875.88
Net profit attributable to shareholders of listed company deducted by non-recurring profit or loss	355,513,752.17	211,481,217.03	279,361,037.42	342,743,938.15
Net cash flows resulting from operating activities	415,714,993.74	143,142,213.96	263,590,088.51	259,021,761.18

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

Applicable       Not Applicable

### IX. Non-recurring Profit or Loss Items and Amount

Applicable     Not Applicable

(Unit: RMB)

Item	Amount in 2017	Amount in 2016	Amount in 2015	Explanation
Gains on disposal of non-current assets (including the written-off of provision for impairment loss)	-475,307.29	-1,307,688.51	-2,078,639.96	
Tax refund, credit or exemption without authorities permission				
Government grant included in current period profit or loss (excluding those related to operating activities or regular government grants)	82,544,040.78	65,419,385.13	36,976,938.49	
Other non-operating revenues or expenditures	-8,257,661.20	-6,396,828.69	2,779,391.83	
Other profit or loss satisfying the definition of non-recurring profit or loss	67,880,677.23	63,500,642.94	33,786,028.88	Investment earnings of series financial products
Minus: enterprise income tax incurred by	23,160,154.06	20,045,021.92	10,894,116.54	

taxable gains				
Effects on minority interest (after tax)	24,937.29	4,472,793.19	1,861,825.53	
Total	118,506,658.17	96,697,695.76	58,707,777.17	--

The Company should state reason for defining “non-recurring profit or loss items” in *Regulations of Questions and Responses of Information Disclosure Standard by Companies Publicly Issuing Securities No. 1 --- Non-recurring Profit or Loss* and non-recurring profit or loss items in *Regulations of Questions and Responses of Information Disclosure Standard by Companies Publicly Issuing Securities No. 1 --- Non-recurring Profit or Loss* as recurring profit or loss items.

Applicable     Not Applicable

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

## SECTION III ABSTRACT FOR COMPANY BUSINESSES

### I. The Company's Main Businesses during Report

Does the Company need to abide by the disclosure requirements for special industry?

No

As China's famous cookware R & D and manufacturing company, Zhejiang Supor Co., Ltd. (hereinafter referred to as "the Company") is a China's leading manufacturer of small kitchen electrical appliances and also the first listed company in China's cookware industry. Established in 1994, the headquarters of the Company locates in Hangzhou owning 5 R&D and manufacture bases located in Yuhuan City, Wuhan City, Hangzhou City, Shaoxing City and Ho Chi Minh City with more than 10,000 employees.

Developed strategic cooperation relationship with the Company since 2006, French SEB Group has become the actual controller of the Company. By the end of the reporting period, SEB Group held 81.18% shares of the Company. With a long history of more than 150 years, SEB Group is the world's famous cookware R & D manufacturer and small home appliance manufacturer with about 200 million products sold to more than 150 countries worldwide per year.

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

(1) The CW 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 SDA 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 Large Kitchen Appliance mainly includes: range hood, gas cooker, sterilizer, water purifier, embedded steaming oven, etc.

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

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

### II. Significant Changes in Main Assets

#### 1. Significant changes in main assets

Main assets	Descriptions of major changes
Equity assets	No significant change.
Fixed assets	No significant change.
Intangible assets	30.86% increase, which is mainly due to the purchase of land use right by the subsidiary in this period.
Construction in process	291.94% increase, which is mainly due to the increase of investment for construction in process by subsidiary in this period.
Financial assets at fair value through profit or loss	52.34% increase, which is mainly due to the increase of financial products with guaranteed capital and floating earnings as associated with interest rate.

Advances paid	107.61% increase, which is mainly due to the increase of prepayments for bulk materials purchased in this period.
Other receivables	66.42% decrease, which is mainly due to the export rebate of value-added tax payable of the last year as received in this period.
Deferred income tax Assets	39.14% increase, which is mainly due to the temporary difference increase and difference to be deducted of stock option caused by the subsidiary's payable.

## 2. Main oversea assets

Applicable     Not Applicable

## III. Analysis of Core Competitiveness

Does the Company need to abide by the disclosure requirements for special industry?

No

### 1. Outstanding product innovation capability

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

After 1994 when Supor launched the domestic first safety pressure cooker, the Company also launched the first electric rice cooker with ceramic crystal liner in 2005, pioneered the uncoated stainless iron pan technology in 2007, successfully introduced SEB flaming dot patented technology in 2009, launched the industrial first IH electric rice cooker in 2011, pioneered the globular cauldron liner in 2013, ceremoniously launched the industrial first steam IH electric rice cooker with globular cauldron liner in 2015, freshness 100 electric pressure cooker in 2016. In 2017, the Company produced vacuum high speed blender, enamel cast iron pan and other new products, leading the industrial development continuously. Besides, the Company's innovative differential products such as easy-screw pressure cooker and ceramic pot are very popular among customers.

According to the market data of China's 30 key cities monitored by GFK in 2017, the Company's cookware market share ranked the first; according to the data of China's offline small household appliance market monitored by The Yee in 2017, the market shares of the Company's 9 categories of small household appliances ranked the second in total.

### 2. Well-developed dealers network

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

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

Supor has built up five production bases, respectively in Yuhuan, Wuhan, Hangzhou, Shaoxing and Vietnam. In particular, the annual production scale of Wuhan Base and Shaoxing Base ranked the first 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. Supor always lays emphasis on the R & D and patent protection of products. During the reporting period, Supor had applied 3,013 patents altogether.

### 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 150 years with leading market share of cookware and small household appliances worldwide. The powerful combination between Supor and SEB has brought stable export orders to the Company, and increased its overall business size and manufacturing capacity. Meanwhile, the cooperation in aspects of R&D and management will surely enhance the core competitiveness of the Company.

### 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 kitchen household appliances rank the first class nationwide. It also explores new varieties actively such as large kitchen appliance and kitchen utensils. The Company has formed its special competition advantages over other rivals due to its layout of multiple brands and varieties in kitchen field.

## SECTION IV OPERATION DISCUSSION AND ANALYSIS

### I. Overview

In 2017, global economy was under complex and severe situation and Chinese economy entered new normal. The Company's domestic consumption and export business showed a steady growth with upgrading of domestic consumption and continuous transfer of overseas SEB orders. During reporting period, the total sale reached RMB 14,187,347,425.77 with YoY growth of 18.75%; the total profit reached RMB 1,565,127,951.10 with YoY growth of 14.48%. The earnings per share were RMB 1.601 with YoY growth of 21.38%. The CW and electrical appliances businesses were increased, among which, the main businesses of CW reached RMB 4,956,457,064.68 with YoY growth of 13.75%, the main businesses of electrical appliances reached RMB 9,077,060,407.64 with YoY growth of 21.59%. The main businesses of domestic sales reached RMB 10,082,787,349.27 with YoY growth of 21.00% while the main businesses of export trade reached RMB 3,975,021,267.70 with YoY growth of 13.21%.

#### (1) Domestic sales in the reporting period

##### 1) Product strategy

In reporting period, Supor promoted production creativity strategy and new product development strategy in order to improve product competitiveness and lead industrial development continuously.

In terms of cookware, Supor maintained growths in both overall operating revenue and profit of domestic business in 2017; according to data regarding cookware market share of 30 Chinese big cities as monitored by GFK, the market shares of Supor's seven categories of products still took the leading status in the market in 2017. It also kept fast growth in terms of the development of new products such as pottery pot. It made the growth of offline retailing channel and online e-commerce of kitchenware by making innovation and upgrading in knives and thermos & flask products and promoting brands; enamel cast iron pan, which was launched in the second half year of 2017, was highly praised by consumers and retailers thanks to its elegant appearance and multifunctional cooking. Water cup product was expanded to plastic cup market segment in 2017 after Tritan material was adopted, and in the second half of the year, sales income of AURORA and WOW series vacuum cup oriented to young consumers had a rapid increase, which showed that Supor's competitiveness and influence in water cup industry was further strengthened.

In terms of electric appliance, Supor launched new products constantly and took the lead in industrial development. Live steam rice cooker, fine steel ball kettle fresh breath 100 electric pressure cooker, enamel cast iron electric stewpan, vacuum wall breaking processer and other products were well received by consumers; in particular, "vacuum wall breaking processer" and "enamel cast iron electric stewpan" won CMF design award. According to the monitoring data of CMM, the market investigation company, Supor's accumulative market share all round year in the market of five categories of products including electric rice cooker, electric pressure cooker, induction hob, electric kettle and soymilk maker reached 29.3%, ranking the second in the industry; household appliance business had been developed continuously. In 2017, Supor, besides meeting consumers' healthy and safe living demand, saw its sales increase at a high speed by expanding air purifier, garment steamer, dust collector and other product lines constantly.

##### 2) Channel strategy

With the coming of new retail era and online and constant integration of offline retail modes, Supor, as an industrial leader, still insists on the operating strategy of "winning consumers' trust with high-quality product and dealers' and retailers' support with strong new product development ability and considerate service. In 2017, Supor was rated as "the best cooperative partner" by Carrefour and ranked to "VIP supplier" by China Resources, Formocarbam and Renrenle.

In terms of expansion of the third-tier and fourth-tier markets, Supor continued implementing and further deepening development strategy of third and fourth markets. With respect to personnel allocation, product R&D, market resources and channel customer support, Supor improved outlet coverage rate and density and sales output of single store.

Within the reporting period, Supor still strengthened the construction of e-commerce channel, which contributed to the high-speed growth of e-commerce. The sales volume of e-commerce channel in its overall sales volume kept increasing constantly. In Tmall's November 11 Promotion Activity, the sales volumes of Supor's several single products from different categories ranked the first. According to market shares data obtained through AVC monitoring, Supor's total market shares of five major categories of kitchen SDA (small domestic appliances) stood firmly in the second place.

### 3) Brand building

During the reporting period, the Company witnessed the constant improvement of brand popularity and preference by formulating the annual promotion theme "where there is a home, there is a Supor product" and advancing brand construction constantly.

According to 2017 research report of Nelson, the Company had unaided awareness kept first in ranking both of main brand in kitchenware field and naked flame cooker; unaided awareness of SDA was still leading in the industry after occupying the first place for the first time in 2016. In BrandZ's 2017 Top 100 Most Valuable Chinese Brands, Supor's brand value improved by 35% on a YoY basis.

### (2) Export sales

In the reporting period, with the continuous transfer of SEB Group's order, the Company's main business income has a 13.21% YoY growth as a whole. In particular, SEB business export was increased by 18.61%.

### (3) Progress of SEB Integration Project

In reporting period, SEB integration project ran smoothly and synergistic effect was further intensified

SEB Group's business order has showed a double-digit growth. Both parties' integration in R&D, design and manufacturing was further deepened and the Company's overall competitiveness was further improved.

In 2017, the Company introduced Germany's best brand of household product-WMF from SEB Group. Combining KRUPS and LAGOSTINA brands introduced before, Supor has finished brand layout of high-end cookware and SDA elementarily. High-end brand business will become Supor's significant growth engine for future development.

## II. Main Business Analysis

### 1. Overview

In reporting period, the Company harvested main business income of RMB 14,057,808,616.97, with a YoY increase of RMB 2,213,546,501.41 and increasing range of 18.69%, which was mainly attributed to its business increase of domestic sales and export sales channels. The main business cost was RMB 9,873,485,171.25, indicating an increase of RMB 1,680,678,013.04 and growing rate of 20.51%. The gross profit margin of main business was 29.77% with decrease of 1.06% compared with the same period of the last year. It is mainly caused by higher price of main Raw Material.

### 2. Income and Costs

#### (1) Contents of total sale

(Unit: RMB)

	2017		2016		Increase / decrease YoY (%)
	Amount	Proportion of total sale	Amount	Proportion of total sale	

Total sale	14,187,347,425.77	100%	11,947,123,201.12	100%	18.75%
By Industries					
Cookware	4,956,457,064.68	34.94%	4,357,401,879.57	36.47%	13.75%
Electrical appliances	9,077,060,407.64	63.98%	7,465,540,938.11	62.49%	21.59%
Plastic& rubber	24,291,144.65	0.17%	21,319,297.88	0.18%	13.94%
Others	129,538,808.80	0.91%	102,861,085.56	0.86%	25.94%
By Products					
Electric pots	3,809,138,321.20	26.85%	3,462,194,790.53	28.98%	10.02%
Others	10,378,209,104.57	73.15%	8,484,928,410.59	71.02%	22.31%
By Areas					
Domestic sales	10,212,326,158.07	71.98%	8,436,085,533.18	70.61%	21.06%
Export sales	3,975,021,267.70	28.02%	3,511,037,667.94	29.39%	13.21%

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

2) If income is calculated by areas, “domestic sales” in 2017 includes main business income RMB 10,082,787,349.27 and other business income RMB 129,538,808.80;

Income in 2016 includes main business income RMB 8,333,224,447.62 and other business income RMB 102,861,085.56;

3) If income is calculated by products, income in “others” column includes other business income; of which, income in 2017 is RMB 129,538,808.80 and income in 2016 is RMB 102,861,085.56.

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

Applicable  Not Applicable

Does the Company need to abide by the disclosure requirements for special industry?

No

(Unit: RMB)

	Total sale	Operating cost	Gross profit rate	Increase / decrease YoY (%) for total sale	Increase / decrease YoY (%) for operating cost	Increase / decrease YoY (%) for gross profit
By Industries						
Cookware	4,956,457,064.68	3,336,908,992.56	32.68%	13.75%	19.85%	-3.43%
Electrical appliances	9,077,060,407.64	6,516,500,647.72	28.21%	21.59%	20.88%	0.42%
Plastic& rubber	24,291,144.65	20,075,530.97	17.35%	13.94%	14.83%	-0.64%
Others	129,538,808.80	120,553,567.78	6.94%	25.94%	12.47%	11.15%
Subtotal	14,187,347,425.77	9,994,038,739.03	29.56%	18.75%	20.41%	-0.97%



By products						
Electric pots	3,809,138,321.20	2,719,900,753.54	28.60%	10.02%	11.98%	-1.25%
By Areas						
Domestic sales	10,212,326,158.07	6,729,618,104.26	34.10%	21.06%	22.50%	-0.78%
Export sales	3,975,021,267.70	3,264,420,634.77	17.88%	13.21%	16.31%	-2.19%
Subtotal	14,187,347,425.77	9,994,038,739.03	29.56%	18.75%	20.41%	-0.97%

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

Applicable  Not Applicable

### (3) Comparison between practical sales income and labor income

Yes  No

Industrial classification	Items	Unit	2017	2016	Increase / decrease YoY (%)
Cookware	Sales Volume	Set	53,366,357	45,800,519	16.52%
	Production Volume	Set	42,673,892	38,196,686	11.72%
	Inventory Volume	Set	14,221,283	11,346,327	25.34%
Electrical appliances	Sales Volume	Set	60,502,687	53,065,775	14.01%
	Production Volume	Set	49,763,067	43,802,144	13.61%
	Inventory Volume	Set	8,213,913	6,973,589	17.79%
Total	Sales Volume	Set	113,869,044	98,866,294	15.17%
	Production Volume	Set	92,436,959	81,998,830	12.73%
	Inventory Volume	Set	22,435,196	18,319,916	22.46%

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

Applicable  Not Applicable

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

Applicable  Not Applicable

### (5) Structure of operating costs

Category of industry and product

(Unit: RMB)

Industry	Item	2017		2016		Increase / decrease YoY (%)
		Amount	Proportion of operating cost	Amount	Proportion of operating cost	

Cookware	Business cost	3,336,908,992.56	33.39%	2,784,234,232.40	33.54%	19.85%
Electrical appliance	Business cost	6,516,500,647.72	65.20%	5,391,090,243.83	64.95%	20.88%
Rubber and plastic products	Business cost	20,075,530.97	0.20%	17,482,681.98	0.21%	14.83%
Others	Business cost	120,553,567.78	1.21%	107,191,913.57	1.29%	12.47%
Subtotal	Business cost	9,994,038,739.03	100.00%	8,299,999,071.78	100.00%	20.41%

(Unit: RMB)

Product category	Item	2017		2016		Increase / decrease YoY (%)
		Amount	Proportion of operating cost	Amount	Proportion of operating cost	
Electric pots	Business cost	2,719,900,753.54	27.22%	2,428,878,893.41	29.26%	11.98%
Others	Business cost	7,274,137,985.49	72.78%	5,871,120,178.37	70.74%	23.90%
Subtotal	Business cost	9,994,038,739.03	100.00%	8,299,999,071.78	100.00%	20.41%

Introduction:

- 1) "Cookware, electrical appliance and rubber and plastic products" in separated industry cost belong to the Company's main business cost while "others" belong to the Company's other business cost;
- 2) "Others" in separated product cost include other business cost which was RMB 120,553,567.78 and 107,191,913.57 in 2017 and 2016 respectively.

**(6) Change of combination scope during report**√Yes No

For details, please see "VIII. Change on consolidation scope" of SECTION XI FINANCIAL STATEMENT.

**(7) Important change or adjustment for the Company's businesses, products or services in the reporting period** Applicable  Not Applicable**(8) Main sales clients and suppliers**

Main sales clients

Total amount of sales to top 5 customers (RMB)	4,806,139,650.72
Proportion in the year's total sales (%)	33.88%
Proportion for associated party's sales amount of sales amount for the top five clients in annual total sales amount	24.84%

Information of the Company's five major customers

No.	Customer	Sales amount (RMB)	Proportion in the total sales amount of the year (%)
1	SEB ASIA LTD	3,524,498,377.66	24.84%
2	Customer 2	409,160,104.36	2.88%
3	Customer 3	316,181,853.07	2.23%
4	Customer 4	312,515,324.24	2.20%
5	Customer 5	243,783,991.39	1.72%
Total	--	4,806,139,650.72	33.88%

Instruction for main clients' other cases

Applicable  Not Applicable

The Company's main supplier

Total purchasing value from top 5 suppliers (RMB)	1,127,675,857.52
Proportion in the year's total purchasing value	10.85%
Proportion for associated party's purchase amount of purchase amount for the top five suppliers in annual total purchase amount	3.24%

The top 5 suppliers' information

No.	Supplier	Purchasing value (RMB)	Proportion in the total purchasing amount of the year
1	Wuhan Anzai Cookware Co., Ltd.	337,075,845.53	3.24%
2	Supplier 2	253,966,143.28	2.44%
3	Supplier 3	205,667,228.13	1.98%
4	Supplier 4	188,878,816.58	1.82%
5	Supplier 5	142,087,824.00	1.37%
Total	--	1,127,675,857.52	10.85%

Instruction for main suppliers' other cases

Applicable  Not Applicable

### 3. Expenses

(Unit: RMB)

	2017	2016	Increase / decrease YoY (%)	Introduction for great change
Cost for sales	2,213,078,313.55	1,891,733,488.76	16.99%	
Costs for management	415,194,235.98	388,653,602.92	6.83%	
Costs for finance	-126,978.87	-21,438,184.36	99.41%	Mainly owing to exchange loss

				resulted from fluctuation of rate of RMB to USD. Exchange gain was yielded in the same period of last year.
--	--	--	--	---

#### 4. R&D Input

Applicable  Not Applicable

Oriented by consumers' demand, the Company engages in R & D of the differential products that meet kitchen demand and local eating and life habits. The Company lays emphasis on R & D investment, boosts technical innovation actively, further explores product category and adds product additional value; respects customer's experience and focuses on all details of consumer use in order to realize safe, environmentally friendly, convenient and fashionable products. R & D expenditure in this year accounts for 7.38% and 2.71% of net assets and business income audited in the recent period.

The Company's R&D input

	2017	2016	Change proportion
Qty. of R & D persons (person)	1,231	1,245	-1.12%
Proportion of R & D personnel	9.68%	9.79%	-0.11%
Amount of R&D input (RMB)	383,877,462.27	351,893,729.50	9.09%
Proportion of R&D input in total sale	2.71%	2.95%	-0.24%
Capitalization amount of R&D input (RMB)	0.00	0.00	0.00%
Proportion of Capitalization R&D input in R&D input	0.00	0.00%	0.00%

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

Applicable  Not Applicable

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

Applicable  Not Applicable

#### 5. Cash flow

(Unit: RMB)

Item	2017	2016	Increase / decrease YoY (%)
Sub-total of cash inflows from operating activities	16,461,784,566.29	13,426,671,825.60	22.61%
Sub-total of cash outflows from operating activities	15,380,315,508.90	12,037,759,913.13	27.77%
Net cash flows resulting from operating activities	1,081,469,057.39	1,388,911,912.47	-22.14%
Sub-total of cash inflows from	1,737,290,183.71	2,385,920,332.23	-27.19%

investment activities			
Sub-total of cash outflows	2,281,540,173.14	2,344,683,005.27	-2.69%
Net cash flow arising from investing activities	-544,249,989.43	41,237,326.96	-1,419.80%
Sub-total of cash inflows from financing activities		3,658,950.00	-100.00%
Sub-total of cash outflows from financing activities	510,276,516.56	1,591,503,970.42	-67.94%
Net cash flow from financing activities	-510,276,516.56	-1,587,845,020.42	67.86%
Net increase in cash and cash equivalents	22,497,208.37	-146,678,151.96	115.34%

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

Applicable  Not Applicable

1. Net amount of cash flow generated in investment decreased by 1,419.80% compared with that in the same period of the last year, which is mainly due to the decreasing financial products withdrew in this period. It is mainly due to the decrease of cash to recover WMP in cash inflow of investment activity in current period.

2. Net amount of cash flow generated in financing increased by 67.86% compared with that in the same period of the last year, which is mainly due to the purchase of the subsidiary's minority interest equity in last period. It is mainly for purchasing minority equity of subsidiary in cash outflow of financing activity in last period.

3. The net added amount of cash and cash equivalents was increased by 115.34% compared with the same period in last year, due to the purchase of the subsidiary's minority interest equity in last period.

Reason for great change between net cash flow caused by operation activities and annual net profits

Applicable  Not Applicable

### III. Analysis for Non-main Business

Applicable  Not Applicable

### IV. Analysis of Assets and Liabilities

#### 1. Significant changes in assets

(Unit: RMB)

	2017 year end		2016 year end		Increase / decrease in proportion	Cause of change
	Amount	Proportion in total assets	Amount	Proportion in total assets		
Monetary funds	779,641,360.93	8.50%	754,144,152.56	9.60%	-1.10%	
Accounts	1,394,611,743.59	15.21%	1,160,117,826.72	14.76%	0.45%	

receivable						
Inventories	2,185,899,491.72	23.83%	1,696,932,203.19	21.60%	2.23%	
Long-term equity investment	57,828,126.15	0.63%	53,877,930.88	0.69%	-0.06%	
Fixed assets	829,197,651.78	9.04%	885,129,598.11	11.26%	-2.22%	Mainly due to YoY increase of accrual of depreciation for fixed assets.
Construction in progress	23,464,233.86	0.26%	5,986,693.89	0.08%	0.18%	
Financial assets at fair value through profit or loss	1,305,530,496.83	14.23%	856,988,784.08	10.91%	3.32%	Mainly due to increase of capital-preservation floating-earnings WMP yield related to rate of interest.
Notes receivable	678,723,166.23	7.40%	843,520,455.60	10.73%	-3.33%	
Advances paid	326,628,488.10	3.56%	157,326,657.23	2.00%	1.56%	Mainly due to increase of payment in advance resulted from the fact that bulk material was purchased in this period.
Other receivables	18,690,041.58	0.20%	55,657,951.60	0.71%	-0.51%	Mainly due to receiving export rebates of VAT payable of last year in current period.
Intangible assets	334,602,690.62	3.65%	255,692,979.29	3.25%	0.40%	Mainly due to subsidiary purchasing land using right in current period.
Deferred tax Assets	209,300,649.86	2.28%	150,419,830.47	1.91%	0.37%	Mainly due to temporary difference resulted from accrued expense of subsidiary as well as difference of share option to be offset.

## 2. Assets and liabilities measured at the fair value

√ Applicable    □ Not Applicable

(Unit: RMB)

Item	Opening balance	Gains on changes in fair value	Changes in fair value included in equity	Impairment loss of the current period	Amount of purchasing of the current period	Amount of selling of the current period	Ending balance
Financial assets							
1. Financial assets at fair value through	856,988,784.08	38,741,183.84			2,130,000,000.00	1,720,199,471.09	1,305,530,496.83

profit or loss (excluding derivative financial assets)							
Total	856,988,784.08	38,741,183.84			2,130,000,000.00	1,720,199,471.09	1,305,530,496.83
Financial liabilities	0.00						0.00

Is there any change of the valuation attribute of Company's main assets within the reporting period?

Yes  No

### 3. Restrictions for assets and rights till the end of reporting period.

None

## V. Analysis of Investment

### 1. General condition

Applicable  Not Applicable

### 2. Important equity investment gained during report

Applicable  Not Applicable

### 3. Non- equity investment handled during report

Applicable  Not Applicable

### 4. Financial assets measured at the fair value

Applicable  Not Applicable

(Unit: RMB)

Category of assets	Initial investment costs	Profit and loss for fair value change	Accumulated fair value change in rights and interest	Purchase amount during report	Sales amount during report	Accumulated investment income	Closing amount	Capital source
Others	1,290,000,000.00	8,541,712.75		2,130,000,000.00	1,690,000,000.00	30,199,471.09	1,305,530,496.83	Self-owned capital
Total	1,290,000,000.00	8,541,712.75	0.00	2,130,000,000.00	1,690,000,000.00	30,199,471.09	1,305,530,496.83	--

**5. Application of capital raised**

Applicable  Not Applicable

No capital raised was used in the reporting period.

**VI. Sales for Major assets and Equity****1. Sales for major assets**

Applicable  Not Applicable

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

**2. Sales for major equities**

Applicable  Not Applicable

**VII. Analysis for Main Holding Companies and Joint Stock Companies**

Applicable  Not Applicable

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

(Unit: RMB)

Company name	Company type	Main business	Registered capital	Total assets	Net assets	Total sale	Operating profit	Net profit
Wuhan Supor Pressure Cooker Co., Ltd.	Subsidiary	Cookware	RMB 224,039,000	303,346,451.20	295,018,389.59	16,000,000.00	2,365,030.75	1,503,640.83
Wuhan Supor Co., Ltd.	Subsidiary	Electrical appliances	RMB 5,180,000	14,600,566.92	13,502,826.82		-319,555.11	-319,183.70
Wuhan Supor Cookware Co., Ltd.	Subsidiary	Cookware	RMB 91,160,000	2,539,978,318.88	1,612,737,018.69	3,391,014,702.37	297,048,695.89	255,041,562.56
Zhejiang Supor Electrical Appliance Manufacturing Co., Ltd.	Subsidiary	Electrical appliances	RMB 133,697,100	2,354,205,064.43	1,216,573,417.34	3,847,995,323.32	363,026,556.86	274,689,532.36
Zhejiang Supor Plastic & Rubber Co., Ltd.	Subsidiary	Plastic and rubber manufacturing	RMB 8,044,700	155,164,780.95	120,437,694.78	197,375,586.32	10,268,583.81	7,101,064.30



Yuhuan Supor Cookware Sales Co., Ltd.	Subsidiary	Recycling of used metal	RMB 500,000	3,108,956.67	3,104,949.58		40,070.91	36,063.82
Zhejiang Shaoxing Supor Domestic Electrical Appliances Co., Ltd.	Subsidiary	Small appliance, kitchen appliance	RMB 610,000,000	3,292,154,434.03	1,406,893,902.88	5,271,584,113.92	655,466,395.53	565,021,969.76
Supor (Vietnam) Co., Ltd	Subsidiary	CW and electrical appliances	USD 15,000,000	164,016,030.14	147,109,325.67	191,037,722.55	17,339,225.85	15,365,700.82
Wuhan Supor Recycling Co., Ltd	Subsidiary	Recycling of used metal	RMB 1,000,000	2,040,380.41	1,719,252.61	9,387,671.45	52,775.63	47,498.07
Hangzhou Omega Commercial Trade Co., Ltd.	Subsidiary	CW and electrical appliances	RMB 10,000,000	42,328,485.15	-15,320,350.48	75,418,626.57	-1,673,070.13	-1,673,070.13
Shanghai Supor Cookware Marketing Co., Ltd.	Subsidiary	CW and electrical appliances	RMB 5,000,000	13,603,611.47	7,582,306.24	85,596,464.10	320,304.47	219,362.72
South East Asia Domestic Appliances Pte. Ltd.	Subsidiary	CW and electrical appliances	SGD 750,000	6,874,853.33	1,814,553.44	7,175,473.05	-1,551,464.41	-1,544,510.52
AFS Vietnam Management Co Ltd.	Subsidiary	CW and electrical appliances	VND 8,000,000,000	3,743,134.73	2,414,488.68		154,986.30	114,434.56
WMF (Shanghai) Co., Ltd.	Subsidiary	CW and electrical appliances	RMB 50 million	20,550,000.00	20,000,000.00			

Information note on main subsidiaries and joint stock companies

√Applicable    □Not Applicable

Company	Company obtaining and disposal mode in the reporting period	Influence on overall production, operation and performance
South East Asia Domestic Appliances Pte. Ltd.	Acquisition	Optimize and integrate Southeast Asia market with controlling shareholder and enhance the Company's status in Southeast Asia market
WMF (Shanghai) Co., Ltd.	Establishment	Facilitate the integration of business of the Company and companies of controlling shareholders in Chinese market, optimize resources allocation and boost business development of WMF brand consumer product

Information of main controlling and joint stock companies

1. According to resolution ratified in the 14<sup>th</sup> meeting of 5<sup>th</sup> board of directors, the Company should purchase 51% equity of SOUTH EAST ASIA DOMESTIC APPLIANCES PTE. LTD. held by the controlling shareholder SEB INTERNATIONALE S.A.S with SGD 382,500.00 owned fund.
2. According to resolution ratified in the 2<sup>nd</sup> meeting of 6<sup>th</sup> board of directors, the Company plans to establish a wholly-funded company to operate WMF's consumer product in Chinese market.

## VIII. Structural Subject under the Company's Control

Applicable  Not Applicable

## IX. Outlook of the Company

### 1. Future development strategy and operation plan of the Company

In recent years, China's economy has already entered its new normal. Whilst China's economy growth is tending to slow down, the continuous contribution improvement of consumption to GDP has already become the first driving force of economic growth for consecutive four years. According to the predication of McKinsey Global Institute (MGI), it is estimated that the quantity of middle class and affluent family in China would exceed 50% by 2020, and consumption upgrading would bring huge development opportunity for the brand enterprise with innovation capacity. Meanwhile, China is still at the sage of expending its urbanization. As national urbanization process continues and consumers' income level of tier-3 and 4 markets rises, the tier-3 and 4 markets will become an important growth channel of future industry.

In 2018, the Company will firmly insist in implementing the given strategy route, being consumer demand oriented, and continue promoting product innovation strategy and fine product strategy, improve the development strategy of multiple brands and multiple categories, seize consumption upgrading opportunity, and foster new growth points.

The Company will continue improving the service level and efficiency in the major retail systems in China and in international shopping places to strive to become the strategic supplier of more key retail channels, continue to develop the tier-3 and 4 markets, improve coverage rate and density of outlets, enlarge single store output, greatly develop E-commerce, continuously strengthen cooperation efficiency and resource input with major online retailers, innovate promotion patterns and continuously improve online sales scale and market share.

Supor will increase brand building strength, optimize brand communication strategy, continuously improve the popularity and preference of Supor brand in the field of kitchenware, and become a young and popular household appliance brand among users.

In the aspect of export business, Supor will actively promote SEB order transfer, continuously promote cooperation with SEB in R&D, design and manufacturing, enlarge production scale, acquire scale-based competitive advantage and improve core competence.

Supor will further conduct cost optimization and lean economy program, actively respond to adverse effect caused by price rise of raw materials, strengthen basic management over research and development, promote market's rapid response capacity of industrial system, and continuously improve cost competitiveness.

In addition, Supor will enhance talent construction, improve long-term incentive mechanism, improve management level of basic and medium management personnel, enhance subjective initiative of employees, and build an active and efficient working atmosphere for employees.

## 2. Possible risks and countermeasures

### (1) Macroeconomic fluctuation

Currently global economy is not only experiencing a slow recovery, but also is confronting with many uncertain factors. Fluctuations in macro economy or change in state macro control, especially slow growth of national economy and residents' disposable income, will directly affect the consuming intention and ability of resident, therefore the growth of cookware and small domestic appliances (SDA) industry will slow down, and which will cause influence on the sales growth of related products of Supor.

For the possible macroeconomic fluctuation risks, Supor is actively developing new business and cultivating new growth point. Meanwhile Supor is actively boosting SEB order transfer and ensuring the balanced development of domestic and overseas sales.

### (2) Production element price change

The main materials used by Supor for producing cookers and small electrical appliances are the aluminum, copper, stainless steel and plastics. If the raw material price grows rapidly, the production cost will rise rapidly, so it will affect the business performance of the company. Since 2016, great increase of prices of raw materials has caused certain stress to the production and operation of the Company. Additionally, the cookware and small domestic appliances (SDA) manufacturing industry belongs to the labor-intensive industry, so rapid rise of labor cost in a short time will possibly cause certain influence on the operation performance of the Company.

In order to cope with the risks caused by the fluctuation of production element price, Supor is active in 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 material on the production costs. Besides the company is actively boosting the rational automation of production line, improving the per capita labor output, and reduce the impact caused by rise in labor force.

### (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 (SDA). In order to seize market share, high-end brand will continue to sink channel and regulate product and price strategy, and certain high-end brand will enter shopping market channel 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, keep on improving innovation ability to create more products with high additional value, give full play to the competitive edge of multiple brands and multiple product categories of Supor, and continue to improve market share 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 use it 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 foreign trade business is about 30% of the overall business of the company. The fluctuation in foreign exchange is possible to bring benefits, or the adverse influence, so it will cause the exchange loss to the company in the end.

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

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

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

Applicable  Not Applicable

Reception time	Reception mode	Type of reception object	Index of basic information for investigation& research
September 19, 2017	On-site investigation and research	Institution	See <i>Record Form for Investor Relation Activity on September 21, 2017</i> disclosed by the Company in <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> on September 19, 2017 for details.

## SECTION V SIGNIFICANT EVENTS

### I. Profit Distribution of the Company's Common Shares and Turning Add Equity Capital Accumulation Fund

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

Applicable  Not Applicable

The profit distribution plan for the Company's common shares (preparedness) and turning add equity capital accumulation fund (preparedness) for the latest 3 years.

#### 1. Profit distribution plan for 2015

Based on the total capital stock of 632,875,188 shares (total capital stock of 631,765,700 shares on December 31, 2015 deducted by 1,109,488 shares of restricted stock will be repurchased and canceled), the Company will distribute cash dividend of RMB 5.60 (tax-inclusive) per 10 shares and the total profit distributed is RMB 353,788,792.00. There will be no distribution of bonus shares or conversion of capital reserve into share capital this year.

#### 2. Profit distribution plan for 2016

Based on the total capital stock of 631,759,700 shares (total capital stock of 631,765,700 shares on December 31, 2016 deducted by 6,000 shares of restricted stock will be repurchased and canceled), the Company will distribute cash dividends of RMB 7.70 (tax-inclusive) per 10 shares and the total cash dividends is RMB 486,454,969.00, issue 3 bonus shares (tax-inclusive) per 10 shares, and the total bonus shares are 189,527,910 shares.

#### 3. Profit distribution preplan for 2017

Based on the total capital stock of 820,817,960 shares (total capital stock of 821,287,610 shares on December 31, 2017 deducted by 43,650 shares of Restricted Stock will be repurchased and canceled and 426,000 shares of Reserved Restricted Stock without the profit distribution rights), the Company will distribute all shareholders at the price of RMB 7.20 per 10 shares (tax-inclusive) and the total cash dividends is RMB 590,988,931.20.

Distribution of cash dividends over the past 3 year (including this reporting period)

(Unit: RMB)

Year	Amount of cash dividends (tax-inclusive)	Net Profit in the Consolidated Statement attributable to the common shareholders of the listed company	Percentage in Net Profit in Consolidated Statement attributable to the common shareholders of the listed company	Amount of cash dividends by other means	Proportion of cash dividends by other means
2017	590,988,931.20	1,307,606,602.94	45.20%		
2016	486,454,969.00	1,077,341,957.40	45.15%		
2015	353,788,792.00	889,004,773.99	39.80%		

Information on profit-making in the reporting period and positive undistributed profit of parent company for common shareholders

but without cash dividends plan for common shares

Applicable  Not Applicable

## II. Pre-proposal on Profit Distribution and Conversion of Capital Reserve to Capital for 2017

Applicable  Not Applicable

Number of bonus stock per 10 shares (shares)	0
Amount of dividend (RMB) per 10 shares (tax-inclusive)	7.20
Number of Conversion per 10 shares (shares)	0
Equity base in distribution plan (shares)	820,817,960
Amount of cash dividends (RMB, tax-inclusive)	590,988,931.20
Distributable profits (RMB)	1,031,877,945.46
Proportion of cash dividends in total distribution of profits	100.00%
Detailed information on profit distribution and conversion of capital reserve to capital pre-proposal	
<p>In accordance with the standard unqualified audit report provided by UNION POWER CERTIFIED PUBLIC ACCOUNTANTS (SPECIAL GENERAL PARTNERSHIP), the parent company of Zhejiang Supor Co., Ltd. realized the net profit of RMB 987,039,336.48 in 2017. Pursuant to the regulations of the Company Law and the Articles of Association, the Company allocated RMB 98,703,933.65 as legal surplus reserve, plus the undistributed profit of RMB 1,001,933,921.75 in the beginning of the period, minus the cash dividends for 2016 of RMB 486,454,969.00 and bonus share of RMB 189,527,910.00 distributed on May 25, 2017, minus the repurchased fund of reserved restricted shares from undistributed profits RMB 182,408,500.12 in order to implement 2017 Incentive Plan on November 28, 2017. The distributable profit for shareholders by the end of the period were RMB 1,031,877,945.46.</p> <p>Based on the total capital stock of 820,817,960 shares (total capital stock of 821,287,610 shares on December 31, 2017 deducted by 43,650 shares of Restricted Stock will be repurchased and canceled and 426,000 shares of Reserved Restricted Stock without the profit distribution rights), the Company will distribute all shareholders at the price of RMB 7.20 per 10 shares (tax-inclusive) and the total cash dividends is RMB 590,988,931.20.</p>	

## III. Fulfillment of Commitments

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

Applicable  Not Applicable

Cause of commitment	Committed by	Type of commitment	Contents of commitment	Time of commitment	Term of commitment	Performance
Commitment of share merger reform						

Commitment made in Acquisition Report or Equity Change Report	SEB International	Other commitments	SEB International commits in Acquisition Report signed in October 19, 2011: Retain 25% of Supor's existing or any future capital stock.	October 19, 2011	December 22, 2011 - December 21, 2021	Performed strictly
Commitment made during asset restructuring						
Commitment made during IPO or refinancing						
Commitment for stock right encouragement						
Other commitments for middle and small shareholders	SEB Internationale	Other commitments	SEB Internationale committed following in the Framework Agreement of Strategic Investment signature on August 14 2006: to retain 25% of the present or future total stocks within 10 years from December 25, 2007.	August 14, 2006	December 25, 2007 - December 24, 2017	Completed
	SEB Internationale	Commitments for share restriction	On August 3, 2015, SEB Internationale completed the purchase of 10 million of Supor shares held by Supor Group by means of contract transfer, and undertook that within three years as of the date of transfer registration, it would not transfer or entrust others to manage, or sell back to Supor the shares obtained from this transfer.	August 3, 2015	August 3, 2015- August 2, 2018	Performed strictly
	SEB Internationale	Other commitments	SEB Internationale committed not to reduce the Company's shares held within 12 months as of January 15, 2016 by any means (as of January 15, 2016 to January 14, 2017).	January 15 2016	January 15 2016 - January 14 2017	Completed
	SEB Internationale	Commitments for share restriction	SEB Internationale finished receiving 50,000,000 Supor shares held by Supor Group Co., Ltd. in form of agreement transfer on June 23, 2016 and	June 23 2016	June 23 2016 - June 22 2019	Performed strictly

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

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

Applicable     Not Applicable

Forecasted earning assets or project name	Starting time of forecast	Ending time of forecast	Current forecasted performance (in RMB 10,000)	Current actual performance (in RMB 10,000)	Reason for not reaching forecasted value (where applicable)	Disclosure date for original forecast	Disclosure index for original forecast
Acquire 25% equity of the subsidiary Zhejiang Supor Electrical Appliance Manufacturing Co., Ltd.	January 1, 2016	December 31, 2018	20,908.33	27,468.95	Not applicable	March 25, 2016	See No. 2016-020 <i>Announcement of Acquiring Equity Interest of Zhejiang Supor Electrical Appliance Manufacturing Co., Ltd. as Connected Transaction</i> disclosed on <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Acquire 25% equity of the subsidiary	January 01, 2016	December 31, 2018	23,558.04	25,504.16	Not applicable	March 25, 2016	See No. 2016-021 <i>Announcement</i>



Wuhan Supor Cookware Co., Ltd.							of Acquiring Equity Interest of Wuhan Supor Cookware Co., Ltd. as Connected Transaction disclosed on <a href="http://www.cni&lt;br/&gt;nfo.com.cn">http://www.cni nfo.com.cn</a> .
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Commitments that the Company's shareholder and counterparty had made for operation performance in the reporting year

Applicable  Not Applicable

Within the successive three years (2016-2018) after finishing variation registration for 25% equity respectively for Zhejiang Supor Electrical Appliance Manufacturing Co., Ltd. and Wuhan Supor Cookware Co., Ltd., accounting firm of the Company should calculate expected profit in appraisal report of assets appraisal company and actual net profit gap generated respectively in audited accounts of the two companies and issue special audit opinions on a yearly basis. The counterparty Grain Harvest Development Limited commits: Within the successive three years after finishing equity variation registration, it will compensate the Company for profit gap for actual and expect accumulative values of net profits in accordance with equity ratio that it transfers.

#### IV. Occupied Non-business Capital of Listed Company for Shareholders and Affiliated Company

Applicable  Not Applicable

No occupied non-business capital of listed company for shareholders and affiliated company made in the reporting period.

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

Applicable  Not Applicable

#### VI. Change of accounting policy, accounting estimate and calculation method compared with last year's financial statement

Applicable  Not Applicable

On April 28, 2017, Ministry of Finance issued *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 “*Enterprise Accounting Standards No. 42*”), which was implemented from May 28, 2017. On May 10, Ministry of Finance issued the revised *Accounting Standards for Enterprises No.16—Government Grants* (hereinafter referred to as “*Enterprise Accounting Standards No. 16*”), which was implemented from June 12, 2017.

The Company has been operating in accordance with *Enterprise Accounting Standards No. 42* and the revised *Enterprise Accounting Standards No. 16* since January 1, 2017 and changes corresponding critical accounting policy of the Group. The details are as follows:

1. Add profit and loss on going concern and profit and loss of discontinuing operation respectively in consolidated profit statement

and profit statement.

2. For government grants pertinent to assets, change “identify as deferred income after getting” into “offset book value of relevant assets after getting”.
3. Where the government subsidies related to income are used for compensating relevant cost or loss thereafter, they are changed from the current profits and losses in the period of recognizing relevant cost or loss to the write-down of relevant costs in the period of recognizing relevant cost or loss once they are recognized as deferred income upon being obtained; if they are used for compensating the relevant cost incurred or loss, they are changed from the current profits and losses upon being obtained to the inclusion of current profits and losses directly or write-down of relevant costs upon obtained.
4. For government grants pertinent to daily activity, change “include into non-operating income” into “include other income according to essence of economic business” and list the item in consolidated profit statement and profit statement separately.

According to *Enterprise Accounting Standards No. 42*, the criterion should be implemented from May 28, 2017. Non-current assets for sales held on implementing date, disposal group and discontinuing operation should be treated with prospective application method. According to *Enterprise Accounting Standards No. 16*, government grants on January 1, 2017 should be treated with prospective application method and government grants newly increased from January 1, 2017 to criterion implementing date should be adjusted according to criterion. Therefore, all accounting policy changes above are not involved with retroactive adjustment for comparative data. The accounting policy changes above do not influence net profit of the Group in current reporting period. Influence on consolidated profit statement and profit statement in current reporting period is shown below:

Consolidated profit statement		Profit statement of parent company	
Statement item influenced	Amount influenced	Statement item influenced	Amount influenced
Profits and loss on going concern	Unchanged	Profits and loss going concern	Unchanged
Including: Operating income	Unchanged	Including: Operating income	Unchanged
Operating cost	Unchanged	Operating cost	Unchanged
Income from assets disposal	Increase by 887,518.81	Income from assets disposal	Increase by 127,061.26
Other income	Increase by 82,379,740.78	Other income	Increase by 18,076,759.58
Non-operating income	Decrease by 83,267,259.59	Non-operating income	Decrease by 18,203,820.84
Net profit owned by owner of parent company	Unchanged	Net profit owned by owner of parent company	Unchanged
Profits and loss on discontinuing operation	Unchanged	Profits and loss on discontinuing operation	Unchanged
Including: Net profit owned by	Unchanged	Including: Net profit owned by	Unchanged

owner of parent company		owner of parent company	
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## VII. Instruction for Important Financial Errors, Correction and Restatement in Reporting Period

Applicable  Not Applicable

No important financial errors, correction and restatement in the reporting period.

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

Applicable  Not Applicable

For details, please see VIII. Change on consolidation scope of SECTION XI FINANCIAL STATEMENT.

## IX. Employment and Disengagement of Certified Public Accountants

Certified public accountants engaged at the moment

Name of domestic certified public accountants:	Union Power Certified Public Accountants (Special General Partnership)
Reward for domestic certified public accountants (in 10K RMB)	150
Service years of audit for the Company	Two years
Names of CPAs from domestic certified public accountants:	Li Wei, Guo Youying
Service years of CPAs for the Company	Two years
Name of domestic certified public accountants: (if any)	None
Service years of audit for the Company (if any)	None
Names of CPAs from domestic certified public accountants: (if any)	None

Intension of changing certified public accountants

Yes  No

Employment of internal control counting firm, financial consultant or sponsor

Applicable  Not Applicable

## X. Suspension of Listing or Delisting after Disclosure of Annual Report

Applicable  Not Applicable

## XI. Bankruptcy or Reorganization

Applicable  Not Applicable

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

## **XII. Significant Litigations and Arbitrations**

Applicable  Not Applicable

No significant litigations and arbitrations made in the reporting period.

## **XIII. Punishment and Rectification**

Applicable  Not Applicable

No punishment or rectification issues happened in the reporting period.

## **XIV. Shareholders' and Practical Controllers' Integrity**

Applicable  Not Applicable

## **XV. Implementation of Company's equity incentive plan, employee equity holding plan or other employee incentive measures**

Applicable  Not Applicable

(1) About equity incentive plan 2013

1. On August 30, 2016, Supor held the 13<sup>th</sup> session of fifth board of directors and adopted the Proposal on Repurchasing and Cancelling a Part of Restricted Stock. Due to one incentive object resigned and was not complying with the incentive conditions, Supor repurchased back 6,000 restricted shares without meeting the unlocking conditions at the price of 0 yuan. Upon the review and confirmation of Shenzhen Branch China Securities Depository and Clearing Company Limited (CSDCC), Supor had already completed the repurchase and cancellation of the granted restricted shares on May 16, 2017. This time Supor repurchased back 6,000 restricted shares at the price of RMB 0.00

The details were posted on *Securities Times*, *China Securities Journal* respectively on August 31, 2016 and May 17, 2017; see *Securities Daily* and the website (<http://www.cninfo.com.cn>): Announcement for Repurchase and Cancellation of Granted Restricted Stocks, Announcement for Completion of Repurchase and Cancellation of Granted Restricted Stocks.

2. The Company deliberated and ratified *Proposal on the Fourth Unlocking Period of Incentive Plan for Restricted Shares and the Third Unlocking Period for Reserved Restricted Shares* in 15<sup>th</sup> meeting of the 5<sup>th</sup> board of directors held on March 29, 2017: According to 2013 Equity Incentive Plan, approve to unlock 112 conforming incentive objects in the fourth unlocking and the third unlocking period for reserved restricted shares. Unlocking number in the fourth unlocking period and the third unlocking period for reserved restricted shares was 1,978,000 shares and 96,123 shares respectively, totally 2,074,123 shares. After Profit distribution plan for 2016 on May 25, 2017, the company issued 3 bonus shares per 10 shares and unlocking number in the fourth unlocking period and the third unlocking period for reserved restricted shares was 2,571,400 shares and 124,960 shares respectively, totally 2,696,360 shares. Shares which can be unlocked in the third unlocking period for restricted shares were circulated in market from October 16, 2017.

For specific contents, see the Announcement of Unlocking of Restricted Stock within the Fourth Unlock Period and Reserved Restricted Stock within the Third Unlock Period of Restricted Stock Incentive Plan, the Indicative Announcement of Listing and Circulating of Unlocked Stocks of Reserved Restricted Stocks Within the Third Unlock Period of Restricted Stock Incentive Plan, and the Indicative Announcement of Listing and Circulating of Unlocked Stocks Within the Fourth Unlock Period of Restricted Stock Incentive Plan disclosed on *Securities Times*, *China Securities Journal*, *Securities Daily* and [www.cninfo.com.cn](http://www.cninfo.com.cn) respectively on

March 30, 2017, October 11, 2017 and December 28, 2017.

(2) About equity incentive plan 2017

1. The 2<sup>nd</sup> Session of the Sixth Board of Directors and the 2<sup>nd</sup> Session of the Sixth Board of Supervisors held on August 29, 2017 reviewed and adopted the *Proposal on Restricted Stock Incentive Plan (Revised Draft) and Abstract of Zhejiang Supor Co., Ltd. 2017*. The Company is planning to grant total 4,300,000 restricted stocks to incentive objects, accounting for 0.524% of the total 821,287,610 stocks of the Company; wherein the Company will firstly grant 3,924,000 equity stocks to 189 incentive objects firstly, accounting for 91.256% of the planned granted restricted stocks under incentive plan and 0.478% of total stocks of the Company; the Company will reserve 376,000 stocks, accounting for 8.744% of the planned granted restricted stocks under incentive plan and 0.046% of total stocks of the Company. The independent director of the Company expressed independent opinion for the equity incentive plan, and the Board of Supervisors of the Company made a preliminary verification for the list of incentive objects.

As for the specific contents, see the *Proposal on Restricted Stock Incentive Plan (Revised Draft) and Abstract of Zhejiang Supor Co., Ltd. 2017* posted on <http://www.cninfo.com.cn> on August 31, 2017.

2. The 3<sup>rd</sup> Session of the Sixth Board of Directors and the 3<sup>rd</sup> Session of the Sixth Board of Supervisors held on October 18, 2017 reviewed and adopted the *Proposal on Adjusting Restricted Stock Incentive Plan 2017* and the *Proposal on Restricted Stock Incentive Plan (Revised Draft) and Abstract of Zhejiang Supor Co., Ltd. 2017*. The Company is planning to grant total 4,300,000 restricted stocks to incentive objects, accounting for 0.524% of the total 821,287,610 stocks of the Company; wherein the Company will firstly grant 3,924,000 equity stocks to 182 incentive objects firstly, accounting for 91.256% of the planned granted restricted stocks under incentive plan and 0.478% of total stocks of the Company; the Company will reserve 376,000 stocks, accounting for 8.744% of the planned granted restricted stocks under incentive plan and 0.046% of total stocks of the Company. The independent director of the Company expressed independent opinion for the proposals above, and the Board of Supervisors of the Company made the preliminary verification again for the adjusted list of incentive objects.

For specific contents, see the *Announcement of Adjusting Restricted Stock Incentive Plan 2017* posted on *Securities Times*, *China Securities Journal*, *Securities Daily* and [www.cninfo.com.cn](http://www.cninfo.com.cn) on October 19, 2017 and the *Restricted Stock Incentive Plan (Revised Draft) and Abstract of Zhejiang Supor Co., Ltd. 2017* posted on <http://www.cninfo.com.cn> on October 19, 2017.

3. The Company disclosed the *Opinions of Board of Supervisors on Verification of List of Incentive Objects of Restricted Stock of Zhejiang Supor Co., Ltd. 2017* (after adjustment) on November 11, 2017. From the perspectives of the Board of Supervisors, the incentive objects of the incentive plan are complying with the conditions specified by the relevant laws, regulations and normative documents; their principal qualifications being the incentive objects of the restricted stock incentive plan are legal and effective.

For specific contents, see the *Opinions of Board of Supervisors on Verification of List of Incentive Objects of Restricted Stock of Zhejiang Supor Co., Ltd. 2017* (after adjustment) disclosed by the Company on the *Securities Times*, *China Securities Journal*, *Securities Daily* and [www.cninfo.com.cn](http://www.cninfo.com.cn) on November 11, 2017.

4. The 2<sup>nd</sup> Interim General Meeting of Shareholders 2017 of the Company held on November 16, 2017 reviewed and adopted the *Proposal on Restricted Stock Incentive Plan (Revised Draft) and Abstract of Zhejiang Supor Co., Ltd. 2017*, the *Proposal on Assessment Measures for the Implementation of the Restricted Stock Incentive Plan of Zhejiang Supor Co., Ltd. 2017*, and the *Proposal on Requesting the General Meeting of Shareholders to Authorize the Board of Directors to Deal with Issues Related to the Company's Restricted Stock Incentive Plan*.

For specific contents, see the *Announcement for Resolution of the 2<sup>nd</sup> Interim General Meeting of Shareholders 2017* of the Company disclosed by the Company on the *Securities Times*, *China Securities Journal*, *Securities Daily* and [www.cninfo.com.cn](http://www.cninfo.com.cn) on November 17, 2017.

5. The Company disclosed the *Self-inspection Report for Inside Information Insider for Buying and Selling Corporate Stock of Restricted Stock Incentive Plan 2017* on November 17, 2017. In the process of preparing the incentive plan, the Company did not find the behavior of inside information insider to use the related inside information to buy or sell stock of the Company, and in 6

months before the incentive plan (draft) is firstly disclosed, the Company did not find the behavior of inside information insider to use the relevant inside information to buy and sell stock of the Company.

For specific contents, see the *Self-inspection Report for Inside Information Insider for Buying and Selling Corporate Stock of Restricted Stock Incentive Plan 2017* disclosed by the Company on the *Securities Times*, *China Securities Journal*, *Securities Daily* and [www.cninfo.com.cn](http://www.cninfo.com.cn) on November 17, 2017.

6. The 4<sup>th</sup> Session of the Sixth Board of Directors and the 4<sup>th</sup> Session of the Sixth Board of Supervisors held by the Company on December 4, 2017 reviewed and adopted the *Proposal on Adjusting Related Issues of Restricted Stock Incentive Plan 2017* and the *Proposal on the Grant of Restricted Stock to Incentive Objects*. Since 1 incentive object of the firstly granted restrictive stock incentive objects was resigned due to personal reason, the number of the firstly granted restricted stock incentive object was reduced from 182 to 181, the quantity of the firstly granted restricted stock was reduced from 3,924,000 to 3,874,000 and the quantity of the reserved restricted stock was increased from 376,000 to 426,000; the total quantity of the restricted stock that the Company was planning to grant remains unchanged. The Board of Directors agreed to grant 3,874,000 restricted stocks to 181 incentive objects, and the grant date of restricted stock was December 4, 2017. The independent director of the Company expressed the independent opinions on the proposals above, and the Board of Supervisors of the Company has confirmed the List of Incentive Objects.

For specific contents, see the *Announcement for Adjusting the Related Issues of Restricted Stock Incentive Plan 2017* and the *Announcement for the Grant of Restricted Stock to Incentive Objects* disclosed by the Company on the *Securities Times*, *China Securities Journal*, *Securities Daily* and [www.cninfo.com.cn](http://www.cninfo.com.cn) on December 6, 2017.

7. The Company disclosed the *Announcement for the Completion of the First Grant of Restricted Stock 2017* on December 28, 2017. The listing date of 3,874,000 restricted stocks of the firstly granted incentive objects is December 29, 2017.

For specific contents, see the *Announcement for the Completion of the First Grant of Restricted Stock 2017* disclosed by the Company on the *Securities Times*, *China Securities Journal*, *Securities Daily* and [www.cninfo.com.cn](http://www.cninfo.com.cn) on December 28, 2017.

## XVI. Significant Connected Transactions

### 1. Connected transaction related to daily business

√ Applicable    □ Not Applicable

Parties involved	Relation	Type of connected transactions	Content of connected transactions	Pricing rule of connected transactions	Price of connected transactions	Amount of connected transactions (10K RMB)	Proportion in similar transactions	Transaction amount (in RMB 10,000)	If exceeding approved amount	Settlement type of connected transactions	Market price of similar trading achievable	Date of disclosure	Reference for disclosure
Wuhan Anzai Cookware Co., Ltd.	Affiliated companies	Goods purchasing	Finished products	Contract price	-	28,660.12	2.76%		No	Bank transfer or bills	-		
Wuhan Anzai Cookware Co., Ltd.	Affiliated companies	Goods purchasing	Accessories	Market price	-	5,047.46	0.49%		No	Bank transfer or bills	-		

GROUPE SEB EXPORT	Same controlli ng sharehol der with the controlli ng sharehol der	Goods purchasi ng	Finished products	Contract price	-	590.9	0.06%		No	Bank transfer or bills	-		
S.A.S. GROUPE SEB MOULIN EX	Same controlli ng sharehol der with the controlli ng sharehol der	Goods purchasi ng	Accesso ries	Market price	-	1,324.2 9	0.13%		No	Bank transfer or bills	-		
LAGOST INA S.P.A.	Same controlli ng sharehol der with the controlli ng sharehol der	Goods purchasi ng	Finished products	Contract price	-	353.03	0.03%		No	Bank transfer or bills	-		
TEFAL S.A.S.	Same controlli ng sharehol der with the controlli ng sharehol der	Goods purchasi ng	Accesso ries	Market price	-	303.46	0.03%		No	Bank transfer or bills	-		
SHANG HAI SEB	Same controlli ng	Goods purchasi ng	Finished products	Contract price	-	0.48	0.00%		No	Bank transfer or bills	-		

	shareholder with the controlling shareholder												
SHANG HAI SEB	Same controlling shareholder with the controlling shareholder	Goods purchasing	Fixed assets	Contract price	-	43.86	0.00%		No	Bank transfer or bills	-		
SEB INTERNATIONAL SERVICE SAS	Same controlling shareholder with the controlling shareholder	Goods purchasing	Finished products	Contract price	-	1.43	0.00%		No	Bank transfer or bills	-		
ETHERA	Same controlling shareholder with the controlling shareholder	Goods purchasing	Accessories	Market price	-	353.33	0.03%		No	Bank transfer or bills	-		
SEB ASIA LTD.	Same controlling shareholder with the	Commodity selling	Finished products	Contract price	-	351,404.12	24.77%		No	Bank transfer or bills	-		



	controlling shareholder												
SEB ASIA LTD.	Same controlling shareholder with the controlling shareholder	Commodity selling	Accessories	Contract price	-	1,045.72	0.07%		No	Bank transfer or bills	-		
S.A.S. SEB	Same controlling shareholder with the controlling shareholder	Commodity selling	Finished products	Contract price	-	2,067.29	0.15%		Yes	Bank transfer or bills	-		
S.A.S. SEB	Same controlling shareholder with the controlling shareholder	Commodity selling	Accessories	Contract price	-	125.6	0.01%		No	Bank transfer or bills	-		
TEFAL S.A.S.	Same controlling shareholder with the controlling shareholder	Commodity selling	Finished products	Contract price	-	934.24	0.07%		No	Bank transfer or bills	-		

	der												
TEFAL S.A.S.	Same controlling shareholder with the controlling shareholder	Commodity selling	Accessories	Contract price	-	1,586.48	0.11%		No	Bank transfer or bills	-		
S.A.S. GROUPE SEB MOULIN EX	Same controlling shareholder with the controlling shareholder	Commodity selling	Finished products	Contract price	-	3,617.75	0.25%		No	Bank transfer or bills	-		
S.A.S. GROUPE SEB MOULIN EX	Same controlling shareholder with the controlling shareholder	Commodity selling	Accessories	Contract price	-	14.56	0.00%		No	Bank transfer or bills	-		
Supor Group Co., Ltd.	Shareholder	Commodity selling	Finished products	Market price	-	1,042.75	0.07%		No	Bank transfer or bills	-		
SEB INTERNATIONAL SERVICE S.A.S.	Same controlling shareholder with the controlling shareholder	Commodity selling	Finished products	Contract price	-	41.04	0.00%		No	Bank transfer or bills	-		

	der												
SEB INTERN ATIONA L SERVICE S.A.S.	Same controlli ng sharehol der with the controlli ng sharehol der	Commo dity selling	Accesso ries	Contract price	-	545.16	0.04%		No	Bank transfer or bills	-		
ALL-CL AD METALC RAFTER S LLC	Same controlli ng sharehol der with the controlli ng sharehol der	Commo dity selling	Finished products	Contract price	-	31.98	0.00%		No	Bank transfer or bills	-		
LAGOST INA S.P.A.	Same controlli ng sharehol der with the controlli ng sharehol der	Commo dity selling	Finished products	Contract price	-	9.95	0.00%		No	Bank transfer or bills	-		
LAGOST INA S.P.A.	Same controlli ng sharehol der with the controlli ng sharehol der	Commo dity selling	Accesso ries	Contract price	-	76.2	0.01%		No	Bank transfer or bills	-		
IMUSA USA LLC	Same controlli	Commo dity	Finished products	Contract price	-	200.37	0.01%		No	Bank transfer	-		

	ng sharehol der with the controlli ng sharehol der	selling								or bills			
WMF Consumer Goods (Shanghai ) Co, Ltd.	Same controlli ng sharehol der with the controlli ng sharehol der	Commo dity selling	Finished products	Contract price	-	34.41	0.00%		No	Bank transfer or bills	-		
WMF Consumer Goods (Shanghai ) Co, Ltd.	Same controlli ng sharehol der with the controlli ng sharehol der	Commo dity selling	Accesso ries	Contract price	-	4.31	0.00%		No	Bank transfer or bills	-		
WMF Groupe GmbH	Same controlli ng sharehol der with the controlli ng sharehol der	Commo dity selling	Finished products	Contract price	-	30.93	0.00%		No	Bank transfer or bills	-		
WMF CONSU MER ELECTRI C GMBH	Same controlli ng sharehol der with	Commo dity selling	Finished products	Contract price	-	3,161.6 3	0.22%		No	Bank transfer or bills	-		

	the controlling shareholder												
WMF CONSUMER ELECTRIC GMBH	Same controlling shareholder with the controlling shareholder	Commodity selling	Accessories	Contract price	-	65.74	0.00%		No	Bank transfer or bills	-		
VIETNAM FAN JOINT STOCK COMPANY	Same controlling shareholder with the controlling shareholder	Commodity selling	Finished products	Contract price	-	6,583.14	0.46%		No	Bank transfer or bills	-		
VIETNAM FAN JOINT STOCK COMPANY	Same controlling shareholder with the controlling shareholder	Commodity selling	Accessories	Contract price	-	6.52	0.00%		No	Bank transfer or bills	-		
GROUPE SEB COLOMBIA S.A.	Same controlling shareholder with the controlling	Commodity selling	Accessories	Contract price	-	7.24	0.00%		No	Bank transfer or bills	-		

	shareholder												
Total		--	--	409,315.49	--	0	--	--	--	--	--	--	--
Details of return for large-scale goods sold		None											
If the total amount of daily related transactions in this reporting period is predicated according to category, the practical performance in the reporting period (if any)		In 2017, the annual daily connected transaction amount between the Company and SEB as well as its related parties was estimated to be RMB 3,688,080,000 and the actual daily connected transaction amount was RMB 3,745,651,400, increasing by RMB 57,571,400. (See <i>Announcement on Estimated Annual Daily Connected Transactions of 2017</i> and <i>Announcement on the Daily Connected Transactions of 2017 Exceeding the Estimate</i> ) which were disclosed on <i>Securities Daily</i> , <i>Securities Times</i> , <i>China Securities Daily</i> and <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> on March 30, 2017 and January 19, 2018.											
Reason for large difference between transaction price and market reference price (if applicable)		None											

## 2. Connected transaction from purchase and sales for assets or equity

Applicable     Not Applicable

No connected transactions including asset or equity acquisition and sale happened during the reporting period of the Company.

## 3. Connected transaction for co-investment abroad

Applicable     Not Applicable

No connected transaction for co-investment abroad made in the reporting period

## 4. Connected creditor's rights and debts

Applicable     Not Applicable

No related creditor's rights and debts made in the reporting period.

## 5. Other important connected transactions

Applicable     Not Applicable

The Company deliberated and adopted *Proposal on Acquiring Equity Interest of SSEAC as Connected Transaction* on the 3<sup>rd</sup> Session of the 6<sup>th</sup> Board of Directors held on October 18, 2017, and then acquired 100% equities of Shanghai SEB held by its holding shareholder SEB International with its own fund of RMB 274,000,000. The targeted equities acquired this time were priced based on the valuation in DZPBZ [2017] No. 1,122 *Appraisal Report on the Equity Values of All Shareholders of Shanghai SEB Involved in the Acquisition of 100% Equities of Shanghai SEB by Zhejiang Supor Co., Ltd.* issued by Shanghai Orient Appraisal Co., Ltd. (with the qualifications to engaging in securities and futures) on the benchmark date of June 30, 2017. The net book value of Shanghai SEB was RMB 200,937,900, and its assessment value according to income approach was RMB 274,000,000; at last, both parties agreed the transfer price as RMB 274,000,000 after negotiation. Shanghai SEB is mainly engaged in the production of export of home

appliances, such as electric iron; this acquisition will benefit its integration and the business pattern of the companies affiliated to its holding shareholder in Chinese Market. At the same time, Shanghai SEB has rich experience in foreign trade and owns operating teams with global vision, helping it expands its foreign trade business in the future and provide powerful support for its other export businesses and domestic sales. This transaction was deliberate and adopted on the 2<sup>nd</sup> Extraordinary Shareholders' Meeting held on 2017. By the end of the date disclosing this report, the industrial and commercial registration procedures are being dealt with.

Disclosure website for announcement of important connected transactions

Name of announcement	Date of disclosure for announcement	Name of disclosure website for announcement
<i>Announcement on Acquiring Equity Interest of SSEAC as Connected Transaction</i>	October 19, 2017	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>

## XVII. Significant Contracts and Performance

### 1. Custody, contracting, and leasing

#### (1) Custody

Applicable  Not Applicable

No custody was made in the reporting period.

#### (2) Contracting

Applicable  Not Applicable

No contracting was made in the reporting period.

#### (3) Leasing

Applicable  Not Applicable

No leasing existed in the reporting period.

### 2. Important guarantee

Applicable  Not Applicable

No guarantee was made in the reporting period

### 3. Entrusting others for cash asset management

#### (1) Entrustment for financial management

Applicable  Not Applicable

Overview of entrusted financing in the reporting period

In RMB 10,000

Specific type	Resource of entrusted	Amount of entrusted	Outstanding balance	Amount overdue
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	financing	financing		
Financial Products	Self-owned Capital	235,000.00	219,000.00	0
Total		235,000.00	219,000.00	0

During the reporting period, the principal and income of financial products have been purchased and withdrawn as follows:

During the year 2017, The financial products purchased have been disclosed in <http://www.cninfo.cn>: Announcement of Progress of Using Excessive Cash to Purchase Financial Products(2017-001), Announcement of Short-term Investment Using Excessive Cash(2017-008), Announcement of Progress of Using Excessive Cash to Purchase Financial Products(2017-021) and Announcement of Progress of Using Excessive Cash to Purchase Financial Products(2017-051).

The principle cannot be recovered or other circumstances that may lead to impairment during entrusted financing

Applicable  Not applicable

## (2) Entrustment for loan

Applicable  Not Applicable

No entrustment for loan was made in the reporting period.

## 4. Other important contracts

Applicable  Not Applicable

No other important contracts were made in the reporting period.

## XVIII. CSR Building

### 1. CSR fulfillment for accurate poverty alleviation

In the reporting period, the Company and caring people carried out a series of activities for public welfare to support improving the village education in middle and west China's remote mountainous areas. Internally, the Company held its third public service week themed "Nutrition and Union", which covered its headquarters and 4 bases within China. More than 1,100 employees of the Company gave love and care to children in the mountainous areas and 5 batches of employees went to the Supor primary schools in Guizhou and Hubei to provide children with nourishment, love and companionship.

### 2. Performance of the social responsibility of targeted poverty alleviation

#### (1) Targeted poverty alleviation plan

"Let children in remote mountainous areas to get fair education opportunities" is the purpose aim that the Company has upheld for more than 10 years. The Company has tried and practiced out for many times in order to improve the schooling conditions, enhance the quality of teacher resources and care about left-behind students in villages. At present, it still joins hand with local governments to improve the environment of the schools in remote and backward villages, and cooperates with commonweal organizations and education organizations to promote village teacher teams to grow, with the hope to change the education situation in these areas through the efforts of multiple parties.



## (2) Overview of annual targeted poverty alleviation

In the reporting period, the Company continued donating resources to middle and west China's remote mountainous areas to improving the schooling conditions, constructed Supor primary schools and supported the following development of these schools. At present, the Company's commonweal map has covered the mountainous areas in 12 provinces and autonomous regions, including Qinghai, Yunnan, Guizhou, Sichuan, Hubei, Jiangxi, Hunan, Guangxi, Shaanxi, Gansu and Hebei; it now has built 26 schools. In addition to school buildings, the Company donated children's books, built "NenYaEr" libraries, donated kitchen equipment, tables and tableware and constructed "LiLiXiang" canteens, provided training and overseas study opportunities for the teachers of Supor primary schools, fully improving their philosophy of schooling and schooling level and enabling children in villages to have faire education opportunities.

In the reporting period, the Company completed building 2 Supor primary schools, organized training for villages teachers of Supor primary schools, rewarded excellent teachers with awards and study opportunities, dispatched volunteer teachers to the demanding schools, organized volunteers to visit the schools, provided resource support and aid poor students financially as it planned.

## (3) Effects of targeted poverty alleviation

Indicator	Measurement unit	Quantity/fulfillment
Poverty alleviation by education	——	——
Including: Amount invested to aid poor students	RMB 10,000	9.4
Number of aid poor students	Person	94
Amount invested to improve the education resources in poor areas	RMB 10,000	354

## (4) Subsequent targeted poverty alleviation plan

In the future, the Company will continue implementing Supor primary school project and donates to build primary schools in the villages in mountainous areas, so as to improve their schooling conditions. By estimate, there will be 3 Supor primary schools built in 2018. At the same time, the Company will invest more to help teachers of these schools to grow, and cooperate with relevant organizations to carry out activities that can benefit their development.

## 3. Environmental protection related situations

Are the listed company and its branches the key pollution discharge organizations released by environmental protection departments?

Yes

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	2	Wastewater	56.6-58.5mg/L	GB 8979-1996	19.07 t	20.32 t	None

		pollutants are treated up to standards		discharge port of the wastewater treatment station in plant area		Integrated Wastewater Discharge Standard (first grade standard)			
Zhejiang Supor Co., Ltd.	Ammoniacal nitrogen	Manage after pollutants are treated up to standards	2	Wastewater discharge port of the wastewater treatment station in plant area	0.832-0.838 mg/L	GB 8979-1996 Integrated Wastewater Discharge Standard (first grade standard)	0.505 t	3.05 t	None

#### Construction and operation of pollution prevention facilities

The Company has a special wastewater treatment station that can process wastewater of 1,330 per day. 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. Reclaimed water will mainly be used for industrial production, greening, and cleaning of health facilities in living quarters. In reporting period, the environmental protection department monitored the wastewater treatment station online and found it operating normally and discharging water up to standard.

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

In reporting period, the Company had no large environmental impact assessments.

#### Environmental emergency plan

The Company has prepared *Environmental Emergency Plan of Zhejiang Supor Co., Ltd.* in November 2013 and has been implementing it strictly.

#### Environmental monitoring scheme

##### (1) Monitoring contents

Discharge of water pollutants.

##### (2) Monitoring mode

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

##### (3) Monitoring indicators, monitoring frequency and monitoring method

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

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

#### Other environmental information that should be made public

None

#### Other environmental protection related information

None

## **XIX. Introduction for Other Important Matters**

Applicable    Not Applicable

The Company deliberated and adopted *Proposal for Implementing Restricted Stock Incentive Plan by Repurchasing Public Shares* on the 2<sup>nd</sup> Session of the 6<sup>th</sup> Board of Directors held on August 29, 2017. In order to implement 2017 restricted stock incentive plan, the Company plans to repurchase its 4,300,000 stocks at a price not higher than RMB 44 per share, the total repurchase amount will not be higher than RMB 189,200,000. The Company deliberated and adopted this matter on its First Interim Shareholders' Meeting of 2017 held on September 21, 2017, and disclosed *Share Repurchase Report* on September 27. This stock repurchase plan has been implemented by the Company on November 28, 2017.

Please see the *Repurchase Report* and *Announcement on Completing Repurchasing Stocks to Implement Equity Incentive Plan* that the Company disclosed on *Securities Daily*, *Securities Times*, *China Securities Daily* and <http://www.cninfo.com.cn> on September 27, 2017 and November 29, 2017.

## **XX. Significant Event of the Company's Subsidiaries**

Applicable    Not Applicable

The Company deliberated and adopted *Proposal for Acquiring the Consumer goods Business of WMF in Chinese Market* on the 2<sup>nd</sup> Session of the 6<sup>th</sup> Board of Directors held on August 29, 2017. The Company plans to set up a wholly-owned subsidiary to operate the consumer goods business of WMF in Chinese market. By the disclosing date of this report, the Company has completed setting up the wholly-owned subsidiary, WMF Consumer Goods (Shanghai) Co, Ltd., which will take charge of operating WMF cookware, kitchenware and kitchen appliances in China.

## SECTION VI CHANGES IN SHARE CAPITAL AND PARTICULARS ABOUT SHAREHOLDERS

### I. Changes in Share Capital

#### 1. Changes in share capital

(Unit: Shares)

	Before change		Increase/decrease in the period (+, -)					After change	
	Quantity	Scale	New shares	Shares bonus	Converted capital	Others	Subtotal	Quantity	Scale
I. Restricted outstanding shares	213,663,469	33.82%		63,587,200		2,042,903	65,630,103	279,293,572	34.01%
1. Shares held by the State	0	0.00%		0		0	0	0	0.00%
2. Shares held by state-owned legal entities	0	0.00%		0		0	0	0	0.00%
3. Shares held by other domestic investors	4,919,169	0.78%		963,910		2,042,903	3,006,813	7,925,982	0.97%
Including: Shares held by domestic legal entities	0	0.00%		0		0	0	0	0.00%
Shares held by domestic natural persons	4,919,169	0.78%		963,910		2,042,903	3,006,813	7,925,982	0.00%
4. Shares held by foreign investors	208,744,300	33.04%		62,623,290		0	62,623,290	271,367,590	33.04%
Including: Shares held by foreign legal entities	208,744,300	33.04%		62,623,290		0	62,623,290	271,367,590	33.04%
Shares held by foreign natural persons	0	0.00%		0		0	0	0	0.00%
II. Non-restricted outstanding shares	418,102,231	66.18%		125,940,710		-2,048,903	123,891,807	541,994,038	65.99%
1. RMB common shares	418,102,231	66.18%		125,940,710		-2,048,903	123,891,807	541,994,038	65.99%

2. Domestically listed foreign shares	0	0.00%		0		0	0	0	0.00%
3. Overseas listed foreign shares	0	0.00%		0		0	0	0	0.00%
4. Others	0	0.00%		0		0	0	0	0.00%
III. Total shares	631,765,700	100.00%		189,527,910		-6,000	189,521,910	821,287,610	100.00%

## Reasons for share capital change

Applicable  Not Applicable

1. Top management of the Company unlocked 25% of the shares registered under their names on the last trading day of the previous year.
2. On January 4, 2017, 1,486,500 shares can be unlocked and circulated in market in the Company's third unlocking period of 2013 Incentive Plan for Restricted Shares.
3. On May 16, 2017, the Company repurchased and cancelled the 6,000 granted unlocked restricted shares which were granted to resigned incentive object in 2013 Equity Incentive Plan. The Company's capital stock decreased from 631,765,700 shares to 631,759,700 shares after the purchase and cancellation.
4. On May 25, 2017, the Company implemented 2016 profit distribution and gave 3 bonus shares/10 shares (tax-inclusive) to all shareholders, and total 189,527,910 bonus shares were given. The Company's capital stock increased from 631,759,700 shares to 821,287,610 after annual equity distribution.
5. On October 16, 2017, 124,960 shares can be unlocked and circulated in marked in the Company's third unlocking period for the reserved part in 2013 Incentive Plan for Restricted Shares.
6. On December 29, 2017, 3,874,000 shares, which were initially granted according to 2017 Incentive Plan for Restricted Shares, were registered under the name of various incentive objects, and nature of these shares is shares with sales restrictions.

## Approval of stock changes

Applicable  Not Applicable

1. The Company deliberated and ratified *Proposal on the Third Unlocking Period of Incentive Plan for Restricted Shares and the Second Unlocking Period for Reserved Restricted Shares* in the 11<sup>th</sup> Session of 5<sup>th</sup> board of directors held on March 24, 2016: According to 2013 Equity Incentive Plan, approve to unlock 114 conforming incentive objects in the third unlocking period and the second unlocking period for reserved restricted shares. Unlocking number in the third unlocking and the second unlocking period for reserved restricted shares was 1,486,500 shares and 34,041 shares respectively, totally 1,520,541 shares. Shares which can be unlocked in the third unlocking period for restricted shares were circulated in market from January 4, 2017.
2. According to *Proposal on Purchasing and Cancelling a Part of Restricted Shares* ratified in 13<sup>th</sup> Session of 5<sup>th</sup> board of directors held on August 30, 2016 via deliberation, for parts of incentive objects not meeting incentive condition of 2013 Equity Incentive Plan after leaving the Company, the Company planned to repurchase and cancelled total 6,000 restricted shares having not meeting unlocking condition at the price of RMB 0. According to confirmation of CSDC Shenzhen Branch, the Company completed repurchase and cancellation for parts of restricted shares on May 16, 2017. The Company handled relevant industry & commerce change registration formality on September 27, 2017 and obtained *Corporate Business License* renewed by Zhejiang Provincial Administration for Industry & Commerce. The Company's registered capital was changed from RMB 631,765,700 to RMB 821,287,610.
3. The Company deliberated and ratified 2016 profits distribution in 2016 general meeting of shareholders held on April 20, 2017: Distribute profits based on the cardinal number for 631,759,700 shares, which was obtained after deducting 6,000 repurchased and

cancelled restricted shares from the Company's capital stock 631,765,700 and give RMB 7.70 cash dividend/10 shares (tax-inclusive) to all shareholders. Cash dividends distributed totaled RMB 486,454,969.00 and total 189,527,910 bonus shares were given to all shareholders as per the standard for "3 bonus shares/10 shares (tax-inclusive). All bonus shares granted were circulated in market from May 25, 2017 according to CSDC Shenzhen Branch.

4. The Company deliberated and ratified *Proposal on the Fourth Unlocking Period of Incentive Plan for Restricted Shares and the Third Unlocking Period for Reserved Restricted Shares* in 15<sup>th</sup> Session of the 5<sup>th</sup> board of directors held on March 29, 2017: According to 2013 Equity Incentive Plan, approve to unlock 112 conforming incentive objects in the fourth unlocking and the third unlocking period for reserved restricted shares. Unlocking number in the fourth unlocking period and the third unlocking period for reserved restricted shares was 1,978,000 shares and 96,123 shares respectively, totally 2,074,123 shares. After Profit distribution plan for 2016 on May 25, 2017, the company issued 3 bonus shares per 10 shares and unlocking number in the fourth unlocking period and the third unlocking period for reserved restricted shares was 2,571,400 shares and 124,960 shares respectively, totally 2,696,360 shares. Shares which can be unlocked in the third unlocking period for restricted shares were circulated in market from October 16, 2017.

5. According to Proposal on Granting Incentive Objects with Restricted Shares ratified in the 4<sup>th</sup> meeting of the 6<sup>th</sup> board of directors held on December 4, 2017, the Company approved to grant 181 incentive objects with 3,874,000 restricted shares. The 387.4 restricted shares that the Company initially granted to incentive objects were launched in market on December 29, 2017, with nature for share with sales restrictions

Transfer of shares changed

Applicable  Not Applicable

According to 2017 Incentive Plan for Restricted Shares, the 3,874,000 shares initially granted by the Company was transferred from the Company's special securities repurchased to the 181 incentive objects on December 29, 2017.

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

The Company, to distribute profits in 2016, gave 3 bonus shares/10 shares to all shareholders (tax-inclusive) in current period, and accordingly, the Company's capital stock increased from 631,759,700 shares to 821,287,610 shares, which lowered basic earnings per share and diluted earnings per share and net assets per share owned by the Company's ordinary shareholder to a certain extent.

Other contents required to be disclosed in the Company's opinion and asked to be disclosed by securities regulatory authority

Applicable  Not Applicable

## 2. Changes of Restricted Stock

Applicable  Not Applicable

(Unit: Shares)

Shareholder's name	Restricted outstanding shares at year-begin	Restricted outstanding shares unlocked in current period	Restricted outstanding shares increased in current period	Restricted outstanding shares at year-end	Restriction reason	Date of restriction unlock
SEB INTERNATIONALE	208,744,300	0	62,623,290	271,367,590	Number of sales restricted shares	Of which, 6,500 shares will not be sold after June 22,

S.A.S					increased after annual profits distribution as per the standard for “3 bonus shares/10 shares	2019 and the rest will not be sold after December 21, 2021.
Su Xianze	1,339,162	297,291	312,561	1,354,432	Number of top managers’ locked shares and locked shares increased after annual profits distribution as per the standard for “3 bonus shares/10 shares	Unlock as per 25% of the Company’s shares registered under the name of Su Xianze on the last transaction data of last year.
Ye Jide	13,384	0	19,166	32,550	Number of top managers’ locked shares and locked shares increased after annual profits distribution as per the standard for “3 bonus shares/10 shares	Unlock as per 25% of the Company’s shares registered under the name of Ye Jide on the last transaction data of last year.
Xu Bo	0	0	93,600	93,600	Number of top managers’ locked shares and locked shares increased after annual profits distribution as per the standard for “3 bonus shares/10 shares	Unlock as per 25% of the Company’s shares registered under the name of Xu Bo on the last transaction data of last year.
Incentive objects of Equity Incentive Plan 2013	3,566,623	1,617,460	622,237	2,571,400	Number of restricted sales shares of 2013 Equity Incentive Plan and sales restricted shares increased after annual profits distribution as per the standard for “3 bonus shares/10	1. In light that parts of incentive objects leaving the Company, 6,000 restricted shares should be repurchased and cancelled and repurchase and cancellation work was finished on May 16, 2017. 2. 2,696,360 shares can be

					shares	unlocked, as 2016 performance meets corresponding index of this incentive plan. 124,960 shares, which can be unlocked in the third unlocking period for reserved restricted shares, was circulated in market from October 16, 2017.
Incentive objects of Equity Incentive Plan 2017	0	0	3,874,000	3,874,000	Restricted shares initially granted to incentive objects according to 2017 Equity Incentive Plan were transferred to incentive objects on December 29, 2017.	Unlock by four phases in following four years after reaching relevant assessment performance and unlocking ratio in each phase is 10%, 20%, 30% and 40% respectively.
Total	213,663,469	1,914,751	67,544,854	279,293,572	--	--

## II. Security Offering and Listing Information

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

Applicable  Not Applicable

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

Applicable  Not Applicable

On May 16, the Company repurchased and cancelled unlocked 6,000 restricted shares granted, which was reserved according to 2013 Equity Incentive Plan. The Company's capital stock decreased from 631,765,700 shares to 631,759,700 shares after the repurchase and cancellation. On May 25, 2017, the Company, to distribute equity, granted 3 bonus shares/10 shares (tax-inclusive) to all shareholders, and the bonus shares granted totaled 189,527,910 shares. The Company's capital stock increased from 631,759,700 shares to 821,287,610 shares after the annual equity distribution.

### 3. Staff shares

Applicable  Not Applicable



### III. Shareholders and the Actual Controller

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

(Unit: Shares)

Total number of common shareholders by end of reporting period	9,570	Number of common shareholders at the end of last month before the disclosure date of the annual report	8,343	Total number of preferred stockholders with restored voting right (if any).	0	Total number of preferred stockholders with restored voting right at the end of last year before the disclosure date of the annual report (if any)	0	
Information on shareholders holding more than 5% shares or information on top 10 shareholders								
Shareholder's name	Nature of shareholder	Proportion of share-holding	Number of shares held at period-end	Increase/decrease in the reporting period	Number of restricted outstanding shares	Number of non-restricted outstanding shares	Number of shares pledged or frozen	
							State of shares	Quantity
SEB INTERNATIONAL E.S.A.S	Foreign legal entity	81.18%	666,681,904	153849671	271,367,590	395,314,314		
HKSCC	Foreign legal entity	4.02%	32,997,104	32325141	0	32,997,104		
Fidelity Mutual Fund & Investment Management - clients' capital	Foreign legal entity	1.80%	14,776,691	3214065	0	14,776,691		
DEUTSCHE BANK AKTIENGESELLSCHAFT	Foreign legal entity	1.11%	9,128,267	1152408	0	9,128,267		
BNP Paribas – own fund	Foreign legal entity	0.91%	7,461,586	151116	0	7,461,586		
Bank of China-E-fund small and medium cap hybrid securities	Others	0.71%	5,870,066	2251666	0	5,870,066		

investment fund								
China Construction Bank: E-fund New Flexible Configuration Hybrid Securities Investment Fund	Others	0.71%	5,814,700	1014700	0	5,814,700		
Central Huijin Investment Ltd.	State-owned corporate	0.54%	4,423,640	1020840	0	4,423,640		
Agricultural Bank of China - Dacheng Innovative Growth Hybrid Securities Investment Fund (LOF)	Others	0.41%	3,338,091	386492	0	3,338,091		
Bank of China Ltd. - Jiashi Hugang Shenjing Shares Selective Securities Investment Fund	Others	0.33%	2,696,470	2696470	0	2,696,470		
Strategic investor or general corporate investor who becomes top 10 shareholder as a result of rights issue (if any) (see Note 3)	None							
Related relationship among the above shareholders or concerted parties	The Company had no idea if the top ten shareholders have connected relationship or if they belong to the consistent action makers as specified in the <i>Measures on the Purchase Management of Listed Companies</i> .							
Top 10 shareholders holding non-restricted outstanding shares								
Shareholder's name	Number of non-restricted outstanding shares held at period-end	Nature of share						
		Nature of share	Qty.					
SEB INTERNATIONALE S.A.S	395,314,314	Renminbi common shares	395,314,314					
HKSCC	32,997,104	Renminbi common shares	32,997,104					
Fidelity Mutual Fund & Investment Management - clients' capital	14,776,691	Renminbi common shares	14,776,691					
DEUTSCHE BANK AKTIENGESELLSCHAFT	9,128,267	Renminbi common shares	9,128,267					
BNP Paribas – own fund	7,461,586	Renminbi common shares	7,461,586					
China Construction Bank: E-fund New Flexible Configuration Hybrid Securities Investment Fund	5,870,066	Renminbi common shares	5,870,066					
China Construction Bank: E-fund New Flexible Configuration	5,814,700	Renminbi common shares	5,814,700					

Hybrid Securities Investment Fund			
Central Huijin Investment Ltd.	4,423,640	Renminbi common shares	4,423,640
Agricultural Bank of China - Dacheng Innovative Growth Hybrid Securities Investment Fund (LOF)	3,338,091	Renminbi common shares	3,338,091
Jiashi Hugang Shenjing Shares Selective Securities Investment Fund	2,696,470	Renminbi common shares	2,696,470
Connected relationship or concerted parties among the top 10 shareholders holding non-restricted outstanding shares, and between the top 10 shareholders holding non-restricted outstanding shares and top 10 shareholders	The Company had no idea if the top ten shareholders have connected relationship or if they belong to the consistent action makers as specified in the <i>Measures on the Purchase Management of Listed Companies</i> .		
Information on top 10 common shareholders involved in securities margin trading business (if any) (see Note 4)	None		

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

Yes  No

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

## 2. The controlling shareholder

Property of controlling shareholder: foreign-controlled shareholding

Type of controlling shareholder: legal entity

Name of controlling shareholder	Legal representative/person in charge	Date of establishment	Organization Code	Main business
SEB INTERNATIONALE S.A.S	Thierry de La Tour d'Artaise	December 26, 1978	No	Financial participation for all kinds of French and overseas enterprises, i.e., purchasing and subscribing stock, bond, share and interests, securities and negotiable securities, transfer of such securities, participation in all financial activities related to the aforesaid financial participation, purchasing, manufacturing and sales of all kinds of household devices for the purpose of marketing and involvement in related service; all activities for helping realize the Company's operation either directly or indirectly, particularly the activities in personal estate, real estate, finance, commerce

				and industrial field.
Shareholding of other overseas listed companies by the Company's controlling shareholder in the reporting period	No			

Change of controlling shareholder in the reporting period

Applicable  Not Applicable

No change of controlling shareholder occurred in the reporting period.

### 3. Actual controller

Property of actual controller: other foreign organization

Type of actual controller: legal entity

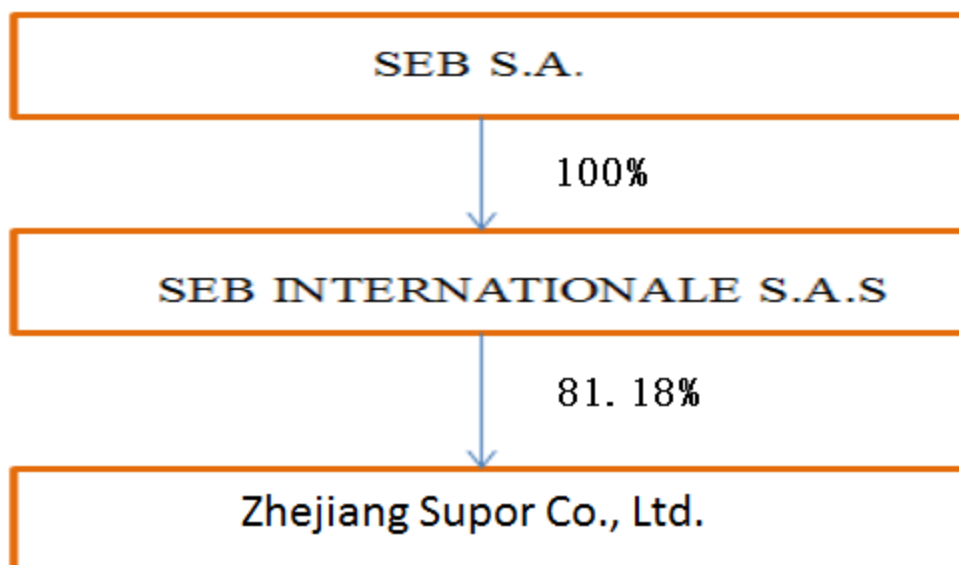
Name of the actual controller	Legal representative/person in charge	Date of establishment	Organization Code	Main business
SEB S.A.	Thierry de La Tour d'Artaise	December 28, 1973	No	Share holding, share participation and equity management in all types of enterprises
Holding of other overseas listed companies by the Company's actual controller in the reporting period	No			

Change of actual controller in the reporting period

Applicable  Not Applicable

No change of actual controller occurred in the reporting period.

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



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

Applicable  Not Applicable

**4. Other corporate shareholders holding more than 10% shares**

Applicable  Not Applicable

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

Applicable  Not Applicable

## **SECTION VII INFORMATION ON PREFERRED STOCK**

Applicable     Not Applicable

No preferred stock existed in the reporting period.

## SECTION VIII PARTICULARS ABOUT DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT STAFFS

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

Name	Position	Post-holding status	Gender	Age	Commencement date of term of office	Expiry date of term of office	Number of shares held at period-begin (shares)	Number of shares increased (shares)	Number of shares reduced (shares)	Number of other shares increased or reduced (shares)	Number of shares held at period-end (shares)
Frédéric VERWAERDE	Board Chairman	Holding	Male	62	April 20, 2017	March 1, 2018	0	0	0	0	0
Thierry de La Tour d'Artaise	Director	Holding	Male	63	April 20, 2017	April 19, 2020	0	0	0	0	0
Su Xianze	Director	Holding	Male	50	April 20, 2017	April 19, 2020	1,549,162	354,561	367,291	0	1,536,432
Harry TOURET	Director	Holding	Male	63	April 20, 2017	April 19, 2020	0	0	0	0	0
Vincent LEONARD	Director	Holding	Male	57	April 20, 2017	April 19, 2020	0	0	0	0	0
Bertrand NEUSCHWANDER	Director	Holding	Male	57	April 20, 2017	April 19, 2020	0	0	0	0	0
Frederic BERAHA	Independent director	Holding	Male	67	April 20, 2017	April 19, 2020	0	0	0	0	0
Xiaoqing PELLEMELE	Independent director	Holding	Female	61	April 20, 2017	April 19, 2020	0	0	0	0	0
Wang Baoqing	Independent director	Holding	Male	54	April 20, 2017	April 19, 2020	0	0	0	0	0
Philippe SUMEIRE	Supervisor	Holding	Male	58	April 20, 2017	April 19, 2020	0	0	0	0	0
Zhang Junfa	Supervisor	Holding	Male	41	April 7, 2017	April 6, 2020	0	0	0	0	0
Lu Lanhua	Supervisor	Holding	Female	40	April 7, 2017	April 6, 2020	0	0	0	0	0

			e		2017	2020					
Tai Wai Chung	General Manager	Leaving	Male	58	April 20, 2017	October 17, 2017	0	0	0	0	0
Su Mingde	General Manager	Holding	Male	50	October 18, 2017	April 19, 2020	0	0	0	260,000	260,000
Xu Bo	Chief Financial Officer	Holding	Male	50	April 20, 2017	April 19, 2020	240,000	54,600	58,000	160,000	396,600
Ye Jide	Deputy GM and Board Secretary	Holding	Male	42	April 20, 2017	April 19, 2020	97,384	21,912	24,346	70,000	164,950
Total	--	--	--	--	--	--	1,886,546	431,073	449,637	490,000	2,357,982

## II. Change of directors, supervisors and senior management staffs

√ Applicable    □ Not Applicable

Name	Position	Type	Date	
Tai Wai Chung	General manager	Dismissal	October 17, 2017	Transfer to SEB Asia Ltd. Hong Kong of the Company's actual controller SEB S.A. due to job change

## III. Incumbency of Office

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

### 1. Directors

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

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

Mr. Su Xianze, Director, CEIBS EMBA, engineer. Executive partner of Hangzhou Ruifeng Equity Investment Management Partnership (Limited Partnership). He has served as Board chairman of the Company from 2001 to April, 2014, concurrently general manager of this Company from 2001 to March, 2010.

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

Mr. Vincent LEONARD: Director, master of business economics of ESSEC. Senior Executive Vice President of Finance for SEB Group, has worked successively audit manager of Arthur Andersen and then working in PepsiCo Group.

Mr. Bertrand NEUSCHWANDER: Director, MBA from INSEAD. He is the chief operating officer of Groupe SEB, and president of SEB ALLIANCE (investment fund of Groupe SEB). He was formerly Senior Executive Vice-President, in charge of the three Business Units of Groupe SEB (Home and Personal Care; Kitchen Electrics and Cookware), and he was also responsible for the



management of Groupe SEB Brands (Tefal, Rowenta, Krups, Moulinex, All-Clad, Lagostina) and for Innovation.

Mr. Wang Baoqing: Independent director of the Company, master of economics (accounting major) of Zhongnan University of Economics and Law. Professor of Zhejiang Gongshang University, master tutor; now peer reviewer of professorate senior accountant of Zhejiang Province, China CPA (non-practicing member), director of Zhejiang Audit Society, managing director of Zhejiang Institute of Internal Audit, independent director of listed company.

Mr. Frederic BERAHA: Independent director. General manager of Shengzhi Enterprise; was the general manager of wholly-owned subsidiary of HEC Paris in China, cultural counsellor of the French Embassy, and vice president of strategy and member of the board of directors of European Aeronautic Defense and Space Company.

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

## 2. Supervisors

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

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

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

## 3. Top management

Mr. Su Mingrui: General Manager of the Company, enterprise management master of National Chengchi University and bachelor of electromechanical engineering of National Chiao Tung University. He has served successively as CEO of F&B Business Division of Ting Hsin International Group, president of YongHe King and executive deputy president of Tesco Supermarket (China).

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

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

Post information in shareholder company

Applicable  Not Applicable

Name	Shareholding company	Post in the shareholding company	Commencement date of term of office	Expiry date of term of office	Payment or allowance from the shareholding company
Thierry de La Tour d'Artaise	SEB Group	Chairman & CEO	May 01, 2000		No
Frédéric VERWAERDE	SEB Group	Senior Executive Vice President of Asia	January 01, 1998	March 1, 2018	No

		Continental Division			
Philippe SUMEIRE	SEB Group	Vice President Legal of Groupe SEB and Company Secretary	December 10, 2001		No
Harry TOURET	SEB Group	Senior Executive VP of HR	September 01, 2002		No
Vincent LEONARD	SEB Group	Senior Executive VP of finance	March 01, 2013		No
Bertrand NEUSCHWANDER	SEB Group	Chief Operating Officer (COO)	January 1, 2010		No

Post information in other companies

Applicable  Not Applicable

Name	Company	Post in the other companies	Commencement date of term of office	Expiry date of term of office	Payment or allowance from other companies
Su Xianze	Hangzhou Ruifeng Equity Investment Management Co., Ltd. (limited partnership)	Executive partner	November 17, 2015	November 16, 2025	No
Wang Baoqing	Zhejiang Gongshang University	Professor	July 30, 1996		Yes
Wang Baoqing	ZHEFU Holding Group	Independent director	March 17, 2017	March 16, 2020	Yes
Wang Baoqing	Hangzhou Advance Gearbox Group Co., Ltd.	Independent director	September 07, 2017	September 07, 2020	Yes
Wang Baoqing	Hangzhou Coco Healthcare Products Co., Ltd.	Independent director	January 01, 2015	December 31, 2017	Yes
Frederic BERAHA	Shengzhi Enterprise Co., Ltd.	General Manager	January 01, 2007		Yes
Xiaoqing PELLEMELE	CRCI Paris - Ile-de-France	Secretary general of French-China Communication Committee	January 01, 2007		Yes
Ye Jide	Energy Explorer Electric Power Co., Ltd.	Independent Director	May 26, 2015	May 25, 2018	Yes

Punishment of securities regulatory commission on present directors, supervisors and senior management staffs of the Company at present or leaving in the reporting period

Applicable  Not Applicable

#### IV. Remuneration for Directors, Supervisors and Senior Management Staffs

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

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

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

(Unit: RMB 10,000)

Name	Position	Gender	Age	Post-holding status	Remuneration receivable from the Company	Remuneration receivable from shareholding company
Frédéric VERWAERDE	Board Chairman	Male	62	Holding		
Thierry de La Tour d'Artaise	Director	Male	63	Holding		
Su Xianze	Director	Male	50	Holding		
Harry TOURET	Director	Male	63	Holding		
Vincent LEONARD	Director	Male	57	Holding		
Bertrand NEUSCHWANDER	Director	Male	57	Holding		
Frederic BERAHA	Independent director	Male	67	Holding	15	NO
Xiaoqing PELLEMELE	Independent director	Female	61	Holding	15	NO
Wang Baoqing	Independent director	Male	54	Holding	15	NO
Philippe SUMEIRE	Supervisor	Male	58	Holding		
Zhang Junfa	Supervisor	Male	41	Holding	29.50	NO
Lu Lanhua	Supervisor	Female	40	Holding	50.28	NO
Tai Wai Chung	General Manager	Male	58	Leaving	293.33	NO
Su Mingrui	General Manager	Male	50	Holding	184.95	NO
Xu Bo	Chief Financial Officer	Male	50	Holding	266.79	NO
Ye Jide	Deputy GM and Board Secretary	Male	42	Holding	104.25	NO
Total					974.10	

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

 Applicable  Not Applicable

Unit: Share

Name	Position	Shares which can be exercised in the reporting period	Shares exercised in the reporting period	Exercise price of exercised shares in the reporting period	Market price at the end of reporting period (RMB/share)	Restricted shares held at the beginning of period	Shares unlocked in current period	Restricted shares newly granted in the reporting period	Granting price of restricted shares (RMB/share)	Restricted shares held at the end of period
Su Mingrui	General Manager	0	0	0	0	0	0	260,000	1	260,000
Xu Bo	Chief Financial Officer	0	0	0	0	196,800	72,000	160,000	1	284,800
Ye Jide	Deputy GM and Board Secretary	0	0	0	0	98,400	36,000	70,000	1	132,400
Total	--	0	0	--	--	295,200	108,000	490,000	--	677,200

## V. Staffing Information

### 1. Number of Personnel, Professional and Education Conditions

Number of employees in parent company (person)	1,821
Number of employees in subsidiaries (person)	10,541
Total number of personnel (person)	12,362
Total number of personnel paid during current period (person)	12,362
Retired employees for whom the Company should cover expenses (person)	0
Profession composition	
Job description	Qty. (person)
Production personnel	8,270
Sales personnel	1,350
Technician	1,817
Financial personnel	140
Administrative personnel	785

Total	12,362
Education	
Education	Qty. (person)
Postgraduate and above	68
Junior college or university	3,797
Technical secondary school or high school	3,344
Others	5,153
Total	12,362

## 2. Compensation and Benefit Policy

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

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

## 3. Training Program

1) Supor is highly concerned with echelon building of talents. In the Company, we execute various trainings for specialized and general knowledge and skills and leadership actively. We also pay much attention to publicity and cultivation of the Company's core values and enterprise culture; our core values have become the benchmark for leading employees to exploit and innovate constantly.

2) In order to coordinate the Company's development strategy and integrate management wisdoms at home and abroad and the Company's practical experience, we organize various business departments and responsible centers to execute different levels and grades of diversified and colorful trainings under the leadership of Supor university; where necessary, we will go out for trans-border learning.

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

## 4. Labor Outsourcing

Applicable     Not Applicable

## SECTION IX CORPORATION GOVERNANCE

### I. Basic Situation

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

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

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

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

#### 2. Relating to the Company and the Controlling Shareholder

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

#### 3. Relating to Directors and the Board of Directors

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

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

#### 4. Relating to Supervisors and the Board of Supervisors

The Company elected supervisors strictly according to the provisions under the *Company Law* and the *Articles of Association*. The number of supervisors and composition of the Board of Supervisors met the requirement of relevant laws and regulations. In the reporting period, the Company's Board of Supervisors underwent general election and members of the 6<sup>th</sup> board of supervisors were elected. All supervisors have performed their duties as required by the *Regulations of Procedure of the Board of Supervisors*, effectively supervised the legality and regulatory compliance of significant events, connected transactions, financial conditions, and duty fulfillment of directors and top management staffs of the Company, and maintained the legitimate rights and interests of the Company and its shareholders.

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

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

The Company established and constantly improved the performance appraisal system and the incentive restraining mechanism for supervisors, directors and top management staffs. The appointment and payment for directors, supervisors and top management staffs of the Company are open, clear and in line with relevant laws and regulations. In the reporting period, the Company implemented 2017 Incentive Plan for Restricted Shares and granted parts of restricted shares to the Company's top management staffs for stimulation.

#### 6. Relating to information disclosure and transparency

The Securities Department of the Company is responsible for information disclosure and investor's relationship management. As required by the CSRC and Shenzhen Stock Exchange on compilation of periodic reports, the Department, in association with the Financial Department of the Company, has timely and accurately compiled and submitted the 2016 Annual Report, First Quarterly Report 2017, Semi-Annual Report and Third Quarterly Report 2017, based on the strict compliance with the non-disclosure rules before the disclosure of the reports.

The Securities Department of the Company disclosed, after review and adoption by the Board of Directors or the General Meeting of Shareholders, the routine information (Board Meetings and Supervisors' Meetings), fatal information (external investments, connected transactions), significant events truly, accurately, completely, timely and fairly. In the reporting period, the Company has published 53 announcements on the basis of strict compliance with non-disclosure rules before the disclosure and kept the files in order after the disclosure. Information disclosure of the Company in the reporting period was timely, true, accurate, complete and fair, and has never been questioned by any related supervisory authorities. Besides, the Company will, in strict accordance with the requirements of Management System on Investors' Relationship, regulate the investor acceptance procedure and disclose the activity record of investors' relationship upon the completion of investor's relationship activity timely; actively receive the visiting and consulting shareholders and designate special person to be liable for replying the investors' questions on the interaction platform so as to ensure all shareholders of the Company, particularly the small and medium-sized investors can get access to the Company's information equality.

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

Yes  No

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

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

In the reporting period, the Company was totally separated from its controlling shareholder in terms of business, personnel, assets,

organization and finance. The production and business operation of the Company were stable; the organization was well structured and functioning independently.

#### 1. Independent and complete assets structure

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

#### 2. Independence of personnel

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

#### 3. Independence of finance

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

#### 4. Independent of organization

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

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

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

### III. Horizontal Competition

Applicable  Not Applicable

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

#### 1. Annual General Meeting of Shareholders

Session	Meeting type	Proportion of participated investors	Convening date	Date of disclosure	Reference for disclosure
The Annual General Shareholders Meeting for 2016	Annual General Shareholders Meeting	0.00%	April 20, 2017	April 21, 2017	References can be made to the <i>Announcement of Resolution of the</i>



						<i>Annual General Shareholders Meeting for 2016 (2017-014) disclosed on <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a></i>
The First Interim Shareholders Meeting for 2017	Interim Shareholders Meeting	0.00%	September 21,2017	September 22,2017		References can be made to the <i>Announcement of Resolution of the First Interim Shareholders Meeting for 2017(2017-029)</i> disclosed on <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
The Second Interim Shareholders Meeting for 2017	Interim Shareholders Meeting	0.00%	November 16,2017	November 17,2017		References can be made to the <i>Announcement of Resolution of the Second Interim Shareholders Meeting for 2017(2017-045)</i> disclosed on <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>

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

Applicable  Not Applicable

## V. Duty Performance of Independent Directors in the Reporting Period

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

Attending board meetings and general meeting							
Name of independent directors:	Due attendance board meetings	Presence in on-site board meetings (times)	Presence via communication on board meetings (times)	Presence by entrustment on board meetings(times)	Absence on board meetings (times)	Absent for twice continuously on board meetings?	Attendance of Shareholders' Meeting

	(times)						
Wang Baoqing	5	3	2	0	0	No	3
Frederic BERAHA	5	2	3	0	0	No	0
Xiaoqing PELLEMELE	5	1	3	1	0	No	0

Explanations of absence for twice continuously

No

## 2. Objections by independent directors to company issues

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

Yes  No

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

## 3. Other explanations of duty performance of independent directors

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

Yes  No

Explanations of adoption or non-adoption of the advices

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

## VI. Duty Performance of Special Committees under the Board of Directors

The Board of Directors of the Company consists of three committees including Strategy Committee, Audit Committee and Payment and Appraisal Committee, all of which the production, personnel composition and parliamentary procedure conform to laws and regulations of CSRC and Shenzhen Stock Exchange, and relevant stipulations in Articles of Association, and committee members are able to perform responsibilities strictly according to relevant laws and regulations.

### 1. Strategy Committee

During the reporting period, Strategy Committee underwent leadership transition and members of the new Strategy Committee are Mr. Su Xianze, Mr. Thierry de La Tour d'Artaise and Mr. Frédéric VERWAERDE. Of which, Mr. Su Xianze is convener of the committee. Strategy Committee convened two meetings totally, on which all committee members communicated with the top managers of the Company regarding contents such as company operation, industrial development trend, and future plan of the Company, and researched and proposed suggestions for the long-term development strategy and significant investment decisions of the Company.

### 2. Audit Committee

During the reporting period, Audit Committee underwent leadership transition and members of the new Audit Committee are Mr. Wang Baoqing, Mr. Frederic BERAHA and Mr. Vincent LEONARD; of which, Mr. Wang Baoqing is convener of the committee.

Audit Committee convened four meetings totally (two on-site meetings), in order to supervise the establishment and implementation of internal audit plan, check and approve internal audit execution and quarterly work report, and urge the audit of important items such as connected transactions, purchasing business, etc. Besides, the Committee shall supervise preparatory work for compliance of internal control; pay close attention to implementation of internal control, preparation and implementation of financial system and shared center process. Before the coming of registered accountant for annual audit and after the issuing of preliminary auditing opinions, the Audit Committee would communicate with the accountants and urge the related certified accountants to timely submit the auditing report.

### 3. Payment and Appraisal Committee

During the reporting period, Payment and Appraisal Committee underwent leadership transition and members of the new Payment and Appraisal Committee are Ms. Xiaoqing PELLEMELE, Mr. Frederic BERAHA and Mr. Harry TOURET; of which, Ms. Xiaoqing PELLEMELE is convener of the committee. Payment and Appraisal Committee convened three meetings totally, to review payment and appraisal for the Company's directors, supervisors and top managers, condition compliance of the fourth unlocking period in incentive plan for the Company's restricted shares (2013 Equity Incentive Plan) and the third unlocking period for reserved part and incentive objects. Meanwhile, the committee prepared and revised *2017 Incentive Plan for Restricted Shares of Zhejiang Supor Co., Ltd.* The plan was ratified in the 2<sup>nd</sup> interim general meeting of shareholders in 2017 and has goes into effect.

## VII. Work of the Board of Supervisors

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

Yes  No

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

## VIII. Appraisal of and Incentives for Top Management

The Company has established a perfect performance appraisal system and salary system for top management staff, which directly connects the work performance of top management staffs with their salary. Based on the indicators of the KPI system established at the beginning of 2017, the Company has conducted the year-end appraisal in January, 2018 of top management staffs of their working abilities, duty performance and target fulfillment, meanwhile, distributed annual performance salary.

During the reporting period, the Company has unlocked the unlockable restricted stock in the fourth unlock period and the third unlock period of reserved restricted stock granted to top management holding restricted stock in accordance with the *Restricted Stock Incentive Plan (Revised Draft)*. The Payment and Appraisal Committee of the Board of Directors, as the special committee under the Board of Directors, has reviewed the appraisal result.

During the reporting period, the Company implemented *2017 Incentive Plan for Restricted Shares (Revised Draft)* and granted restricted shares to top managers successfully. The Company would cancel sales restrictions by four period after restricted shares granted meet assessment indicators of unlocking periods.

## IX. Evaluation Report of Internal Control

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

Yes  No

## 2. Self evaluation report of internal control

Date of disclosure of full text of Evaluation Report of Internal Control	March 30, 2018	
Reference for full text of Evaluation Report of Internal Control	Reference can be made to Evaluation Report of the Internal Control for 2017 published in <i>Securities Times</i> , <i>China Securities Journal</i> , <i>Securities Daily</i> and <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> .	
The proportion of total unit assets involved in evaluation scope in total assets of financial statement	100.00%	
The proportion of operating revenue involved in evaluation scope in operating revenue of financial statement	100.00%	
Defect Identification Standard		
Class	Financial statement	Non-financial statement
Qualitative standard	<p>1) Identification standard of significant defects: fraud of directors, supervisors and top management of the Company; modification of financial statement having been published; any material misstatement of the current period financial statement found by CPA but having not been found during internal control; and invalid supervision by the Audit Committee, the Board of Supervisors and internal audit authority for internal control. 2) Identification standard of important defects: selection and application of accounting policies violating accepted accounting criteria; one or several defect(s) on the control of closing financial statement, and failure of reasonably guarantee the prepared financial statement is true and accurate; no check-and-balance system and control measures preventing fraud established. 3) General defects refer to other internal control defects not constituting the standards of significant defects and important defects.</p>	<p>1) Identification standard of significant defects: unscientific decision procedure of the Company, such as significant decision-making mistakes which causing the M &amp;A of significant enterprise project fails to reach expected objectives; violation of national laws and regulations, such as heavy losses of enterprise caused by non-conforming products; significant adverse influence existing in the production and operation of enterprise caused by severe loss of medium and senior management persons and senior technicians; and lack of system control or systematic invalidation for important business. 2) Identification standard of important defects: defects on important business systems; failure of rectification for important defects found during internal control and internal supervision; and severe loss of business persons on key posts. 3) Identification standard of general defects: defects on general business systems; failure of rectification for general defects found during internal control and internal supervision; and severe loss of business</p>

		persons on general posts.
Quantitative standard	<p>1) Identification standard of significant defects: potential misstatement of total profit <math>\geq 5\%</math> of total profit; potential misstatement of total operating revenue <math>\geq 2\%</math> of total operating revenue; and potential misstatement of total assets <math>\geq 2\%</math> of total assets.</p> <p>2) Identification standard of important defects: 3% of total profit <math>\leq</math> potential misstatement of total profit <math>&lt; 5\%</math> of total profit; 1% of total operating revenue <math>\leq</math> potential misstatement of total operating revenue <math>\leq 2\%</math> of total operating revenue; and 1% of total assets <math>\leq</math> potential misstatement of total assets <math>\leq 2\%</math> of total assets.</p> <p>3) Identification standard of general defects: potential misstatement of total profit <math>&lt; 3\%</math> of total profit; potential misstatement of total operating revenue <math>&lt; 1\%</math> of total operating revenue; and potential misstatement of total assets <math>&lt; 1\%</math> of total assets.</p>	<p>1) Identification standard of significant defects: direct property loss amount taking above (including) 0.5% in total assets, and causing significant adverse influence on the Company.</p> <p>2) Identification standard of important defects: direct property loss amount taking above (including) 0.1% but no more than 0.5% in total assets, and causing no significant adverse influence on the Company.</p> <p>3) Identification standard of general defects: direct property loss amount taking below 0.1% in total assets.</p>
Qty. of significant defects in financial statement (pcs)	0	
Qty. of significant defects in non-financial statement (pcs)	0	
Qty. of important defects in financial statement (pcs)	0	
Qty. of important defects in non-financial statement (pcs)	0	

## X. Audit Report or Authentication Report of Internal Control

Authentication report of internal control

Opinion deliberation stage of authentication report of internal control	
We believe that Supor maintained the valid internal control related to financial statement in all aspects on December 31, 2017 according to <i>Basic Internal Control Norms for Enterprises</i> and relevant regulations.	
Disclosure of authentication report of internal control	Disclosure
Date of full text disclosure of authentication report of internal	March 30, 2018

control	
Index of full text disclosure of authentication report of internal control	See <i>Securities Times</i> , <i>China Securities Journal</i> , <i>Securities Daily</i> and cninf: <i>Authentication Report of Internal Control in 2017</i>
Opinion type of authentication report of internal control	Standard and no reserved opinions
Does the non-financial statement contain serious defects?	No

Does the accounting firm issue the authentication report of internal control regarding non-standard opinions?

Yes     No

Is the authentication report of internal control issued by the accounting firm in consistency with the self-assessment report opinions of the board of directors?

Yes     No

## **SECTION X COMPANY'S BONDS**

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

No

## SECTION XI FINANCIAL STATEMENT

### Auditor's Report

#### I. Audit report

Type of audit opinion	Standard opinions with no reservation
Date of signature of audit report	March 29, 2018
Name of audit organization	Union Power Certified Public Accountants (special general partnership)
Audit report document No.	ZHSZ [2018]No.011470
Name of certified accountants	Li Wei, Guo Youying

#### 1. Main Text of Audit Report

To the Shareholders of Zhejiang Supor Co., Ltd:

##### 1. Audit opinions

We audited the financial statements of Zhejiang Supor Co., Ltd. (hereinafter referred to as “the Company”), including the Consolidated and Parent Company’s Balance Sheet as of December 31, 2017, Consolidated and Parent Company’s Profit Statement 2017, Consolidated and Parent Company’s Cash Flow Statement 2017, Consolidated and Parent Company’s Statement of Change in Stockholder Equity 2017 and Footnotes to Financial Statements 2017.

We think the attached financial statement was prepared according to the ASBE (Accounting Standards for Business Enterprises) on all important aspects, and reflected fairly the consolidated and parent company’s financial status of Supor by December 31, 2017, the consolidated and parent company’s business performance and cash flow of Supor in 2017.

##### 2. Basis of forming audit opinions

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

##### 3. Key audit items

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

###### (1) Recognition of income

See the accounting policy described by “V. Critical Accounting Policy and Accounting Estimate” (23 – Recognition method and principle of income) and “VII. Annotations to Items in Consolidated Financial Statement” (29 – Operating Revenue) in Footnotes to Financial Statements.

###### Item Description

Supor is specially engaged in the R&D, production and distribution of kitchenware, stainless steel products, metalware, small domestic appliances and cookware; its products are cookware and small kitchen appliances.

Since the income is one of the key performance indexes, and the new equity incentive policy launched by Supor in 2017 required Supor to let the detailed domestic sales income within four years. The higher performance stress increases the inherent risk that the company management manipulates income recognition time point for the purpose of achieving performance target or expectations; therefore we identified the income recognition of Supor as the key audit item.



How to deal with the item in the process of audit:

The major audit procedures executed by us for the aforesaid key audit items related to the recognition of income include:

- Understand and evaluate the design and operation effectiveness of key internal control related to the recognition of income made by the company management;
- Select sample to inspect sales contract, examine contractual clause and condition related to risk and remuneration transfer of commodity ownership right, evaluate whether the SUPOR income recognition time point complies with the requirements of accounting standards for business enterprises or not.
- Perform analytical review procedures to identify abnormal changes ,including Analysis by sales channel, customer analysis, product analysis and monthly analysis.
- Select sample for the income transaction to be recorded in the year, make cross check for the invoice, sales contract, delivery note and sign-in record related to sales, evaluate whether the related income recognition complies with the accounting policy for recognition of income.
- Select delivery orders and other original documents and trace to the accounting entries, evaluate all revenues have been booked if it meets the recognition criteria.
- Select sample of income transaction to be recorded before and after the balance sheet date, check the outbound delivery order and other supporting documents, evaluate whether the income transaction is recorded within the appropriate accounting period or not.
- Check whether the recognition of sales income of this year is SAP automatic bookkeeping, and whether there is manual book entry or not.

## (2) Inventory falling price reserves

See the accounting policy described by “V. Critical Accounting Policy and Accounting Estimate” (11 – Classification and measurement of inventory) and “VII. Annotations to Items in Consolidated Financial Statement” (8 – Inventory) in Footnotes to Financial Statements.

Item Description

By December 31, 2017, the original value of inventory on the consolidated financial statement of Supor was RMB2,235,095,704.49, and the inventory falling price reserves were RMB49,196,212.77.

Due to the huge inventory amount, and the company management made significant judgment when determining inventory falling price reserves, we determine the inventory falling price reserves as the key audit item.

How to deal with the item in the process of audit:

The following procedures are included in the audit process for evaluating the inventory falling price reserves:

- Understand the management’s process about accruing process of inventory falling price reserves and evaluate its key internal control;
- Supervise the inventory process and care about whether defective or unsalable inventory is identified;
- Test the turnover process of inventory according to the receiving, delivery and storage statement of inventory, and recalculate the depreciation of inventory according to the accounting policy;
- Combine the available market information (such as Tmall, JD.com, Suning, Gome and other e-commerce platform), evaluate the management’s important hypothesis on the net realizable value calculated;
- Understand the actual disposal of inventory which accrual provision at the beginning of the year, and apply the analytic review on inventory provision changed.

## (3) Related party relationships and completeness of its transaction disclosure

See “XII. Related Party and Connected Transactions” of Footnotes to Financial Statements.

Item Description

By December 31, 2017, SEB Group held 81.18% stocks of Supor indirectly via its wholly-owned subsidiary SEB International; it belongs to the absolute share holding. Meanwhile Supor and internal related party of SEB Group were involved in different

transaction categories and related-party transactions with significant amount. There was the risk that the completeness of all related-party transactions and the related-party transaction amount were not disclosed in the footnotes to financial statements. Therefore we cared about the completeness of related-party transaction disclosure by deeming it as the key audit item.

How to deal with the item in the process of audit:

The following procedures are included in the audit process of evaluating the related party relationships and the related-party transaction disclosure completeness:

- Evaluate and test the internal control on the related-party relationships and its transactions identified and disclosed by Supor, such as company management makes double check on related party list regularly, executes related party account checking regularly, and follows up difference in account statement.
- Obtain the related party relationship list provided by company management, execute the following procedures:
  1. Check and verify the information acquired from the related party relationship list exported from the financial system and from other open channels;
  2. Double-check significant sales contract, purchase contract and other contracts, identify whether there is undisclosed related party relationships;
- Obtain the related-party transaction accrual and balance breakdown provided by company management, and execute the following procedures:
  3. Check and verify them with the financial record;
  4. Make sample check on related-party transaction accrual and balance's account checking results;
  5. Make sample check on letters of conformation of related-party transaction accrual and balance;
  6. Make sample check on the one whether related-party transaction accrual matches with the contract;

Check and verify the aforesaid related-party relationship, related-party transaction accrual and balance with the information disclosed by financial statement. In order to assess the disclosure is completely and accurately or not.

#### **4. Other information**

The company management of Supor is responsible for other information, including the information covered by the Annual Report 2017, but excluding the financial statement and our audit report.

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

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

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

#### **5. Responsibility of company management and governance layer on financial statement**

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

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

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

#### **6. Responsibility of certified public accountant for financial statement audit**

Our objective is to acquire rational guarantee for keeping the financial statement free of material misstatement caused by fraudulent practice or error and providing the audit report containing audit opinions. The rational guarantee is a high-level guarantee, but it can not guarantee that a materials misstatement can be found if it exists when we audit according to the auditing standard. The

misstatement may be caused by fraudulent practice or error. If a single or summarized rational expectation on misstatement may cause certain influence when financial statement user makes economic decision in accordance with the financial statement, the misstatement will be deemed as “significant”.

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

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

(2) Understand the internal control related to audit and design appropriate audit procedures. However its purpose is not to express opinions on the effectiveness of internal control.

(3) Evaluate the appropriateness of the accounting policy selected by company management and the rationality of the accounting estimate and related disclosure made by the company management.

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

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

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

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

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

In the issue we communicated with the company governance layer, we determined which issues are most important to the financial statement audit, so which constitutes the key audit items. We described these items in our audit report, unless otherwise these items are prohibited to openly disclose by law and regulation, or under few circumstances, if according to an rational expectation, when negative consequence of communicating an issue in the audit report may exceed its benefit on the aspect of public benefit, we confirm that we will not communicate the issue in our audit report.

UNION POWER CERTIFIED PUBLIC ACCOUNTANTS  
(SPECIAL GENERAL PARTNERSHIP)

Chinese Certified Public Accountant: Li Wei  
(Project partner)

Chinese Certified Public Accountant: Guo Youying

Wuhan China

March 29, 2018

## II. Financial statement

Unit of statement in notes to financial statement: RMB

### 1. Consolidated financial statement

Prepared by: Zhejiang Supor Co. Ltd.

December 31, 2017

(Unit: RMB)

Assets	Closing balance	Opening balance
Current assets:		
Cash and bank balances	779,641,360.93	754,144,152.56
Settlement funds		
Loans to other banks		
Financial assets at fair value through profit or loss	1,305,530,496.83	856,988,784.08
Derivative financial assets		
Notes receivable	678,723,166.23	843,520,455.60
Accounts receivable	1,394,611,743.59	1,160,117,826.72
Advances paid	326,628,488.10	157,326,657.23
Premiums receivable		
Reinsurance accounts receivable		
Reinsurance reserve receivable		
Interest receivable	1,983,860.05	285,680.93
Dividend receivable		
Other receivables	18,690,041.58	55,657,951.60
Reverse-REPO financial assets		
Inventories	2,185,899,491.72	1,696,932,203.19
Assets classified as held-for-sale		
Non-current assets due within one year		
Other current assets	1,025,576,299.53	981,698,880.31
Total current assets	7,717,284,948.56	6,506,672,592.22
Non-current assets:		
Loans and advances paid		
Available-for-sale financial assets		
Held-to-maturity investments		
Long-term receivable		

Long-term equity investments	57,828,126.15	53,877,930.88
Investment property		
Fixed assets	829,197,651.78	885,129,598.11
Construction in progress	23,464,233.86	5,986,693.89
Construction materials		
Fixed assets disposal		
Biological assets		
Oil & gas assets		
Intangible assets	334,602,690.62	255,692,979.29
Development expenditures		
Goodwill		
Long-term prepayments		
Deferred tax assets	209,300,649.86	150,419,830.47
Other non-current assets		
Total non-current assets	1,454,393,352.27	1,351,107,032.64
Total assets	9,171,678,300.83	7,857,779,624.86
Current liabilities:		
Short-term borrowings		
Central bank loans		
Absorbing deposit and interbank deposit		
Loans from other banks		
Financial liabilities at fair value through profit or loss		
Derivative financial liabilities		
Notes payable		
Accounts payable	2,307,025,946.46	2,062,140,539.44
Advances received	1,206,020,398.54	779,587,538.11
Proceeds from sale of repurchase financial assets		
Handling fee and commission payable		
Employee benefits payable	239,096,541.06	237,919,276.03
Taxes and rates payable	128,645,212.11	115,333,892.17
Interest payable		
Dividend payable		
Other payables	67,309,426.31	80,287,557.91
Reinsurance accounts payable		

Reinsurance reserve		
Deposit for agency security transaction		
Deposit for agency security underwriting		
Held-for-sale liabilities:		
Non-current liabilities due within one year		
Other current liabilities		
Total current liabilities	3,948,097,524.48	3,275,268,803.66
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Minus: treasury shares		
Other comprehensive income		
Long-term payables		
Long-term employee benefits payable	5,456,239.72	6,975,952.59
Special payables		
Provisions	15,150,000.00	7,150,000.00
Deferred income		
Deferred tax liabilities	4,484,750.00	6,833,704.75
Other non-current liabilities		
Total non-current liabilities	25,090,989.72	20,959,657.34
Total liabilities	3,973,188,514.20	3,296,228,461.00
Equity:		
Share capital/Paid-in capital	821,287,610.00	631,765,700.00
Other equity instruments		
Minus: treasury shares		
Other comprehensive income		
Capital reserve	93,907,646.37	41,751,903.83
Minus: treasury shares	21,945,167.69	
Other comprehensive income	-29,493,764.27	-21,115,130.39
Special reserve		
Surplus reserve	393,893,137.71	295,681,206.47
General risk reserve		
Undistributed profit	3,940,017,051.62	3,593,933,783.19
Total equity attributable to the parent company	5,197,666,513.74	4,542,017,463.10

Non-controlling interest	823,272.89	19,533,700.76
Total equity	5,198,489,786.63	4,561,551,163.86
Total liabilities & equity	9,171,678,300.83	7,857,779,624.86

Legal Representative: Fr  dic  
VERWAERDE

Head of accounting work: Xu Bo

Head of the accounting body: Xu Bo

## 2. Balance Sheet of the Parent Company

(Unit: RMB)

Assets	Closing balance	Opening balance
Current assets:		
Cash and bank balances	322,970,808.80	263,064,886.69
Financial assets at fair value through profit or loss	677,134,039.81	
Derivative financial assets		
Notes receivable	2,800,000.00	17,399,486.67
Accounts receivable	353,346,477.25	238,754,765.93
Advances paid	57,964,551.58	25,631,663.93
Interest receivable	174,937.50	31,406.25
Dividend receivable	400,000,000.00	
Other receivables	38,119,816.58	24,336,542.49
Inventories	189,743,211.53	126,586,801.90
Assets classified as held-for-sale		
Non-current assets due within one year		
Other current assets	718,177,865.87	906,437,451.54
Total current assets	2,760,431,708.92	1,602,243,005.40
Non-current assets:		
Available-for-sale financial assets		
Held-to-maturity investments		
Long-term receivable		
Long-term equity investments	2,429,512,309.50	2,378,086,172.55
Investment property		
Fixed assets	144,029,154.21	148,234,979.95
Construction in progress	5,296,665.03	2,800,949.02
Construction materials		
Fixed assets disposal		

Biological assets		
Oil & gas assets		
Intangible assets	90,361,160.55	92,113,561.40
Development expenditures		
Goodwill		
Long-term prepayments		
Deferred tax assets	16,711,338.45	6,495,246.32
Other non-current assets		
Total non-current assets	2,685,910,627.74	2,627,730,909.24
Total assets	5,446,342,336.66	4,229,973,914.64
Current liabilities:		
Short-term borrowings		
Financial liabilities at fair value through profit or loss		
Derivative financial liabilities		
Notes payable		
Accounts payable	354,713,626.77	203,158,940.49
Advances received	6,708,860.69	3,696,699.18
Employee benefits payable	57,333,564.09	59,142,122.51
Taxes and rates payable	7,031,429.41	35,057,310.03
Interest payable		
Dividend payable		
Other payables	2,172,511,308.73	1,424,893,390.16
Liabilities classified as held-for-sale		
Non-current liabilities due within one year		
Other current liabilities		
Total current liabilities	2,598,298,789.69	1,725,948,462.37
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Minus: treasury shares		
Other comprehensive income		
Long-term payables		
Long-term employee benefits payable		
Special payables		



Provisions	5,000,000.00	
Deferred income		
Deferred tax liabilities		
Other non-current liabilities		
Total non-current liabilities	5,000,000.00	
Total liabilities	2,603,298,789.69	1,725,948,462.37
Equity:		
Share capital/Paid-in capital	821,287,610.00	631,765,700.00
Other equity instruments		
Minus: treasury shares		
Other comprehensive income		
Capital reserve	608,956,223.13	566,162,828.10
Minus: treasury shares	21,945,167.69	
Other comprehensive income		
Special reserve		
Surplus reserve	402,866,936.07	304,163,002.42
General risk reserve	1,031,877,945.46	1,001,933,921.75
Undistributed profit	2,843,043,546.97	2,504,025,452.27
Total equity	5,446,342,336.66	4,229,973,914.64
Total liabilities & equities		

### 3. Consolidated Income Statement

(Unit: RMB)

Items	Current period cumulative	Preceding period comparative
I. Total operating revenue	14,187,347,425.77	11,947,123,201.12
Including: operating revenue	14,187,347,425.77	11,947,123,201.12
Interest proceeds		
Premium earned		
Revenue from handling charges and commission		
II. Total operating cost	12,767,844,978.74	10,697,498,222.54
Including: operating cost	9,994,038,739.03	8,299,999,071.78
Interest expenses		
Handling charges and commission expenditures		
Surrender value		

Net payment of insurance claims		
Net provision of insurance reserve		
Premium bonus expenditures		
Reinsurance expenses		
Taxes & surcharge	94,669,364.01	90,080,740.53
Selling expenses	2,213,078,313.55	1,891,733,488.76
Administrative expenses	415,194,235.98	388,653,602.92
Financial expense	-126,978.87	-21,438,184.36
Assets impairment loss	50,991,305.04	48,469,502.91
Plus: gains on changes of fair value(or less: losses)	8,541,712.75	4,769,895.19
Investment income (or less: losses)	63,272,719.03	61,079,922.28
Including: investment income from associates and joint ventures	3,933,753.55	2,349,174.53
Gains on foreign exchange (or less: losses)		
Income by assets disposal (loss filled by “_”)	887,518.81	530,455.19
Other incomes	82,379,740.78	
III. Operating profit(or less: losses)	1,574,584,138.40	1,316,005,251.24
Plus: Non-operating revenue	7,033,906.45	68,856,165.49
Minus: Non-operating expenditures	16,490,093.75	17,741,169.91
IV. Profit before tax (or less: total loss)	1,565,127,951.10	1,367,120,246.82
Minus: income tax	257,283,850.96	233,513,946.19
V. Net profit (or less: net loss)	1,307,844,100.14	1,133,606,300.63
(i) Net profits by continuous operation (net loss filled by “_”)	1,307,844,100.14	1,133,606,300.63
(ii) Net profits by terminating operation (net loss filled by “_”)		
Net profit attributable to owners of parent company	1,307,606,602.94	1,077,341,957.40
Non-controlling interest income	237,497.20	56,264,343.23
VI. Other comprehensive income after tax	-8,431,035.54	-881,415.43
After-tax net profits of other comprehensive incomes that belong to the parent company owner	-8,378,633.88	-881,415.43
(I) Not reclassified subsequently to profit or loss		
1. Including: Changes in re-measurement on the net defined benefit liability/asset		
2. Items attributable to investees under equity method that will not reclassified to profit or loss		

(II) To be reclassified subsequently to profit or loss	-8,378,633.88	-881,415.43
1. Including: Items attributable to investees under equity method that may be reclassified to profit or loss		
2. Profit or loss from changes in fair value of available-for-sale financial assets		
3. Profit or loss from reclassification of held-to-maturity investments as available-for-sale assets		
4. Profit or loss on cash flow hedging		
5. Translation difference of financial statements in foreign currencies	-8,378,633.88	-881,415.43
6. others		
After-tax net profits of other comprehensive incomes that belong to minority shareholders	-52,401.66	
VII. Total comprehensive income	1,299,413,064.60	1,132,724,885.20
Including: Items attributable to owners of parent company	1,299,227,969.06	1,076,460,541.97
Items attributable to non-controlling interest	185,095.54	56,264,343.23
VIII. Earnings per share:		
(I) Basic EPS	1.601	1.319
(II) Diluted EPS	1.592	1.312

In the merger under the same control happened in this reporting period, the merged party has realized net profit of RMB -375,502.30 before the merger. The net profit of last period was RMB -347,449.02.

Legal Representative: Frederic  
VERWAERDE

Head of accounting work: Xu Bo

Head of the accounting body: Xu Bo

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

(Unit: RMB)

Items	Current period cumulative	Preceding period comparative
I. Operating revenue	2,147,928,973.15	1,674,738,027.82
Minus: Operating cost	1,784,339,809.98	1,288,686,765.96
Taxes & surcharge	13,670,957.70	10,833,461.54
Selling expenses	61,503,013.87	38,953,011.03
Administrative expenses	96,436,272.23	111,721,300.83
Financial expense	20,165,949.51	-4,792,427.61
Assets impairment loss	8,615,384.19	1,421,713.13

Plus: Gain on changes of fair value (or less: losses)	7,134,039.81	
Investment income (or less: losses)	837,380,432.26	873,514,225.37
Including: investment income from associates and joint ventures	3,933,753.55	2,349,174.53
Income by assets disposal (loss filled by “_”)	127,061.26	251,200.66
Other incomes	18,076,759.58	
II. Operating profit (or less: losses)	1,025,915,878.58	1,101,679,628.97
Plus: Non-operating revenue	1,139,161.55	13,291,159.58
Minus: Non-operating expenditures	9,558,199.75	5,584,965.04
III. Profit before tax (or less: total loss)	1,017,496,840.38	1,109,385,823.51
Minus: income tax	30,457,503.90	41,865,619.16
IV. Net profit (or less: net loss)	987,039,336.48	1,067,520,204.35
(i) Net profits by continuous operation (net loss filled by “_”)	987,039,336.48	1,067,520,204.35
(ii) Net profits by terminating operation (net loss filled by “_”)		
V. Other comprehensive income after tax		
(I) Not reclassified subsequently to profit or loss		
1. Including: Changes in re-measurement on the net defined benefit liability/asset		
2. Items attributable to investees under equity method that will not reclassified to profit or loss		
(II) To be reclassified subsequently to profit or loss		
1. Including: Items attributable to investees under equity method that may be reclassified to profit or loss		
2. Profit or loss from changes in fair value of available-for-sale financial assets		
3. Profit or loss from reclassification of held-to-maturity investments as available-for-sale assets		
4. Profit or loss on cash flow hedging		
5. Translation difference of financial statements in foreign currencies		
6. Others		
VI. Total comprehensive income	987,039,336.48	1,067,520,204.35
VII. Earnings per share:		
(I) Basic EPS		
(II) Diluted EPS		

## 5. Consolidated Cash Flow Statement

(Unit: RMB)

Items	Current period cumulative	Preceding period comparative
<b>I. Cash flows from operating activities:</b>		
Cash receipts from sale of goods or rendering of services	16,145,419,101.27	13,208,930,546.45
Net increase of client deposit and interbank deposit		
Net increase of central bank loans		
Net increase of loans from other financial institutions		
Cash receipts of original insurance contract premium		
Net cash receipts from reinsurance		
Net increase of policy-holder deposit and investment		
Net increase of trading financial assets disposal		
Cash receipts from interest, handling charges and commission		
Net increase of loans from others		
Net increase of repurchase		
Receipts of tax refund	217,037,122.41	140,521,292.72
Other cash receipts related to operating activities	99,328,342.61	77,219,986.43
Subtotal of cash inflows from operating activities	16,461,784,566.29	13,426,671,825.60
Cash payments for goods purchased and services received	11,944,848,997.82	8,982,777,683.74
Net increase of loans and advances to clients		
Net increase of central bank deposit and interbank deposit		
Cash payment of insurance indemnities of original insurance contracts		
Cash payment of interest, handling charges and commission		
Cash payment of policy bonus		
Cash paid to and on behalf of employees	1,505,087,586.60	1,205,285,459.97
Cash payments of taxes and rates	745,025,881.43	702,075,330.53
Other cash payments related to operating activities	1,185,353,043.05	1,147,621,438.89
Subtotal cash outflows from operating activities	15,380,315,508.90	12,037,759,913.13
Net cash flows from operating activities	1,081,469,057.39	1,388,911,912.47
<b>II. Cash flows from investing activities:</b>		
Cash received from return of investments	1.00	
Cash received from return on investments	54,393,855.88	59,608,200.32
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets	1,983,071.00	1,383,159.15

Net cash received from the disposal of subsidiaries & other business units		
Other cash receipts related to investing activities	1,680,913,255.83	2,324,928,972.76
Subtotal of cash inflows from investing activities	1,737,290,183.71	2,385,920,332.23
Cash paid for acquiring fixed assets, intangible assets and other long-term assets	156,674,108.64	134,683,005.27
Cash paid for acquiring investments		
Net increase of pledged loans		
Net cash paid for acquiring subsidiaries & other business units	1,866,064.50	
Other cash payments related to investing activities	2,123,000,000.00	2,210,000,000.00
Subtotal of cash outflows from investing activities	2,281,540,173.14	2,344,683,005.27
Net cash flows from investing activities	-544,249,989.43	41,237,326.96
III. Cash flows from financing activities:		
Cash received from investment by others		3,658,950.00
Including: cash received by subsidiaries from non-controlling owners		
Cash received from borrowings		
Cash received from issuing of bonds		
Other cash receipts related to financing activities		
Subtotal of cash inflows from financing activities		3,658,950.00
Cash repayments of borrowings		
Cash paid for distribution of dividends or profits and for interest expenses	486,454,969.00	369,003,970.42
Including: cash paid for distribution of dividends or profits by subsidiaries to minority owners		15,215,178.42
Other cash payments related to financing activities	23,821,547.56	1,222,500,000.00
Subtotal of cash outflows from financing activities	510,276,516.56	1,591,503,970.42
Net cash flows from financing activities	-510,276,516.56	-1,587,845,020.42
IV. Effect of foreign exchange rate changes on cash & cash equivalents	-4,445,343.03	11,017,629.03
V. Net increase in cash and cash equivalents	22,497,208.37	-146,678,151.96
Plus: Opening balance of cash and cash equivalents	741,144,152.56	887,822,304.52
VI. Closing balance of cash and cash equivalents	763,641,360.93	741,144,152.56

## 6. Cash Flow Statement of the Parent Company

(Unit: RMB)

Items	Current period cumulative	Preceding period comparative
I. Cash flows from operating activities:		

Cash receipts from sale of goods and rendering of services	2,386,373,621.85	1,757,071,524.03
Receipts of tax refund	63,997,505.22	33,637,881.88
Other cash receipts related to operating activities	21,204,083.85	16,614,634.10
Subtotal of cash inflow from operating activities	2,471,575,210.92	1,807,324,040.01
Cash payments for goods purchased and services received	1,973,928,168.42	1,181,709,454.97
Cash payments to and on behalf of employees	389,087,260.75	170,560,805.21
Cash payments of taxes and rates	55,846,980.68	62,520,215.52
Other cash payments related to operating activities	105,596,089.82	75,004,757.32
Subtotal of cash outflows from operating activities	2,524,458,499.67	1,489,795,233.02
Net cash flows from operating activities	-52,883,288.75	317,528,806.99
II. Cash flows from investing activities:		
Cash received from return of investments		50,326,400.00
Cash received from investments gains	428,156,219.17	1,087,256,503.41
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	593,260.00	1,240,781.96
Net cash receipts from disposals of subsidiaries and other business units		36,186,000.00
Other cash receipts related to investing activities	883,354,890.17	928,723,368.84
Subtotal of cash inflow from investing activities	1,312,104,369.34	2,103,733,054.21
Cash payments to acquire fixed assets, intangible assets and other long-term assets	21,335,932.03	56,661,913.21
Cash payments to acquire investments	45,687,612.00	1,222,500,000.00
Net cash payments for acquisitions of subsidiaries and other business units		
Other cash payments related to investing activities	1,384,495,365.98	896,404,483.74
Subtotal of cash outflows from investing activities	1,451,518,910.01	2,175,566,396.95
Net cash flows from investing activities	-139,414,540.67	-71,833,342.74
III. Cash flows from financing activities:		
Cash receipts from investment by others		
Cash receipts from borrowings		
Cash received from issuing bonds		
Other cash receipts related to financing activities	782,543,240.04	456,661,324.82
Subtotal of cash inflows from financing activities	782,543,240.04	456,661,324.82
Cash repayments of borrowings		
Cash payments for distribution of dividends or profit or interest expenses	486,454,969.00	353,788,792.00
Other cash payments related to financing activities	40,740,596.61	548,863,868.92
Subtotal of cash outflows from financing activities	527,195,565.61	902,652,660.92

Net cash flows from financing activities	255,347,674.43	-445,991,336.10
IV. Effect of foreign exchange rate changes on cash and cash equivalents	-3,143,922.90	10,409,887.61
V. Net increase in cash and cash equivalents	59,905,922.11	-189,885,984.24
Plus: Opening balance of cash and cash equivalents	263,064,886.69	452,950,870.93
VI. Closing balance of cash and cash equivalents	322,970,808.80	263,064,886.69

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

Amount of this period

(Unit: RMB)

Items	Current period cumulative												
	Equity attributable to parent company											Non-controlling interest	Total equity
	Share capital /Paid-in capital	Other equity instruments			Capital reserve	Minus: treasury shares	Other comprehensive income	Appropriative reserve	Surplus reserve	General risk reserve	Undistributed profit		
	Preferred stock	Perpetual capital securities	Others										
I. Balance at the end of prior year	631,765,700.00				39,885,839.32		-21,115,130.39		295,681,206.47		3,594,10,982.19	17,911,065.28	4,558,239,662.87
Plus: cumulative changes of accounting policies													
Error correction of prior period													
Merger of enterprises under the same control					1,866,064.51					-177,199.00		1,622,635.48	3,311,500.99
Others													
II. Balance at the beginning of current year	631,765,700.00				41,751,903.83		-21,115,130.39		295,681,206.47		3,593,933,783.19	19,533,700.76	4,561,551,163.86
III. Current period increase (or less: decrease)	189,521,910.00				52,155,742.54	21,945,167.69	-8,378,633.88		98,211,931.24		346,083,268.43	-18,710,427.87	636,938,622.77



(i) Total of comprehensive incomes											1,307,606,602.94	185,095.54	1,299,413,064.60
(ii) Capital invested and reduced by the owner	-6,000.00			54,027,807.05	21,945,167.69						-182,408,500.12		-150,331,860.76
1. Common stock invested by shareholder													
2. Capital invested by other equity instrument holder	-6,000.00			54,027,807.05	21,945,167.69						-182,408,500.12		-150,331,860.76
3. Amount paid by share and included in the owner's equity													
4. Others													
(III) Profit distribution	189,527,910.00							98,703,933.65			-774,686,812.65		-486,454,969.00
1. Appropriation of surplus reserve								98,703,933.65			-98,703,933.65		
2. Appropriation of general risk reserve													
3. Appropriation of profit to owners	189,527,910.00										-675,982,879.00		-486,454,969.00
4. Others													
(IV) Internal carry-over within equity													
1. Transfer of capital reserve to capital													
2. Transfer of surplus reserve to capital													
3. Surplus reserve to cover losses													
4. Others													
(V) Special reserve													

1. Appropriation of current period													
2. Application of current period													
(VI) Others					-1,872,064.51				-492,002.41		-4,428,021.74	-18,895,523.41	-25,687,612.07
IV. Balance at the end of current period	821,287,610.00				93,907,646.37	21,945,167.69	-29,493,764.27		393,893,137.71		3,940,017,051.62	823,272.89	5,198,489,786.63

Amount of the last period

(Unit: RMB)

Items	Preceding period comparative												Total equity
	Equity attributable to parent company											Non-controlling interest	
	Share capital /Paid-in capital	Preferred stock	Perpetual bond	Others	Minus: treasury shares	Other comprehensive income	Appropriative reserve	Surplus reserve	General risk reserve	Undistributed profit			
I. Balance at the end of prior year	632,875,188.00				557,582,021.72		-20,233,714.96		197,410,981.99		3,053,468,801.78	588,627,283.55	5,009,730,562.08
Plus: cumulative changes of accounting policies													
Error correction of prior period													
Business combination under the same control													
Others													
II. Balance at the beginning of current year	632,875,188.00				557,582,021.72		-20,233,714.96		197,410,981.99		3,053,468,801.78	588,627,283.55	5,009,730,562.08
III. Current period increase (or less: decrease)	-1,109,488.00				-515,830,117.89		-881,415.43		98,270,224.48		540,464,981.41	-569,093,582.79	-448,179,398.22
(i) Total comprehensive earnings							-881,415.43				1,077,341,957.41	56,264,343.22	1,132,724,885.20
(ii) Capital	-1,109				8,350,2								7,240,7

invested and reduced by the owners	,488.00				25.00								37.00
1. Common shares invested by shareholders													
2. Capital invested by other equity instrument holders													
3. Amount of share-based payments recorded into the owner's equities	-1,109,488.00				8,350,225.00								7,240,737.00
4. Others													
(III) Profit distribution								106,752,020.43		-460,540,812.43		-15,515,178.42	-369,303,970.42
1. Appropriation of surplus reserve								106,752,020.43		-106,752,020.43			
2. Appropriation of general risk reserve													
3. Appropriation of profit to owners										-353,788,792.00		-15,515,178.42	-369,303,970.42
4. Others													
(IV) Internal carry-over within equity													
1. Transfer of capital reserve to capital													
2. Transfer of surplus reserve to capital													
3. Surplus reserve to cover losses													
4. Others													
(V) Special reserve													
1. Appropriation of current period													
2. Application of current period													

(VI) Others					-524,180,342.89				-8,481,795.95		-76,336,163.57	-609,842,747.59	-1,218,841,050.00
IV. Balance at the end of current period	631,765,700.00				41,751,903.83		-21,115,130.39		295,681,206.47		3,593,933,783.19	19,533,700.76	4,561,551,163.86

## 8. Statement of Changes in Owners' Equity of the Parent Company

Amount of this period

(Unit: RMB)

Items	Current period cumulative										
	Share capital /Paid-in capital	Other equity instruments			Capital reserve	Minus: treasury shares	Other comprehensive income	Appropriative reserve	Surplus reserve	Undistributed profit	Total equity
		Preferred stock	Perpetual capital securities	Others							
I. Balance at the end of prior year	631,765,700.00				566,162,828.10				304,163,002.42	1,001,933,921.75	2,504,025,452.27
Plus: cumulative changes of accounting policies											
Error correction of prior period											
Others											
II. Balance at the beginning of current year	631,765,700.00				566,162,828.10				304,163,002.42	1,001,933,921.75	2,504,025,452.27
III. Current period increase (or less: decrease)	189,521,910.00				42,793,395.03	21,945,167.69			98,703,933.65	29,944,023.71	339,018,094.70
(I) Other comprehensive income										987,039,336.48	987,039,336.48
(II) Capital contributed or withdrew by owners	-6,000.00				42,970,594.03	21,945,167.69				-182,408,500.12	-161,389,073.78
1. Capital contributed by											

owners											
2. Capital invested by other equity instrument holders											
3. Amount of share-based payment included in equity	-6,000.00				42,970,594.03	21,945,167.69				-182,408,500.12	-161,389,073.78
4. Others											
(III) Profit distribution	189,527,910.00								98,703,933.65	-774,686,812.65	-486,454,969.00
1. Appropriation of surplus reserve									98,703,933.65	-98,703,933.65	
2. Appropriation of profit to owners	189,527,910.00									-675,982,879.00	-486,454,969.00
3. Others											
(IV) Internal carry-over within equity											
1. Transfer of capital reserve to capital											
2. Transfer of surplus reserve to capital											
3. Surplus reserve to cover losses											
4. Others											
(V) Special reserve											
1. Appropriation of current period											
2. Application of current period											
(VI) Others					-177,199.00						-177,199.00
IV. Balance at the end of current period	821,287,610.00				608,956,223.13	21,945,167.69			402,866,936.07	1,031,877,945.46	2,843,043,546.97

Amount in last year

(Unit: RMB)

Items	Preceding period comparative
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	Share capital /Paid-in capital	Other equity instruments			Capital reserve	Minus: treasury shares	Other comprehensive income	Appropriative reserve	Surplus reserve	Undistributed profit	Total equity
		Preferred stock	Perpetual capital securities	Others							
I. Balance at the end of prior year	632,875,188.00				557,812,603.10				197,410,981.99	394,954,529.83	1,783,053,302.92
Plus: cumulative changes of accounting policies											
Error correction of prior period											
Others											
II. Balance at the beginning of current year	632,875,188.00				557,812,603.10				197,410,981.99	394,954,529.83	1,783,053,302.92
III. Current period increase (or less: decrease)	-1,109,488.00				8,350,225.00				106,752,020.43	606,979,391.92	720,972,149.35
(I) Other comprehensive income										1,067,520,204.35	1,067,520,204.35
(II) Capital contributed or withdrew by owners	-1,109,488.00				8,350,225.00						7,240,737.00
1. Capital contributed by owners											
2. Capital invested by other equity instrument holders											
3. Amount of share-based payment included in equity	-1,109,488.00				8,350,225.00						7,240,737.00
4. Others											
(III) Profit distribution									106,752,020.43	-460,540,812.43	-353,788,792.00
1. Appropriation									106,752,020.43	-106,752,020.43	

of surplus reserve									20.43	2,020.43	
2. Appropriation of profit to owners										-353,788,792.00	-353,788,792.00
3. Others											
(IV) Internal carry-over within equity											
1. Transfer of capital reserve to capital											
2. Transfer of surplus reserve to capital											
3. Surplus reserve to cover losses											
4. Others											
(V) Special reserve											
1. Appropriation of current period											
2. Application of current period											
(VI) Others											
IV. Balance at the end of current period	631,765,700.00				566,162,828.10				304,163,002.42	1,001,933,921.75	2,504,025,452.27

### III. Company profile

Zhejiang Supor Co., Ltd. (by shares) (“the Company”) is a limited liability company (by shares) transformed on an integral basis from Zhejiang Supor Cookware Co., Ltd.\* under the approval of Leading Group for Enterprise Listing of the People’s Government of Zhejiang Province with No. ZSS [2000] 24 approval documents. On November 10, 2000, the Company registered at Zhejiang Administration for Industry and Commerce, and acquired a corporate business license numbered 913300007046976861

By December 31, 2017, the Company’s registered capital and paid-in capital was RMB 821,287,610 and 821,287,610 respectively. See Note (vii) for the paid-in capital (shareholders).

1. The registered address, organization form and head office address of the Company

Organization form: Limited liability company

Registered address: Yuhuan City, Zhejiang Province

Head office address: Hangzhou City, Zhejiang Province

2. The Company’s business nature and main business activities

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 household appliance and cookware; the products include cookware and small household appliances.

3. Name of the parent company and final parent company

The Company's parent company is SEB INTERNATIONALE S.A.S whose final parent company is SEB S.A.

4. Person and date of approving financial statement release

The financial statement was released after the approval of the Company's the 6<sup>th</sup> meeting of the 6<sup>th</sup> board of directors on March 29, 2018.

By the end of the reporting period, there were altogether 14 subsidiaries included in the scope of consolidated financial statement. See Note (ix) 1 for details.

See Note (viii) for the change scope of the consolidated financial statement in this period.

## IV. Preparation basis of the financial statements

### (I) Preparation basis

The financial statement is prepared on the basis of continuous operation, and is recognized and measured based on *Accounting Standard for Business Enterprises—Basic Standard* and other accounting criteria.

## V. Critical accounting policies and estimates

Does the Company need to abide by the disclosure requirements for special industry?

No

Prompt of the specific accounting policies and estimates

No

### 1. Abidance of the statement of Standard for Enterprise Business

The financial statement conforms to the requirements of Standard for Enterprise Business and has reflected relevant information such as the financial conditions, operation results and cash flow of the Company and the Group on an authentic and intact basis.

### 2. Accounting period

The Group takes calendar year as the accounting year, i.e., from January 1 to December 31.

### 3. Operating cycle

The normal operating cycle means the period from the time when the enterprise purchases the assets used for processing to the time of realizing cash and cash equivalents. The Group's normal operating cycle lasts for 1 year. If it is shorter than 1 year, the assets realized within 1 year upon the date of balance sheet or the liabilities that should be paid off within 1 year upon the date of balance sheet shall be classified as the current assets or current liabilities.

### 4. Recording currency

RMB



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

(1) In case merger of enterprises under the same control happens within the reporting period of the Group, pooling of interest method shall be employed to carry out accounting treatment. The assets and liabilities acquired by the combining party during enterprise merger shall be measured on the merger date according to the book value set forth in consolidated financial statements of the final controlling party. As to the difference between the book value of net assets acquired by combining party and the book value of merger consideration paid by it (or total amount of the face value of shares issued), the capital reserve shall be adjusted correspondingly; in case the capital reserve is insufficient for the offset, it's required to adjust the retained earnings. Various related direct expenses incurred by combining party for enterprise merger, including the audit fee, evaluation fee, legal service fee, etc. paid for enterprise merger, shall be included in the current profits and losses upon such expenses are incurred. The bonds issued for enterprise merger or service charge, commission, etc. paid for bearing other liabilities shall be included in initial measurement amount of the bonds issued and other liabilities. Service charge, commission, etc. incurred for issuing equity securities during enterprise merger shall be deducted from premium income of equity securities. In case the premium income is insufficient for the offset, retained earnings shall be used for the offset. In case parent-subsidary relationship is formed during the enterprise merger, it's required to prepare consolidated financial statements and execute the accounting policy on "consolidated financial statements" formulated by the Group. The adjustment period of comparative data in consolidated financial statements shall not be earlier than the time when the combining party or the combined party is under the control of final controlling party, subject to the later time.

(2) In case merger of enterprises under different controls happens within the reporting period of the Group, purchase method shall be employed to carry out accounting treatment. It's required to confirm merger cost respectively according to the following conditions: ① In case the enterprise merger is realized by one exchange transaction, the merger cost shall be the fair value of the assets paid, liabilities incurred or assumed and equity securities issued for acquiring the control right of the purchased party at the purchase date. ② In case the enterprise merger is realized step by step through several exchange transactions, as to the equity of the purchased party held before the purchase date, related accounting treatment shall be carried out respectively according to individual financial statements and consolidated financial statements:

A. In individual financial statements, the sum of the book value of equity investment of the purchased party held originally and the increased investment cost shall serve as initial investment cost checked by cost method; as to other comprehensive income checked and recognized by equity method for equity investment held before the purchase date, when the investment is disposed, accounting treatment shall be carried out by employing the same basis of disposing related assets or liabilities by the purchased party directly. As to the equity investment held before the purchase date, accounting treatment shall be carried out according to related provisions of *Accounting Standard for Business Enterprises No. 22—Recognition and Measurement of Financial Instruments* and the accumulated change in fair value included in other comprehensive income shall be transferred to the current profits and losses when it's checked by cost method.

B. In consolidated financial statements, the equity of the purchased party held before the purchase date shall be measured again according to the fair value of the equity at the purchase date, and the difference between fair value and its book value shall be included in the current investment income; in case the equity of the purchased party held before the purchase date involves in other comprehensive income checked by equity method, other comprehensive income related to it shall be transferred to the current investment income at the purchase date. The Group will disclose the fair value of the equity of the purchased party held before the purchase date on the purchase date and the amount of related profits or losses incurred by remeasurement according to the fair value.

③ Audit fee, legal service fee, evaluation & consulting cost and other intermediary expenses and other related management cost incurred for enterprise merger shall be included in the current profits and losses upon they're incurred; transaction cost of equity securities or debt securities issued as merger consideration shall be included in initial recognition amount of the equity securities or debt securities. ④ When any provision on future event that may influence the merger cost is stipulated in merger contract or agreement, in case it's estimated that the future event may happen at the purchase date and the amount of the influence on merger cost can be measured reliably, it shall be included in merger cost.

The Group shall measure the assets paid and liabilities incurred or assumed as the consideration of enterprise merger on the purchase date shall be measured according to the fair value, and the difference between fair value and its book value shall be included in the current profits and losses.

While distributing merger cost at the purchase date, the Group shall recognize various identifiable assets, liabilities and contingent liabilities of the purchased party acquired by it according to related provisions. ① The amount of the merger cost larger than the fair value of identifiable net assets of the purchased party acquired by it shall be recognized as goodwill. ② As to the amount of merger cost smaller than the fair value of identifiable net assets of the purchased party acquired by it, it's required to recheck the measurement of fair value of various identifiable assets, liabilities and contingent liabilities of the purchased party acquired by it and the merger cost. After the rechecking, in case the merger cost is still smaller than the fair value of identifiable net assets of the purchased party acquired by it, the difference shall be included in the current profits and losses.

In case parent-subsidiary relationship is formed during the enterprise merger, parent company shall set a memorandum book to record the fair value of various identifiable assets, liabilities and contingent liabilities of the subsidiary acquired in enterprise merger on the purchase date. When consolidated financial statements are prepared, it's required to adjust the financial statements of the subsidiary on the basis of the fair value of various identifiable assets, liabilities and contingent liabilities confirmed at the purchase date and execute according to accounting policy on "consolidated financial statements" formulated by the Group.

## 6. Preparation Method for Consolidated Financial Statements

### (1) Consolidation scope

Consolidation scope of the consolidated financial statements shall be confirmed on the basis of control, including annual financial statements of the Company and all subsidiaries as of December 31, 2017. Subsidiary refers to the entity controlled by the Company (including the divisible part in enterprise and the invested unit, structural entity controlled by the Company, etc.). Control refers to the power of the investor over the invested party and the investor can enjoy variable return through participating in related activities of the invested party and has the ability of using its power over the invested party to influence the return amount.

### (2) Preparation method for consolidated financial statements

The Company shall prepare consolidated financial statements on the basis of its own and subsidiary's financial statements according to other related data.

While preparing consolidated financial statements, the Company shall consider the whole enterprise Group as an accounting entity to reflect overall financial condition, business performance and cash flow of enterprise Group according to recognition, measurement and reporting requirements of related accounting standards for business enterprises and unified accounting policy.

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 merger of enterprises under different controls, it's required to adjust its financial statements on the basis of fair value of identifiable net assets at the purchase date.

### (3) Reporting of minority interest and profits and losses

The share in owner's equity of the subsidiary that doesn't belong to parent company shall serve as minority interest and set out as "minority interest" under owner's equity in the consolidated balance sheet.

The share in the current net profit or loss of the subsidiary that belongs to minority interest shall be set out as "minority interest" under net profit in the consolidated income statement.

### (4) Treatment of excess deficit

In the consolidated financial statements, in case the current deficit shared by minority shareholders of the subsidiary has exceeded the share enjoyed by minority shareholders in owner's equity of the subsidiary at the beginning of the period, the balance shall still be used to offset minority interest.

**(5) Treatment of consolidated statements for the increase and decrease of subsidiaries in the current period**

Within the reporting period, as to the subsidiary increased due to merger of enterprises under the same control, when the consolidated balance sheet is prepared, it's required to adjust the beginning balance of the consolidated balance sheet. As to the subsidiary increased due to merger of enterprises under different controls, when the consolidated balance sheet is prepared, it's unnecessary to adjust the beginning balance of the consolidated balance sheet. In case the subsidiary is disposed within the reporting period, when the consolidated balance sheet is prepared, it's unnecessary to adjust the beginning balance of the consolidated balance sheet.

Within the reporting period, as to the subsidiary increased due to the merger of enterprises under the same control, the income, expense and profit of the subsidiary from the beginning of the merger period to the end of the reporting period shall be incorporated into the consolidated income statement, and the cash flow of the subsidiary from the beginning of the merger period to the end of the reporting period shall be incorporated into the consolidated statement of cash flow. As to the subsidiary increased due to merger of enterprises under different controls, the income, expense and profit of the subsidiary from the purchase date to the end of the reporting period shall be incorporated into the consolidated income statement, and the cash flow of the subsidiary from purchase date to the end of the reporting period shall be incorporated into the consolidated statement of cash flow. In case the subsidiary is disposed within the reporting period, the income, expense and profit of the subsidiary from the beginning of the period to the disposal date shall be incorporated into the consolidated income statement, and the cash flow of the subsidiary from the beginning of the period to the disposal date shall be incorporated into the consolidated statement of cash flow.

In case of losing the control right on the original subsidiary due to disposing part of the equity investments or other reasons, the residual equity investment after the disposal shall be measured again according to the fair value at the date when the control right is lost. The balance 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 in the investment income of the current period when the control right is lost. Other comprehensive income related to equity investment of the original subsidiary shall be transferred to investment income of the current period when the control right is lost.

As to the difference between long-term equity investments newly acquired due to the purchase of minority interest and the share of identifiable net assets of the subsidiary enjoyed and calculated according to the new shareholding ratio, and the difference between the disposal proceedings acquired due to disposing part of the subsidiary's equity investments in the condition of not losing the control right and the share of net assets of the subsidiary that shall be enjoyed corresponding to the disposal of long-term equity investments, it's required to adjust the share premium in capital reserve in the consolidated balance sheet. In case the share premium in capital reserve is insufficient for the offset, it's required to adjust the retained earnings.

**7. Determining Standards for Cash and Cash Equivalents**

Cash of the Group includes cash on hand and the deposit that can be used for making payment at any time; cash equivalents include the 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 Translation**

Foreign currency transactions of the Group shall be translated into the recording currency according to the spot rate at the transaction date.

**(1) Treatment of exchange difference**

At the balance sheet date, it's required to treat foreign currency monetary items and foreign currency non-monetary items according to the following provisions: as to foreign currency monetary items, it's able to employ the spot rate at the balance sheet date for translation. Exchange difference arising from different spot rates at the balance sheet date and during initial recognition or at

the last balance sheet date shall be included in the current profits and losses. As to foreign currency non-monetary items measured by historical cost, it's still required to employ the spot rate at the transaction date for translation and the recording currency amount shall not be changed; 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 translation, 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 in the current profits and losses. Within the capitalized period, the exchange difference of special loan principal and interest in foreign currency shall be capitalized and included in the cost of the assets complying with the conditions of capitalization.

#### (2) Translation of foreign currency financial statement

During the translation of financial statements for overseas operation, the Group shall observe the following provisions: items under the assets and liabilities in balance sheet shall be translated according to the spot rate at the balance sheet date. As to the owner's equity, except for the item "undistributed profit", other items shall be translated according to the spot rate at the occurrence date. Items under income and expense in income statement shall be translated according to the spot rate at the transaction date. The translation difference of foreign currency financial statements arising from above translation shall be recognized as other comprehensive income. The translation of comparative financial statements shall also be handled according to above provisions.

## 9. Financial Instruments

#### (1) Recognition of financial instruments

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

#### (2) Classification and measurement of financial assets

① The Group divides the financial assets held by it into financial assets at fair value through profit or loss, held-to-maturity investments, loans and accounts receivable, and available-for-sale financial assets on the basis of risk management, investment strategy, holding of financial assets and other reasons.

##### A. Financial assets at fair value through profit or loss

Financial assets at fair value through profit and loss include tradable financial assets and financial assets that are designated to be measured at fair value with changes recorded into current period profit or loss during initial recognition.

Tradable financial assets refer to the financial assets satisfying any of the following conditions: the purpose of obtaining the financial assets is to sell the assets in a short term; the financial assets belong to a part of identifiable financial instrument combination under centralized management and there is objective evidence showing that the enterprise has employed short-term profiting method to carry out management of the combination in recent period; the financial assets belong to derivatives, but except the derivatives designated as effective hedging instruments simultaneously, the derivatives belonging to financial guarantee contract, and the derivatives linked with the equity instrument investments which make no offer in active market and whose fair value can't be measured reliably, and to be settled by delivering such equity instrument.

Only when any of the following conditions is satisfied, the financial assets can be designated as financial assets at fair value through profit and loss during initial measurement: this designation can eliminate or obviously reduce the inconsistency of related profits or losses in the recognition or measurement arising from different measurement basis of financial instruments; the official written document of risk management or investment strategy has recorded clearly that the financial instrument combination is managed, evaluated and reported to key management personnel on the basis of fair value; it's the hybrid instrument including the embedded derivatives that need to be split but can't be measured separately during the acquisition or at the subsequent balance sheet date.

Equity instrument investments that make no offer in active market and whose fair value can't be measured reliably can't be designated as the financial assets at fair value through profit and loss.

##### B. Held-to-maturity investments

Held-to-maturity investments refer to the non-derivative financial assets which have fixed maturity date and fixed or confirmable recovery amount and the Group has explicit intention and ability to hold to maturity.

C. Loans and accounts receivable

Loans and accounts receivable refer to the non-derivative financial assets with no offer in active market and fixed or confirmable recovery amount.

D. Available-for-sale financial assets

Available-for-sale financial assets refer to the non-derivative financial assets that are designated to be available for sale during initial recognition and financial assets beyond above categories.

After the Group divides a certain financial asset as financial assets at fair value through profit and loss during initial recognition, such asset can't be reclassified as the financial assets in other categories. Financial assets in other categories also can't be reclassified as financial assets at fair value through profit and loss.

② Financial assets shall be measured by fair value during initial recognition. As to financial assets at fair value through profit and loss, related transaction cost shall be included in the current profits and losses directly; as to other categories of financial assets, related transaction cost shall be included in initial recognition amount.

③ Subsequent measurement of financial assets

A. As to financial assets at fair value through profit and loss, subsequent measurement shall be carried out by virtue of fair value, and the profits or losses arising from the change in fair value shall be included in the current profits and losses.

B. As to held-to-maturity investments, effective interest method shall be employed to carry out subsequent measurement according to the amortized cost, and the profits or losses arising from derecognition, impairment and amortization shall be included in the current profits and losses.

C. As to loans and accounts receivable, effective interest method shall be employed to carry out subsequent measurement according to the amortized cost, and the profits or losses arising from derecognition, impairment and amortization shall be included in the current profits and losses.

D. As to available-for-sale financial assets, subsequent measurement shall be carried out by virtue of fair value, and the change in fair value shall be included in other comprehensive income, and be transferred out when impairment or derecognition happens to such available-for-sale financial assets and included in the current profits and losses. Interest or cash dividends realized by available-for-sale financial assets during the holding period shall be included in the current profits and losses. Equity instrument investments that make no offer in the active market and whose fair value can't be measured reliably and derivative financial assets linking with the equity instrument and settled by delivering such equity instrument shall be measured according to the cost.

④ Provision for impairment of financial assets

A. The Group shall carry out inspection on book value of financial assets beyond the financial assets at fair value through profit and loss at the end of the period. When there is objective evidence showing that impairment happens to the financial assets, it's required to recognize impairment loss and withdraw provision for impairment.

B. Objective evidence of the impairment of financial assets confirmed by the Group is as follows:

a) The issuing party or debtor has serious financial difficulties;

b) The debtor has violated contract clauses, for example, failure or delay in the payment of interest or principal, etc.;

c) The creditor makes concession on the debtor with financial difficulties based on economic or legal factors;

d) The debtor may go out of business or carry out other financial restructuring;

e) The financial assets can't realize transaction continuously in active market for the issuing party has serious financial difficulty;

f) It's impossible to identify whether the cash flow of certain assets in one Group of the financial assets has decreased, but it's discovered after an overall evaluation according to public data that the predicted future cash flow of the financial assets since initial recognition has indeed decreased and can be measured, for example, the payment ability of the debtor of the financial assets worsens gradually or the unemployment rate in the country or region where the debtor is located, the price of the collateral decreases

obviously in local region, the industry is depressed, etc.;

g) Technical, market, economic or legal environment, etc. in the debtor's premise has great adverse changes, and as a result, the investor of equity instrument can't recover the investment cost possibly;

h) Fair value of equity instrument investments depreciates seriously or non-temporarily;

i) Other objective evidence showing the impairment of financial assets.

#### C. Measurement of impairment loss of financial assets

a) Measurement of the impairment loss of held-to-maturity investments, loans and accounts receivable

Provision for impairment of held-to-maturity investments, loans and accounts receivable (financial assets with subsequent measurement by amortized cost) shall be withdrawn according to the amount of present value of the predicted future cash flow of the financial assets lower than the book value, and included in the current profits and losses.

The Group shall carry out impairment test for financial assets of huge single amount separately and carry out impairment test for financial assets of small single amount separately or by being included in financial asset combination of similar credit risk characteristics. In addition, it's still required to carry out impairment test for financial assets (no matter whether it's huge single amount) without impairment through separate test by being included in financial asset combination of similar credit risk characteristics separately, and carry out impairment test for financial assets whose impairment loss has been recognized to a single item separately by being excluded in the financial asset combination of similar credit risk characteristics.

After the Group recognizes impairment loss of financial assets measured by amortized cost, in case there is objective evidence showing that the value of the financial assets has been recovered and it's objectively related to the issues happening after the loss is recognized, the impairment loss recognized originally will be transferred back and included in the current profits and losses.

b) Available-for-sale financial assets

The Group shall carry out impairment test for available-for-sale financial assets according to the single investment. At the balance sheet date, in case the fair value of available-for-sale financial assets depreciates seriously or non-temporarily, it's affirmed that impairment of the available-for-sale financial assets has happened and provision for impairment shall be withdrawn according to the difference between the cost and fair value to recognize the impairment loss. Closing cost of available-for-sale financial assets shall go through initial measurement according to investment cost when the assets are acquired and be amortized cost calculated by virtue of weighted average method when the assets are sold.

When the fair value of available-for-sale financial assets depreciates non-temporarily, even through derecognition doesn't happen to the financial assets, the accumulated losses arising from the decrease of fair value and included in other comprehensive income directly originally shall also be transferred out and included in the current profits and losses.

When the impairment happens to available-for-sale equity instrument investments that make no offer in active market and whose fair value can't be measured reliably, or derivative financial assets that link with the equity instrument and shall be settled by delivering the equity instrument, the Group will recognize the difference between the book value of the equity instrument investments or derivative financial assets and the present value confirmed by discounting of future cash flow according to market return rate of similar financial assets at that time to be impairment loss, which shall be included in the current profits and losses.

After impairment loss of available-for-sale debt instrument is recognized, in case there is objective evidence showing that the value of the financial assets has been recovered and it's objectively related to the issues happening after the loss is recognized, the impairment loss recognized originally will be transferred back and included in the current profits and losses.

Impairment loss happening to available-for-sale equity instrument investments shall not be transferred back through profit or loss. In addition, the impairment loss of equity instrument investments that make no offer in active market and whose fair value can't be measured reliably, or derivative financial assets that link with the equity instrument and shall be settled by delivering the equity instrument shall not be transferred back.

#### (3) Classification and measurement of financial liabilities

① The Group divides financial liabilities into financial liabilities at fair value through profit and loss and other financial liabilities.

Financial liabilities at fair value through profit and loss include tradable financial liabilities and financial liabilities that are designated to be measured at fair value with changes recorded into current period profit or loss during initial recognition.

Tradable financial liabilities refer to the financial liabilities satisfying any of the following conditions: the purpose of bearing the financial liabilities is to repurchase the liabilities in a short term; the financial liabilities belong to a part of identifiable financial instrument combination under centralized management and there is objective evidence showing that the enterprise has employed short-term profiting method to carry out management of the combination in recent period; the financial liabilities belong to derivatives, but except the derivatives designated as effective hedging instruments simultaneously, the derivatives belonging to financial guarantee contract, and the derivatives linked with the equity instrument investments which make no offer in active market and whose fair value can't be measured reliably, and to be settled by delivering such equity instrument.

Only when any of the following conditions is satisfied, the financial liabilities can be designated as financial liabilities at fair value through profit and loss during initial measurement: this designation can eliminate or obviously reduce the inconsistency of related profits or losses in the recognition or measurement arising from different measurement basis of financial instruments; the official written document of risk management or investment strategy has recorded clearly that the financial instrument combination is managed, evaluated and reported to key management personnel on the basis of fair value; it's the hybrid instrument including one or several embedded derivatives, unless the embedded derivatives do not make significant changes to the cash flow of hybrid instrument or the embedded derivatives shall not be split from related hybrid instruments obviously; it's the hybrid instrument including the embedded derivatives that need to be split but can't be measured separately during the acquisition or at the subsequent balance sheet date.

After a certain financial liability is divided into the financial liabilities at fair value through profit and loss by the Group during initial recognition, it can't be reclassified as the financial liabilities in other categories. Financial liabilities in other categories also can't be reclassified as the financial liabilities at fair value through profit and loss.

② Financial liabilities shall be measured by virtue of fair value during initial recognition. As to financial liabilities at fair value through profit and loss, related transaction cost shall be included in the current profits and losses directly; as to other financial liabilities, related transaction cost shall be included in initial recognition amount.

③ Subsequent measurement of financial liabilities

A. As to financial liabilities at fair value through profit and loss, subsequent measurement shall be carried out by virtue of fair value, and the profits or losses arising from the change in fair value shall be included in the current profits and losses.

B. As to other financial liabilities, effective interest method shall be employed to carry out subsequent measurement according to the amortized cost.

(4) Recognition basis and measurement of the transfer of financial assets

The Group shall carry out derecognition of financial assets when it has almost transferred all risks and remunerations on the ownership of the financial assets to the transfer-in party. In case overall transfer of the financial assets satisfies the derecognition condition, the difference between the following two items shall be included in the current profits and losses:

① Book value of the financial assets transferred;

② Sum of the consideration received due to the transfer and the accumulated amount of the change in fair value included in other comprehensive income originally (in the condition that the financial assets transferred are available-for-sale financial assets).

In case part transfer of financial assets of the Group satisfies the derecognition condition, overall book value of the financial assets transferred shall be amortized between the derecognition part and the part without derecognition according to their own relative fair value, and the difference between the following two items shall be included in the current profits and losses:

① Book value of the derecognition part;

② Sum of the consideration of the part without derecognition and the amount of corresponding derecognition part in the accumulated amount of the change in fair value included in other comprehensive income originally (in the condition that the financial assets transferred are available-for-sale financial assets).

The amount of corresponding derecognition part in the accumulated amount of the change in fair value included in other

comprehensive income originally shall be confirmed after amortizing the accumulated amount according to relative fair value of derecognition part of the financial assets and the part without derecognition.

In case the transfer of financial assets can't satisfy derecognition condition, it's required to recognize the overall financial assets transferred continuously and recognize the consideration received as a financial liability.

As to the transfer of financial assets in continuous involvement condition, the Group shall recognize related financial assets and financial liabilities according to the degree of continuous involvement of the financial assets transferred to fully reflect the rights reserved and obligations assumed by the Group.

#### (5) Derecognition of financial liabilities

In case the whole or part of current obligations of the Group's financial liabilities have been terminated, it's required to carry out derecognition of the financial liabilities or part of them. In case the Group signs an agreement with the debtor to replace the present financial liabilities by means of bearing new financial liabilities, and contract clauses related to the new financial liabilities and present financial liabilities are different in essence, it's required to carry out derecognition of present financial liabilities and recognize the new financial liabilities simultaneously.

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

#### (6) Offset of financial assets and financial liabilities

Financial assets and financial liabilities shall be set out in the balance sheet respectively and will not be offset mutually. However, when the following conditions are satisfied simultaneously, the net amount after mutual offset of them shall be set out in the balance sheet: the Group has the legal right of offsetting the recognized amount and such legal right is executable now; the Group plans to carry out settlement by net amount or realize the financial assets and pay off the financial liabilities simultaneously. As to the transfer of financial assets that doesn't satisfy derecognition condition, the transfer-out party shall not offset the financial assets transferred and related liabilities.

## 10. Receivables

### (1) Receivables of individually significant amount and with provision made on an individual basis

Judgement basis or amount criteria of individually significant amount	Receivables amounting to more than RMB 1 million (including RMB 1 million) and accounting for more than 10% (including 10%) of the total book balance of receivables
Provision method for receivables of individually significant amount and with provision made on an individual basis	Impairment test is carried out individually. Bad debt reserves are accrued based on the difference between the present value of the future cash flow and the book value. The payables which are not impaired after single test should undergo impairment test in the payable portfolio with similar credit risk characteristics.

### (2) Receivables with provision made on a collective basis using portfolios with similar credit risk features

Name of portfolio	Method of calculation
Age portfolio	Age analysis

Account receivable using age analysis method for bad debt provision:

Applicable  Not Applicable

Ages	Proportion of provision for accounts receivable	Proportion of provision for other receivables
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Within 1 year (inclusive, the same hereinafter)	5.00%	5.00%
1-2 years	8.00%	8.00%
2-3 years	15.00%	15.00%
3-4 years	50.00%	50.00%
4-5 years	80.00%	80.00%
Over 5 years	100.00%	100.00%

Account receivable using balance fraction method for bad debt provision

Applicable  Not Applicable

Account receivable using other method for bad debt provision

Applicable  Not Applicable

### (3) Receivables of individually insignificant amount but with provision made on an individual basis

Reasons for provision made on an individual basis	There is difference between the present value of future cash flow of receivables and the present value of future cash flow of receivables grouped with similar credit risk featuring the same age.
Provision method	Provisions are made on the difference between the lower of present value of future cash flow and their carrying value based on independent impairment testing.

## 11. Inventories

Does the Company need to abide by the disclosure requirements for special industry?

No

(1) Classification of inventory: inventory of the Group includes finished products or commodities ready for sale, unfinished products in production process, materials and supplies consumed during production process or labor supply process, etc. It's specifically divided into raw materials, unfinished products, commodity inventory and packing materials.

(2) Recognition of inventory: the Group's inventory satisfying the following conditions simultaneously shall be recognized:

- ① Economic interest related to the inventory may flow into the enterprise;
- ② Cost of the inventory can be measured reliably.

(3) Valuation method for the acquisition and distribution of inventory: initial measurement of the inventory acquired by the Group shall be carried out according to the cost and actual cost of the inventory distributed shall be confirmed by weighted average method at the end of the month.

(4) Amortization method for low-value consumables and packing materials: low-value consumables and packing materials shall be amortized by amortization method according to the actual condition during the requisition.

(5) Measurement of closing inventory: 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 inventory cost is higher than realizable net value, inventory falling price reserves shall be withdrawn and included in the current profits and losses.

- ① Determination method for realizable net value

The determination of realizable net value of the inventory shall be based on the concrete evidence acquired and consider the purpose of holding inventory, impacts of the events after the balance sheet date and other factors.

As to the materials held for production, in case the realizable net value of finished products produced by such materials is higher than the cost, the materials shall still be measured according to the cost; in case the decrease of material price indicates that realizable net value of the finished products is lower than the cost, the materials shall be measured according to realizable net value.

As to the inventory held for executing sales contract or labor contract, the realizable net value shall be calculated on the basis of contract price.

In case the quantity of inventory held is larger than the ordering quantity under sales contract, the realizable net value of excess inventory shall be calculated on the basis of general sale price.

② Inventory falling price reserves shall be withdrawn according to a single inventory item.

(6) Inventory system: the Group employs perpetual inventory system.

## 12. Available-for-sale assets

(1) Recognition standards for available-for-sale category

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 available-for-sale category. Non-current asset or disposal group is classified as available-for-sale category and shall also satisfy the following conditions:

① According to the convention of selling such asset or disposal group in similar transactions, it can be sold immediately in the current condition;

② The sale may happen extremely, namely, the Group has made a resolution on a sale plan and acquired the confirmed purchase commitment, and the sale is predicted to be completed within 1 year. Those that can be sold only after getting the approval of related authority or supervision department of the Group according to related provisions shall have got the approval. The confirmed purchase commitment refer to purchase agreement signed by the Group and other party and with legal binding force. The agreement shall contain the transaction price, time, harsh punishment for breach of contract and other important clauses, so that it's of extremely small possibility of great adjustment or revocation of the agreement.

As to non-current asset or disposal group acquired by the Group exclusively for resale, it will be classified as available-for-sale category at the acquisition date if it satisfies the regulated condition that "the sale is predicted to be completed within 1 year" at the acquisition date and may satisfy other classification conditions of available-for-sale category within a short term (generally 3 months).

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 combination where the disposal group belongs has amortized the goodwill acquired in enterprise merger according to *Accounting Standard for Business Enterprises No. 8—Impairment of Assets*, the disposal group shall include the goodwill amortized to it.

(2) Accounting treatment method for available-for-sale category

As to non-current assets and disposal group classified as available-for-sale category, the Group shall carry out initial measurement or re-measurement according to the net amount of book value or fair value after subtracting the disposal cost, subject to the lower one. In case the net amount of fair value after subtracting the disposal cost is lower than the original book value, the difference shall be recognized as impairment loss of assets and included in the current profits and losses, and provision for impairment of available-for-sale assets shall be withdrawn simultaneously; the amount of impairment loss of assets recognized for available-for-sale disposal group shall be used to offset the book value of goodwill in the disposal group at first and then offset the book value of various non-current assets applying to the measurement provisions on available-for-sale category in disposal group according to the proportion of their book value. In case the net amount of the fair value of available-for-sale non-current assets after

subtracting the selling cost at the subsequent balance sheet date is increased, the amount written down previously shall be recovered and transferred back within the amount of impairment loss of assets recognized after the assets are classified as available-for-sale category. The amount transferred back shall be included in the current profits and losses. Impairment loss of assets recognized before the assets are classified as available-for-sale category shall not be transferred back. In case the net amount of the fair value of available-for-sale disposal group after subtracting the selling cost at the subsequent balance sheet date is increased, the amount written down previously shall be recovered and transferred back within the amount of impairment loss of assets recognized for the non-current assets applying to the measurement provisions on available-for-sale category after the assets are classified as available-for-sale category. The amount transferred back shall be included in the current profits and losses. Book value of the goodwill that has been offset and impairment loss of assets recognized before the non-current assets applying to the measurement provisions on available-for-sale category are classified as available-for-sale category shall not be transferred back. As to the amount transferred back subsequently for impairment loss of assets recognized for available-for-sale disposal group, its book value shall be increased according to the proportion of the book value of various non-current assets applying to the measurement provisions on available-for-sale category in the disposal group except the goodwill. Depreciation or amortization will not be withdrawn for available-for-sale non-current assets or non-current assets in the disposal group, and the interest of liabilities in available-for-sale disposal group and other expenses shall be recognized continuously.

Measurement method for available-for-sale category is inapplicable to deferred income tax assets, financial assets specified in *Accounting Standard for Business Enterprises No. 22—Recognition and Measurement of Financial Instruments*, investment real estates and biological assets measured by fair value, contractual rights incurred in insurance contract and the assets incurred from employee benefits, and they will be measured according to related criteria or corresponding accounting policies formulated by the Group. In case the disposal group contains non-current assets applying to the measurement method for available-for-sale category, the measurement method for available-for-sale category shall be applicable to the whole disposal group. The measurement of liabilities in disposal group shall apply to related accounting standards.

When the non-current assets or disposal group can't be classified as available-for-sale category continuously due to failing to satisfy the classification conditions of available-for-sale category or non-current assets are removed from the available-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 available-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 available-for-sale category; ② recoverable amount.

### 13. Long-term equity investments

Long-term equity investments include equity investments in subsidiaries, joint ventures and associated enterprises.

#### (1) Initial measurement

The Group shall carry out initial measurement of long-term equity investments respectively according to the following two conditions:

① As to long-term equity investments formed in enterprise merger, initial investment cost shall be confirmed according to the following provisions:

A. In the merger of enterprises under the same control, in case the combining party realizes merger consideration by making payment in cash, transferring non-cash assets or bearing liabilities, the shares of book value of owner's equity of the combined party in consolidated financial statements of the final controlling party at the merger date shall serve as the initial investment cost of long-term equity investments. 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. Various direct related expenses incurred for enterprise merger, including the audit fee, evaluation fee, legal service fee, etc. paid for enterprise merger, shall be

included in the current profits and losses upon such expenses are incurred.

In case the combining party realizes merger consideration by issuing equity securities, the shares of book value of owner's equity of the combined party in consolidated financial statements of the final controlling party at the merger date shall serve as the initial investment cost of long-term equity investments. Total amount of the face value of shares issued shall serve as the capital stock. As to the difference between initial investment cost of long-term equity investments and the total amount of face value of the shares issued, 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. Service charge, commission, etc. incurred by issuing equity securities in the merger shall be offset by premium income of equity securities. In case the premium income is insufficient, retained earnings shall be used for such offset.

B. In the merger of enterprises under different controls, the Group shall confirm merger cost respectively according to the following conditions:

a) In case the enterprise merger is realized by one exchange transaction, the merger cost shall be the fair value of the assets paid, liabilities incurred or assumed and equity securities issued for acquiring the control right of the purchased party at the purchase date.

b) In case the enterprise merger is realized step by step through several exchange transactions, the sum of the book value of equity investment of the purchased party held before the purchased date and the increased investment cost at the purchased date shall serve as initial investment cost of the investment;

c) Audit fee, legal service fee, evaluation & consulting cost and other intermediary expenses and other related management cost incurred for enterprise merger shall be included in the current profits and losses upon they're incurred; transaction cost of equity securities or debt securities issued as merger consideration shall be included in initial recognition amount of the equity securities or debt securities.

d) When any provision on future event that may influence the merger cost is stipulated in merger contract or agreement, in case it's estimated that the future event may happen at the purchase date and the amount of the influence on merger cost can be measured reliably, it shall be included in merger cost.

② Except the long-term equity investments formed in enterprise merger, initial investment cost of the long-term equity investments acquired by other means shall be confirmed according to the following provisions:

A. As to long-term equity investments obtained by making payment in cash, the purchase price paid actually shall be initial investment cost. The initial investment cost includes expenses directly related to the acquisition of long-term equity investments, taxes and other necessary expenditures.

B. As to long-term equity investments obtained by issuing equity securities, fair value of the equity securities issued shall serve as initial investment cost, but excluding cash dividends or profits that shall be charged from the invested unit and have been announced but haven't been distributed. Transaction cost incurred when equity instrument is issued or acquired can be directly attributed to equity transaction and deducted from the equity.

C. As to long-term equity investments obtained by means of non-monetary assets exchange, the initial investment cost shall be confirmed according to *Accounting Standard for Business Enterprises No. 7—Exchange of Non-monetary Assets*.

D. As to long-term equity investments obtained by means of debt restructuring, the initial investment cost shall be confirmed according to *Accounting Standard for Business Enterprises No. 12—Debt Restructurings*.

③ No matter by which means the long-term equity investment is acquired, when the investment is acquired, cash dividends or profits of the invested unit that is included in the consideration paid, shall be enjoyed and have been announced but haven't been distributed shall be checked separately as accounts receivable, and shall not constitute initial investment cost for acquiring the long-term equity investment.

#### (2) Subsequent measurement

Long-term equity investments that can realize control on the invested unit shall be checked by cost method in individual financial statements, and long-term equity investments with common control or significant impacts on the invested unit shall be checked by equity method.

① When cost method is employed for accounting, long-term equity investments shall be valued according to initial investment

cost, and the cost of long-term equity investments shall be adjusted when the investment is increased or recovered. Cash dividends or profits announced and distributed by the invested unit shall be recognized as investment income of the current period.

② 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 in the current profits and losses and the cost of long-term equity investments shall be adjusted simultaneously.

After the long-term equity investment is acquired, 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 owner's equity except for net profit or loss, other comprehensive income and profit distribution, book value of the long-term equity investment shall be adjusted and included in the owner's equity. 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 net 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. Recognition of net loss incurred by the invested unit shall be limited to writing down the book value of long-term equity investments and other long-term equity constituting net investment in the invested unit in essence to zero, unless the Group is obliged to bear extra losses. In case the net profit is realized by the invested unit later, after the Group makes up the unrecognized loss amount shared by the income amount shared, it's required to recover the recognition of income amount shared.

When the net profit or loss of the invested unit that shall be enjoyed or shared is calculated and recognized, the part that shall belong to the Group according to the proportion and is incurred between the Group and associated enterprises and joint ventures without internal transaction profit or loss shall be offset, and investment income shall be recognized on this basis. In case the part incurred between the Group and the invested unit without internal transaction loss belongs to impairment loss of assets, it shall be recognized by the full amount.

③ When the Group disposes any long-term equity investment, the difference between its book value and the price acquired actually shall be included in the current profits and losses. As to the long-term equity investment checked by equity method, when it's disposed, accounting treatment shall be carried out for the part included in other comprehensive income originally according to corresponding proportion on the same basis for disposing related assets or liabilities directly by the invested unit.

④ In case the Group loses the control right but can implement common control or impose significant impacts for its shareholding ratio is decreased due to capital increase of its subsidiary by other investor, in individual financial statements, the long-term equity investment shall be checked by equity method from the original cost method. At first, the difference between the shares of the increased net assets that are arising from the increase in capital and share of the original subsidiary and shall be enjoyed by the Group and recognized according to the new shareholding ratio and the original book value of long-term equity investment corresponding to the decrease part of shareholding ratio that shall be carried forward shall be included in the current profits and losses. Then carry out adjustment on the accounting by equity method carried out when the investment is acquired according to the new shareholding ratio.

### (3) Basis for confirming common control and significant impacts on the invested unit

Common control refers to common control on a certain arrangement according to related provisions and related activities of the arrangement can be decided only after the consent of the participant sharing the control right. Related activity refers to the activity imposing significant impacts on the return of a certain arrangement. Significant impact refers to the investor'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.

(4) Impairment test method and method for withdrawing the provision of impairment

Impairment test method and method for withdrawing the provision of impairment shall comply with the accounting policy of “impairment of assets” formulated by the Group.

## 14. Fixed assets

### (1) Recognition principles of fixed assets

Fixed assets of the Group refer to tangible assets held for producing commodities, providing labor service, leasing or operation management with service life of more than 1 fiscal year. (1) When the fixed assets satisfy the following conditions simultaneously, initial measurement shall be carried out according to the cost: ① economic benefits related to the fixed assets may flow into the enterprise; ② fixed assets cost can be measured reliably. (2) The depreciation of fixed assets and subsequent expenditure related to the fixed assets, if complying with the regulated recognition conditions of fixed assets, shall be included in fixed assets cost; if not complying with the regulated recognition conditions of fixed assets, shall be included in the current profits and losses directly when they're incurred. Fixed assets depreciation method of the Group is straight-line depreciation method. (3) Impairment of fixed assets shall be executed according to the accounting policy of “impairment of assets” formulated by the Group.

### (2) Depreciation method

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

## 15. Construction in progress

Does the Company need to abide by the disclosure requirements for special industry?

No

- Valuation of construction in progress: Determine project cost according to the actual expenditure incurred. The cost of construction in progress also includes capitalized borrowing costs and exchange gains or losses.
- The Group transfers construction in progress into fixed assets when they reach a predetermined state of use. A fixed asset that has reached a predetermined state of use but has not undergone final accounts of completed project will be recognized as fixed assets according to its appraised value and be depreciated; after the final accounts of completed project is handled, the temporarily appraised value will be adjusted based on actual costs; however, the accrued depreciation amount will not to be adjusted.
- Impairment of construction in progress will be executed in accordance with the “impairment of assets” policy developed by the Group.

## 16. Intangible assets

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

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

#### (1) Recognition of intangible assets

The Group confirms intangible assets when they meet both of the following conditions:

- ① Economic benefits related to the intangible asset may flow into the enterprise;
- ② Cost of the intangible asset can be measured reliably.

#### (2) Measurement of intangible assets

- ① Intangible assets of the Group is measured initially based on cost.
- ② Subsequent measurement of intangible assets

A. For an intangible asset with limited service life, its service life will be judged when it is obtained and straight-line method will be adopted within its service life in the following period. Amortization amount will be included in relevant costs and cost accounting according to benefited items.

The specific length is as shown below:

Items	Amortization period (years)
Land use right	43-50
Application software	2-10
Right to use trademark	10

Intangible assets with undetermined service life will not be amortized.

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.

B. Intangible assets will write down according to the “impairment of assets” accounting policy developed by the Group.

### (2) Accounting policy on internal research and development expenditures

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

Research expenditure is included in current gains or 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 in current gains or 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 research and development expenditures will be included in the current gains or losses.

## 17. Impairment of long-term assets

The following evidences indicate the possible impairment of assets:

(1) The market price of assets drops significantly at the current period and the drop is obviously higher than the drop estimated according to the passage of time or normal use.

(2) The economic, technical or legal environment for the Group's operation and the market of the Group's assets changed or will change significantly in the current period or in the recent period, and the Group will thus be adversely affected.

(3) The market rate or other marketing ROI have risen in the current period and therefore affect the discount rate that the enterprise used to calculate the estimated present value of future cash flows, leading to significant decrease of the recoverable amount of assets.

(4) This is evidence certifying that assets are antiquated or their physical form is damaged.

(5) Assets have already been or will be left unused, stopped using or disposed in advance

(6) Internal reports of the Group certify that the economic performance of assets have already been lower or will be lower than the expectation, for example, the net cash flows created by assets or operating profits (or losses) realized by the assets are far lower than the expected amount, etc.

(7) Other signs showing that the assets might have depreciated.

The Group will judge all its assets, including long-term equity investments, fixed assets, project materials, construction in progress, intangible assets (excluding those with undetermined service life), that are applicable to *Accounting Standard for Business Enterprises No. 8 - Impairment of Assets* on the balance sheet date, and carry out impairment test – estimation of the recoverable amount of them when there is an indication of impairment. The recoverable amount shall be determined as the net amount obtained by the fair value of asset – disposal expense, or as the present value of the estimated future cash flow of asset, whichever is higher. If the recoverable amount of asset is lower than its book value, then the book value will write off to the recoverable amount, and the write-off will be recognized as asset impairment loss and included in the current gains or losses. At the same time, corresponding provision for impairment will be accrued.

If there is an indication of the impairment of an asset, the Group usually estimates its recoverable amount based on single assets. If the recoverable amount of a single asset is hard to estimate, then the recoverable amount of the asset group that this asset belongs to will be determined based on asset group.

Asset group refers to a minimum combination of assets that may be recognized by the Group, by which the flow-in cash generated shall be generally independent of those by other assets or asset group. Asset groups are affirmed depending on whether the main cash flows generated by asset groups are independent to other assets or on the cash flows of asset group.

The Group conducts impairment test of the goodwill formed as a result of merger and the intangible assets with undetermined service life each year, whether there are indications of impairment or not. Goodwill impairment test is carried out together with the asset groups or combinations of asset groups related to it.

Once asset impairment losses are confirmed, they will not be reversed.

## 18. Long-term deferred expenses

The Group confirms the incurred expenses that are to be paid in the current year and following periods and that is subject to the amortization period over one year and used to improve the fixed assets rented in through commercial lease. Long-term deferred expenses will be amortized averagely with straight-line method according to the benefit period of project.



## 19. Employee compensation

### (1) Accounting methods for short-term compensation

In the accounting period that its employees provide services for it, the Group recognizes the short-term compensations that have actually occurred as liabilities and include them in its current gains or losses, unless other accounting standards require or allow including them in the cost of assets.

### (2) Accounting methods for post-employment benefits

The Group classifies post-employment benefit plan as defined contribution plans (DCPs) and defined benefit plans (DBPs). Post-employment benefit plan refers to the agreement reached by the Group and its employees on post-employment benefits, or the rules or measures the Group develops in order to provide post-employment benefits. Furthermore, DCPs mean that the Group will not be further obliged to pay after it pays a fixed amount to an independent fund; DBPs refer to the post-employment plans other than DCPs.

#### A. DCPs

In the accounting period that its employees provide services for it, the Group recognizes the to-be-paid amount calculated according to DCPs as liabilities and includes them in its current gains or losses or relevant cost of assets.

#### B. DBPs

The Group has not yet operated DBPs or other long-term employee benefits complying with DBPs.

### (3) Accounting methods for termination benefits

If providing termination benefits to employees, the Group will recognize the employee compensation liabilities generated by termination benefits in any of the following 2 circumstances, whichever happens earlier, and include them in its current gains or losses: when the Group is unable to unilaterally withdraw the plan on the cancellation of labor relationship or the layoff proposal; when the Group recognizes the costs or expenses related to the recombination involving with termination benefits payment.

### (4) Accounting methods for other long-term employee benefits

Other long-term employee benefits provided by the Group to employees, if complying with DDPs, shall be treated according to the abovementioned accounting policies for DDPs; if not, the above accounting policies for DBPs shall be used to recognize and measure their net liabilities or net assets.

## 20. Estimated liabilities

### (1) Estimated liability reorganization standards

When the Group's regulations and relevant obligations of the contingencies can meet the following conditions at the same time, they will be recognized as estimated liabilities:

- ① The obligation is the present obligation undertaken by the enterprise;
- ② Performance of this obligation may make economic benefits flow out of the enterprise;
- ③ Amount of this obligation can be reliably measured.

### (2) Estimated liability measurement method

Estimated liabilities are measured initially according to the optimal estimate that needs to expend in order to perform relevant

present obligations. The necessary expenditure has a contiguous range, and within this range, all kinds of results have the same possibility to occur. The optimal estimate is determined according to the median of this range. In other circumstances, the optimal estimate is treated as below:

① If the contingency involves with a single item, then the optimal estimate will be determined based on the amount that is most likely to occur.

② If the contingency involves with several items, then the optimal estimate will be determined based on all possible results and their probabilities.

When the optimal estimate is determined, the risks, uncertainties and the time value of money related to contingencies shall be taken into full consideration. If the time value of money has great impact, the optimal estimate shall be determined after discounting relevant future cash outflows.

If it is expected that the estimated liabilities that the Group needs to pay off will be fully or partially compensated by a third party, the compensation amount cannot be recognized separately as assets when it can be basically ensured. The recognized compensation amount must not be higher than the book value of the estimated liabilities.

The Group re-checks the book value of estimated liabilities on balance sheet date. If there is unambiguous evidence showing that the book value cannot reflect the current optimal estimate truly, this book value shall be adjusted according to the current optimal estimate.

## 21. Share-based payment

Share-based payment of the Company is recognized and measured based on true, complete and effective share-based payment agreement, and implemented by equity - settled share-based payment.

(1) Equity-settled share-based payment:

If equity-settled share-based payment is used to exchange employee services, then it shall be measured with the fair value of the equity instruments granted to employees. If equity-settled share-based payment is used to exchange employee services with immediate vesting after granting, it shall be included in relevant cost or expense based on the fair value of equity instruments on the granting day, and capital reserves shall be added correspondingly. If the equity-settled share-based payment is used to exchange employee services with vesting after completing services within the waiting period or meeting the specified performance conditions, the services obtained in the current period shall be included in relevant cost or expense and capital surplus based on the optimal estimate of the quantity of equity instruments for right exercising and according to the fair value of the day granting equity instruments on each balance sheet date within the waiting period.

Determination of the fair value of equity instruments:

- ① For shares granted to the employees, the fair value measured according to the market price of the company's share capital and adjusted according to the granting terms and conditions (not including the vesting conditions out of market conditions).
- ② For the equity instrument granted to the employees, such as Stock Option, if there is no terms or similar condition of equity instrument, The Company estimates the fair value of the granted equity instruments with Black-Scholes Option Pricing Model.

When determining the fair value of the day granting equity instruments, the Company considers the influence of market conditions of non-vesting conditions included in vesting conditions which are specified in the share-based agreement. If there are non-vesting conditions for share-based payment, the Company will confirm that the cost or expense corresponding to services has been obtained as long as the non-market conditions (such as service term, etc.) included in vesting conditions are met by employees or other parties.

The Company grants restricted shares to employees to implement equity incentive plan, see Note (13) for details. When the increase of equity instruments is confirmed on the issuing day of restricted shares, the treasury shares and repurchase obligations and liabilities shall be confirmed according to the quantity of issued restricted shares and the amount calculated and confirmed based on

repurchase price at the same time, and the repurchase obligations and liabilities shall be measured subsequently in accordance with the requirements of *Accounting Standard for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments*.

(2) Basis for confirming the optimal estimate of vesting equity instruments: On each data balance date within the waiting period, the Company makes its optimal estimate and corrects the estimated quantity of equity instruments for vesting according to the subsequent information that it has obtained, such as the variation of number of employees with vesting, in order for the optimal estimate of vesting equity instruments.

(3) Accounting treatment related to the modification and termination of shared-based payment plan

If the fair value of the granted equity instruments is modified or increased, the Company will confirm the increase of services it obtains correspondingly; if the quantity of the granted equity instruments is modified or increased, the Company will recognize the increase of the fair value of the increased equity instruments as the increase of services; if the Company modifies the vesting conditions by a favorable way for employees, it shall take the modified vesting conditions into consideration while dealing with vesting conditions.

If the fair value of the granted equity instruments is modified or decreased, the Company will continue confirming the amount of services obtained based on the fair value of equity instruments on the granting date, without considering the decrease of fair value; if the quantity of the granted equity instruments is modified or decreased, the Company will treat considering the decrease as the cancellation of granted equity instruments; if the Company modifies the vesting conditions by an unfavorable way for employees, it shall not take the modified vesting conditions into consideration while dealing with vesting conditions.

If the Company cancels the granted equity instruments or settles them (unless they are cancelled due to the failure to meet vesting conditions) within the waiting period, then the cancellation or settlement shall be regarded as accelerated vesting, and the amount that shall be confirmed in the remaining waiting period shall be confirmed immediately.

## 22. Accounting methods for repurchasing shares in the group

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 expense) and the face value of shares. The part exceeding the total face value shall be used to write down capital surplus (premium on capital stock), surplus reserve and undistributed profit. If the price is lower than the total face value, then the part lower shall be added with capital surplus (premium on capital stock).

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 surplus (premium on capital stock); the part lower than the cost of treasury shares shall write down capital surplus (premium on capital stock), 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.

## 23. Income

Whether the Company needs to abide by the disclosure requirements for special industries and sectors?

No

Incomes of the Group include income from sales of goods, income from rendering of services and income from alienating the right to use assets.

(1) Income from sales of goods

The Group recognizes its income from sales of goods after it transfers the main risks of and rewards from the property in goods,

reserving neither the right to continue management that is often related to property nor effective control of sold goods, relevant costs that have incurred or are going to be incurred can be reliably measured and related economic benefits is highly possible to flow into the enterprise.

Revenue recognition arising from domestic product and export products to related party should meet the following conditions: the company has delivered the products according to the contract, and sales amount have been identified, payment for goods have been collected or the receipt voucher have been got and the relevant economic benefits are likely to flow into, the product costs can be measured reliably. Revenue recognition arising from export products to a third part should meet the following conditions: the company has made the customs clearance, departed from port ,got the bill of lading according to the contract, and product sales amount have been identified, payment for goods have been collected or the receipt voucher have been got and the relevant economic benefits are likely to flow into, the product costs can be measured reliably.

#### (2) Income from rendering of services

① The Group recognizes income from rendering of services with percentage of completion method when the completion progress can be reliably determined, the amount of income, the costs that have incurred or are going to be incurred can be reliably measured and related economic benefits is highly possible to flow into the enterprise.

Method to determine the service transaction completion progress: Proportion of provided labor in the total quantity of labor that should be provided and the proportion of incurred cost in the total estimated cost.

② If the service transition result of the Group cannot be reliably estimated on data balance sheet date, it can be handled with the following methods:

A. If it is estimated that the labor cost occurred can be compensated, then the income from rendering of services shall be confirmed according to it and labor cost shall be carried over based on this amount.

B. If it is estimated that the labor cost occurred cannot be compensated, then it will be included in the current gains or losses; whether to provide the income from proving labor will not be confirmed.

#### (3) Income from alienating the right to use assets

Income from alienating the right to use assets includes income from interests, income from royalties, etc.

The Group recognizes the income from alienating the right to use assets when the amount of its income can be measured reliably and relevant economic interests is most likely to flow into the enterprise.

Income from domestic products and products sold to the related party shall meet the following conditions for recognition: The Company has delivered products to buyer as they agreed in contract; the income from selling products has been confirmed, the payment for goods has been received or the payment voucher has been obtained; related economic benefits are most likely to flow in; and relevant product cost can be reliably measured. Income from products sold to the third party shall meet the following conditions for recognition: the Company has declared products according to contract, products have departed and the Company has obtained the bill of lading; the income from selling products has been confirmed; the payment for goods has been received or the payment voucher has been obtained; related economic benefits are most likely to flow in; and relevant product cost can be reliably measured.

## 24. Government grants

Government grants of the Group are divided into government grants concerning assets and government grants concerning benefits. Government grants concerning assets refer to the government grants that the Group has obtained and will be used to purchase and construct long-term assets, or to form long-term assets by other ways. Government grants concerning benefits refer to the government grants other than government grants concerning assets. If the grant object is not made clear in the government's files, judgment shall be made based on the basic conditions for obtaining grants. To be specific, grants that form long-term assets through purchase and construction or by other ways shall be regarded as government grants concerning assets, and other assets shall be regarded as government grants concerning benefits.

#### (1) Recognition of government grants

Government grants shall be recognized when they meet all the following conditions:

① Meet the attached conditions to government grants;

② Be able to receive government grants.

(2) Measurement of government grants:

① If government grants 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.

② Government grants concerning assets will be recognized as deferred income when they are obtained, and will be included in gains or losses by period with a reasonable and systematic method within its service life when they reach the predetermined state of use. If relevant asset is sold, transferred, scrapped or damaged before its service life ends, the balance of undistributed deferred income will be transferred into the gains or losses of the current asset disposal period.

Government grants concerning benefits used to compensate future relevant costs or losses will be recognized as deferred income when they are obtained; those used to compensate relevant costs or losses that have occurred will be included in the current gains or losses directly when they are obtained.

Government grants concerning daily activities will be included in other income; government grants concerning not daily activities will be included in non-operating income.

③ If it has confirmed that government grants need to be returned, they shall be dealt with according to the following circumstances:

A. When there is relevant deferred income, the book balance of relevant deferred income shall write down and the exceeding part shall be included in the current gains or losses.

B. In other circumstances, they shall be included in current gains or losses directly.

## 25. Deferred income tax assets/ deferred income tax liabilities

The Group deals with accounting for income taxes with balance sheet liability method.

### (1) Deferred income tax assets

① If there is a deductible temporary difference between the book value of assets and liabilities, the deferred income tax assets generated by this deductible temporary difference shall be calculated and confirmed according to the tax rate of the expected period to recover this asset or pay off this liability, to the extent of the taxable income that may be obtained in the future to offset this deductible temporary difference.

② If there is unambiguous evidence to certify that it is very likely to obtain enough taxable income to offset deductible temporary difference in the future on the balance sheet date, the deferred income tax assets that are not recognized before shall be recognized.

③ The book value of deferred income tax assets shall be rechecked on balance sheet date. If it is hardly possible to obtain enough taxable income in the future to offset the benefits from deferred income tax assets, the book value of deferred income tax assets shall write down. When it is very likely to obtain enough taxable income the write-down amount shall be reversed.

### (2) Deferred income tax liabilities

If there is taxable temporary difference between the book value of assets and liabilities and the tax basis, the deferred income tax liabilities generated by taxable temporary difference shall be recognized according to the applicable tax rate of the expected period to recover the asset or pay off the liability.

## 26. Leasing

### (1) Accounting method for operating lease

The Group, as the lessee, shall include the rentals of operating lease in relevant asset cost or current gains or losses with straight-line method in all periods; the initial direct expenses occurred shall be included in the current gains or losses; contingent rentals shall be included in the current gains or losses when they happen actually.

The Group, as the lessor, shall include the assets of operating lease in relevant items in the balance sheet according to asset nature; rentals of operating lease shall be recognized as current gains or losses with straight-line method in all periods within the lease term. The initial direct expenses occurred shall be included in the current gains or losses; fixed assets of assets under operating lease shall be depreciated according to similar asset depreciation policy. Other assets under operating lease shall be amortized with a systematic and reasonable method. Contingent rentals shall be included in the current gains or losses when they happen actually.

## 27. Measurement of fair value

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

The Company 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 profits or losses will be included in the current gains or 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 is divided into 3 levels. The first level of input values will be used first, and then the second level and the third level. First level of input values are the quotations of same assets or liabilities that can be obtained on the measurement date and are not adjusted in the active market; the second level of input values are the direct or indirect observable input values of relevant assets or liabilities other than the first level of input values; the third level of input values are the unobservable input values of relevant assets or liabilities.

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

## 28. Change of important accounting policies and accounting estimates

### (1) Change of important accounting policies

√ Applicable □ Not applicable

Content and reason of the changes of accounting policy	Approval procedure	Remarks
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#### (1) Change of accounting policies

On April 28, 2017, the Ministry of Finance released *Accounting Standard for Business Enterprises No. 42 - Non-current Assets Held for Sale, Disposal Group and Discontinued Operation* (hereinafter referred to as *Accounting Standard for Business Enterprises No. 42*), which was implemented as of May 28, 2017; On May 10, it released the revised *Accounting Standard for Business Enterprises No. 16 - Government Grants* (hereinafter referred to as *Accounting Standard for Business Enterprises No. 16*), which was implemented as of June 12, 2017.

The Company started to execute the newly released *Accounting Standard for Business Enterprises No. 42* and the revised *Accounting Standard for Business Enterprises No. 16* on January 1, 2017, and thus led to the change of the Group's important accounting policies, details are as shown below:

- Change to "list the profits & losses of continued operation and of discontinued operation respectively in the consolidated statement of income and statement of income".
- Change "recognize governmental grants concerning assets as deferred income when they are obtained" to "offset the book value of relevant assets when they are obtained".
- Government grants concerning benefits used to compensate future relevant costs or losses will be recognized as deferred income when they are obtained; change "including the deferred income in current gains or losses when relevant costs or losses are recognized" to "offset relevant costs when relevant costs or losses are recognized"; for those used to compensate the relevant costs or losses that have occurred, change "include them in current gains or losses directly when they are obtained" to "include them in current gains or losses directly or use them to offset relevant costs when they are obtained".
- For governmental grants concerning daily activities, change "include them in non-operating income" to "include in other income according to the essence of economic transactions. If included in other income, they shall be listed out separately in the consolidated statement of income and statement of income".

*Accounting Standard for Business Enterprises No. 42* specifies that it shall be implemented as of May 28, 2017; the non-current assets held for sale existing on the implementation day, disposal group and discontinued operation shall be handled with future application method. *Accounting Standard for Business Enterprises No. 16* specifies that the governmental grants before January 1, 2017 shall be handled with future application method, while governmental grants added between January 1, 2017 and the implementation day of this standard shall be adjusted according to it. Therefore, the change of above accounting policies does not involve with the tracing and adjustment of compare data or affect the net profit of the Group within this reporting period.

As required by *Notice of Ministry of Finance on the Revising of the Publication Form of General Corporate Financial Statements* (CH [2017] No. 30), the Company lists out "income from asset disposal" item separately of "operating income" in the consolidated statement of income and statement of income, and lists part of the income from non-current asset disposal, which was previously listed in "non-operating income" and "non-operating expense", in "income from asset disposal". The Company also retrieves and restates the comparative statement. The impact on the consolidated statement of income and statement of income is as shown below:

Impacted items of the statement of profit	Consolidated financial statement		Financial statement of the parent company	
	Impacted amount of	Adjusted amount of	Impacted amount	Adjusted amount of

	this term	last year	of this term	last year
Asset disposal gains	887,518.81	530,455.19	127,061.26	251,200.66
Non-operating income	-887,518.81	-530,455.19	-127,061.26	-251,200.66
Including: gains from disposal of non-current assets	-887,518.81	-530,455.19	-127,061.26	-251,200.66
Impact on statement of income				

## VI. Taxes

### 1. Main taxes and tax rates

Taxes	Tax bases	Tax rates
Value-added tax (VAT)	The taxable revenue from sales of goods or rendering of services	0, 6%, 11% and 17%, pay the balance after deducting input VAT. According to the <i>Notice on Policies on Degenerating VAT Rate</i> (CS [2017] No. 37) issued jointly by the Ministry of Finance and State Administration of Taxation, the structure of VAT rate was degenerated and 13% VAT rate was cancelled on July 1, 2017.
Urban maintenance and construction tax	Turnover tax payable	7%; the Company and the subsidiaries, Zhejiang Supor Plastic & Rubber Co., Ltd. and Yuhuan Supor Cookware Sales Co., Ltd (previous name: Yuhuan Supor Recycling Co., Ltd) are levied at 5% of the turnover tax payable.
Enterprise income tax	Taxable income	25%; the Company, Wuhan Supor Cookware Co., Ltd. and Zhejiang Shaoxing Supor Domestic Electrical Appliances Co., Ltd. are levied at a preferential tax rate of 15%.
Housing property tax	Wuhan Supor Pressure Boiler Co., Ltd.* and Wuhan Supor Cookware Co., Ltd.* are levied at the rate of 1.2% of the balance of the housing property cost after deducting 25% of the cost; other companies are levied at the rate of 1.2% of the balance of the housing property cost after deducting 30% of the cost; for housing property levied on the basis of rent, housing property tax is levied at the rate of 12% of rent revenue.	1.2%, 12%
Education surcharge	Turnover tax payable	3%
Local education surcharge	Turnover tax payable	2%, subsidiaries in Wuhan are levied at the rate of 1.5% as of May 1, 2016.



Different enterprise income tax rates applicable to different taxpayers:

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

## 2. Tax preferential policies

1. Pursuant to No. GKHZ [2015] 256 documents, the Company renewed the hi-tech enterprise qualification in 2015 and is entitled to enjoy the preferential tax rate of 15% for the three-year period starting from January 1, 2015.
2. Pursuant to No. ERDB [2015] 8 documents, Wuhan Supor Cookware Co., Ltd. renewed the hi-tech enterprise qualification in 2015 and is entitled to enjoy the preferential tax rate of 15% for the three-year period starting from January 1, 2015.
3. Pursuant to No. GKFH [2016] 149 documents, Zhejiang Shaoxing Supor Domestic Electrical Appliances Co., Ltd. renewed the hi-tech enterprise qualification in 2016 and is entitled to enjoy the preferential tax rate of 15% for the three-year period starting from January 1, 2016.

## VII. Notes to items of consolidated financial statements

### 1. Monetary capital

(Unit: RMB)

Items	Closing balance	Opening balance
Cash on hand	97,656.97	238,696.91
Cash in bank	771,223,621.75	748,582,839.66
Other cash and bank balances	8,320,082.21	5,322,615.99
Total	779,641,360.93	754,144,152.56
Including: deposited overseas	7,524,921.86	25,177,499.73

Other remarks

- 1) At the end of period, the restricted amount was RMB 16,000,000.00 in total, including RMB 16,000,000.00 fixed deposit in Bank Deposit, which will be held to maturity
- 2) At the period end, other monetary capital was the amount in Alipay settlement account, and the closing balance is RMB 8,320,082.21. Amount in this account is not limited to use.
- 3) At the period end, the amount kept in Vietnam was totally RMB 5,015,259.84, including: value-cash of USD 216.28 (equivalent to RMB 1,413.22) and VND 69,062,864.00 (equivalent to RMB 19,879.76), bank deposit of USD 89,557.53 (equivalent to RMB 585,186.81) and VND 15,307,706,176.00 (equivalent to RMB 4,406,326.59) and SGD 502.44 (equivalent to RMB 2,453.46).  
At the period end, totally RMB 2,509,662.02 is kept in Singapore, including: bank deposit of USD 231,906.20 (equivalent to RMB 1,515,321.49) and SGD 203,628.95 (equivalent to RMB 994,340.53).

**2. Financial assets at fair value through profit or loss**

(Unit: RMB)

Items	Closing balance	Opening balance
Financial assets designated as at fair value through profit or loss	1,305,530,496.83	856,988,784.08
Total	1,305,530,496.83	856,988,784.08

Other remarks:

The Company, Shaoxing Supor Domestic Electrical Appliances Co., Ltd. and Wuhan Cookware Company purchased financial products of RMB 670,000,000, RMB 410,000,000 and RMB 210,000,000, respectively. These financial products guarantee principal, have floating benefits and relate to interest rate and exchange rate. At the period end of 2017, the income from changes in fair value was recognized as RMB 15,530,496.83.

**3. Notes receivable****(1) Categorized listing of notes receivable**

(Unit: RMB)

Item	Ending balance	Beginning balance
Bank acceptance	678,723,166.23	843,520,455.60
Total	678,723,166.23	843,520,455.60

**(2) Notes receivable pledged at the end of the period**

(Unit: RMB)

Item	Amount pledged at the end of the period

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

(Unit: RMB)

Items	Closing balance derecognized	Closing balance not yet derecognized
Bank acceptance	2,473,681,378.61	
Subtotal	2,473,681,378.61	

**4. Accounts receivable****(1) Details of different categories of accounts receivable**

(Unit: RMB)

Category	Closing balance			Opening balance		
	Book balance	Provision for bad	Carrying	Book balance	Provision for bad debts	Carrying

			debts		amount					amount
	Amount	Proportion	Amount	Provision proportion (%)		Amount	Proportion	Amount	Provision proportion	
Receivables with provision made on a collective basis using portfolios with similar credit risk features	1,443,444,088.28	97.36%	72,739,215.03	5.04%	1,370,704,873.25	1,167,552,252.59	95.04%	58,931,535.16	5.05%	1,108,620,717.43
Receivable of individually insignificant amount but with provision made on an individual basis	39,193,827.45	2.64%	15,286,957.11	39.00%	23,906,870.34	60,877,011.97	4.96%	9,379,902.68	15.41%	51,497,109.29
Total	1,482,637,915.73	100.00%	88,026,172.14	5.94%	1,394,611,743.59	1,228,429,264.56	100.00%	68,311,437.84	5.56%	1,160,117,826.72

Accounts receivable with significant single amount and accrual of bad debt provision at period-end:

Applicable  Not Applicable

Receivables with provision made on group basis with age analysis method

Applicable  Not Applicable

(Unit: RMB)

Ages	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Subitem within 1 year			
Subtotal within 1 year(with 1 year)	1,439,326,120.88	71,954,519.58	5.00%
1-2 years (with 2 years)	2,196,021.11	175,681.69	8.00%
2-3 years (with 3 years)	1,269,045.88	190,356.88	15.00%
3-4 years(with 4 years)	381,286.20	190,643.10	50.00%
4-5 years(with 5 years)	218,002.10	174,401.67	80.00%
Over 5 years	53,612.11	53,612.11	100.00%
Subtotal	1,443,444,088.28	72,739,215.03	5.04%

Determination basis:

Account receivable using balance fraction method for bad debt provision:

Applicable  Not Applicable

Account receivable using other method for bad debt provision:

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

Debtors	Book balance	Provision for bad debts	Provision proportion (%)	Reasons

MACYS and other receivables covered by insurance policy	23,906,870.34			No provision for bad debts is made as such receivables are arising from export sales and covered by export insurance.
Beijing Xingmeida Trading Co.,Ltd.	9,165,693.51	9,165,693.51	100	High risk in collecting account receivables, in consideration that the Company's capital chain is broken and cooperation is terminated.
Dongguan Hanyang Electric Appliance Co., Ltd.	4,673,328.43	4,673,328.43	100	Full provisions are made as such receivables are with long age and estimated to be unrecoverable.
Wuxi Heshunjin Trading Co., Ltd.*	1,447,935.17	1,447,935.17	100	Full provisions are made as such receivables are with long age and estimated to be unrecoverable.
Subtotal	39,193,827.45	15,286,957.11	39	

## (2) Bad debt provisions accrued and recovered

During the period, bad debt provision accrued was RMB 19,911,564.08; and collected or reversed in current period totaled RMB 0.00.

## (3) Accounts receivable charged off in this period

(Unit: RMB)

Item	Amount charged off
Accounts receivable charged off in this period	34,664.17

**(4) Bad debt reserve was RMB 162,165.61, in consideration that converted difference in foreign currency statement is reduced due to exchange rate movement.**

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

Debtors	Book balance	Proportion to the total balance of accounts receivable (%)	Provision for bad debts
SEB ASIA LTD.	1,087,956,367.71	73.38	54,397,818.39
Client 1	52,413,751.23	3.54	2,620,687.56
Client 2	26,581,071.81	1.79	1,329,053.59
Client 3	25,930,386.72	1.75	1,296,519.34
Client 4	15,853,605.39	1.07	792,680.27

Subtotal	1,208,735,182.86	81.53	60,436,759.15
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## 5. Advance payment

### (1) Listing by ages

(Unit: RMB)

Ages	Closing balance		Opening balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	325,743,223.14	99.73%	151,896,831.31	96.55%
1-2 years	745,180.42	0.23%	5,313,859.34	3.38%
2-3 years	29,480.00	0.01%		
Over 3 years	110,604.54	0.03%	115,966.58	0.07%
Total	326,628,488.10	--	157,326,657.23	--

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

Debtors	Book balance	Proportion to the total balance of advances paid (%)
Supplier 1	65,814,000.00	20.15
Supplier 2	51,981,000.00	15.91
Supplier 3	36,794,160.88	11.26
Supplier 4	36,214,741.54	11.09
Supplier 5	28,506,000.00	8.73
Subtotal	219,309,902.42	67.14

## 6. Interest receivable

### (1) Classification of interest receivable

(Unit: RMB)

Items	Closing balance	Opening balance
Interest for time deposit	1,983,860.05	285,680.93
Total	1,983,860.05	285,680.93

## 7. Other receivables

### (1) Type of other accounts receivable

(Unit: RMB)

Categories	Closing balance					Opening balance				
	Book balance		Provision for bad debts		Carrying amount	Book balance		Provision for bad debts		Carrying amount
	Amount	Proportion	Amount	Proportion		Amount	Proportion	Amount	Proportion	
Receivables of individually significant amount and with provision made on an individual basis						47,568,371.25	82.45%			47,568,371.25
Receivables with provision made on a collective basis using portfolios with similar credit risk features	8,226,802.83	40.42%	1,662,744.70	20.21%	6,564,058.13	9,924,090.58	17.20%	2,038,658.47	20.54%	7,885,432.11
Receivable of individually insignificant amount but with provision made on an individual basis	12,125,983.45	59.58%			12,125,983.45	204,148.24	0.35%			204,148.24
Total	20,352,786.28	100.00%	1,662,744.70	8.17%	18,690,041.58	57,696,610.07	100.00%	2,038,658.47	3.53%	55,657,951.60

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

Applicable  Not Applicable

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

Applicable  Not Applicable

(Unit: RMB)

Ages	Closing balance		
	Other accounts receivable	Provision for bad debts	Provision proportion (%)
Subitem within 1 year			
Subtotal within 1 year(with 1 year)	4,695,902.79	234,795.15	5.00%
1-2 years (with 2 years)	2,047,953.30	163,836.26	8.00%
2-3 years (with 3 years)	241,520.00	36,228.00	15.00%
3-4 years(with 4 years)			50.00%
4-5 years(with 5 years)	67,707.23	54,165.78	80.00%
Over 5 years	1,173,719.51	1,173,719.51	100.00%
Subtotal	8,226,802.83	1,662,744.70	20.21%

Determination basis:

Account receivable using balance fraction method for bad debt provision:

Applicable  Not Applicable

Account receivable using other method for bad debt provision:

Applicable  Not Applicable

2) Closing single amount was not high and single provision for the bad debt reserve of other receivables was made:

Name of organization	Amount	Provision for bad debts	Provision proportion (%)	Provisions reason
Value-added tax rebate receivable	12,125,983.45			Its account age is within 1 year, and it's expected that there is no receiving risk. Thus, the bad debt reserves is not counted and withdrawn.
Subtotal	12,125,983.45			

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

Provisions for bad debts made in current period totaled RMB -110,876.99, and the collected or reversed in current period totaled RMB 0.00

## (3) Other receivables written off in current period

(Unit: RMB)

Item	Charge-off amount
Other receivables written off in current period	264,147.15

Including the charge-off of other critical receivables:

(Unit: RMB)

Name of organization	Nature of other receivables	Charge-off amount	Cause of charge-off	Charge-off procedure	If the funds are generated in connected transactions

Charge-off of other receivables:

## (4) Other receivables categorized by nature

(Unit: RMB)

Nature of receivables	Closing balance	Opening balance
Deposit as security	4,040,402.15	16,934,468.78
VAT refund on export goods	12,125,983.45	34,272,371.25
Temporary advance payment receivable	1,647,639.24	3,775,068.24
Personal deposit	2,538,761.44	2,714,701.80
Total	20,352,786.28	57,696,610.07

(5) Bad debt reserve was RMB 889.63, in consideration that converted difference in foreign currency statement was reduced due to exchange rate movement.

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

(Unit: RMB)

Debtors	Nature of receivables	Book balance	Age	Proportion to the total balance of other receivables (%)	Provision for bad debts
VAT refund on export goods	Tax refund on export goods	12,125,983.45	Within 1 year	59.58%	
Foshan Shunde Kang Zhuo mould Co., LTD	Deposit as security	1,500,000.00	1-2 years	7.37%	120,000.00
Social security special account for occupational injury and medical treatment	Temporary payment receivable	592,228.16	Within 1 year	2.91%	29,611.41
Zheshang Property and Casualty Insurance Co.,Ltd	Temporary payment receivable	569,212.42	Within 1 year	2.80%	28,460.62
Yuhuan Yuhuayuan Food Co., Ltd.	Temporary payment receivable	342,475.00	Over 5 years	1.68%	342,475.00
Subtotal	--	15,129,899.03	--	74.34%	520,547.03

## 8. Inventories

Does the Company need to abide by the disclosure requirements of real estate industry?

No

### (1) Inventory classification

(Unit: RMB)

Items	Closing balance			Opening balance		
	Book balance	Provision for write-down	Carrying amount	Book balance	Provision for write-down	Carrying amount
Raw materials	483,167,627.20	17,839,853.10	465,327,774.10	381,283,105.84	12,445,644.22	368,837,461.62
Work in process	51,503,376.39		51,503,376.39	37,801,722.47		37,801,722.47
Finished Goods	1,695,374,754.96	31,356,359.67	1,664,018,395.29	1,328,965,817.26	44,202,598.19	1,284,763,219.07
Packages	5,049,945.94		5,049,945.94	5,529,800.03		5,529,800.03
Total	2,235,095,704.49	49,196,212.77	2,185,899,491.72	1,753,580,445.60	56,648,242.41	1,696,932,203.19

Does the Company need to abide by the disclosure requirements of No. 4 Disclosure Guide of Industrial Information of Shenzhen Stock Exchange- Seeding and Planting Business of Listed Company?

No



**(2) Provision for obsolete stocks**

(Unit: RMB)

Items	Opening balance	Increase		Decrease		Closing balance
		Provision	Others	Reversal or written-off	Others	
Raw materials	12,445,644.22	11,740,536.95		6,224,277.41	122,050.66	17,839,853.10
Finished Goods	44,202,598.19	19,450,081.00		32,235,156.56	61,162.96	31,356,359.67
Subtotal	56,648,242.41	31,190,617.95		38,459,433.97	183,213.62	49,196,212.77

Note: Other alteration refers to converted difference in foreign currency statements.

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

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

**(3) Descriptions of inventory containing capitalization amount of loan fee at the end of the period****(4) Assets unsettled after completion as formed by construction contract at the end of the period**

(Unit: RMB)

Item	Amount

**9. Other current assets**

(Unit: RMB)

Items	Closing balance	Opening balance
Creditable VAT	110,100,676.38	75,056,492.01
Financial products [note]	914,144,094.08	906,437,451.54
Others	1,331,529.07	204,936.76
Total	1,025,576,299.53	981,698,880.31

Other descriptions:

Note: It is WMP with principal and earning guaranteed; of which, principal is RMB 900,000,000 and interest receivable is RMB 14,144,094.08.

**10. Available-for-sale financial assets****(1) Details**

(Unit: RMB)

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Available-for-sale debt instrument:				300,000.00	300,000.00	
Including: at fair value				300,000.00	300,000.00	
Total				300,000.00	300,000.00	

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

(Unit: RMB)

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

**11. Long-term equity investments**

(Unit: RMB)

Investee	Opening balance	Increase/decrease								Closing balance	Closing balance of provision for impairment
		Investment increased			Adjustment in other comprehensive income	Changes in other equity	Cash dividend/profit declared for distribution	Provision for impairment	Others		
I. Joint ventures											
II. Affiliated companies											
Investment in joint	57,828,126.15			3,950,195.27						53,877,930.88	

venture											
Subtotal	57,828,126.15			3,950,195.27						53,877,930.88	
Total	57,828,126.15			3,950,195.27						53,877,930.88	

Other notes

In net profits of Wuhan Anzai Kitchen Tools Co., Ltd. investment income owned by the Company determined according to shareholding ratio in current period totaled RMB 3,933,753.55 and amount influenced by upstream transaction was RMB 16,441.72.

## 12. Fixed assets

### (1)Details

(Unit: RMB)

Items	Buildings and structures	General equipment	Special equipment	Transport facilities	Total
I. Cost:					
1. Opening balance	756,403,449.43	161,236,615.70	641,396,770.19	29,149,455.70	1,588,186,291.02
2. Increase		14,769,400.76	36,277,826.07	3,077,980.92	54,125,207.75
(1)Acquisition		14,769,400.76	25,718,792.24	3,077,980.92	43,566,173.92
(2)Transferred in from construction in progress			10,559,033.83		10,559,033.83
(3)Increase from business combination					
3.Decrease	7,327,528.78	7,060,924.44	20,808,826.31	3,913,459.16	39,110,738.69
(1)Disposal or scrapping	1,739,629.76	7,060,924.44	20,808,826.31	3,913,459.16	33,522,839.67
(2)Other	5,587,899.02				5,587,899.02
4.Ending balance	749,075,920.65	168,945,092.02	656,865,769.95	28,313,977.46	1,603,200,760.08
II. Accumulated depreciation					
1.Beginning balance	190,816,723.27	118,865,635.06	372,817,205.73	20,557,128.85	703,056,692.91
2.Increase	23,064,568.05	11,601,206.18	53,009,552.77	3,423,888.63	91,099,215.63
(1)Provision	23,064,568.05	11,601,206.18	53,009,552.77	3,423,888.63	91,099,215.63

3.Decrease	84,390.24	5,978,368.07	10,567,929.10	3,522,112.83	20,152,800.24
(1)Disposal or scrapping	84,390.24	5,978,368.07	10,567,929.10	3,522,112.83	20,152,800.24
4.Ending balance	213,796,901.08	124,488,473.17	415,258,829.40	20,458,904.65	774,003,108.30
III. Depreciation reserve					
1.Beginning balance					
2.Increase					
(1)Provision					
3.Decrease					
(1)Disposal or scrapping					
4.Ending balance					
IV. Book value					
1. Book value at period-end	535,279,019.57	44,456,618.85	241,606,940.55	7,855,072.81	829,197,651.78
2. Book value at period-begin	565,586,726.16	42,370,980.64	268,579,564.46	8,592,326.85	885,129,598.11

**(2)Fixed assets with certificate of titles unsettled**

(Unit: RMB)

Items	Carrying amount	Reasons for unsettlement
Transformer substation (35 kV) of Shaoxing Supor Company	4,158,329.66	For all projects completed and completed the unification for property certificates after completion and settlement procedures
No.3 plant of Shaoxing Supor Company	33,977,267.08	For all projects completed and completed the unification for property certificates after completion and settlement procedures
No.1 plant of Shaoxing Supor Company	31,155,039.55	For all projects completed and completed the unification for property certificates after completion and settlement procedures
Function cafeteria of Shaoxing Supor Company	15,140,465.03	For all projects completed and completed the unification for property certificates

		after completion and settlement procedures
Function dormitory of Shaoxing Supor Company	45,350,586.85	For all projects completed and completed the unification for property certificates after completion and settlement procedures
No. 8 plant of Shaoxing Supor Company	36,992,521.35	For all projects completed and completed the unification for property certificates after completion and settlement procedures
Water pump room of Shaoxing Supor Company	886,226.49	For all projects completed and completed the unification for property certificates after completion and settlement procedures
Wastes Room of Shaoxing Supor Company	152,365.86	For all projects completed and completed the unification for property certificates after completion and settlement procedures
Sewage Treatment Station of Shaoxing Supor Company	761,141.11	For all projects completed and completed the unification for property certificates after completion and settlement procedures
Gas station of Shaoxing Supor Company	1,629,883.25	For all projects completed and completed the unification for property certificates after completion and settlement procedures
Membrane structure carport of Shaoxing Supor Company	200,112.29	For all projects completed and completed the unification for property certificates after completion and settlement procedures
Frame of unloading area and rain shed of loading platform in plant corridor of Shaoxing Supor Company	3,049,484.84	For all projects completed and completed the unification for property certificates after completion and settlement procedures
Generator room of Rubber and Plastics Product Company	5,354.89	Transfer procedure of land use right certificate not settled
Water pump building and structures of P&R Products	191,024.44	Transfer procedure of land use right certificate not settled
No. 10 workshop of P&R Products	283,149.63	Transfer procedure of land use right certificate not settled
Extended plant for bakelite workshop of P&R Products	421,638.95	Transfer procedure of land use right certificate not settled
Polishing workshop of P&R Products	184,320.00	Transfer procedure of land use right certificate not settled
No. 11 plant and structures of P&R Products	3,410,958.44	Transfer procedure of land use right certificate not settled
Subtotal	177,949,869.71	

### 13. Construction in progress

#### (1)Details

(Unit: RMB)

Projects	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Plant construction of Shaoxing Supor Company	11,420,370.48		11,420,370.48	1,500,304.87		1,500,304.87
Equipment	10,657,050.80		10,657,050.80	4,159,133.00		4,159,133.00
Piecemeal projects	1,386,812.58		1,386,812.58	327,256.02		327,256.02
Subtotal	23,464,233.86		23,464,233.86	5,986,693.89		5,986,693.89

#### (2)Changes in significant projects

(Unit: RMB)

Projects	Budgets	Opening balance	Increase	Transferred to fixed assets	Other decrease	Closing balance	Accumulated investment to budget	Completion percentage (%)	Accumulated amount of borrowing cost capitalization	Amount of borrowing cost capitalization in current period	Annual capitalization rate (%)	Fund source
Plant construction of Shaoxing Supor Company		1,500,304.87	9,920,065.61			11,420,370.48						
Equipment		4,159,133.00	8,236,695.90	1,738,778.10		10,657,050.80						
Piecemeal projects		327,256.02	11,578,879.87	10,282,519.89	236,803.42	1,386,812.58						
Subtotal		5,986,693.89	29,735,641.38	12,021,297.99	236,803.42	23,464,233.86	--	--				--

## 14. Intangible assets

### (1)Details

(Unit: RMB)

Items	Land use right	Patent right	Nonpatented technology	Trademark use right	Software	Total
I. Cost						
1. Opening balance	249,050,075.69			47,169,811.32	30,051,866.00	326,271,753.01
2. Increase	86,530,172.56				6,445,914.29	92,976,086.85
(1) Acquisition	86,530,172.56				4,983,650.13	91,513,822.69
(2) In-house R&D					1,462,264.16	1,462,264.16
(3) Increase from business combination						
3. Decrease						
(1) Disposal						
4. Closing balance	335,580,248.25			47,169,811.32	36,497,780.29	419,247,839.86
II. Accumulated amortization						
1. Opening balance	49,383,491.39			4,716,981.13	16,478,301.20	70,578,773.72
2. Increase	6,726,471.30			4,716,981.13	2,622,923.09	14,066,375.52
(1) Accrual	6,726,471.30			4,716,981.13	2,622,923.09	14,066,375.52
3. Decrease						
(1) Disposal						
4. Closing balance	56,109,962.69			9,433,962.26	19,101,224.29	84,645,149.24
III. Depreciation reserve						
1. Beginning						

balance						
2.Increase						
(1)Accrual						
3.Decrease						
(1)Disposal						
4.Ending balance						
IV. Carrying amount						
1. Closing balance	279,470,285.56			37,735,849.06	17,396,556.00	334,602,690.62
2. Opening balance	199,666,584.30			42,452,830.19	13,573,564.80	255,692,979.29

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

## 15. Deferred tax assets and deferred tax liabilities

### (1) Un-offset deferred income tax assets

(Unit: RMB)

Items	Closing balance		Opening balance	
	Deductible temporary difference	Deferred tax asset	Deductible temporary difference	Deferred tax asset
Provision for impairment of assets	131,332,744.44	22,614,962.94	117,818,128.06	18,824,727.43
Accrued expenses	815,493,163.48	153,847,332.00	587,970,722.28	108,282,429.60
Accrued payroll	46,675,365.78	7,001,304.87	61,862,171.23	9,599,036.54
Temporary difference in consolidated financial statements due to offsetting of unrealized profit or loss arising from internal transactions	35,776,030.17	5,454,902.06	41,901,896.62	6,339,222.96
Provisions	15,150,000.00	2,272,500.00	7,150,000.00	1,072,500.00
Share-based payment	109,484,200.37	18,109,647.99	37,764,904.32	6,301,913.94
Total	1,153,911,504.24	209,300,649.86	854,467,822.51	150,419,830.47

### (2) Deferred tax liabilities before offset

(Unit: RMB)



Items	Closing balance		Opening balance	
	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities
Interest receivable			217,946.67	48,437.14
Gains on changes in fair value			6,988,784.08	1,048,317.61
Governmental subsidy for deferred tax	17,939,000.00	4,484,750.00	22,947,800.00	5,736,950.00
<b>Total</b>	<b>17,939,000.00</b>	<b>4,484,750.00</b>	<b>30,154,530.75</b>	<b>6,833,704.75</b>

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

(Unit: RMB)

Items	Offset amount of deferred income tax assets and liabilities at period-end	Ending balance of deferred income tax assets or liabilities after offset	Offset amount of deferred income tax assets and liabilities at period-begin	Beginning balance of deferred income tax assets or liabilities after offset
Deferred tax assets		209,300,649.86		150,419,830.47
Deferred tax liabilities		4,484,750.00		6,833,704.75

## 16. Accounts payable

### (1)Details

(Unit: RMB)

Items	Closing balance	Opening balance
Goods payment	1,446,341,335.92	1,411,025,205.16
Equipment payment	31,898,169.28	20,947,993.17
Expenses payment	828,786,441.26	630,167,341.11
<b>Total</b>	<b>2,307,025,946.46</b>	<b>2,062,140,539.44</b>

## 17. Advances received

### (1)Details

(Unit: RMB)

Items	Closing balance	Opening balance
Goods payment	1,206,020,398.54	779,587,538.11

Total	1,206,020,398.54	779,587,538.11
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## 18. Employee benefits payable

### (1)Details

(Unit: RMB)

Items	Opening balance	Increase	Decrease	Closing balance
I. Short-term employee benefits	234,039,280.15	1,266,389,000.92	1,264,803,054.43	235,625,226.64
II. Post-employment benefits - defined benefit plan	2,436,773.25	61,695,429.02	61,756,578.01	2,375,624.26
III. Termination benefits	1,443,222.63	1,175,680.04	1,523,212.51	1,095,690.16
Total	237,919,276.03	1,329,260,109.98	1,328,082,844.95	239,096,541.06

### (2)Details of short-term employee benefits

(Unit: RMB)

Items	Opening balance	Increase	Decrease	Closing balance
1. Wage, bonus, allowance and subsidy	216,434,881.78	1,138,603,400.36	1,138,409,870.01	216,628,412.13
2. Employee welfare fund	2,719,740.83	56,051,752.05	56,835,462.58	1,936,030.30
3. Social insurance premium	1,635,446.15	26,002,690.64	25,883,059.39	1,755,077.40
Including: Medicare premium	1,393,902.76	21,786,032.98	21,664,479.89	1,515,455.85
Occupational injuries premium	124,943.16	2,375,389.66	2,378,108.77	122,224.05
Maternity premium	116,600.23	1,841,268.00	1,840,470.73	117,397.50
4. Housing accumulation funds		20,741,938.89	20,848,414.09	-106,475.20
5. Trade union fund and employee education fund	13,249,211.39	24,989,218.98	22,826,248.36	15,412,182.01
Subtotal	234,039,280.15	1,266,389,000.92	1,264,803,054.43	235,625,226.64

### (3)Details of defined benefit plan

(Unit: RMB)

Items	Opening balance	Increase	Decrease	Closing balance
Basic endowment insurance premium	2,273,279.45	59,693,903.53	59,766,106.07	2,201,076.91
Unemployment insurance premium	163,493.80	2,001,525.49	1,990,471.94	174,547.35
Subtotal	2,436,773.25	61,695,429.02	61,756,578.01	2,375,624.26

Other notes:

(4) Dismiss welfare

Dismiss welfare paid by the Group in current year for severing labor relation was RMB 1,523,212.51 and amounts payable at the end of period totaled RMB 1,095,690.16.

## 19. Taxes and rates payable

(Unit: RMB)

Items	Closing balance	Opening balance
VAT	757,441.38	20,494,328.77
Enterprise income tax	112,413,900.62	77,692,195.69
Individual income tax withheld for tax authorities	3,575,223.59	3,206,008.12
Urban maintenance and construction tax	3,797,570.75	6,086,882.53
Housing property tax	1,032,706.05	1,019,241.61
Land use tax	2,320,154.33	949,160.19
Stamp tax	1,674,088.12	1,408,051.98
Water conservancy special fund	12,741.46	12,741.46
Education surcharge	1,867,304.31	2,752,706.76
Local education surcharge	1,194,081.50	1,711,793.73
Dike maintenance charges		781.33
Total	128,645,212.11	115,333,892.17

## 20. Other payables

### (1) Other payables listed by nature

(Unit: RMB)

Items	Closing balance	Opening balance
Deposits	47,978,973.90	65,390,126.38
Temporary receipts payable	13,605,865.85	4,355,157.62
Others	5,724,586.56	10,542,273.91
Total	67,309,426.31	80,287,557.91

**21. Long-term employee benefits payable****(1)Details**

(Unit: RMB)

Items	Closing balance	Opening balance
II. Termination benefits	5,456,239.72	6,975,952.59
Total	5,456,239.72	6,975,952.59

**22. Provisions**

(Unit: RMB)

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

**23. Share capital**

(Unit: RMB)

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

Other notes:

1) Share capital increased by RMB 189,527,910 in current period. 2016 Profit Distribution Scheme ratified in the 15<sup>th</sup> meeting of the 5<sup>th</sup> board of directors via deliberation was approved in 2016 general meeting of shareholders. The Company distributed cash dividend RMB 7.70/10 shares (tax-inclusive) to all shareholders, with cardinal number for the share capital 631,759,700, which was obtained after deducting the foresaid 6,000 restricted shares repurchased and cancelled from the Company's total share capital 631,765,700 at the end of 2016. RMB 486,454,969.00 cash dividends were distributed totally as per the standard of RMB 7.70/10 shares (tax-inclusive); 189,527,910 bonus shares were given to all shareholders as per the standard of 3 bonus shares/10 shares (tax-inclusive).

2) Share capital decreased by RMB 6000.00 in current period. The reason is for the Company's resolution in the 13<sup>th</sup> meeting of the 5<sup>th</sup> board of directors: Buy back 6000 restricted shares (par value per share: RMB 1) granted to parts of equity incentive objects having leaving the Company at the price of RMB 0/share.

**24. Capital reserve**

(Unit: RMB)

Items	Opening balance	Increase	Decrease	Closing balance
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Share premium	1,866,064.51	182,744,710.69	162,665,607.51	21,945,167.69
Other capital reserve	39,885,839.32	32,076,639.36		71,962,478.68
Total	41,751,903.83	54,358,017.62	2,202,275.08	93,907,646.37

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

1) Capital reserve (share premium) increased by RMB 182,744,710.69 in current period. Increase reason is as follows: ① Capital reserve increased accordingly, as share capital decreased by RMB 6,000.00 owing to buying back restricted shares not unlocked granted to incentive objects having leaving the Company at the price of RMB 0/share in current period. ② In June 2017, the Company purchased 6.77% minority equity of the subsidiary Zhejiang Supor Plastic & Rubber Co., Ltd. with RMB 7,672,889.88; in July 2017, the Company purchased 40.00% minority equity of the subsidiary Yuhuan Supor cookware sales Co., Ltd. with RMB 1,227,554.30. Capital reserve (share premium) was increased in light of RMB 330,210.57 difference between purchase cost and minority equity shares on purchase day. ③ In 2017, the Company reserved RMB 182,408,500.12 repurchase fund of reserved restricted shares from undistributed profits.

2) Capital reserve (share premium) declined by RMB 162,665,607.51 in current period. Decline reason is as follows: ① In current year, the Company restored the capital reserve increased resulted from adding the Company's shares RMB 1,866,064.51 in SEADA's book net assets at the beginning of period to capital reserve for a retroactive adjustment for previously combined financial statement with purpose for merging SEADA under united control in current year. ② In June 2017, the Company purchased 3.47% minority equity of the subsidiary Wuhan Supor Co., Ltd. with RMB 479,623.77. Difference between purchase cost and minority equity shares on purchase day was RMB 5,470.64, which was used to offset capital reserve (share premium). In September 2017, the Company purchased 0.64% minority equity of the subsidiary Wuhan Supor Pressure Cooker Co., Ltd. with RMB 14,441,479.61. Difference between purchase cost and minority equity shares on purchase day was RMB 5,250,764.08, including RMB 330,739.93 writing down the capital reserve (capital surplus), RMB 492,002.41 writing down the surplus reserve and RMB 4,428,021.74 writing down the undistributed profit during merger. ③ RMB 160,463,332.43 was used to buy back the Company's shares and grant incentive objects with restricted shares. The part granted in current period offset capital reserve- share premium.

3) Other capital reserve increased by RMB 32,076,639.36 in current period. Increase reason is as follows: ① Equity-settled share-based payment RMB 5,812,499.85 in current period was included in capital reserve (other capital reserve). For details, please see Note XIII Description on share-based payment. ② Pre-tax amount deducted of expenditure with exercise relieved in share-based payment in current period was allowed to exceed the cost related to share-based payment as specified in accounting standards. Income tax effect RMB 26,264,139.51 of the excess portion was included in capital reserve-other capital reserve directly; of which, corresponding capital reserve of deferred income tax assets confirmed in the fourth shares relief was RMB 14,340,754.47 and corresponding capital reserve of accumulative tax adjustment of the first three relieved stocks was RMB 11,923,385.04.

## 25. Treasure stock

(Unit: RMB)

Items	Opening balance	Increase	Decrease	Closing balance
Treasure stock		186,282,500.12	164,337,332.43	21,945,167.69
Total		186,282,500.12	164,337,332.43	21,945,167.69

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

In this reporting period, the Company repurchased its 4,300,000 shares with RMB 182,408,500.12 by implementing stock ownership incentive, which accounted for 0.524% of total shares issued by the Company. In this reporting period, 3,874,000 shares were granted, with amount totaling RMB 164,337,332.43. Meanwhile, treasury stock and repurchase liability totaled RMB 3,874,000.00, which was calculated as per number of restricted shares issued and corresponding repurchase price RMB 1/share.

**26. Other comprehensive income (OCI)**

(Unit: RMB)

Items	Opening balance	Current period cumulative					Closing balance
		Current period cumulative before income tax	Minus: OCI carried forward transferred to profit or loss	Minus: income tax	Attributable to parent company	Attributable to non-controlling interest	
II. Items to be reclassified subsequently to profit or loss	-21,115,130.39	-8,431,035.54			-8,378,633.88	-52,401.66	-29,493,764.27
Translation difference of financial statements in foreign currencies	-21,115,130.39	-8,431,035.54			-8,378,633.88	-52,401.66	-29,493,764.27
Total	-21,115,130.39	-8,431,035.54			-8,378,633.88	-52,401.66	-29,493,764.27

**27. Special reserve**

(Unit: RMB)

Items	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserve	295,681,206.47	98,703,933.65	492,002.41	393,893,137.71
Total	295,681,206.47	98,703,933.65	492,002.41	393,893,137.71

Other remarks

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

2) For decrease in current period, please see Note 2, the note for capital reserve.

**28. Undistributed profit**

(Unit: RMB)

Items	Current period cumulative	Preceding period comparative
Retained earnings at last period end before adjustment	3,594,110,982.19	3,053,468,801.78
Total undistributed profits at the beginning of adjustment period (increase +, decrease -)	-177,199.00	
Retained profits at period beginning after adjustment	3,593,933,783.19	3,053,468,801.78
Plus: Net profit attributable to owners of the parent company	1,307,606,602.94	1,077,341,957.40
Minus: Appropriation of statutory surplus reserve	98,703,933.65	106,752,020.43

Dividend payable on ordinary shares	486,454,969.00	353,788,792.00
Ordinary share dividends converted to shares	189,527,910.00	
Minority equity purchased from subsidiary	4,428,021.74	76,336,163.56
Restricted shares granted	182,408,500.12	
Closing balance	3,940,017,051.62	3,593,933,783.19

Adjustment of undistributed profits at period beginning:

- 1) Due to retroactive adjustment of Accounting Standards for Enterprises and relevant new regulations, undistributed profit at period beginning was changed by RMB 0.00.
- 2) Due to change of accounting policies, undistributed profit at period beginning was changed by RMB 0.00.
- 3) Due to rectification of major accounting errors, undistributed profit at period beginning was changed by RMB 0.00.
- 4) Due to change of combination scope resulted from same control, undistributed profit at period beginning was changed by RMB 177,199.00.
- 5) Due to other adjustment, undistributed profit at period beginning was changed by RMB 0.00.

## 29. Operating revenue/cost

(Unit: RMB)

Items	Current period cumulative		Preceding period comparative	
	Income	Cost	Income	Cost
Revenue from main operation	14,057,808,616.97	9,873,485,171.25	11,844,262,115.56	8,192,807,158.21
Revenue from other operation	129,538,808.80	120,553,567.78	102,861,085.56	107,191,913.57
Total	14,187,347,425.77	9,994,038,739.03	11,947,123,201.12	8,299,999,071.78

## 30. Taxes and surcharge

(Unit: RMB)

Items	Current period cumulative	Preceding period comparative
Urban maintenance and construction tax	43,832,327.41	44,936,375.06
Education surcharge	19,746,103.91	19,930,979.11
Housing property tax	7,111,246.24	4,578,950.36
Land use tax	5,139,092.87	3,023,247.70
Vehicle and vessel use tax	64,770.00	50,910.00
Stamp tax	6,383,085.63	4,687,337.79
Business tax		-14,464.92
Local education surcharge	12,392,737.95	12,887,405.43
Total	94,669,364.01	90,080,740.53

Note: As specified in (CK [2016] No. 22) Provisions Concerning the Accounting Treatments on Value-Added Tax issued by

Ministry of Finance on December 3, 2016, “business tax and surcharges” stated in profit statement shall be adjusted as “tax and surcharges”. The content contains consumption tax, urban maintenance and construction tax, resource tax, Education surcharge, Housing property tax, Land use tax, Vehicle and vessel use tax, Stamp tax and other related taxes arising from company’s business activities. The regulation came into force from the date of issue. In case that the state accounting regulations are inconsistent with the Regulations, the Regulations shall prevail. The transactions affected assets and liabilities should be adjusted if it is under the Regulation from May 1, 2016 to issue date. The Company has reclassified “Taxes and surcharge for operations” to “Taxes and surcharge” in the income statement, and listed Housing property tax, Land use tax, Vehicle and vessel use tax, Stamp tax and other related taxes under “Taxes and surcharge” from Administrative expenses since May 1,2016.

### 31. Selling expenses

(Unit: RMB)

Items	Current period cumulative	Preceding period comparative
Advertising, sales promotion, and special gift expenses	1,355,711,802.35	1,149,982,116.28
Transportation expenses	361,847,949.12	295,166,654.82
Employee benefits	360,401,663.56	323,840,858.08
Office and business traveling expenses	102,596,009.23	93,037,401.14
Others	32,520,889.29	29,706,458.44
Total	2,213,078,313.55	1,891,733,488.76

### 32. Administrative expenses

(Unit: RMB)

Items	Current period cumulative	Preceding period comparative
Products development and experiment expenses	160,967,503.11	130,272,556.38
Employee benefits	154,111,452.71	155,227,710.62
Office, business travelling and depreciation and amortization expenses	60,886,380.94	59,176,760.96
Taxes		5,701,847.98
Share incentive expenses	5,812,499.85	7,240,737.00
Others	33,416,399.37	31,033,989.98
Total	415,194,235.98	388,653,602.92

### 33. Financial expenses

(Unit: RMB)

Items	Current period cumulative	Preceding period comparative
Interest proceeds	-8,240,251.77	-10,130,839.19
Gain or loss on foreign exchange	7,548,393.79	-11,899,044.46
Handling charges and others	528,511.44	591,699.29



Interest expense	36,367.67	
Total	-126,978.87	-21,438,184.36

**34. Assets impairment loss**

(Unit: RMB)

Items	Current period cumulative	Preceding period comparative
I. Bad debts	19,800,687.09	14,197,469.30
II. Inventory write-down loss	31,190,617.95	34,272,033.61
Total	50,991,305.04	48,469,502.91

**35. Gains on changes in fair value**

(Unit: RMB)

Resource for gains from changes of fair value	Current period cumulative	Preceding period comparative
Variation in fair value of financial products	8,541,712.75	4,769,895.19
Total	8,541,712.75	4,769,895.19

**36. Investment income**

(Unit: RMB)

Items	Current period cumulative	Preceding period comparative
Investment income from long-term equity investments under the equity method	3,933,753.55	2,349,174.53
Investment income of available-for-sale financial assets in holding period	1.00	
Investment income from financial products	59,338,964.48	58,730,747.75
Total	63,272,719.03	61,079,922.28

Of which, RMB 6,988,784.08 is investment income converted in current period from income from changes in fair value in last period.

**37. Assets disposal income**

(Unit: RMB)

Source of assets disposal income	Current occurrence amount	Preceding occurrence amount
Profits for non-current assets disposal		
Profits of non-current assets (loss "-")	887,518.81	530,455.19
Total	887,518.81	530,455.19

**38. Other income**

## (1) Classification of other income

Item	Occurrence amount in current year	Preceding Occurrence amount	Amount included in current non-recurring profit and loss
Government grants	82,379,740.78		82,379,740.78
Total	82,379,740.78		82,379,740.78

## (2) Governmental subsidy included in current profits and losses

Subsidy item	Occurrence amount in current year	Preceding Occurrence amount	Related to assets/income
Project subsidy	13,698,599.58		Related to income
Government reward	67,199,370.00		Related to income
Tax returns	1,481,771.20		Related to income
Total	82,379,740.78		

**39. Non-operating revenue**

(Unit: RMB)

Items	Current period cumulative	Preceding period comparative	Amount included in non-recurring profit or loss
Government grants		65,419,385.13	
Gains from disposal of non-current assets	1,913,406.50	287,041.92	1,913,406.50
Including: Profits for fixed assets disposal	1,913,406.50	287,041.92	1,913,406.50
Governmental subsidy unrelated to daily activity	164,300.00		164,300.00
Default fine revenue	3,481,467.74	2,713,542.09	3,481,467.74
Others	1,474,732.21	436,196.35	1,474,732.21
Total	7,033,906.45	68,856,165.49	7,033,906.45

## Governmental subsidies recorded in the current profits

(Unit: RMB)

Items of allowance	Granted by	Granted for	Nature	Impacting the profit and loss in current year or not?	Special or not?	Current period cumulative	Preceding period comparative	Related to assets/income
Subsidy for projects						164,300.00	22,627,165.00	Related to income
Government							31,232,360.00	Related to

reward							0	income
Tax refund							11,559,860.13	Related to income
Subtotal	--	--	--	--	--	164,300.00	65,419,385.13	--

#### 40. Non-operating expenditures

(Unit: RMB)

Items	Current period cumulative	Preceding period comparative	Amount included in non-recurring profit or loss
Donation expenditures	3,300,000.00	3,202,676.90	3,300,000.00
Losses on disposal of non-current assets		2,125,185.62	
Including: Losses on disposal of fixed assets		2,125,185.62	
Damage and scrapping loss of non-current assets	3,276,232.60		3,276,232.60
Indemnity expenditure	8,000,000.00	4,150,000.00	8,000,000.00
Default fine expenditure	1,353,416.02	985,863.34	1,353,416.02
Water conservancy special fund	4,205.65	6,069,417.16	4,205.65
Others	556,239.48	1,208,026.89	556,239.48
Total	16,490,093.75	17,741,169.91	16,490,093.75

#### 41. Income tax expenses

##### (1)Details

(Unit: RMB)

Items	Current period cumulative	Preceding period comparative
Current period income tax expenses	304,172,870.63	249,624,571.00
Deferred income tax expenses	-46,889,019.67	-16,110,624.81
Total	257,283,850.96	233,513,946.19

##### (2)Reconciliation of accounting profit to income tax expenses

(Unit: RMB)

Items	Current period cumulative
Profit before tax	1,565,127,951.10

Income tax expenses based on statutory/applicable tax rate	234,769,192.67
Effect of different tax rate applicable to subsidiaries	36,777,169.91
Effect of prior income tax reconciliation	-276,645.37
Effect of non-taxable income	-64,654.01
Effect of non-deductible costs, expenses and losses	4,780,787.82
Effect of deductible temporary differences or deductible losses not recognized	-97,220.61
Effect of tax incentives	-17,596,148.95
Other effects deemed sales	-1,008,630.50
Income tax expense	257,283,850.96

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

#### 42. Other comprehensive income, net of income tax

Please refer to notes to other comprehensive income for details.

#### 43. Notes to items of the consolidated cash flow statement

##### (1) Other cash receipts related to operating activities

(Unit: RMB)

Items	Current period cumulative	Preceding period comparative
Receipt of government grants	81,062,269.58	53,859,525.00
Receipt of deposit and staff reserve fund loan	4,285,728.18	16,556,206.86
Receipt of interest from bank deposit and others	13,980,344.85	6,804,254.57
Total	99,328,342.61	77,219,986.43

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

(Unit: RMB)

Items	Current period cumulative	Preceding period comparative
Cash payment for sales expense	901,456,121.14	929,681,787.04
Cash payment for management expenses	276,649,427.89	200,699,571.06
Donations payment	3,331,539.12	3,202,676.90
Other payments	3,915,954.90	14,037,403.89
Total	1,185,353,043.05	1,147,621,438.89

**(3) Other cash receipts related to investing activities**

(Unit: RMB)

Items	Current period cumulative	Preceding period comparative
Cash receipt from recovery of financial products, principal and interest of time deposit	1,680,913,255.83	2,324,928,972.76
Total	1,680,913,255.83	2,324,928,972.76

**(4) Other cash payments related to investing activities**

(Unit: RMB)

Items	Current period cumulative	Preceding period comparative
Cash payment for financial products and time deposit	2,123,000,000.00	2,210,000,000.00
Total	2,123,000,000.00	2,210,000,000.00

**(5) Other cash received related to financing**

(Unit: RMB)

Item	Current occurrence amount	Preceding occurrence amount

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

(Unit: RMB)

Supplement information	Current period cumulative	Preceding period comparative
(1) Reconciliation of net profit to cash flow from operating activities:	--	--
Net profit	1,307,844,100.14	1,133,606,300.63
Plus: Provision for assets impairment loss	50,991,305.04	48,469,502.91
Depreciation of fixed assets, oil and gas assets, productive biological assets	91,099,215.63	110,322,860.01
Amortization of intangible assets	14,066,375.52	13,043,757.88
Loss on disposal of fixed assets, intangible assets and other non-current assets (Minus: gains)	-887,518.81	3,697,885.35
Fixed assets retirement loss (Minus: gains)	1,362,826.10	
Losses on changes in fair value (Minus: gains)	-8,541,712.75	-4,769,895.19

Financial expenses (Minus: gains)	7,216,206.29	-16,020,940.96
Investments losses (Minus: gains)	-63,272,719.03	-61,079,922.28
Decrease of deferred tax assets (Minus: increase)	-44,540,064.92	-21,283,937.44
Increase of deferred tax liabilities (Minus: decrease)	-2,348,954.75	5,173,312.63
Decrease in inventories (Minus: increase)	-481,515,258.89	-304,658,904.94
Decrease in operating receivables (Minus: increase)	-248,950,086.92	-452,524,998.09
Increase of operating payables (Minus: decrease)	635,541,345.01	927,696,154.96
Others	-176,596,000.27	7,240,737.00
Net cash flow from operating activities	1,081,469,057.39	1,388,911,912.47
(2) Significant investing and financing activities not related to cash receipts and payments:	--	--
(3) Net changes in cash and cash equivalents:	--	--
Cash at the end of the period	763,641,360.93	741,144,152.56
Minus: Cash at the beginning of the period	741,144,152.56	887,822,304.52
Net increase of cash and cash equivalents	22,497,208.37	-146,678,151.96

## (2) Cash and cash equivalents

(Unit: RMB)

Items	Closing balance	Opening balance
(1) Cash	763,641,360.93	741,144,152.56
Including: Cash on hand	97,656.97	238,696.91
Cash in bank on demand for payment	755,223,621.75	735,582,839.66
Other cash and bank balances on demand for payment	8,320,082.21	5,322,615.99
(3) Cash and cash equivalents at the end of the period	763,641,360.93	741,144,152.56

## 45. Assets with title or use right restrictions

(Unit: RMB)

Items	Closing carrying amount	Reasons for restrictions
-------	-------------------------	--------------------------

Cash and bank balances	16,000,000.00	Time deposits for investment purposes and deposit for L/C
Total	16,000,000.00	--

#### 46. Monetary items in foreign currencies

##### (1) Monetary items in foreign currencies

(Unit: RMB)

Items	Closing balance in foreign currencies	Exchange rate	RMB equivalent
Including: USD	12,405,464.90	6.5342	81,059,788.75
EUR	1,204.27	7.8023	9,396.08
GPB	8.34	8.7792	73.22
VND	15,376,769,040.00	0.00028785	4,426,206.35
Singapore Dollar	204,131.39	4.8831	996,793.99
Including: USD	11,368,051.30	6.5342	74,281,120.80
VND	65,365,466,941.23	0.00028785	18,815,449.66
Singapore Dollar	313,441.12	4.8831	1,530,564.33
Including: USD	931,692.45	6.5342	6,087,864.81
EUR	15,416.00	7.8023	120,280.26
VND	30,331,165,250.84	0.00028785	8,730,825.92
Singapore Dollar	459,765.19	4.8831	2,245,079.40

**(2) Descriptions of overseas operation entity, including critical overseas operation entities. The main overseas operating site, recording currency and basis of selection should be disclosed and if the recording currency is changed, the cause should also be disclosed.**

Applicable  Not Applicable

### VIII. Changes in the Consolidated Scope

#### 1. Business merger under identical control

##### (1) Business merger under identical control in current period

(Unit: RMB)

Combined party	Ratio of equity obtained in business merger	Basis of business merger under identical control	Combining date	Determination basis of combining date	Income of combined party from the beginning of current	Net profit of combined party from the beginning of current	Income of combined party in comparison period	Net profit of combined party in comparison period

					period to combing date	period to combing date		
SEADA	51.00%	SEADA and the Group are under SEB's ultimate control before and after merge; the merger is not temporary.	February 24, 2017	Payment	442,612.16	-375,502.30	0.00	-347,449.01

**(2) Merger cost**

(Unit: RMB)

Merger cost	
--Cash	1,866,064.51

**(3) Book value of assets and liabilities of combined party on combining date**

(Unit: RMB)

	Combining date	Amount at the end of last period
Monetary capital	3,937,544.48	3,580,311.85
Inventory	1,339,165.48	
Subtotal of assets	5,276,709.96	3,580,311.85
Payables	2,308,283.36	
Other payables		268,810.86
Subtotal of liabilities	2,308,283.36	268,810.86
Net assets	2,968,426.60	3,311,500.99
Minus: Minority equity	1,454,529.03	
Net assets obtained	1,513,897.57	3,311,500.99

Contingent liability of combined party assumed in business merger:

None

Other notes:

For subsidiary and business increased under identical control, the Company adjusted beginning balance in consolidated balance sheet upon preparing combined financial statement and included income, expenses, profits and cash flow of the subsidiary from the beginning of this year to the end of reporting period into consolidated statement of income or cash flow statement. Meanwhile, the



Company made adjustment after comparing relevant items in statement; reporting entity after merger was regarded to exist since control of ultimate controlling party.

## IX. Equity in Other Entities

### 1. Equity in subsidiaries

#### (1) Structure of enterprise Group

Subsidiaries	Main operating place	Place of registration	Business nature	Holding proportion (%)		Acquisition method
				Direct	Indirect	
(Zhejiang Supor Electrical Appliance Manufacturing Co., Ltd. *) [Note 1]	Hangzhou	Hangzhou	Manufacturing industry	100.00%		Establishment
(Zhejiang Shaoxing Supor Domestic Electrical Appliances Co., Ltd. *) [Note 1]	Shaoxing	Shaoxing	Manufacturing industry	100.00%		Establishment
(Supor (Vietnam) Co., Ltd. *) [Note 1]	Vietnam	Vietnam	Manufacturing industry	100.00%		Establishment
(Wuhan Supor Recycling Co., Ltd. *) [Note 1]	Wuhan	Wuhan	Commerce	100.00%		Establishment
(Wuhan Supor Cookware Co., Ltd. *) [Note 1] & [Note 2]	Wuhan	Wuhan	Manufacturing industry	25.00%	75.00%	Establishment
(Hangzhou Omega Commercial Trade Co., Ltd. *) [Note 1]	Hangzhou	Hangzhou	Commerce	100.00%		Establishment
(Shanghai Supor Cookware Marketing Co., Ltd. *) [Note 1]	Shanghai	Shanghai	Commerce	100.00%		Establishment
(Wuhan Supor Pressure Cooker Co., Ltd. *) [Note 1]	Wuhan	Wuhan	Manufacturing industry	100.00%		Business combination under common control
(Zhejiang Supor Plastic & Rubber Co., Ltd. *) [Note 1]	Yuhuan	Yuhuan	Manufacturing industry	100.00%		Business combination under common control
(Wuhan Supor Co., Ltd. *) [Note 1]	Wuhan	Wuhan	Manufacturing industry	100.00%		Business combination under common control

(Yuhuan Supor cookware sales Co., Ltd.*) [Note 1] [Note 5]	Yuhuan	Yuhuan	Commerce	100.00%		Business combination not under common control
SEADA [Note 1]	Singapore	Singapore	Commerce	51.00%		Business combination under common control
AFS Vietnam Management Co., Ltd. [Note 1] [Note 3]	Vietnam	Vietnam	Commerce		100.00%	Business combination under common control
WMF (Shanghai) Co., Ltd [Note 4]	Shanghai	Shanghai	Manufacturing industry	100.00%		Establishment

Descriptions of difference of shareholding ratio in subsidiary from voting power:

Basis of controlling invested company with half voting power or below or not controlling invested company with more than half voting power:

Basis of controlling major structural body brought into the consolidation scope:

Basis of determining if the Company is an agent or client:

Other notes:

Note 1: The following are abbreviations short names: Zhejiang Household Appliances Company, Shaoxing Supor Company, Vietnam Supor Company, Wuhan Recycling Company, Wuhan Cookware Company, Omega Company, Shanghai Sales Company, Wuhan Pressure Cooker Company, Rubber and Plastics Product Company, Wuhan g Supor Company, Yuhua cookware sales Company, SEADA, AFS and WMF (Shanghai) Company.

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: WMF (Shanghai) Co., Ltd is subsidiary invested and established by the Company in 2017, which is focused on consumer product business of WMF's Chinese market. For details, please see Note 14 Commitments and contingencies. In 2017, the Company had no actual business and only completed RMB 20,000,000 capital registration.

Note 5: The previous name of company Yuhuan Supor cookware sales Co.Ltd is Yuhuan Supor Recycling Company, the time of rename is 13<sup>th</sup> October 2017.

## (2) Significant not wholly-owned subsidiaries

(Unit: RMB)

Subsidiaries	Holding proportion of non-controlling interest	Profit or loss attributable to non-controlling interest	Dividend declared to non-controlling interest	Balance of rights and interests of minority shareholders at the end of the period
SEADA	49.00%	-746,960.93		823,272.89

**(3) Main financial information of significant not wholly-owned subsidiaries**

(Unit: RMB)

Subsidiaries	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	7,993,207.88	171,285.36	8,164,493.24	6,388,945.94		6,388,945.94						
Zhejiang Supor Electrical							2,007,350.348.49	189,987,482.21	2,197,337,830.70	862,807,633.03	39,362.85	862,846,995.88
Wuhan Cookware							1,985,851,062.93	199,624,115.31	2,185,475,178.24	824,531,308.22	6,719.576.86	831,250,885.08
Wuhan PC							48,813,449.52	255,403,411.08	304,216,860.60	4,965,161.84	5,736.950.00	10,702,111.84
P & R							140,129,487.11	12,999,810.19	153,129,297.30	39,792,666.82		39,792,666.82
Wuhan Supor							14,996,411.47	41,270.99	15,037,682.46	612,957.77	602,714.17	1,215,671.94
Yuhuan cookware sales							3,073,774.90		3,073,774.90	4,889.14		4,889.14

(Unit: RMB)

Subsidiaries	Current period cumulative				Preceding period comparative			
	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities
SEADA	7,175,473.05	-1,430,075.96	-1,537,018.12	1,073,881.12				
Zhejiang Supor Electrical					2,885,686,188.02	238,437,792.31	238,437,792.31	65,892,964.27
Supor Electric						-10,665.03	-10,665.03	-94,070.09
Wuhan Cookware					3,049,837,985.74	216,530,096.81	216,530,096.81	115,806,253.19
Wuhan PC					17,000,000.0	933,965.32	933,965.32	20,193,783.8

					0			1
P & R					183,706,605.63	10,518,880.71	10,518,880.71	35,348,534.09
Wuhan Supor						-501,115.81	-501,115.81	-845,511.84
Yuhuan Recycling						44,148.18	44,148.18	40,731.56

Other descriptions:

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

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

The Company purchased investments of Wuhan Supor Co., Ltd. and Zhejiang Supor Plastic & Rubber Co., Ltd. from minority shareholders respectively in June 2017, accounting for 3.47% and 6.77% of shares of the foresaid companies. The Company purchased investments of Yuhuan Supor cookware sales Co., Ltd. and Wuhan Supor Pressure Cooker Co., Ltd. respectively in July and September 2017, accounting for 40% and 0.64% of shares of the foresaid companies.

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

(Unit: RMB)

	Wuhan Supor	P & R	Yuhuan cookware sales	Wuhan PC
-- Cash	479,623.77	7,672,889.88	1,227,554.30	14,441,479.61
Decrease: the subsidiary's net asset share calculated at the proportion of acquired/disposed equity	474,153.13	7,881,048.25	1,349,606.50	9,190,715.53
Margin	5,470.64	-208,158.37	-122,052.20	5,250,764.08
Where, adjusted capital reserve	5,470.64	-208,158.37	-122,052.20	330,739.93
adjusted surplus reserve				492,002.41
Adjusted undistributed profit				4,428,021.74

## 3. Equity in joint venture or associates

### (1) Main financial information of significant joint venture

(Unit: RMB)

	Closing balance/current period cumulative	Opening balance/preceding period comparative

Current assets	126,526,569.90	122,150,141.05
Non-current assets	54,460,458.69	57,332,309.27
Total assets	180,987,028.59	179,482,450.32
Current liabilities	62,471,421.82	72,312,030.61
Non-current liabilities	1,040,000.00	1,140,000.00
Total liabilities	63,511,421.82	73,452,030.61
Equity attributable to owners of parent company	117,475,606.77	106,030,419.71
Proportionate share in net assets	35,242,682.02	31,809,125.91
-- Goodwill	22,585,444.13	22,585,444.13
-- Others		-516,639.16
Carrying amount of investments in joint ventures	57,828,126.15	53,877,930.88
Operating revenue	335,576,513.59	330,259,345.72
Net profit of discontinued operations	11,399,341.27	8,310,164.58
Total comprehensive income	11,399,341.27	8,310,164.58

## X. Risks related to Financial Instruments

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

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

### (I) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's credit risk is primarily attributable to receivables. In order to control such risks, the Company has taken the following measures:

#### 1. Notes receivable

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

#### 2. Accounts receivable

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

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

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

As the Company only conducts business with credible and well-reputed third parties, normally, does not obtain collateral from customers. The Company manages credit risk aggregated by customers. As of December 31, 2016, the Company's risks were centered in certain credit risks, and 73.38% (December 31, 2016: 65.16%) of the total accounts receivable was due from the related party of the Company SEB ASIA LTD. The Company expects this customer accounts receivable credit risk is relatively low.

As the Company's credit risks fall into several business partners and customers, as of December 31, 2017, 8.15% (December 31, 2016: 8.94%) of the total accounts receivable was due from the five largest customers of the Company after deducting receivables from related parties SEB ASIA LTD. The Company has no significant central credit risk.

### 3. Other receivables

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

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

Items	Closing balance				
	Neither past due nor impaired	Past due but not impaired			Total
		Within one year	1-2 years	Over 2 years	
Notes receivable	678,723,166.23				678,723,166.23
Subtotal	678,723,166.23				678,723,166.23

(Continued)

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

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

### (II) Liquidity risk

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

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

Financial instruments classified based on remaining time period till maturity

Items	Closing balance				
	Carrying amount	Contract amount not yet discounted	Within one year	1-3 years	Over 3 years

Financial assets				
Cash and bank balances	779,641,360.93		779,641,360.93	
Financial assets at fair value through profit or loss	1,305,530,496.83		1,305,530,496.83	
Notes receivable	678,723,166.23		678,723,166.23	
Accounts receivable	1,394,611,743.59		1,394,611,743.59	
Interest receivable	1,983,860.05		1,983,860.05	
Other receivables	18,690,041.58		18,690,041.58	
Other current assets [Note]	914,144,094.08		914,144,094.08	
Subtotal	5,093,324,763.29		5,093,324,763.29	
Financial liabilities				
Accounts payable	2,307,025,946.46		2,307,025,946.46	
Other payables	67,309,426.31		67,309,426.31	
Subtotal	2,374,335,372.77		2,374,335,372.77	

Note: They are the financial products purchased.

(Continued)

Items	Opening balance				
	Carrying amount	Contract amount not yet discounted	Within one year	1-3 years	Over 3 years
Financial assets					
Cash and bank balances	754,144,152.56		754,144,152.56		
Financial assets at fair value through profit or loss	856,988,784.08		856,988,784.08		
Notes receivable	843,520,455.60		843,520,455.60		
Accounts receivable	1,160,117,826.72		1,160,117,826.72		
Interest receivable	285,680.93		285,680.93		
Other receivables	55,657,951.60		55,657,951.60		
Other current assets	906,437,451.54		906,437,451.54		
Subtotal	4,577,152,303.03		4,577,152,303.03		
Financial liabilities					
Accounts payable	2,062,140,539.44		2,062,140,539.44		
Other payables	80,287,557.91		80,287,557.91		
Subtotal	2,142,428,097.35		2,142,428,097.35		

Note: The financial products purchased.

### (III) Market risk

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

### 1. Interest risk

Interest risk is the risk that an enterprise may encounter fluctuation in fair value of financial instruments or future cash flows due to changes in market interest. As of December 31, 2016, balance of borrowings is zero, the Company's gross profit and equity will not be significantly affected by interest risk.

### 2. Foreign currency risk

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

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

## XI. Fair Value Disclosure

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

(Unit: RMB)

Items	Fair value as of the balance sheet date			
	Level 1	Level 2	Level 3	Total
I. Recurring fair value measurement	--	--	--	--
(i) Financial assets at fair value through profit or loss	1,305,530,496.83			1,305,530,496.83
2. Financial assets measured at fair value with variation included in current profits and losses	1,305,530,496.83			1,305,530,496.83
(1) Debt instruments investment	1,305,530,496.83			1,305,530,496.83
Total assets continuously measured at fair value	1,305,530,496.83			1,305,530,496.83
II. Non-continued measurement of fair value	--	--	--	--

## XII. Related Party Relationships and Transactions

### 1. Parent company

Parent company	Place of registration	Business nature	Registered capital	Holding proportion over the Company (%)	Voting right proportion over the Company (%)



SEB INTERNATIONAL E.S.A.S	France	Investment company	EUR 830 Million	81.18%	81.18%
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Remarks on the parent company

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

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

## 2. Company's subsidiaries

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

## 3. Joint ventures and associates of the Company

Joint ventures and associates of the Company

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

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

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

## 4. Other related parties of the Company

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

SEB DEVELOPPMENT SAS	An affiliated company of SEB S.A
ROWENTA FRANCE	An affiliated company of SEB S.A
IMUSA USA LLC	An affiliated company of SEB S.A
SEB DO BRASIL PRODUT	An affiliated company of SEB Internationale S.A.S.
CALOR SAS	An affiliated company of SEB S.A
Supor group co., LT	Company controlled by related natural person
Hangzhou Supor Property Management Co., Ltd.	Company controlled by related natural person
Shanghai SEB Electrical Appliances Co., Ltd.	An affiliated company of SEB Internationale S.A.S.
ETHERA	An affiliated company of SEB Internationale S.A.S.
SEB CZECH REPUBLIC	An affiliated company of SEB Internationale S.A.S.
WMF CONSUMER ELECTRIC GMBH	An affiliated company of SEB Internationale S.A.S.
WMF Consumer Goods (Shanghai) Co, Ltd.	An affiliated company of SEB Internationale S.A.S.
WMF Groupe Gmbh	An affiliated company of SEB Internationale S.A.S.
GROUPE SEB COLOMBIA S.A.	An affiliated company of SEB Internationale S.A.S.
VIETNAM FAN JOINT STOCK COMPANY	An affiliated company of SEB Internationale S.A.S.

## 5. Related party transactions

### (1) Purchase and sale of goods, rendering and receiving services

Purchase of goods and receiving of services

(Unit: RMB)

Related parties	Content of transaction	Current period cumulative	Transaction quota granted	Whether or not exceeding transaction quota	Preceding period comparative
Wuhan Anzai Cookware Co., Ltd.	Finished goods	286,601,218.51			282,301,207.27
Wuhan Anzai Cookware Co., Ltd.	Parts	50,474,627.02			17,384,246.11
GROUPE SEB EXPORT	Finished goods	5,908,953.82			1,325,745.55
S.A.S GROUPE SEB MOULINEX	Parts	13,242,885.20			30,907,931.76
TEFAL S.A.S	Parts	3,034,558.35			1,757,908.25
LAGOSTINA S.P.A.	Finished goods	3,530,304.61			1,321,397.19
SEB INTERNATIONAL	Finished goods	14,263.68			445,784.16

SERVICE S.A.S					
SEB INTERNATIONAL SERVICE S.A.S	Rework fee etc.	7,700.28			
SEB ASIA LTD.	Gift cost	12,645.11			
SAS GROUPE SEB MOULINEX	Rework fee etc.	5,446.09			68,513.16
S.A.S SEB	Rework fee etc.	510,578.13			
Shanghai Electrical Appliances Ltd.	SEB Co., Test cost	19,700.00			34,808.00
CALOR SAS	Sample charge				21,214.54
Shanghai Electrical Appliances Ltd.	SEB Co., Parts	4,801.29			
Shanghai Electrical Appliances Ltd.	SEB Co., Fixed assets	438,568.60			
ETHERA	Parts	3,533,332.50			
SEB CZECH REPUBLIC	Sample charge	5,265.75			
WMF CONSUMER ELECTRIC GMBH	Molds cost	691,245.45			

Sale of goods and rendering of services

(Unit: RMB)

Related parties	Content of transaction	Current period cumulative	Preceding period comparative
SEB ASIA LTD.	Finished goods	3,514,041,178.20	3,022,362,932.47
SEB ASIA LTD.	Parts	10,457,199.46	6,637,097.25
S.A.S SEB	Finished goods	20,672,883.16	25,376,344.85
S.A.S SEB	Parts	1,256,040.00	1,647,384.08
TEFAL S.A.S	Finished goods	9,342,358.29	7,030,017.06
TEFAL S.A.S	Parts	15,864,750.86	15,513,952.31
S.A.S GROUPE SEB MOULINEX	Finished goods	36,177,538.58	42,739,981.01
S.A.S GROUPE SEB	Parts	145,558.90	668,293.99

MOULINEX			
Supor Group	Finished goods	10,427,518.70	8,718,936.69
SEB INTERNATIONAL SERVICE S.A.S	Finished goods	410,382.74	654,830.82
SEB INTERNATIONAL SERVICE S.A.S	Parts	5,451,647.00	4,653,654.19
GROUPE SEB COLOMBIA S.A	Parts	72,397.51	399,510.32
LAGOSTINA S.P.A.	Finished goods	99,525.74	659,409.92
LAGOSTINA S.P.A.	Parts	762,010.43	1,086,084.37
ALL-CLAD METALCRAFTERS LLC	Finished goods	319,844.24	641,177.21
Wuhan Anzai Cookware Co., Ltd.	Finished goods		210.34
SEB DO BRASIL PRODUT	Finished goods		648,040.39
IMUSA USA LLC	Finished goods	2,003,651.13	2,114,941.11
WMF Consumer Goods (Shanghai) Co, Ltd.	Finished goods	344,056.00	
WMF Consumer Goods (Shanghai) Co, Ltd.	Parts	43,100.00	
WMF Groupe Gmbh	Finished goods	309,313.55	
WMF CONSUMER ELECTRIC GMBH	Finished goods	31,616,254.18	
WMF CONSUMER ELECTRIC GMBH	Parts	657,366.65	
VIETNAM FAN JOINT STOCK COMPANY	Finished goods	65,831,437.15	
VIETNAM FAN JOINT STOCK COMPANY	Parts	65,245.57	

Descriptions of connected transactions of commodity sales and purchase, provision and acceptance of labor service

## (2) Related party leases

Lessor	Lessees	Types of asset leased	Lease income for current period	Lease income for the preceding period
Supor Group Co., Ltd.	The Company	Real estate	468,968.40	468,968.40
	Wuhan Cookware	Real estate	2,110,210.56	2,337,354.73

	Omegna	Real estate	315,510.96	220,755.13
	Zhejiang Supor Electrical	Real estate	2,505,046.48	3,384,045.81
	Wuhan Supor	Real estate	Temporarily not collect rent	Temporarily not collect rent
	P&R	Land	35,884.32	239,223.90

**(3) Key management's emoluments**

Items	Current period cumulative	Preceding period comparative
Key management's emoluments	RMB10,329,600	RMB 8,219,800

**(4) Other related party transactions**

## (1) Water and electricity fee

Selling parties	Purchasing parties	Current period cumulative	Preceding period comparative
Supor Group Co., Ltd	Zhejiang Supor Electrical	387,333.37	295,493.36
Hangzhou Supor Property Management Co., Ltd.	Wuhan Cookware	244,605.66	
	Omegna	28,904.00	
	The Company	604,509.16	
	Wuhan Cookware		493,896.96
	Omegna		21,681.57

## (2) Property management fee and berth fee

Service renderer	Service receiver	Current period cumulative	Preceding period comparative
Hangzhou Supor Property Management Co., Ltd	Wuhan Cookware	157,526.13	100,224.34
	Omegna	24,642.84	14,652.89
	The Company	142,031.43	104,500.00
	Zhejiang Supor Electrical	368,514.13	262,873.06

## (3) Consulting fee

Service renderer	Service receiver	Current period cumulative	Preceding period comparative
SEB ASIA LTD.	The Company	-886,011.35	4,085,580.35
	Wuhan Cookware	2,088,247.31	
	Shaoxing Supor	2,929,601.37	
	Zhejiang Supor Electrical	1,891,140.91	

SEB DEVELOPPMENT SAS	The Company		1,385,428.02
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## (4) Cost of international shopping center

Service renderer	Service receiver	Current period cumulative	Preceding period comparative
SEB DEVELOPPMENT SAS	Shaoxing Supor	6,632,474.70	2,414,655.36
	Zhejiang Supor Electrical	5,065,379.99	2,619,572.47
	Wuhan Cookware	12,711,080.39	16,866,342.15

(5) Pursuant to the *Technical License Contract* entered into between Wuhan Supor Cookware Co., Ltd. and TEFAL S.A.S on January 21, 2009, TEFAL S.A.S licensed Wuhan Supor Cookware Co., Ltd. compensated use of its patent of “heating element covered with color-changing decorative layer”, and patent use charges are accrued at 3% of revenue from sales of products using licensed patent. In the current period, Wuhan Supor Cookware Co., Ltd. accrued patent use charges of RMB 12,825,247.31, and as of December 31, 2017, a balance of RMB 992,388.11 has not been paid.

(6) Pursuant to the *Technical License Contract* entered into between Wuhan Supor Cookware Co., Ltd. And SEB S.A. on December 29, 2013, SEB S.A. licensed Wuhan Supor Cookware Co., Ltd. compensated use of its patent of “with the safety valve of elastomer used in pressure cooking” and other four utility patents, and patents use charges are accrued at 3% of revenue from sales of products using licensed patent. In the current period, Wuhan Supor Cookware Co., Ltd. accrued patent use charges of RMB 404,960.04, and as of December 31, 2017, a balance of RMB 20,981.92 has not been paid.

(7) Pursuant to the *Technical License Contract* entered into between Wuhan Supor Cookware Co., Ltd. and LAGOSTINA SPA. on December 15, 2014, LAGOSTINA SPA. licensed Wuhan Supor Cookware Co., Ltd. compensated use of its patent of “home appliances is equipped with elastomer relief valve used for cooking food under pressure” other five utility patents, and patent use charges are accrued at 4% of revenue from sales of products using licensed patent. In the current period, Wuhan Supor Cookware Co., Ltd. accrued patent use charges of RMB 6,562.42, and as of December 31, 2017, a balance of RMB 310,030.84 has not been paid.

(8) Pursuant to the *Technical License Contract* entered into between Shaoxing Supor Company and Rowenta France SAS on July 23, 2014, Rowenta France SAS licensed Shaoxing Supor Company. Compensated use of its patent of “Air purifier equipped with degradation of formaldehyde” other two utility patents, and patent use charges are accrued at 3% of revenue from sales of products using licensed patent. In the current period, Shaoxing Supor Cookware Co., Ltd. accrued patent use charges of RMB 290,421.14, and as of December, a balance of RMB 42,196.79 has not been paid.

(9) Pursuant to the *Patent License Contract* entered into between Omegna and LAGOSTINA SPA. on December 15, 2016, Rowenta France SAS licensed Omegna compensated use of its trademark “LAGE”, and patent use charges are accrued at 4% of revenue from sales of products using licensed patent. In the current period, Omegna accrued patent use charges of RMB 1,586,101.59, and as of December 31, 2017, a balance of RMB 2,546,486.28 has not been paid.

(10) 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 should pay technology transfer fee RMB 303,930.79 to ETHERA in current year, which was calculated as per corresponding unit price of actual total sales. Until December 31, 2017, the remaining RMB 120,280.26 had not been paid yet.

(11) At 24<sup>th</sup> February 2017, the Company purchased 51% equity of SOUTH EAST ASIA DOMESTIC APPLIANCES PTE. LTD. held by the controlling shareholder SEB INTERNATIONALE S.A.S with SGD 382,500.00 equivalent to RMB 1,866,064.51.

## 6. Receivables and payables by connected parties

### (1) Items receivable

(Unit: RMB)

Items	Related parties	Closing balance		Opening balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable					
	SEB ASIA LTD.	1,087,956,367.71	54,397,818.39	800,407,513.83	40,020,375.69
	S.A.S SEB	5,099,366.60	254,968.33	3,679,410.35	179,707.70
	TEFAL S.A.S	5,183,707.42	259,185.37	2,943,656.86	147,182.84
	SEB INTERNATIONAL SERVICE S.A.S	814,432.61	40,721.63	1,593,370.21	79,668.51
	SEB INTERNATIONAL			120,615.00	6,030.75
	GROUPE SEB COLOMBIA S.A.			77,933.31	3,896.67
	LAGOSTINA S.P.A.			275,979.53	13,798.98
	ALL-CLAD METALCRAFTERS LLC	76,308.60	3,815.43	68,398.13	3,419.91
	S.A.S GROUPE SEB MOULINEX	8,232,525.31	411,626.27	12,439,851.65	621,992.58
	IMUSA USA LLC	144,101.25	7,205.06	318,937.46	
	Supor Group Co., Ltd.	49,995.66	2,499.78		
	WMF Groupe GmbH	309,313.55	15,465.68		
	WMF CONSUMER ELECTRIC GMBH	4,848,786.96	242,439.35		
	VIETNAM FAN JOINT STOCK COMPANY	23,514,023.18	1,175,701.16		
	GROUPE SEB COLOMBIA S.A.	9,440.61	472.03		
Subtotal		1,136,238,369.46	56,811,918.48	821,925,666.33	41,076,073.63
Other receivables					

	Supor Group Co., Ltd.			30,000.00	1,500.00
Subtotal				30,000.00	1,500.00

**(2) Items payable**

(Unit: RMB)

Items	Related parties	Closing balance	Opening balance
Accounts payable			
	Wuhan Anzai Cookware Co., Ltd.	37,286,307.26	30,129,239.80
	GROUPE SEB EXPORT	2,740,380.49	312,463.87
	TEFAL S.A.S	1,828,313.22	1,060,863.35
	Shanghai SEB Electrical Appliances Co., Ltd.	513,125.26	34,587.90
	S.A.S SEB	2,331,761.82	94,026.37
	LAGOSTIN S.P.A.	2,856,517.12	2,666,840.16
	S.A.S GROUPE SEB MOULINEX	2,971,245.24	3,268,412.57
	SEB DEVELOPPMENT SAS	551,309.24	25,650,060.12
	SEB INTERNATIONAL SERVICE S.A.S	8,824.16	299,102.29
	ROWENTA FRANCE	42,196.79	66,994.99
	Supor Group Co., Ltd.	20,476.20	872,394.76
	ETHERA	120,280.26	
Subtotal		51,270,737.06	64,454,986.18
Advances received			
	Supor Group Co., Ltd.	1,613,266.02	1,310,530.72
Subtotal		1,613,266.02	1,310,530.72
Other payables			
	Hangzhou Supor Property Management Co., Ltd.	94,724.40	40,162.20
Subtotal		94,724.40	40,162.20



### XIII. Share-based Payment

#### 1. Overall information

√ Applicable  Not Applicable

(Unit: RMB)

Total equity instruments granted in current period	3,874,000.00
Total equity instruments vested in current period	0.00
Total equity instruments retired in current period	0.00
The range of exercise prices of equity instruments at the end of the period and the remaining contractual life	2013 Equity Incentive Plan: RMB 0/share, 0.96 year; 2017 Equity Incentive Plan: RMB 1/share, 4.93 years

Other remarks

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

The Incentive Plan 2013 is valid for five years from the grant date, within which, the first 12 months are the lock-up period for first grant, and the following 48 months are the unlocking period, which may be unlocked in four phases provided that all conditions for unlocking are met. Incentive targets may apply for unlocking 10%, 20%, 30% and 40% of the total restricted shares respectively in 12 months, 24 months, 36 months and 48 months after the grant date. The lock-up period of reservation is 12 months, and the unlocking period is 36 months, which may be unlocked in three phases provided that all conditions for unlocking are met. Incentive targets may apply for unlocking 20%, 20% and 60% of the total restricted shares respectively in 12 months, 24 months and 36 months after the grant date. As of December 31, 2017, the aforesaid incentive plan has a remaining term of 0.96 years.

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

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

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

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

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

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

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

Pursuant to the resolution of the thirteenth meeting of the fifth session of the BOD, the Company repurchased 6,000 shares of granted restricted shares at the price of RMB 0/share as some incentive targets leave the Company

(2) Pursuant to the “*Proposal on Restricted Share Incentive Plan (Revised Draft) of Zhejiang Supor Co., Ltd. and Its Summary* (hereinafter referred to as “2017 Incentive Plan”) ratified in the 2<sup>nd</sup> 2017 Interim General Meeting of Shareholders via deliberation held on November 16, 2017, the Company was to grant 4,300,000 restricted shares to incentive objects, and repurchased 4,300,000 share capital successfully in the period from November 6, 2017 to November 28, 2017. The Company granted 3,874,000 shares initially on December 4, 2017 and reserved 426,000 shares, with price of shares granted for RMB 1/share.

The Incentive Plan 2017 is valid for five years from the grant date, within which, the first 12 months are the lock-up period for first grant, and the following 48 months are the unlocking period, which may be unlocked in four phases provided that all conditions for unlocking are met. Incentive targets may apply for unlocking 10%, 20%, 30% and 40% of the total restricted shares respectively in 12 months, 24 months, 36 months and 48 months after the grant date. The lock-up period of reservation is 12 months, and the unlocking period is 36 months, which may be unlocked in three phases provided that all conditions for unlocking are met. Incentive targets may apply for unlocking 20%, 20% and 60% of the total restricted shares respectively in 12 months, 24 months and 36 months after the grant date. As of December 31, 2017, the aforesaid incentive plan has a remaining term of 4.93 years.

## 2. Equity-settled share-based payment

Determination method for grant-date fair value of equity instruments	According to revised Black-Scholes Model
Determination method for the best estimate of the number of equity instruments expected to vest	Based on the corresponding equity instruments of incentive targets, the performance of the Company and the forecast of future performance of the Company
Reasons for significant difference between the estimates in current period and preceding period	
Capital reserve accumulated due to equity-settled share-based payment	RMB -210,876,596.66 [Note 1]
Total expenses incurred due to equity-settled share-based payment transactions	2013 incentive plan: RMB 2,655,689.48 [Note 2] 2017 incentive plan: RMB 3,156,810.37 [Note 2]

Note 1: Of which, accumulative amount in equity incentive plan period is RMB -82,495,903.59, current occurrence amount is RMB -128,380,693.07 and accumulative amount is RMB -210,876,596.66.

Note 2: 2013 Incentive Plan:

The Company’s total amount of share-based payments in previous years is RMB 37,764,904.32. According to domestic sales income, domestic operating profits and the Company’s other actual occurrence amounts in 2016, the foresaid incentive plan implemented in 2013 can meet unlocking assessment index of restricted shares in *Proposal on the Company’s Restricted Share Incentive Plan (Revised Draft) and Its Summary*, and the determined share-based payment in current period totals RMB 2,655,689.48. To sum up, the determined total cost for equity-settled share-based payment is RMB 40,420,593.80.

2017 Incentive Plan:

According to actual occurrence amount of domestic sales income and domestic operating profits in 2017, the 2017 incentive plan

above can reach unlocking assessment index of restricted shares in *Proposal on Restricted Share Incentive Plan (Revised Draft) of Zhejiang Supor Co., Ltd. and Its Summary*, and the determined share-based payment in current period totals RMB 3,156,810.37.

## XIV. Commitments and contingencies

### 1. Significant commitments

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

#### (1) Capital commitment

Item	Closing balance
Commitment on purchase long-term investment having been signed but not determined in financial statement [Note 1]	118,650,300
Commitment on foreign investment having been signed but not determined in financial statement [Note 2]	274,000,000
Total	392,650,300

[Note 1] In the 2<sup>nd</sup> meeting of 6<sup>th</sup> board of directors, the Company planned to purchase WMF's consumer product business in Chinese market, which was mainly involved with product inventory and fixed assets of Chinese consumers. The target assets planned to be purchased is priced based on appraisal value issued by CanWin Appraisal CO., Ltd. (with securities and futures business qualification) with base date on June 30, 2017. Book value of inventory and fixed assets of WMF's product in Chinese market is RMB 108,682,600, assets appraisal value is RMB 118,650,300 and appraisal appreciation rate is 9.17%. The Company will determine final transaction price according to actual inventory value of assessed values above at transaction time point and the foresaid appreciation rate, which will not exceed this assets assessed value according to expectation.

[Note 2] *Scheme on Purchasing 100% Equity of Shanghai SEB Electrical Appliances Co., Ltd. and Connected Transaction* was ratified in the Company's 2<sup>nd</sup> interim general meetings in 2017. Total transaction price is RMB 274,000,000.

The payments have been done in 9 March 2018 and 25 January 2018, transaction price were RMB 98.28 million yuan and 274 million respectively.

### 2. Contingencies

#### (1) Contingent liabilities incurred by pending lawsuit/arbitration and the financial effect

In 2016, a non-governmental patent holder filed an administrative complaint to the subsidiary Shaoxing Supor Company to Intellectual Property Office of Guangzhou Municipality in the name of infringing its patent and asked Shaoxing Supor Company to stop infringement and compensate for loss. The result was obtained after administrative review and resolution of Intellectual Property Office of Guangzhou Municipality and the Company's administrative lawsuit to Guangzhou Court of Intellectual Property: Product infringement was constituted and should be stopped. In 2016, the Company withdrew RMB 7,150,000 accrued liabilities. In 2017, the Company applied for invalidation of the two patents of private patent holder to Beijing Patent Examination Committee and submitted relevant information to Intellectual Property Office of Guangzhou Municipality. The case has not been settled yet. In addition, another non-governmental patent holder asked the Company to stop trade mark infringement through legal instrument with a reason for infringing its registered trademark. The Company made a comprehensive assessment for relevant risk according to the latest development of case. By the principle of conservatism, the Company withdrew RMB 8,000,000 accrued liabilities oriented to cases above in 2017.

## XV. Events after the Balance Sheet Date

### 1. Description on other events after the balance sheet date

According to the profit distribution plan 2017 adopted by the sixteenth meeting of the sixth session of the BOD dated March 29, 2018, statutory surplus reserve is appropriated at 10% of the net profit generated by the parent company in 2017, and annual dividend to all shareholders for every 10 shares represented RMB 7.20 per cash dividend (tax included), issue 0 bonus shares (tax included) and will not convert capital reserves to capital.

According to the Proposal on Repurchasing and Canceling a Part of Restricted Stock passed by the sixth meeting of the sixth session of the BOD, the Company should plan to repurchase and cancel 43,650 restricted shares. Therefore, based on the Company's total capital 821,287,610 shares after the deduction of 43,650 shares repurchased restricted shares mentioned above, and 426,000 shares of Reserved Restricted Stock without the profit distribution rights. The Company will pay dividend for every 10 shares represented 7.20 yuan per cash dividend (including tax) and the total cash dividends is RMB 590,988,931.20. The profit distribution plan is yet to be discussed and approved by the annual shareholders meeting of 2017.

The Company has recognized surplus reserve of RMB 98,703,933.65 based on the profit distribution plan, and closing balance of undistributed profit RMB 1,031,877,945.46 includes dividend of RMB 590,988,931.20 to be distributed.

## XVI. Other Major Events

### 1. Segment information

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

The Company 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 Company's organization meeting following conditions: (1) The organization can yield income and cost in daily activity; (2) The Company'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 Company 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 Company, with main product focused on cookware and SDA (small domestic appliances) in kitchen, establishes report segment based on product and geographic segments and assets and liabilities shared by product segments is unable to be clearly distinguished.

#### (2) Financial information of reportable segments

##### (1) Products segment

Items	Cooking products	Electrical products	R&P products	Inter-segment offset	Total
Revenue from main operations	5,798,768,545.83	9,091,530,343.58	194,406,676.04	1,026,896,948.48	14,057,808,616.97
Cost of main operations	4,201,000,475.96	6,531,568,496.34	178,617,464.13	1,037,701,265.18	9,873,485,171.25

##### (2) Geographic segment

Items	Domestic	Overseas	Inter-segment	Total
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			offsetting	
Revenue from main operations	11,093,692,474.43	3,991,013,091.02	1,026,896,948.48	14,057,808,616.97
Cost of main operations	7,626,693,876.37	3,284,492,560.06	1,037,701,265.18	9,873,485,171.25

**(3) Financial information of report segment**

(Unit: RMB)

Item					Offset among segments	Total

**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		Carrying amount	Book balance		Provision for bad debts		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Receivables with provision made on a collective basis using portfolios with similar credit risk features	358,605,968.81	96.59%	17,930,298.44	5.00%	340,675,670.37	214,016,048.19	85.79%	10,700,802.41	5.00%	203,315,245.78
Receivable of individually insignificant amount but with provision made on an individual basis	12,670,806.88	3.41%			12,670,806.88	35,439,520.15	14.21%			35,439,520.15
Total	371,276,775.69	100.00%	17,930,298.44	4.83%	353,346,477.25	249,455,568.34	100.00%	10,700,802.41	4.29%	238,754,765.93

Accounts receivable with significant single amount and accrual of bad debt provision at period-end

 Applicable  Not Applicable

Receivables with provision made on group basis with age analysis method

 Applicable  Not Applicable

(Unit: RMB)

Ages	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Sub-item within 1 year			

Subtotal within 1 year(with 1 year)	358,605,968.81	17,930,298.44	5.00%
Total	358,605,968.81	17,930,298.44	5.00%

Determination basis:

Account receivable using balance fraction method for bad debt provision

Applicable  Not Applicable

Account receivable using other method for bad debt provision

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

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

Debtors	Book balance	Provision for bad debts	Provision proportion (%)	Reasons for provision made
MACY'S and other receivables covered by insurance policy	12,670,806.88			No provision for bad debts is made as such receivables are arising from export sales and covered by export insurance.
Subtotal	12,670,806.88			

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

During the period, bad debt provision accrued was RMB 7,264,160.20; bad debt provision recovered was RMB 0.00

Including major collection or switch-back amount in this bad debt reserve:

(Unit: RMB)

Name of organization	Collection or switch-back amount	Way of collection

## (3) Accounts receivable written off in current period

(Unit: RMB)

Item	Amount written off
Accounts receivable written off in current period	34,664.17

Significant accounts receivable written off:

(Unit: RMB)

Organization	Nature of accounts receivable	Amount written off	Write-off reason	Write-off procedure fulfilled	Generated by connected transaction or not

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

Debtors	Book balance	Proportion to the total balance of accounts receivable (%)	Provision for bad debts

SEB ASIA LTD.	352,481,906.47	94.94	17,624,095.32
Client 1	9,531,791.68	2.57	
Client 2	2,266,064.35	0.61	
TEFAL SAS	2,142,796.85	0.58	107,139.84
Client 4	1,752,757.33	0.46	
Subtotal	368,175,316.68	99.16	17,731,235.16

## 2. Other receivables

### (1) Details on categories of other receivables

(Unit: RMB)

Categories	Closing balance					Opening balance				
	Book balance		Provision for bad debts		Carrying amount	Book balance		Provision for bad debts		Carrying amount
	Amount	Proportion (%)	Amount	Provision proportion (%)		Amount	Proportion (%)	Amount	Provision proportion (%)	
Receivables of individually significant amount and with provision made on an individual basis	36,931,567.45	95.12%			36,931,567.45	22,436,201.47	89.24%			22,436,201.47
Receivables with provision made on a collective basis using portfolios with similar credit risk features	1,644,587.33	4.24%	703,494.30	42.78%	941,093.03	2,504,339.33	9.96%	803,998.31	32.10%	1,700,341.02
Receivable of individually insignificant amount but with provision made on an individual basis	247,156.10	0.64%			247,156.10	200,000.00	0.80%			200,000.00
Total	38,823,310.88	100.00%	703,494.30	1.81%	38,119,816.58	25,140,540.80	100.00%	803,998.31	3.20%	24,336,542.49

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

√ Applicable    □ Not Applicable

(Unit: RMB)

Debtors	Closing balance			
	Book balance	Provision for bad debts	Provision proportion (%)	Reasons for provision made
Omegna	36,931,567.45			No provision is made as it is principal and interest

				of borrowings due from subsidiaries, and it is estimated with no risk in recoverability.
Subtotal	36,931,567.45		--	--

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

Applicable  Not Applicable

(Unit: RMB)

Ages	Closing balance		
	Receivable other	Provision for bad debts	Provision proportion (%)
Sub-item within 1 year			
Within 1 year(with 1 year)	864,833.86	43,241.69	5.00%
1-2 years (with 2 years)	50,000.00	4,000.00	8.00%
2-3 years (with 3 years)	74,000.00	11,100.00	15.00%
4-5 years (with 5 years)	53,004.29	42,403.43	80.00%
Over 5 years	602,749.18	602,749.18	100.00%
Subtotal	1,644,587.33	703,494.30	42.78%

Determination basis:

Other account receivable using balance fraction method for bad debt provision

Applicable  Not Applicable

Other account receivable using other method for bad debt provision

Applicable  Not Applicable

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

During the period, bad debt provision accrued was RMB -45,133.52; bad debt provision recovered was RMB 0.00.

### (3) Accounts receivable written off in current period

(Unit: RMB)

Item	Charge-off amount
Accounts receivable actually written off in current period totaled	55,370.49

(Unit: RMB)

Name of organization	Nature of other receivables	Charge-off amount	Cause of charge-off	Charge-off procedure	If the funds are generated in connected transactions



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

(Unit: RMB)

Nature of receivables	Closing balance	Opening balance
Deposit as security	200,000.00	200,000.00
Cash pooling	36,931,567.45	22,436,201.47
Temporary advance payment receivable	1,246,836.01	1,633,367.59
Personal deposit	444,907.42	870,971.74
<b>Total</b>	<b>38,823,310.88</b>	<b>25,140,540.80</b>

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

(Unit: RMB)

Debtors	Nature of receivables	Book balance	Age	Proportion to the total balance of other receivables (%)	Provision for bad debts
Omegna	Loans	36,931,567.45	Within one year	95.13%	
Social security special account for occupational injury and medical treatment)	Temporary payment receivable	592,228.16	Within one year	1.53%	29,611.41
Yuhuan County Imperial Garden Catering Co., Ltd)	Temporary payment receivable	342,475.00	Over 5 years	0.88%	342,475.00
Dalian WenLiuShan law firm	Temporary payment receivable	248,451.00	Over 5 years	0.64%	248,451.00
Zhejiang Taobao Network Co., Ltd.	Guarantee deposit	200,000.00	Over 5 years	0.52%	200,000.00
<b>Subtotal</b>	--	<b>38,314,721.61</b>	--	<b>98.70%</b>	<b>820,537.41</b>

**3. Long-term equity investments**

(Unit: RMB)

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Investments in subsidiaries	2,372,828,716.19		2,372,828,716.19	2,325,336,332.79		2,325,336,332.79
Investments in	56,683,593.31		56,683,593.31	52,749,839.76		52,749,839.76

associates and joint ventures						
Total	2,429,512,309.50		2,429,512,309.50	2,378,086,172.55		2,378,086,172.55

**(1) Investments in subsidiaries**

(Unit: RMB)

Investees	Opening balance	Increase [Note]	Decrease [Note]	Closing balance	Provision for impairment made in current period	Closing balance of provision for impairment
Wuhan Pressure Cooker	225,660,080.08	14,768,164.33		240,428,244.41		
Supor Electrical						
P&R Products	13,131,408.04	7,672,889.88		20,804,297.92		
Yuhuan cookware	1,762,595.51	1,227,554.30		2,990,149.81		
Wuhan Supor	10,700,959.54	479,623.77		11,180,583.31		
Zhejiang Supor Electrical	750,025,391.49	733,751.44		750,759,142.93		
Shaoxing Supor	622,912,732.49	514,061.08		623,426,793.57		
Supor Vietnam	105,143,165.64			105,143,165.64		
Wuhan Recycling	1,000,000.00			1,000,000.00		
Omegna	10,000,000.00			10,000,000.00		
Shanghai Marketing	5,000,000.00			5,000,000.00		
Wuhan Supor Cookware	580,000,000.00	407,473.10		580,407,473.10		
SEADA		1,688,865.50		1,688,865.50		
WMF (Shanghai) Co., Ltd		20,000,000.00		20,000,000.00		
Subtotal	2,325,336,332.79	47,492,383.40		2,372,828,716.19		

**(2) Investments in associates and joint ventures**

(Unit: RMB)

Investees	Opening balance	Increase/decrease							Closing balance	Closing balance of provision for impairment
		Investments increased			Adjustment in other comprehensive income	Changes in other equity	Cash dividend/profit declared for distribution	Provision for impairment		

I. Joint ventures											
Wuhan Anzai Cookware Co., Ltd.	52,749,839.76			3,933,753.55						56,683,593.31	
Total	52,749,839.76			3,933,753.55						56,683,593.31	
II. Associates											
Total	52,749,839.76			3,933,753.55						56,683,593.31	

### (3) Other notes

1) In June 2017, Zhejiang Supor Co., Ltd. purchased 3.47% equity of the subsidiary Wuhan Supor Co., Ltd. and 6.77% equity of Zhejiang Supor Plastic & Rubber Co., Ltd., with purchase price respectively for RMB 479,623.77 and RMB 7,672,889.88. In July 2017, Zhejiang Supor Co., Ltd. purchased 40% equity of the subsidiary Yuhuan Supor cookware sales Co., Ltd. and 0.64% equity of Wuhan Supor Pressure Cooker Co., Ltd., with purchase price respectively for RMB 1,227,554.30 and RMB 14,441,479.61. 2) The increase of Wuhan Supor Pressure Cooker Co., Ltd. (RMB 326,684.72), Zhejiang Household Appliances Company, Shaoxing Supor Company and Wuhan Cookware Company in current period is resulted from the Company's equity incentive plan and share-based payment required to be borne by foresaid service receiving companies should be determined as the Company's change on long-term equity investment in them. 2) In 2017, the Company purchased 51% equity of SEADA wholly-owned subsidiary of controlling shareholder SEB INTERNATIONALE S.A.S. The equity has been entirely transferred. 3) WMF (Shanghai) Co., Ltd is the Company's subsidiary funded and established in 2017 and focused on WMF's consumer product business in Chinese market. For details, please Note 14 Commitments and Contingencies. In 2017, the Company had no actual business and only completed RMB 20,000,000 capital registration.

### 4. Operating revenue/cost

(Unit: RMB)

Items	Current period cumulative		Preceding period comparative	
	Revenue	Cost	Revenue	Cost
Revenue from main operations	2,114,402,153.92	1,753,408,959.01	1,646,127,795.58	1,255,332,765.76
Revenue from other operations	33,526,819.23	30,930,850.97	28,610,232.24	33,354,000.20
Total	2,147,928,973.15	1,784,339,809.98	1,674,738,027.82	1,288,686,765.96

### 5. Investment income

(Unit: RMB)

Items	Current period cumulative	Preceding period comparative
Investment income from long-term equity investments under the cost method	800,000,000.00	834,786,000.00

Investment income from long-term equity investments under equity method	3,933,753.55	2,349,174.53
Investment income from financial products	33,446,678.71	36,379,050.84
Total	837,380,432.26	873,514,225.37

## XVIII. Other supplementary information

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

Applicable  Not Applicable

(Unit: RMB)

Items	Amount	Remarks
Gains on disposal of non-current assets, including written-off of provision for impairment	-475,307.29	
Government grant included in profit or loss (excluding those closely related to operating activities, or regular government grants)	82,544,040.78	
Other non-operating revenue or expenditures	-8,257,661.20	
Other profit or loss satisfying the definition of non-recurring profit or loss	67,880,677.23	Mainly about the investment income from financial products
Minus: enterprise income tax affected	23,160,154.06	
Non-controlling interest affected (after tax)	24,937.29	
Subtotal	118,506,658.17	--

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

Applicable  Not Applicable

### 2. RONA and EPS

Profit of the reporting period	Weighted average RONA (%)	EPS (RMB Yuan/share)	
		Basic EPS	Diluted EPS
Net profit attributable to shareholders of ordinary shares	26.87%	1.601	1.592
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	24.43%	1.456	1.448

## 3. Specific calculation process

## 1) Calculation process of weighted average RONA

Items		Symbols	Current period cumulative
Net profit attributable to shareholders of ordinary shares		A	1,307,606,602.94
Non-recurring profit or loss		B	118,506,658.17
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss		C=A-B	1,189,099,944.77
Opening balance of net assets attributable to shareholders of ordinary shares		D	4,542,017,463.10
Net assets attributable to shareholders of ordinary shares increased due to offering of new shares or conversion of debts into shares		E	
Number of months counting from the next month when the net assets were increased to the end of the reporting period		F	
Net assets attributable to shareholders of ordinary shares decreased due to share repurchase or cash dividends appropriation		G1	486,454,969.00
Number of months counting from the next month when the net assets were decreased to the end of the reporting period		H1	8.00
Net assets attributable to shareholders of ordinary shares decreased due to share repurchase or cash dividends appropriation		G2	182,408,500.12
Number of months counting from the next month when the net assets were decreased to the end of the reporting period		H2	1.00
Others	Share-based payment expenses included in equity	I1	32,076,639.36
	Number of months counting from the next month when other net assets were increased or decreased to the end of the reporting period	J1	6.00
	Difference between long-term equity investment obtained after purchasing minority equity of subsidiary and recognizable net assets required to be calculated continuously since combining date of subsidiary according to ratio of newly increased shares.	I2	-4,920,024.15
	Accumulative months from next month of decreasing assets to the end of reporting period	J2	3.00
	Increase of translation difference of financial statements in foreign currencies	I3	-8,378,633.88
	Number of months counting from the next month when other net assets were increased or decreased to the end of the reporting period	J3	6.00
Number of months in the reporting period		K	12.00
Weighted average net assets		$L = \frac{D+A}{2} + \frac{E \times F/K - G \times H/K + I \times J/K}{K}$	4,866,935,740.26

Weighted average RONA	$M=A/L$	26.87%
Weighted average RONA after deducting non-recurring profit or loss	$N=C/L$	24.43%

## 2) Calculation process of basic EPS and diluted EPS

## (1) Calculation process of basic EPS

Items	Symbols	Current period cumulative
Net profit attributable to shareholders of ordinary shares	A	1,307,606,602.94
Non-recurring profit or loss	B	118,506,658.17
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	$C=A-B$	1,189,099,944.77
Opening balance of total shares	D	625,320,300.00
Number of shares increased due to conversion of reserve to share capital or share dividend appropriation	E	189,527,910.00
Number of shares increased due to offering of new shares or conversion of debts into shares	F	2,696,360.00
Number of months counting from the next month when the share was increased to the end of the reporting period	G	9.00
Number of shares decreased due to share repurchase	H	
Number of months counting from the next month when the share was decreased to the end of the reporting period	I	
Number of shares decreased in the reporting period	J	
Number of months in the reporting period	K	12.00
Weighted average of outstanding ordinary shares	$L=D+E+F \times G/K - H \times I / K - J$	816,870,480.00
Basic EPS	$M=A/L$	1.601
Basic EPS after deducting non-recurring profit or loss	$N=C/L$	1.456

## (2) Calculation process of diluted EPS

Items	Symbols	Current period cumulative
Net profit attributable to shareholders of ordinary shares	A	1,307,606,602.94
Potential dilutive ordinary shares impacted on net profit	B	
Diluted Net profit attributable to shareholders of ordinary shares	$C=A-B$	1,307,606,602.94
Non-recurring profit or loss	D	118,506,658.17
Diluted Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	$E=C-D$	1,189,099,944.77
Weighted average of outstanding ordinary shares	F	816,870,480.00
The warrants, share options and convertible bonds increase the weighted average of the common stock	G	4,419,130.00

Diluted Weighted average of outstanding ordinary shares	$H=F+G$	821,289,610.00
Diluted EPS	$I=C/H$	1.592
Diluted EPS after deducting non-recurring profit or loss	$J=E/H$	1.448

## **SECTION XII CATALOG OF REFERENCE DOCUMENTS**

- I. 2017 annual report of the Company and abstracts concerned with signature of legal representative;
  - II. Accounting statements with signature and seal of legal representative, person in charge of accounting and director of accounting body;
  - III. Original of audit report with seal of accounting firm and signature of certified public accountant (CPA);
  - IV. Original of all company documents and bulletins published in newspaper designated by CSRC.
- Reference documents above should be prepared by Securities Department of the Company.

Zhejiang Supor Co., Ltd.  
Chairman: Frédéric VERWAERDE  
March 30, 2018